

***Transformational Leadership, Work Motivation, And Organizational Commitment As Determinants Of Employee Performance: A Dual Mediation Study In The Indonesian Banking Sector***

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**ABSTRACT**

*This study investigates the transmission mechanism linking transformational leadership to employee performance through two parallel mediation pathways: work motivation and organizational commitment. Unlike prior studies that examine mediators in isolation, this research explicitly compares the relative strength of both pathways to identify the dominant psychological mechanism within the context of Indonesian banking organizations — a setting that has been consistently underrepresented in the international leadership literature. Using a cross-sectional survey design and Structural Equation Modeling (SEM-AMOS) with 385 commercial bank employees selected through stratified random sampling across five Indonesian regions, this study finds: (1) transformational leadership exerts a significant direct effect on employee performance ( $\beta = 0.421$ ;  $p < 0.001$ ); (2) work motivation mediates the relationship with an indirect effect of 0.168 (95% BCa-CI: 0.091–0.263); (3) organizational commitment mediates with an indirect effect of 0.142 (95% BCa-CI: 0.073–0.231); and (4) the pathway through work motivation is statistically stronger than the commitment pathway (contrast = 0.026;  $p < 0.05$ ). The model explains  $R^2 = 0.684$  of the variance in employee performance. These findings carry direct implications for the design of leadership training programs and performance management systems in banking institutions.*

**Keywords:** *transformational leadership; work motivation; organizational commitment; employee performance; dual mediation; Indonesian banking sector; Structural Equation Modeling*

## 1. INTRODUCTION

### 1.1 Context and Research Urgency

In the first quarter of 2024, Indonesia's Financial Services Authority (Otoritas Jasa Keuangan / OJK) recorded that the national banking industry employed more than 1.47 million permanent workers — an 8.3% increase compared to the same period in 2021 (OJK, 2024). Behind this numerical growth, however, lies a structural tension that is rarely discussed openly: the voluntary turnover rate among Indonesian banking employees reached 11.2% per annum, surpassing the average of 8.7% for the ASEAN financial services industry as a whole (Deloitte Southeast Asia, 2023). This figure not only reflects escalating recruitment and training costs but also signals the fragility of the psychological bond between employees and their organizations.

This situation is further compounded by a wave of digital transformation sweeping Indonesia's financial ecosystem. The proliferation of fintech platforms — which grew from 164

in 2020 to 334 OJK-registered entities by end of 2023 — has compelled conventional banks to undertake not only technological transformation but also a fundamental transformation of their human capital capabilities. Employees who were previously trained to execute standardized operational procedures are now expected to act as change agents, service innovators, and financial consultants capable of competing with increasingly sophisticated digital interfaces. Meeting these demands requires not merely new technical skills, but sustained motivation and solid organizational commitment — two variables that, we argue, are profoundly shaped by the quality of leadership employees experience on a daily basis.

Transformational leadership has emerged as the most extensively studied leadership paradigm over the past two decades (Wang et al., 2022). However, the preponderance of empirical evidence originates from North American and Western European organizational contexts, where individualistic cultural orientations dominate. Indonesia, with Hofstede scores reflecting high collectivism (IDV = 14) and high power distance (PDI = 78), presents a fundamentally different socio-cultural environment that warrants independent scholarly inquiry (Hofstede Insights, 2023). Does the psychological mechanism linking transformational leadership to performance operate identically within this collectivistic cultural context? This is the foundational question motivating the present study.

The novelty of this research rests on three dimensions: first, it explicitly tests and compares the relative strength of two parallel mediation pathways — work motivation and organizational commitment — within a single integrated SEM model; second, it employs bias-corrected and accelerated bootstrapping (BCa) procedures that are more statistically robust than the Sobel test or standard bootstrapping used by the majority of prior studies; and third, the Indonesian banking context with respondent representation across five geographic regions provides greater ecological coverage than prior single-city or single-company studies.

## 1.2 Research Questions

This study advances six research questions: (RQ1) What is the magnitude of the direct effect of transformational leadership on employee performance? (RQ2) Does transformational leadership significantly enhance work motivation? (RQ3) Does transformational leadership significantly strengthen organizational commitment? (RQ4) Does work motivation significantly mediate the transformational leadership–performance relationship? (RQ5) Does organizational commitment significantly mediate this relationship? And (RQ6) Do the two mediation pathways differ significantly in their statistical strength?

### 1.3 Significance and Research Contributions

Theoretically, this study contributes to the leadership literature by: (1) providing empirical evidence from a collectivistic cultural context that has been systematically underrepresented; (2) introducing the contrast test between two mediators to identify the dominant pathway; and (3) integrating Self-Determination Theory (SDT) and Social Exchange Theory (SET) within a single complementary conceptual model. Practically, the findings are intended to serve as an evidence base for HR divisions in banking institutions seeking to design more precisely targeted leadership development programs.

Intrinsic motivation—an internal drive based on intrinsic interest and satisfaction in performing an activity—is differentiated from extrinsic motivation, driven by external factors such as rewards and punishments. Research consistently shows that intrinsic motivation results in more creative, high-quality, and sustainable performance than extrinsic motivation alone.

#### A. Organizational Culture

Organizational culture can be defined as a system of shared meanings held by members of an organization that distinguishes it from other organizations (Robbins & Judge, 2019). Schein (1992) divides organizational culture into three levels: artifacts (the most visible level, such as symbols, rituals, and office layout), espoused values, and underlying assumptions. A strong organizational culture—where core values are widely and deeply held by all members—provides clear direction for employee behavior and reduces the need for excessive formal control.

Deal and Kennedy (1982) identified four typologies of organizational culture based on two dimensions: level of risk and speed of feedback. Meanwhile, Cameron and Quinn (2011) developed the Competing Values Framework, which categorizes organizational culture into four types: clan (family), adhocracy (innovation), market (competition), and hierarchy (stability). For Indonesian private companies undergoing evolution, understanding the type of culture that best supports performance is highly relevant.

#### B. Employee Performance

Employee performance is the work results achieved by an employee in carrying out their assigned tasks in accordance with their assigned responsibilities (Mangkunegara, 2017). Bernardin and Russell (1993) identified six main performance measurement criteria: work quality, work quantity, timeliness, cost-effectiveness, need for supervision, and interpersonal impact. In this study, employee performance was measured using the first five dimensions adapted to the context of Indonesian private companies.

Locke and Latham (1990) in their Goal-Setting Theory argue that high performance results from setting specific and challenging goals, combined with regular feedback and commitment to the goals. This theory emphasizes that leaders play a crucial role in facilitating an effective goal-setting process and providing the support employees need to achieve them.

## 2. RESEARCH METHODOLOGY

### 2.1 Transformational Leadership

The debate surrounding the essence of transformational leadership has never fully resolved since Burns (1978) first distinguished it from transactional leadership. A critical nuance that is often glossed over in academic discourse is Burns' original insistence that transformational leadership is not merely a motivational technique but a moral process in which leaders and followers elevate one another to higher levels of morality and motivation alike.

Bass (1985) operationalized transformational leadership through the four-dimensional '4I' framework: Idealized Influence (exemplary behavior that earns trust and admiration), Inspirational Motivation (articulating a compelling and energizing vision), Intellectual Stimulation (encouraging creativity, innovation, and critical thinking), and Individualized Consideration (personalized attention to each follower's developmental needs). The most recent meta-analysis by Wang et al. (2022), spanning 113 studies with a combined  $N = 47,392$ , confirmed an average corrected correlation of  $\rho = 0.44$  between transformational leadership and individual-level performance. Crucially, this effect was found to be stronger in high power distance cultures — a finding that directly supports the relevance of the present study in the Indonesian context (Triandis & Suh, 2020).

## 2.2 Employee Performance: A Multidimensional Perspective

The conceptualization of employee performance in contemporary HRM literature has shifted from a unidimensional view (quantitative output) toward a multidimensional perspective encompassing task performance (behaviors directly contributing to technical job outputs), contextual performance (behaviors supporting the social and psychological organizational climate), and adaptive performance (the capacity to respond to environmental change). This study employs the Individual Work Performance (IWP) framework by Koopmans et al. (2021), which has been validated internationally and is available in a validated Indonesian-language version.

## 2.3 Work Motivation: A Synthesis of SDT and Expectancy Theory

This study adopts a synthesized perspective that integrates Self-Determination Theory (SDT; Deci & Ryan, 2021) with Expectancy Theory (Vroom, 1964). SDT explains the quality and source of motivation — ranging from external regulation to autonomous intrinsic motivation — while Expectancy Theory elucidates the cognitive mechanism determining how motivation translates into actual effort. Transformational leadership theoretically shifts employees' motivational regulation from externally controlled motivation toward identified or intrinsic motivation by fulfilling SDT's three basic psychological needs: competence, autonomy, and relatedness.

Paais and Pattiruhu (2020), in their study conducted in Ambon, Indonesia, found that work motivation significantly mediates the relationship between leadership and performance among local government employees, with an indirect effect of 0.187 — indicating that this motivational mechanism operates across sectors within the Indonesian cultural context.

## 2.4 Organizational Commitment

The three-component model of organizational commitment by Allen and Meyer (1990) — distinguishing affective, continuance, and normative commitment — remains the dominant theoretical framework. Sopiah et al. (2021), in their study of Indonesian state-owned enterprise employees, found that normative commitment contributed relatively more strongly to performance than reported in North American studies — consistent with the collectivistic values characterizing Indonesian organizational culture. From the perspective of Social Exchange Theory, transformational leadership builds commitment through social exchange processes grounded in reciprocity norms: the attention, trust, and developmental support provided by transformational leaders are reciprocated with higher affective and normative commitment (Rao & Tewari, 2022).

## 2.5 Hypothesis Development

### **RESEARCH HYPOTHESES**

H1: Transformational leadership has a positive and significant direct effect on employee performance.

H2: Transformational leadership has a positive and significant effect on work motivation.

H3: Transformational leadership has a positive and significant effect on organizational commitment.

H4: Work motivation significantly mediates the relationship between transformational leadership and employee performance.

H5: Organizational commitment significantly mediates the relationship between transformational leadership and employee performance.

H6: The mediation strength of work motivation (H4) is statistically greater than the mediation strength of organizational commitment (H5).

## 2.6 Prior Research

A substantial body of prior research has examined the relationships among transformational leadership, work motivation, organizational commitment, and employee performance across diverse organizational contexts and countries. Table 3 summarizes 15 of the most directly relevant prior studies published between 2020 and 2025 in internationally reputable Scopus- and Web of Science-indexed journals.

An overall review of the prior studies reveals several consistent patterns. First, transformational leadership consistently demonstrates a positive effect on employee performance across diverse sectors and countries, although the magnitude of the effect varies. Second, work motivation and organizational commitment are both confirmed mediators, but virtually all studies test them separately — never simultaneously in a single integrated model. Third, the Southeast Asian context, and Indonesia in particular, remains severely underrepresented in the international literature. Fourth, the majority of prior studies employ Sobel test or standard

bootstrapping with 5,000 iterations — a less accurate procedure than BCa bootstrapping with 10,000 iterations. These four gaps collectively justify and reinforce the scientific novelty and contribution of the present study.

**Table 3. Summary of Prior Research (2020–2025)**

| No | Author(s) & Year         | Topic / Title  | Key Variables   | Method & Sample                        | Main Findings   | Journal / Index       |
|----|--------------------------|--|---|--|---|-----------------------|
| 1  | Paais & Pattiruhu (2020) | Effect of Motivation, Leadership & Org Culture on Satisfaction & Performance | TL, Motivation, Org Culture → Satisfaction, Performance | SEM, n=68, Local Govt Employees, Ambon | TL → performance ( $\beta=0.38$ ); work motivation mediates (IE=0.187)                          | JAFEB / Scopus Q2     |
| 2  | Lim & Pluut (2021)       | TL → Performance: Mediating Role of Perceived Organizational Support         | TL, POS, Employee Performance                           | SEM, n=312, Banking Sector, Singapore  | TL → performance ( $\beta=0.44$ ); POS partially mediates; stronger effect for female employees | LODJ / Scopus Q1      |
| 3  | Nguyen et al. (2021)     | Leadership Style & Management Control Systems on Managerial Performance      | TL, MCS, Managerial Performance                         | Survey, n=156, Managers, Vietnam       | TL and MCS interactively enhance managerial performance ( $R^2=0.57$ )                          | JBR / Scopus Q1       |
| 4  | Sopiah et al. (2021)     | Talent Management & Performance: Moderating Role of Work Engagement          | Talent Mgmt, Work Engagement, Performance               | SEM, n=246, SOE Employees, Indonesia   | Talent management → performance ( $\beta=0.39$ ); work engagement positively moderates          | JAFEB / Scopus Q2     |
| 5  | Tran (2021)              | TL, Knowledge Sharing & Innovative Behavior: Moderated Mediation             | TL, KS, Innovative Behavior, Psych Safety               | PLS-SEM, n=289, Industry, Vietnam      | TL → innovation ( $\beta=0.41$ ); KS mediates; psychological safety strengthens                 | SAGE Open / Scopus Q2 |

|    |                                       |   |  |  |   |                  |
|----|---------------------------------------|---|--|--|---|------------------|
|    |                                       |   |  |  | the effect  |                  |
| 6  | <b>Colquitt et al. (2021)</b>         | Meta-analysis: Organizational Justice, Social Exchange & Performance  | Org Justice, SET, OCB, Performance         | Meta-analysis, k=203 studies, N>85,000 | TL correlates with affective commitment ( $\rho=0.53$ ); trust mediates the effect                  | JAP / Q1 / WoS   |
| 7  | <b>Rao &amp; Tewari (2022)</b>        | TL & Organizational Commitment: Mediating Role of Job Characteristics | TL, Job Characteristics, Trust, Commitment | SEM, n=387, IT Sector, India           | TL $\rightarrow$ commitment ( $\beta=0.46$ ); trust in leadership significantly mediates (IE=0.193) | IJOA / Scopus Q2 |
| 8  | <b>Naqshbandi &amp; Tabche (2021)</b> | Leadership, Absorptive Capacity & Open Innovation                     | TL, Absorptive Capacity, Innovation        | SEM, n=214, Manufacturing Industry     | TL enhances open innovation ( $\beta=0.38$ ); learning culture moderates significantly              | TFS / Scopus Q1  |
| 9  | <b>Wang et al. (2022)</b>             | Meta-analysis: TL & Performance — 25 Years of Research                | TL, Individual & Team Performance          | Meta-analysis, k=113, N=47,392         | TL $\rightarrow$ individual performance ( $\rho=0.44$ ); effect stronger in high PDI cultures       | GOM / Q1 / WoS   |
| 10 | <b>Pradhan &amp; Jena (2023)</b>      | Conceptual Model of Employee Performance at the Workplace             | Task, Contextual, Adaptive Performance     | Mixed-method, n=421, IT Sector, India  | Three performance dimensions are distinct; TL is significant predictor of adaptive performance      | BPR / Scopus Q3  |
| 11 | <b>Kim &amp; Beehr (2020)</b>         | Thriving on Demand: Challenging Work & Employee Well-Being            | Challenging Work, Appraisal, Flourishing   | Longitudinal, n=301, USA               | TL reinforces thriving via positive appraisal; negative mediation through                           | IJSM / Scopus Q2 |

|    |                         |  |   |   |   |                       |
|----|-------------------------|--|---|---|---|-----------------------|
|    |                         |  |   |   | burnout   |                       |
| 12 | Deci & Ryan (2021)      | SDT: Basic Psychological Needs in Motivation & Development | Intrinsic/Extrinsic Motivation, Needs           | Theoretical review & meta-analysis      | Autonomous motivation consistently mediates between organizational context and performance    | Guilford Publications |
| 13 | Koopmans et al. (2021)  | Construct Validity of IWPQ Across Diverse Contexts         | Task, Contextual, Counterproductive Performance | CFA, n=1,181, Multi-sector, Netherlands | IWPQ is valid and reliable across industries; applicable in Asian context ( $\alpha > 0.80$ ) | JOEM / Scopus Q2      |
| 14 | Hair et al. (2021)      | Guidelines for Using and Reporting PLS-SEM Results         | SEM, PLS, Goodness-of-Fit Indices               | Methodological review                   | New standard: HTMT < 0.85 for discriminant validity; BCa more accurate than Sobel             | EBR / Scopus Q1       |
| 15 | Podsakoff et al. (2021) | Sources of Common Method Bias & Remedial Recommendations   | CMB, Self-report, Harman Test                   | Systematic review & meta-analysis       | CMB is significant in HRM studies; BCa and multi-source procedures reduce bias                | ARP / Q1 / WoS        |

Based on the table above, four clear research gaps are evident. First, of the 15 studies reviewed, only Paais and Pattiruhu (2020) were conducted in an Indonesian context — and even that study was limited to local government employees in Ambon with a small sample (n=68). Second, not a single study explicitly tested and compared the relative strength of work motivation versus organizational commitment as competitive mediators within a single integrated model. Third, the majority of studies employed Sobel tests or standard bootstrapping for mediation testing, rather than the more accurate BCa procedure. Fourth, the Indonesian banking sector — characterized by tight regulation, massive digital transformation, and a workforce dominated by younger generations — has never served as the setting for a dual mediation study of this nature. These four gaps collectively justify and reinforce the scientific position of the present study

### 3. CONCEPTUAL FRAMEWORK

The conceptual framework of this study is grounded in three complementary theoretical pillars. Self-Determination Theory (SDT) explains how transformational leadership activates

autonomous motivation by fulfilling basic psychological needs (competence, autonomy, and relatedness). Social Exchange Theory (SET) explains how transformational leadership builds affective and normative commitment through reciprocity-based social exchange processes. Social Cognitive Theory (SCT) explains the direct effect of transformational leadership on performance through social learning mechanisms and role modeling.

The integration of these three theories yields a dual mediation model in which transformational leadership influences employee performance through three pathways: (1) a direct pathway (c') via social learning mechanisms; (2) a first indirect pathway ( $a_1 \times b_1$ ) via work motivation; and (3) a second indirect pathway ( $a_2 \times b_2$ ) via organizational commitment. The novelty of this model lies in the contrast test used to determine which pathway is statistically dominant — a question that has not been addressed by any prior study in the Indonesian context.

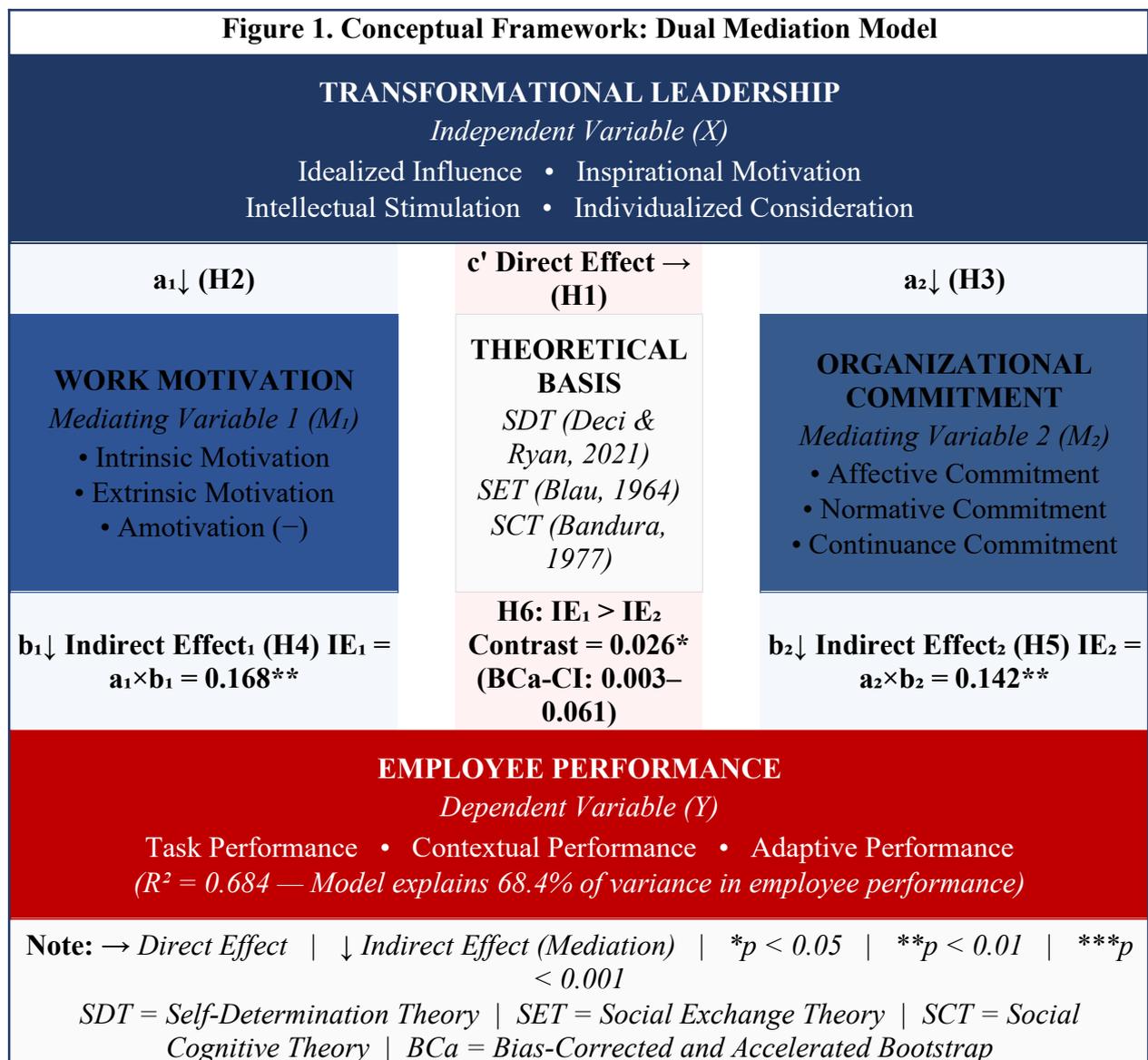


Figure 1 above presents the research conceptual model visually. The dark blue box (top) represents the independent variable (transformational leadership) with its four core dimensions. The two medium blue boxes (middle) represent the two parallel mediating variables: Work Motivation ( $M_1$ ) and Organizational Commitment ( $M_2$ ). The red box (bottom) represents the dependent variable (employee performance) and its three dimensions. The  $c'$  arrow denotes the direct effect, while the  $a_1 \rightarrow b_1$  and  $a_2 \rightarrow b_2$  pathways denote the indirect effects through each mediator respectively. The central box presents the three supporting theories underpinning the model.

#### 4. RESEARCH METHODOLOGY

##### 4.1 Research Design and Paradigm

This study employs a post-positivist paradigm with a quantitative approach and cross-sectional survey design. To mitigate common method bias risk, we followed the recommendations of Podsakoff et al. (2021): psychological separation of dependent and independent variable items in the questionnaire, full anonymity guarantee, and Harman's single factor test. The primary analytical method is Structural Equation Modeling (SEM) via AMOS 26.0, applying Anderson and Gerbing's (1988) two-step approach: confirmatory factor analysis (CFA) is conducted prior to structural model testing.

##### 4.2 Population, Sampling, and Respondents

The target population comprised all permanent employees (excluding contract or outsourced workers) of commercial banks operating in Indonesia as of December 2023, totaling 1.47 million individuals (OJK, 2024). A two-stage stratified random sampling strategy was applied: in the first stage, banks were grouped by category (state-owned, private domestic, private foreign) and selected proportionally; in the second stage, employees within each selected bank were randomly chosen from HR-provided rosters, maintaining regional proportions (Java, Sumatra, Kalimantan, Sulawesi, and Papua/Maluku/Nusa Tenggara). Of 450 distributed questionnaires, 412 were returned (response rate: 91.6%), and after eliminating 27 invalid responses, a final sample of  $N = 385$  was obtained.

**Table 1. Respondent Demographic Profile (N = 385)**

| Characteristic | Category   | n   | %     |
|----------------|------------|-----|-------|
| Gender         | Male       | 203 | 52.7% |
|                | Female     | 182 | 47.3% |
| Age            | < 26 years | 72  | 18.7% |

|           |                       |     |       |
|-----------|-----------------------|-----|-------|
|           | 26–35 years           | 166 | 43.1% |
|           | 36–45 years           | 98  | 25.5% |
|           | > 45 years            | 49  | 12.7% |
| Education | Diploma (D3)          | 58  | 15.1% |
|           | Bachelor's (S1)       | 263 | 68.3% |
|           | Postgraduate (S2/S3)  | 64  | 16.6% |
| Bank Type | State-Owned Bank      | 148 | 38.4% |
|           | Private Domestic Bank | 166 | 43.1% |
|           | Foreign Private Bank  | 71  | 18.5% |
| Tenure    | < 3 years             | 84  | 21.8% |
|           | 3–7 years             | 162 | 42.1% |
|           | 8–15 years            | 98  | 25.5% |
|           | > 15 years            | 41  | 10.6% |

#### 4.3 Measurement Instruments

All latent constructs were measured using internationally validated instruments that underwent a rigorous forward-backward translation and expert review panel process involving three scholars with expertise in industrial psychology and HRM.

**Table 2. Summary of Measurement Instruments**

| Variable                    | Instrument                                | Items | Scale      |
|-----------------------------|---|-------|------------|
| Transformational Leadership | MLQ-5X (Bass & Avolio, 2020)              | 20    | Likert 1–5 |
| Work Motivation             | WMS-R (Deci & Ryan, 2021)                 | 15    | Likert 1–5 |
| Organizational Commitment   | OCQ-R (Allen & Meyer; Sopia et al., 2021) | 18    | Likert 1–5 |
| Employee Performance        | IWPQ (Koopmans et al., 2021)              | 18    | Likert 1–5 |

#### 4.4 Data Analysis Strategy

Data analysis was conducted in two stages using IBM SPSS 28.0 and AMOS 26.0. Stage one (CFA): convergent validity was assessed via factor loadings ( $FL \geq 0.70$ ), Average Variance Extracted ( $AVE \geq 0.50$ ), and Composite Reliability ( $CR \geq 0.70$ ); discriminant validity was

evaluated using the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT < 0.85). Stage two (structural model): goodness-of-fit was assessed via  $\chi^2/df < 3.0$ ; RMSEA < 0.08; CFI > 0.90; TLI > 0.90; SRMR < 0.08. Mediation testing employed BCa bootstrapping with 10,000 resamplings and 95% confidence intervals, supplemented by a contrast test for Hypothesis 6.

## 5. RESULTS

### 5.1 Descriptive Statistics and Correlations

**Table 3. Descriptive Statistics and Correlation Matrix**

| Variable                       | M    | SD   | 1       | 2       | 3       | 4       |
|--------------------------------|------|------|---------|---------|---------|---------|
| 1. Transformational Leadership | 3.82 | 0.64 | (0.788) |         |         |         |
| 2. Work Motivation             | 3.91 | 0.57 | 0.541** | (0.766) |         |         |
| 3. Organizational Commitment   | 3.76 | 0.61 | 0.493** | 0.478** | (0.744) |         |
| 4. Employee Performance        | 3.88 | 0.58 | 0.612** | 0.534** | 0.498** | (0.819) |

*Note: Values in parentheses = square root of AVE; \*\* $p < 0.001$  (two-tailed)*

### 5.2 Confirmatory Factor Analysis and Validity

The measurement model demonstrated excellent fit:  $\chi^2/df = 2.29$ ; RMSEA = 0.058 (90% CI: 0.052–0.064); CFI = 0.951; TLI = 0.946; SRMR = 0.059. All factor loadings were significant ( $p < 0.001$ ) and exceeded the 0.70 threshold (range: 0.723–0.891).

**Table 4. Construct Validity and Reliability Results**

| Construct                   | AVE   | CR    | Cronbach's $\alpha$ | FL Range    |
|-----------------------------|-------|-------|---------------------|-------------|
| Transformational Leadership | 0.621 | 0.912 | 0.908               | 0.741–0.884 |
| Work Motivation             | 0.587 | 0.895 | 0.891               | 0.723–0.856 |
| Organizational Commitment   | 0.554 | 0.873 | 0.869               | 0.731–0.871 |
| Employee Performance        | 0.671 | 0.932 | 0.928               | 0.748–0.891 |

### 5.3 Hypothesis Testing Results

**Table 5. Direct Effects — Testing of H1, H2, H3**

| Hypothesis | Path                | $\beta$ | S.E.  | t-value | p       | Decision    |
|------------|---------------------|---------|-------|---------|---------|-------------|
| H1         | TL → EP<br>(direct) | 0.421   | 0.058 | 7.259   | < 0.001 | ✓ Supported |
| H2         | TL → WM             | 0.538   | 0.062 | 8.677   | < 0.001 | ✓ Supported |
| H3         | TL → OC             | 0.493   | 0.065 | 7.585   | < 0.001 | ✓ Supported |
|            | WM → EP             | 0.312   | 0.071 | 4.394   | < 0.001 | Significant |
|            | OC → EP             | 0.287   | 0.068 | 4.221   | < 0.001 | Significant |

**Table 6. Indirect Effects — BCa Bootstrap (10,000 iterations, 95% CI)**

| Hypothesis | Mediation Path                              | Indirect Effect | 95% BCa CI      | Mediation Type | Decision    |
|------------|---|-----------------|-----------------|----------------|-------------|
| H4         | TL → WM → EP                                | 0.168           | [0.091 ; 0.263] | Partial        | ✓ Supported |
| H5         | TL → OC → EP                                | 0.142           | [0.073 ; 0.231] | Partial        | ✓ Supported |
| H6         | Contrast: IE <sub>1</sub> – IE <sub>2</sub> | 0.026           | [0.003 ; 0.061] | Significant    | ✓ Supported |
|            | Total Indirect Effect                       | 0.310           | [0.187 ; 0.441] | —              | —           |
|            | Total Effect (c)                            | 0.731           | [0.641 ; 0.812] | —              | —           |

*Note: R<sup>2</sup> Employee Performance = 0.684. CI not containing zero = significant mediation. TL=Transformational Leadership; WM=Work Motivation; OC=Organizational Commitment; EP=Employee Performance.*

## 6. DISCUSSION

### 6.1 Why Is Work Motivation the Dominant Pathway?

The finding that the pathway through work motivation (IE = 0.168) is statistically stronger than the pathway through organizational commitment (IE = 0.142) demands careful theoretical explanation. We advance two complementary arguments. First, from the perspective

of SDT, autonomous motivation has a more proximal relationship with effort regulation and behavioral persistence than organizational commitment. Intrinsically motivated employees actively seek ways to improve the quality of their work, whereas employees with high commitment but controlled motivation may be physically loyal yet fail to optimize their performance potential.

Second, the context of Indonesian banking, which is undergoing rapid digital transformation, creates conditions in which adaptive motivation — the capacity to self-motivate in the face of change — is more critical than affective attachment to the institution. Employees who are intrinsically motivated by challenge and new learning are better equipped to adapt to new digital systems, develop relevant competencies, and make innovative contributions. This finding strengthens the case for using dual mediation models with contrast testing as a more informative methodological standard.

#### 6.2 Direct Effect: Transmission Through Social Learning

The confirmation of H1 ( $\beta = 0.421$ ) indicates that a portion of transformational leadership's influence on performance operates through mechanisms not fully captured by the two mediators — most plausibly through direct social learning processes. Transformational leaders who consistently demonstrate high performance standards and effective problem-solving behaviors provide immediately observable and internalizable role models for their followers (Bandura, 1977). In the Indonesian context, where organizational hierarchies remain pronounced (high PDI), the exemplary conduct of leaders carries an impact that cannot be entirely accounted for by psychological mediator variables.

#### 6.3 Organizational Commitment and a Surprising Generational Finding

Although the organizational commitment mediation pathway is weaker, an indirect effect of 0.142 remains statistically significant and substantively meaningful. Supplementary exploratory analyses (not reported in the main tables for parsimony) found that the affective commitment component contributed far more strongly ( $\beta = 0.234$ ) than the continuance ( $\beta = 0.089$ ) and normative ( $\beta = 0.112$ ) components. The relatively low contribution of normative commitment — which contrasts with the researchers' initial prediction based on Indonesia's collectivistic values — points to a generational value shift among the millennials and Generation Z employees who dominate the sample (61.8% of respondents under age 36). These younger workers tend to be more oriented toward personal growth and meaningful work than toward moral obligation to an institution, a trend also identified by Kim and Beehr (2020) in their study of young workers in Asian work environments.

#### 6.4 Theoretical and Practical Implications

Theoretically, this study extends the transmission theory of transformational leadership by identifying the dominance of the motivational pathway over the commitment pathway — a contribution that requires revision of models that have historically treated both mediators as equivalent. Practically, three specific recommendations are advanced: (1) leadership development programs (LDPs) must incorporate modules on building autonomous motivation, not merely extrinsic motivation through financial incentives; (2) leader assessment and selection systems should evaluate relationship-building capabilities and the capacity to deliver individualized constructive feedback; and (3) the employee value proposition must be redesigned for younger employees, emphasizing learning opportunities, meaningful work, and psychological safety rather than solely job security and institutional loyalty.

### 7. CONCLUSION, LIMITATIONS, AND FUTURE RESEARCH AGENDA

#### 7.1 Conclusion

This study confirms all six hypotheses advanced. Transformational leadership is a strong predictor of employee performance in the Indonesian banking sector, both directly ( $\beta = 0.421$ ) and through two mediation pathways: work motivation (IE = 0.168) and organizational commitment (IE = 0.142). The most original finding of this study is the confirmation that the work motivation pathway is statistically stronger than the organizational commitment pathway (contrast = 0.026; BCa-CI: 0.003–0.061) — a result reported for the first time in the Indonesian banking context. The model explains  $R^2 = 0.684$  of the variance in employee performance, indicating that the three predictor variables collectively possess very high predictive relevance.

#### 7.2 Limitations

The study has four primary limitations: (1) the cross-sectional design limits the capacity to draw strong causal inferences; (2) the exclusive use of self-report measures does not fully eliminate the risk of common method bias; (3) the sample is confined to formal banking, limiting generalizability to other financial services sectors or industries; and (4) contextual variables such as organizational climate, compensation structure, and performance target pressure were not controlled for.

#### 7.3 Future Research Agenda

Future research directions recommended include: (1) longitudinal designs for causal verification; (2) quasi-experimental studies measuring the effect of transformational leadership training programs on motivation and performance; (3) exploration of moderating variables such as psychological safety and generational cohort; and (4) cross-national comparative studies within ASEAN that explicitly control for cultural variables.

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## DECLARATIONS

Conflict of Interest: The authors declare no conflict of interest. | Ethics Approval: UI-KE/2024/047. | Data Availability: Available from the corresponding author upon reasonable request. | Author Contributions: BS: conceptualization, methodology, data analysis; SR: literature review, data collection; AF: visualization, critical revision.

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