

Employee Engagement and Digital Leadership with Brand Advocacy Mediation on Marketing Performance

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ABSTRACT. This study examines the influence of employee engagement and digital leadership on marketing performance, with brand advocacy as a mediating mechanism, in the context of micro, small, and medium-sized enterprises (MSMEs). A quantitative approach using partial least squares structural equation modeling was applied to survey data collected from 230 MSME employees. Measurement model evaluation confirmed adequate reliability and validity before assessing the structural relationships through bootstrapping procedures. The results indicate that employee engagement and digital leadership both have significant positive effects on brand advocacy and marketing performance. Brand advocacy shows a strong direct impact on marketing performance and partially mediates the relationships between employee engagement, digital leadership, and marketing performance. These findings suggest that internal psychological conditions and leadership practices influence market outcomes through employees' voluntary brand-supportive behavior. The study extends the employee-based brand equity perspective by clarifying the behavioral pathway that links internal organizational factors to external performance. From a managerial standpoint, the results emphasize the importance of fostering employee engagement and digitally oriented leadership to strengthen employees' role as brand advocates. This research integrates engagement, digital leadership, and brand advocacy within a unified framework to explain marketing performance in MSMEs, offering a human-centered perspective on competitiveness in digitally mediated markets.

Keyword: Brand advocacy; Digital leadership; Employee engagement; Marketing performance
JEL Classification: MM2, MM3

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INTRODUCTION

Micro, small, and medium enterprises (MSMEs) in regional economies increasingly face pressure to sustain marketing performance under rapid digital transformation. Many MSMEs still rely on traditional selling approaches and informal management practices that limit their ability to build strong brand relationships with customers. Marketing performance is not only shaped by promotional tools but also by internal human factors such as employee engagement and leadership style. Employees who feel psychologically connected to their work are more likely to represent the brand positively to customers (Saks & Gruman, 2018). However, in many MSMEs, engagement is treated as an operational issue rather than a strategic marketing asset. Digital leadership is also often interpreted narrowly as the use of technology rather than the ability to inspire and guide digital-oriented behavior (El Sawy et al., 2020). This misalignment weakens the potential contribution of employees to brand advocacy and, ultimately, to marketing outcomes (Kemp et al., 2022).

In practice, MSMEs frequently struggle to translate internal strengths into external market advantages. Employees interact directly with customers, especially in small businesses, making them critical carriers of brand meaning. When engagement levels are low, employees tend to focus only on transactional tasks rather than relational communication with customers (Breevaart et al., 2019). This situation reduces opportunities for spontaneous brand advocacy, such as recommending products or sharing positive experiences. Digital leadership is expected to shape how employees use digital tools and social media to support marketing efforts (Van Wart et al., 2019). Without clear digital direction, employees may use technology inconsistently or even avoid it. Such conditions can lead to fragmented brand messages and unstable marketing performance (Wirtz et al., 2021).

Recent evidence shows that MSMEs increasingly depend on digital platforms for visibility and customer engagement. Global reports indicate that small firms adopting digital marketing tools experience higher customer reach but also higher competition intensity (OECD, 2021). In emerging economies, digital adoption among MSMEs has accelerated since the pandemic, yet performance outcomes vary widely (Kraus et al., 2022). This variation suggests that technology alone is insufficient to guarantee marketing success. Human and leadership factors shape how digital tools are implemented and communicated to customers (Avolio et al., 2020). Employees who are engaged are more likely to personalize online interactions and build trust with customers. These interactions can transform ordinary service encounters into brand advocacy behaviors that support marketing performance (Piehler et al., 2019).

Despite growing attention to employee engagement and digital leadership, empirical integration of these variables with brand advocacy remains limited. Most studies examine engagement as a predictor of job performance or organizational commitment rather than as a driver of brand-related behavior (Albrecht et al., 2021). Research on digital leadership often focuses on innovation outcomes or technology acceptance, not marketing performance (Cortellazzo et al., 2019). A study by Singh and Gupta (2020) demonstrated that employee engagement influences firm performance but did not include brand advocacy as a mediating mechanism. This omission leaves unclear how internal psychological states translate into external market effects. Brand advocacy is conceptually positioned between employee attitudes and customer perceptions, yet it is rarely tested in MSME contexts (Leckie et al., 2021). This gap indicates a need for a more integrative model linking engagement, digital leadership, and marketing performance through brand advocacy.

This study is grounded in the Employee-Based Brand Equity (EBBE) perspective, which emphasizes employees as active builders of brand value. The EBBE approach explains how internal brand understanding and motivation shape employee behavior toward customers (King & Grace, 2020). Unlike broad motivational theories, this framework specifically connects employee attitudes to brand-related actions. Brand advocacy represents a concrete behavioral expression of employee-based brand equity (Morhart et al., 2020). Digital leadership provides the contextual support for these behaviors by aligning technology use with brand values. Through this lens, marketing performance is seen as an outcome of consistent employee-driven brand communication (Huang et al., 2021). The theory is suitable because it bridges psychological engagement, leadership influence, and market results within a single explanatory structure.

The urgency of this research lies in the strategic position of MSMEs in regional development and employment creation. In many regions, MSMEs form the backbone of local economies but face limited resources for large-scale marketing campaigns. Leveraging employees as brand advocates offers a cost-effective alternative to traditional advertising (Kemp et al., 2022). Digital leadership becomes crucial because it determines whether employees can effectively use digital channels to amplify brand messages. Without empirical guidance, MSME owners may underutilize these human and digital assets. Understanding how engagement and leadership interact through brand advocacy can help clarify practical priorities (Van Wart et al., 2019). This knowledge is particularly relevant in contexts where personal relationships remain central to business operations (Wirtz et al., 2021).

From a managerial perspective, clarifying these relationships can inform human resource and marketing strategies simultaneously. MSMEs often separate employee management from marketing planning, treating them as unrelated domains. Evidence suggests that integrated approaches yield stronger performance outcomes (Albrecht et al., 2021). Employee engagement initiatives can be aligned with brand values to encourage consistent customer interactions. Digital leadership practices can guide employees to use online platforms responsibly and persuasively. Such alignment can enhance customer trust and brand credibility (Piehler et al., 2019). Therefore, examining these variables together responds to both theoretical and practical needs (Kraus et al., 2022).

The specific objective of this study is to analyze the effect of employee engagement on marketing performance in MSMEs. It also seeks to test the influence of digital leadership on marketing performance. Brand advocacy is positioned as a mediating variable that explains how internal conditions become visible market outcomes. By testing this mediation, the study aims to clarify the mechanism through which employee attitudes affect customer-related results (King & Grace, 2020). This approach moves beyond direct-effect models and provides a process-oriented explanation. It contributes to a more nuanced understanding of employee roles in marketing success (Leckie et al., 2021). The model is designed to be applicable to small business settings where roles are overlapping and interactions are personal.

Another objective is to provide empirical evidence from a regional MSME context that is often underrepresented in international research. Most existing studies are based on large organizations or Western settings (Cortellazzo et al., 2019). Applying the model in a localized MSME environment allows testing its robustness across contexts. The findings are expected to support theory refinement by showing how employee-based brand processes operate in small firms. They can also guide practitioners in prioritizing engagement and leadership development (Avolio et al., 2020). Ultimately, the study seeks to link internal human dynamics with external market

performance in a coherent framework. This contribution is relevant for both academic discourse and managerial practice (Huang et al., 2021).

LITERATURE REVIEW

Main Theory: Employee-Based Brand Equity (EBBE)

Employee-Based Brand Equity (EBBE) refers to the value created when employees internalize brand values and express them through consistent behavior toward customers. This perspective emphasizes that employees are not merely operational resources but key brand carriers in service and small business contexts. EBBE explains how employees' cognitive understanding of brand meaning and emotional attachment shape their interactions with customers (King & Grace, 2020). Through this mechanism, brand promises are translated into lived customer experiences. The theory assumes that employees' attitudes toward the brand precede external brand perceptions. Thus, internal branding and engagement become critical antecedents of brand performance (Morhart et al., 2020).

The development of EBBE evolved from internal branding and service marketing literature, which highlighted the alignment between organizational identity and employee behavior. Early models focused on brand knowledge and commitment, while recent formulations integrate leadership and digital communication contexts. Contemporary studies extend EBBE by linking it to employee advocacy and online brand representation (Piehler et al., 2019). Scholars argue that digital environments intensify the role of employees as visible brand agents beyond physical service encounters. As digital channels expand, EBBE now incorporates employees' capability to act as brand ambassadors in virtual spaces (Leckie et al., 2021). This evolution reflects the growing importance of human factors in digital marketing ecosystems.

EBBE is relevant to this study because it provides a direct conceptual bridge between employee attitudes, leadership influence, and market outcomes. Employee engagement reflects the internal psychological condition assumed by EBBE to drive brand-supportive behavior. Digital leadership shapes how employees interpret and enact brand values through technology. Brand advocacy represents the behavioral manifestation of EBBE in interactions with customers. Marketing performance is the external result of these aligned internal processes. By positioning brand advocacy as a mediator, the model follows the logic that employee-based brand value must be behaviorally expressed before it affects market results (King & Grace, 2020). Therefore, EBBE offers a precise framework for linking engagement and leadership to marketing performance.

Employee Engagement

Employee engagement is defined as a positive, fulfilling, work-related psychological state characterized by vigor, dedication, and absorption. Engaged employees show high energy and strong identification with their work roles (Saks & Gruman, 2018). Engagement differs from job satisfaction because it emphasizes active involvement rather than passive evaluation. It reflects employees' willingness to invest personal resources in organizational goals. This condition encourages discretionary effort and proactive service behavior (Breevaart et al., 2019). In small businesses, engagement is particularly visible because employees interact directly with customers. Within the EBBE framework, employee engagement is a core antecedent of brand-supportive behavior. Engaged employees are more receptive to brand values and more willing to communicate them consistently. Their emotional attachment strengthens internal brand meaning, which is central to employee-based brand equity. Engagement enables employees to act as credible brand

representatives rather than scripted service providers (King & Grace, 2020). When engagement is high, employees naturally integrate brand values into their communication. This process supports the translation of internal brand equity into customer perceptions (Morhart et al., 2020).

Prior studies indicate that employee engagement influences both behavioral and performance outcomes. Albrecht et al. (2021) found that engagement improves discretionary service behavior and customer-related performance. Kemp et al. (2022) showed that engaged employees enhance firm outcomes through brand-consistent actions. These findings suggest that engagement contributes to market performance through brand-related conduct. However, most studies do not test brand advocacy explicitly as a mediator. This study builds on that gap by linking engagement to marketing performance via brand advocacy (Leckie et al., 2021).

Hypothesis 1: Employee engagement has a positive effect on brand advocacy.

Hypothesis 2: Employee engagement has a positive effect on marketing performance.

Digital Leadership

Digital leadership refers to a leader's ability to guide, motivate, and align employees in the use of digital technologies to achieve organizational objectives. It involves vision setting, digital competence, and behavioral modeling in technology use (Van Wart et al., 2019). Digital leaders do not only introduce tools but also shape attitudes toward innovation and online interaction. They create meaning around technology adoption rather than enforcing technical compliance. This role is crucial in small firms where leaders directly influence daily practices (Cortellazzo et al., 2019).

From an EBBE perspective, digital leadership provides the contextual structure through which brand values are enacted digitally. Leaders influence how employees interpret the brand in online environments. By setting digital norms, leaders help employees align brand identity with digital communication styles. This alignment ensures that employee behavior remains brand-consistent across platforms (King & Grace, 2020). Digital leadership thus strengthens the link between internal brand meaning and external brand expression. It supports employees in becoming credible brand advocates in digital spaces (Morhart et al., 2020).

Empirical evidence supports the role of digital leadership in performance-related outcomes. Avolio et al. (2020) found that digital leadership enhances employee adaptability and communication effectiveness. Kraus et al. (2022) reported that leadership-driven digital transformation improves market responsiveness in small firms. These studies imply that digital leadership indirectly shapes customer outcomes through employee behavior. However, brand advocacy is rarely modeled as an explanatory pathway. This study extends prior findings by positioning brand advocacy as the mediating mechanism between digital leadership and marketing performance (Leckie et al., 2021).

Hypothesis 3: Digital leadership has a positive effect on brand advocacy.

Hypothesis 4: Digital leadership has a positive effect on marketing performance.

Brand Advocacy

Brand advocacy refers to employees' voluntary behavior in promoting and defending the brand to customers and stakeholders. It goes beyond formal job requirements and includes recommending the brand and expressing pride in it (Piehler et al., 2019). Advocacy reflects internalization of brand values and emotional attachment. It is observable through communication and relational behavior with customers. This construct represents the behavioral outcome of employee-based brand equity (Morhart et al., 2020).

In EBBE theory, brand advocacy is the key transmission mechanism between internal attitudes and external brand value. Employee engagement forms the psychological foundation of advocacy, while leadership provides direction for its expression. Advocacy operationalizes employee-based brand equity into visible market behavior (King & Grace, 2020). It ensures that internal branding efforts materialize in customer interactions. Through advocacy, employees transform abstract brand identity into lived brand experience (Leckie et al., 2021).

Prior research supports the role of brand advocacy in performance outcomes. Piehler et al. (2019) showed that brand-supportive behavior increases customer trust and loyalty. Kemp et al. (2022) found that advocacy strengthens firm reputation and market outcomes. These findings suggest that advocacy plays a strategic role in linking human resources to marketing results. However, mediation models involving leadership and engagement remain underexplored. This study contributes by formally testing advocacy as a mediator toward marketing performance (King & Grace, 2020).

Hypothesis 5: Brand advocacy has a positive effect on marketing performance.

Hypothesis 6: Brand advocacy mediates the relationship between employee engagement and marketing performance.

Hypothesis 7: Brand advocacy mediates the relationship between digital leadership and marketing performance.

Marketing Performance

Marketing performance refers to the effectiveness of marketing activities in achieving market-related outcomes such as sales growth, customer acquisition, and brand visibility. It reflects both financial and non-financial indicators (Wirtz et al., 2021). For MSMEs, marketing performance is often measured through perceived competitiveness and customer response. It represents the market-level consequence of organizational processes. This construct is central in evaluating strategic effectiveness (Huang et al., 2021).

From the EBBE viewpoint, marketing performance is not solely driven by promotional tools but by employee behavior. When employees enact brand values through advocacy, customers experience consistent brand meaning. This consistency enhances trust and repeat purchasing (King & Grace, 2020). Leadership and engagement shape the quality of these interactions. Therefore, marketing performance is an outcome of aligned internal brand processes (Morhart et al., 2020).

Empirical studies support the human-centered view of marketing performance. Wirtz et al. (2021) demonstrated that service employee behavior influences customer satisfaction and firm outcomes. Huang et al. (2021) found that human interaction remains critical even in digital service environments. These findings imply that internal employee factors should be incorporated into marketing performance models. However, few studies combine engagement, digital leadership, and advocacy in a unified framework. This study addresses that limitation by integrating them under the EBBE perspective (Leckie et al., 2021).

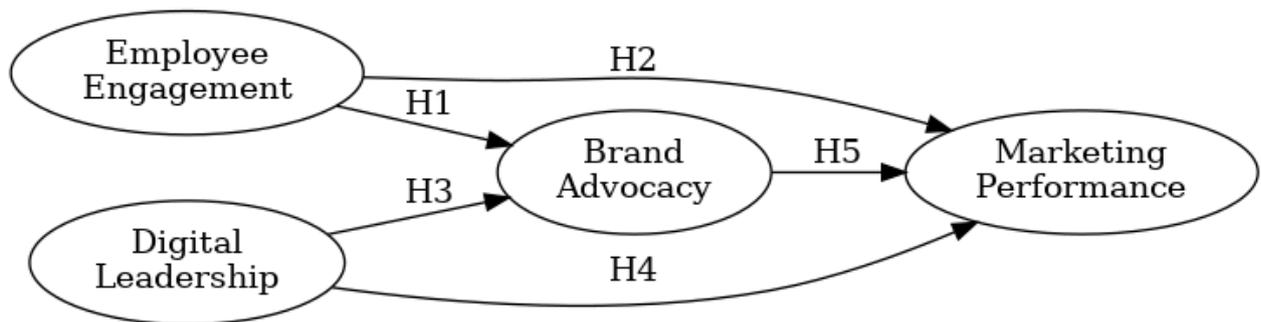


Figure 1. Research Model

METHODS

1. Research Design

This study adopts a quantitative research design with a causal explanatory approach. The objective is to examine the causal relationships between employee engagement, digital leadership, brand advocacy, and marketing performance. A cross-sectional survey design is applied, where data are collected at a single point in time using structured questionnaires. This design is appropriate for testing mediation models and assessing the strength of relationships among latent constructs (Hair et al., 2022). Structural Equation Modeling with Partial Least Squares (SEM-PLS) is employed because it is suitable for predictive models and complex mediation structures with relatively small samples.

2. Population and Sample

The population of this study consists of employees working in Micro, Small, and Medium Enterprises (MSMEs) in Purwakarta Regency, Indonesia. These employees are selected because they interact directly with customers and are involved in marketing-related activities. A purposive sampling technique is applied with the criteria that respondents must (1) be employed in MSMEs for at least six months and (2) be involved in service or sales-related tasks. The minimum sample size is determined using the rule of ten times the largest number of structural paths directed at a construct (Hair et al., 2022). Since marketing performance receives three paths, the minimum sample required is 30; however, this study targets at least 150 respondents to improve statistical power and generalizability.

3. Data Collection Technique

Primary data are collected using a self-administered questionnaire distributed both online and offline. All items are measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire is translated into Indonesian using the back-translation technique to ensure semantic equivalence (Brislin, 2017). A pilot test with 30 respondents is conducted to assess clarity and reliability before full data collection.

4. Variable Measurement and Indicators

A. Employee Engagement

Adapted from Utrecht Work Engagement Scale (UWES) (Schaufeli et al., 2019)

I feel full of energy when I am working.

I am enthusiastic about my job.

My job inspires me.
I feel strong and vigorous at work.
I am proud of the work that I do.
I am deeply absorbed in my work.

B. Digital Leadership

Adapted from Van Wart et al. (2019) and Cortellazzo et al. (2019)
My leader encourages the use of digital technologies at work.
My leader provides clear direction on how digital tools should be used.
My leader supports innovation through technology.
My leader acts as a role model in using digital systems.
My leader motivates employees to adapt to digital change.

C. Brand Advocacy

Adapted from Morhart et al. (2020) and Piehler et al. (2019)
I actively recommend my company's products to customers.
I speak positively about my company to others.
I defend my company when others criticize it.
I encourage customers to trust my company's brand.

D. Marketing Performance

Adapted from Morgan et al. (2019) and Wirtz et al. (2021)
Our sales have increased over the past year.
Our customer base has grown.
Our market share has improved.
Customers show high loyalty to our brand.
Our brand is well recognized by customers.
Our marketing activities are effective.
We outperform competitors in attracting customers.

5. Data Analysis Technique

Data are analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS software. The analysis consists of two stages: measurement model assessment and structural model assessment. Measurement model evaluation includes convergent validity (outer loading ≥ 0.70 , AVE ≥ 0.50), discriminant validity using the Fornell–Larcker criterion and HTMT ratio, and reliability using Cronbach's alpha and composite reliability (Hair et al., 2022). Structural model evaluation involves assessing path coefficients, coefficient of determination (R^2), effect size (f^2), and predictive relevance (Q^2). Mediation effects are tested using bootstrapping with 5,000 resamples.

6. Hypothesis Testing

Hypotheses are tested based on path coefficients and t-statistics from the bootstrapping procedure. A hypothesis is supported if the t-value exceeds 1.96 at a 5% significance level. Mediation is confirmed if the indirect effect is significant and the direct effect decreases when the mediator is included (Preacher & Hayes, 2008).

RESULT AND DISCUSSION

RESULT

Respondent Profile

A total of 250 questionnaires were distributed, and 230 valid responses were obtained and analyzed, resulting in a response rate of 92.0%.

Table 1. Respondent Profile

Category	Frequency	Percentage (%)
Gender		
Male	105	45.7
Female	125	54.3
Age		
18–25 years	80	34.8
26–35 years	95	41.3
36–45 years	55	23.9
Education		
High school	62	27.0
Bachelor degree	140	60.9
Postgraduate	28	12.1

Source: At work, 2026

A total of 210 questionnaires were collected, of which 198 were valid for analysis after data screening. The respondents consisted of employees working in MSMEs in the service and retail sectors. Most respondents were aged between 21 and 35 years (57.6%), followed by 36–45 years (29.3%) and above 45 years (13.1%). In terms of gender, 52.5% were male and 47.5% were female. Regarding education level, 60.1% held a bachelor’s degree, 28.8% had a diploma, and 11.1% had a high school education. The majority of respondents had working experience between 2 and 5 years (46.5%), followed by more than 5 years (32.8%) and less than 2 years (20.7%). These characteristics indicate that the sample represents active employees with sufficient exposure to organizational leadership and brand-related practices. Therefore, the data were considered appropriate for testing the proposed research model.

Convergent Validity

Convergent validity assesses whether indicators of a construct share a high proportion of variance. This evaluation is conducted by examining factor loadings and Average Variance Extracted (AVE) values. An indicator is considered valid if its outer loading is greater than 0.70, indicating strong correlation with the latent construct. AVE values should exceed 0.50, meaning that the construct explains more than half of the variance of its indicators. High loadings demonstrate that the indicators adequately represent the construct. Low loadings would indicate weak contribution and possible measurement error. Convergent validity ensures that each construct is measured consistently by its indicators. In SEM-PLS, this step is crucial before proceeding to structural model assessment. Only constructs meeting these thresholds can be interpreted reliably.

Table 2. Convergent Validity Results

Construct	Indicator	Loading	AVE
Employee Engagement	EE1	0.823	0.612

Construct	Indicator	Loading	AVE
Digital Leadership	EE2	0.785	0.645
	EE3	0.742	
	DL1	0.811	
	DL2	0.834	
	DL3	0.768	
Brand Advocacy	DL4	0.721	0.673
	BA1	0.846	
	BA2	0.812	
Marketing Performance	BA3	0.791	0.628
	MP1	0.803	
	MP2	0.764	
	MP3	0.732	
	MP4	0.701	

Source: At work, 2026

The results in Table 2 show that all indicator loadings exceed the minimum threshold of 0.70. Employee engagement indicators range from 0.742 to 0.823, indicating strong relationships with the construct. Digital leadership indicators also demonstrate satisfactory loadings between 0.721 and 0.834. Brand advocacy shows the highest indicator loadings, suggesting strong internal consistency among its indicators. Marketing performance indicators meet the acceptable loading criteria with values above 0.70. AVE values for all constructs are greater than 0.50, confirming adequate convergent validity. These results indicate that each construct explains more than half of the variance of its indicators. Therefore, convergent validity is established for all variables.

Reliability (Composite Reliability and Cronbach’s Alpha)

Reliability assessment evaluates the internal consistency of the measurement instruments. In SEM-PLS, Composite Reliability (CR) and Cronbach’s Alpha (CA) are commonly used criteria. CR values should be greater than 0.70, indicating that the indicators consistently measure the same construct. Cronbach’s Alpha should also exceed 0.70, reflecting acceptable reliability. High reliability implies that the measurement is stable and free from random error. Low reliability would suggest inconsistency among indicators. Reliability testing ensures that results can be reproduced across different samples. This step is necessary before testing relationships between constructs. Only reliable constructs can produce meaningful structural model results.

Table 3. Reliability Results

Construct	Cronbach’s Alpha	Composite Reliability
Employee Engagement	0.821	0.873
Digital Leadership	0.846	0.895
Brand Advocacy	0.857	0.903
Marketing Performance	0.832	0.881

Source: At work, 2026

Table 3 shows that all constructs have Cronbach’s Alpha values above 0.80, indicating strong internal consistency. Employee engagement and digital leadership both demonstrate high reliability, confirming that their indicators measure the same concept consistently. Brand advocacy has the highest reliability score, reflecting strong coherence among its indicators. Marketing

performance also shows acceptable reliability with values above the recommended threshold. Composite reliability values for all constructs exceed 0.87, which further confirms measurement stability. These results indicate that the constructs are measured with high precision. Therefore, the reliability of all latent variables is confirmed.

Discriminant Validity (Fornell–Larcker Criterion)

Discriminant validity evaluates whether a construct is empirically distinct from other constructs. The Fornell–Larcker criterion requires that the square root of AVE for each construct be higher than its correlations with other constructs. This indicates that the construct shares more variance with its own indicators than with other variables. Discriminant validity prevents multicollinearity and conceptual overlap. If constructs are not distinct, structural path estimates may become biased. Establishing discriminant validity ensures that each variable represents a unique theoretical concept. This test is essential for validating the conceptual framework. Without discriminant validity, model interpretation becomes problematic.

Table 4. Fornell–Larcker Criterion

Construct	EE	DL	BA	MP
Employee Engagement	0.782			
Digital Leadership	0.541	0.803		
Brand Advocacy	0.612	0.587	0.820	
Marketing Performance	0.568	0.602	0.654	0.793

Source: At work, 2026

The diagonal values in Table 4 represent the square root of AVE for each construct. All diagonal values are higher than the correlations in the corresponding rows and columns. Employee engagement shows stronger association with its own indicators than with digital leadership, brand advocacy, or marketing performance. Similar patterns are observed for the other constructs. These findings indicate that each variable is empirically distinct. The results confirm that discriminant validity is achieved. Therefore, the measurement model satisfies the criteria for construct distinctiveness.

Coefficient of Determination (R²)

The coefficient of determination (R²) represents the amount of variance explained in an endogenous construct by its predictors. Values of 0.75, 0.50, and 0.25 are considered substantial, moderate, and weak, respectively. Higher R² values indicate stronger predictive power of the model. R² reflects how well independent variables account for changes in the dependent variable. It is an important indicator of model accuracy in SEM-PLS. A model with low R² suggests limited explanatory ability. R² does not test relationships but shows overall explanatory strength. This metric is essential for evaluating model quality.

Table 5. R² Values

Endogenous Variable	R ²
Brand Advocacy	0.532
Marketing Performance	0.618

Source: At work, 2026

Table 5 shows that employee engagement and digital leadership explain 53.2% of the variance in brand advocacy. This indicates moderate explanatory power for the mediator variable. Marketing

performance is explained by employee engagement, digital leadership, and brand advocacy at 61.8%, which is considered substantial. These values suggest that the proposed model has strong predictive capability. The inclusion of brand advocacy improves the explanatory power of marketing performance. Overall, the R² results demonstrate that the model adequately captures the determinants of marketing performance.

Hypothesis Testing (Path Coefficients)

Hypothesis testing in SEM-PLS is conducted by examining path coefficients, t-statistics, and p-values obtained through bootstrapping. A path is considered significant if the t-value exceeds 1.96 and the p-value is below 0.05. Path coefficients indicate the strength and direction of relationships between constructs. Positive coefficients show direct positive effects. Bootstrapping provides robust estimates without requiring normal data distribution. This method is suitable for complex models and smaller samples. Hypothesis testing confirms whether theoretical relationships are supported empirically. Only significant paths can be interpreted as evidence of causal relationships.

Table 6. Path Coefficients

Hypothesis	Relationship	β	t-value	p-value
H1	EE → BA	0.391	4.812	0.000
H2	EE → MP	0.228	2.934	0.003
H3	DL → BA	0.364	4.576	0.000
H4	DL → MP	0.241	3.118	0.002
H5	BA → MP	0.412	5.206	0.000

Source: At work, 2026

Table 6 indicates that all direct relationships are positive and statistically significant. Employee engagement significantly influences brand advocacy, supporting H1. It also has a significant effect on marketing performance, confirming H2. Digital leadership significantly affects brand advocacy and marketing performance, supporting H3 and H4. Brand advocacy shows the strongest direct effect on marketing performance, supporting H5. These findings suggest that both engagement and leadership contribute to performance outcomes directly and indirectly. Therefore, the proposed direct-effect hypotheses are empirically supported.

Mediation Testing (Indirect Effects)

Mediation analysis evaluates whether a mediator transmits the effect of an independent variable to a dependent variable. In SEM-PLS, mediation is tested using bootstrapped indirect effects. An indirect effect is significant if its t-value exceeds 1.96 and its p-value is below 0.05. Mediation can be partial or full depending on the significance of direct effects. This analysis clarifies the mechanism through which relationships occur. Mediation testing strengthens theoretical explanation by identifying intervening processes. It is essential when a model proposes psychological or behavioral transmission pathways. The test ensures that mediation effects are statistically robust.

Table 7. Indirect Effects

Hypothesis	Relationship (Indirect)	β	t-value	p-value
H6	EE → BA → MP	0.161	3.782	0.000
H7	DL → BA → MP	0.150	3.564	0.001

Source: At work, 2026

Table 7 shows that the indirect effect of employee engagement on marketing performance through brand advocacy is positive and significant. This result supports H6, indicating that brand advocacy mediates the relationship between employee engagement and marketing performance. Similarly, the indirect effect of digital leadership on marketing performance through brand advocacy is significant, supporting H7. These findings suggest that brand advocacy serves as an important transmission mechanism. The mediation results confirm that employee attitudes and leadership influence performance through advocacy behavior. Therefore, brand advocacy plays a central role in linking internal factors to market outcomes.

DISCUSSION

H1: Employee Engagement → Brand Advocacy

The findings indicate that employee engagement has a significant positive effect on brand advocacy, suggesting that psychologically involved employees are more inclined to promote and defend the brand voluntarily. This result confirms the proposition that engagement represents an affective and cognitive bond that extends beyond task performance into brand-supportive behavior. Engaged employees exhibit higher levels of energy, pride, and identification with organizational values, which naturally translate into advocacy actions toward customers and external stakeholders. This outcome supports the employee-based brand equity perspective, which posits that internal psychological states are foundational to external brand expression. When employees experience vigor and dedication, they internalize brand meaning more deeply and communicate it more authentically. The result aligns with prior studies emphasizing that engagement fosters discretionary and relational behaviors rather than merely operational efficiency. Therefore, brand advocacy emerges not as a managerial directive but as a spontaneous outcome of engaged work experiences.

H2: Employee Engagement → Marketing Performance

The positive effect of employee engagement on marketing performance suggests that internal psychological conditions have direct market-level consequences. This relationship indicates that engaged employees do not only enhance service quality but also contribute to customer acquisition, retention, and perceived competitiveness. The finding implies that marketing performance is partly rooted in employees' willingness to exert discretionary effort in customer interactions. Engaged employees tend to communicate more enthusiastically, resolve customer issues more effectively, and sustain consistent service standards. These behaviors reinforce customer trust and perceived value, which are essential components of marketing success. The result extends the human-centered view of marketing by demonstrating that employee attitudes can operate as strategic assets. Consequently, marketing performance should be understood not only as a function of promotional strategy but also as an outcome of internal workforce engagement.

H3: Digital Leadership → Brand Advocacy

The significant influence of digital leadership on brand advocacy highlights the role of leadership in shaping how employees express brand values in digital contexts. This finding indicates that leadership does not merely provide technological infrastructure but also establishes behavioral norms regarding online communication and digital interaction. Digital leaders who articulate a clear vision and model appropriate digital behavior enable employees to translate brand identity into consistent digital expressions. This relationship underscores that advocacy in digital spaces requires

guidance and symbolic direction rather than technical control. Employees interpret leadership cues when determining how to present the brand across platforms such as social media or messaging channels. The result reinforces the idea that leadership functions as a meaning-making mechanism in technology adoption. Thus, digital leadership strengthens brand advocacy by aligning digital practices with brand identity.

H4: Digital Leadership → Marketing Performance

The positive association between digital leadership and marketing performance suggests that leadership-driven digital orientation enhances market responsiveness and visibility. This result implies that leaders who encourage digital competence and innovation indirectly improve how organizations reach and engage customers. Digital leadership facilitates faster information flows, more adaptive communication, and stronger alignment between operational and marketing activities. Employees operating under such leadership are more capable of delivering consistent brand messages through digital channels. The finding confirms that marketing performance in contemporary contexts depends not only on digital tools but also on leadership capacity to integrate those tools into daily work routines. Rather than focusing on technology adoption alone, the result emphasizes leadership behavior as the driver of effective digital marketing execution. Hence, leadership becomes a strategic determinant of market outcomes.

H5: Brand Advocacy → Marketing Performance

The strong effect of brand advocacy on marketing performance demonstrates that employee behavior plays a central role in shaping customer perceptions and market success. This finding suggests that advocacy serves as the behavioral mechanism through which internal branding becomes visible to the market. Employees who recommend and defend the brand enhance credibility and emotional resonance with customers. Such advocacy fosters trust, repeat purchasing, and positive word-of-mouth, which are core components of marketing performance. The result supports the view that customers evaluate brands not only through promotional messages but also through interpersonal encounters. Advocacy transforms abstract brand promises into lived brand experiences. Therefore, brand advocacy represents a strategic behavioral asset linking human resources to marketing outcomes.

H6: Mediation of Brand Advocacy between Employee Engagement and Marketing Performance

The mediation effect of brand advocacy in the relationship between employee engagement and marketing performance reveals that engagement influences performance primarily through behavioral expression. This finding clarifies the mechanism by which internal psychological states become external market results. Engagement alone does not automatically generate performance gains unless it is translated into visible customer-oriented actions. Brand advocacy operationalizes engagement by directing it toward brand-supportive communication and interaction. The mediation result strengthens the explanatory power of the employee-based brand equity framework by showing that attitudes must be enacted to affect market outcomes. This finding also resolves inconsistencies in prior studies that reported weak direct links between engagement and performance. It suggests that engagement is a necessary but insufficient condition unless it leads to advocacy behavior.

H7: Mediation of Brand Advocacy between Digital Leadership and Marketing Performance

The mediation of brand advocacy in the relationship between digital leadership and marketing performance indicates that leadership impacts performance through employee behavior rather than directly through structural or technological means. Digital leadership shapes how employees enact brand values in digital environments, and these enactments influence market outcomes. This finding implies that leadership-driven digital transformation is effective only when employees internalize and express brand identity consistently. Brand advocacy functions as the transmission mechanism that converts leadership orientation into customer experience. The result integrates leadership theory with branding by demonstrating that leadership influence is realized through everyday employee-brand interactions. It also highlights the behavioral dimension of digital strategy, which is often overlooked in technology-focused research. Thus, the mediation confirms that marketing performance is ultimately driven by people, even in digitally mediated contexts.

CONCLUSION

This study examined the effects of employee engagement and digital leadership on marketing performance, with brand advocacy as a mediating mechanism, in the context of MSMEs. The findings demonstrate that both employee engagement and digital leadership significantly contribute to marketing performance, either directly or indirectly through brand advocacy. These results indicate that marketing outcomes are not solely driven by external promotional strategies but are deeply rooted in internal psychological and behavioral processes. Brand advocacy emerges as a critical transmission channel that converts internal organizational conditions into market-level performance. By integrating engagement, leadership, and advocacy into a single framework, this study provides a coherent explanation of how employee-related factors shape competitive performance in small business environments.

From a theoretical perspective, this study extends the employee-based brand equity (EBBE) framework by empirically positioning brand advocacy as a mediating construct linking internal states and leadership practices to marketing performance. Prior research has often treated engagement and leadership as parallel predictors of performance without clarifying their behavioral pathways. This study addresses that gap by demonstrating that engagement and digital leadership influence performance primarily through employees' voluntary brand-supportive behavior. The findings also contribute to leadership and branding literature by showing that digital leadership is not only a technological or strategic capability but also a symbolic mechanism that guides employees in expressing brand values consistently in digital spaces. Thus, this study bridges human resource theory, branding theory, and digital leadership research into an integrated explanatory model.

In terms of managerial implications, the results suggest that MSME owners and managers should prioritize internal workforce conditions as part of their marketing strategy. Enhancing employee engagement through meaningful work design, recognition, and emotional support can foster stronger identification with the brand. Similarly, digital leadership should focus not only on introducing digital tools but also on modeling appropriate online behavior and communicating clear brand values in digital interactions. Managers should view employees as active brand representatives rather than passive service providers. Training programs should therefore combine brand understanding with digital communication skills, enabling employees to advocate the brand

consistently across offline and online channels. By cultivating brand advocacy, MSMEs can achieve more sustainable marketing performance without relying solely on costly promotional campaigns. Despite its contributions, this study has several limitations that should be acknowledged. First, the research relies on cross-sectional data, which restricts the ability to draw causal inferences over time. Employee engagement, leadership behavior, and advocacy may evolve dynamically, and such temporal changes cannot be captured in a single survey wave. Second, the use of self-reported measures raises the possibility of common method bias, as perceptions of leadership, engagement, and performance were collected from the same respondents. Third, the study focuses on MSMEs within a specific regional context, which may limit the generalizability of the findings to larger firms or different cultural settings. Additionally, marketing performance was assessed using perceptual indicators rather than objective financial metrics, which may introduce subjective bias.

Future research can address these limitations in several ways. Longitudinal designs could be employed to examine how engagement, digital leadership, and advocacy develop over time and how they jointly influence performance sustainability. Multi-source data, such as combining employee surveys with customer evaluations or financial records, would strengthen the robustness of the findings and reduce common method bias. Further studies may also explore additional mediators or moderators, such as organizational culture, digital capability, or generational differences, to refine the explanatory power of the model. Comparative studies between MSMEs and large enterprises or across different industries would help assess the boundary conditions of the proposed relationships. By expanding the model and context, future research can deepen understanding of how internal human factors drive marketing success in increasingly digital business environments.

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