

THE INFLUENCE OF TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP STYLES ON EMPLOYEE PERFORMANCE THRU JOB SATISFACTION AT KPP PERTAMA BANDAR LAMPUNG DUA

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Informasi

Abstract

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This research employed a quantitative approach using a survey method. The population consisted of all employees of KPP Pratama Bandar Lampung Dua, with a sample of 72 respondents selected through simple random sampling. Data were collected using questionnaires and analyzed using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) method with the assistance of SmartPLS 4 software. The empirical findings demonstrate that transformational and transactional leadership each exert a positive and statistically significant influence on employee performance and job satisfaction. Furthermore, job satisfaction contributes positively and significantly to employee performance and functions as a significant mediating mechanism in the association between transformational leadership and employee performance, as well as between transactional leadership and employee performance. Thus, all research hypotheses were accepted. The findings conclude that improving employee performance can be achieved through the effective implementation of transformational and transactional leadership styles, both directly and indirectly through enhanced job satisfaction as a mediating variable. Therefore, KPP Pratama Bandar Lampung Dua is recommended to strengthen leadership competencies, improve its reward system, foster effective organizational communication, and create a work environment that enhances employee job satisfaction. Future studies are recommended to broaden the analytical framework by incorporating other factors that may contribute to employee performance, including work motivation, organizational culture, organizational commitment, and employee engagement. Furthermore, extending the research scope to encompass different organizational contexts and settings may provide a more comprehensive understanding of the determinants of employee performance and enhance the generalizability of the findings.

Keywords : Transformational Leadership Style, Transactional Leadership Style, Job Satisfaction, Employee Performance.

A. INTRODUCTION

Organizational performance in the public sector is strongly influenced by the capacity of human resources to perform their responsibilities effectively, professionally, and in accordance with public service objectives. Within the Ministry of Finance, performance management is systematically implemented through targets based on Key Performance Indicators (KPIs) and Individual Performance Indicators (IPIs), as stipulated in Minister of Finance Decree No. 300/KMK.01/2022. This performance management framework is also implemented at KPP Pratama Bandar Lampung Dua, as part of the Directorate General of Taxes, particularly in supporting the achievement of national revenue targets.

Employee Performance Scores (NKP) for the 2023–2025 period indicate a positive shift in the distribution of performance achievements. The proportion of employees attaining NKP scores of 116–120 increased from 5.26% in 2023 to 31.52% in 2024 and 45.46% in 2025. Meanwhile, employees with NKP scores below 105 were no longer recorded from 2024 onward. Although these developments suggest an overall improvement in employee performance, variations across performance categories indicate that achievement levels may still be influenced by organizational and individual factors. This condition underscores the relevance of examining leadership and job satisfaction as potential determinants of differences in employee performance.

Transformational leadership may enhance performance by providing a clear vision, motivating employees, stimulating intellectual development, and responding to individual needs. In contrast, transactional leadership emphasizes target clarity, rewards, supervision, and performance-based consequences. Because these leadership approaches operate through different mechanisms, their effects on employee performance may vary across organizational contexts. Job satisfaction is also important because it represents employees' psychological responses to the quality of relationships, support, recognition, and treatment received from their leaders.

This study adopts Social Exchange Theory, developed by Blau (1964), as its conceptual foundation. The theory conceptualizes the relationship between leaders and employees as a process of social exchange in which positive treatment from the organization may generate reciprocal positive responses, including greater job satisfaction and improved work behavior. Accordingly, job satisfaction may function as an intervening mechanism through which leadership influences employee performance (Blau, 1964; Cropanzano & Mitchell, 2005).

Previous studies have reported inconsistent findings regarding the effects of transformational and transactional leadership on employee performance. While some studies have identified positive relationships between leadership styles and performance, others suggest that these effects may operate indirectly through job satisfaction. Such variations indicate a research gap concerning the mediating role of job satisfaction, particularly within tax administration organizations. Furthermore, empirical studies examining transformational and transactional leadership simultaneously within a single model at KPP Pratama Bandar Lampung Dua remain limited.

Addressing this gap, the present study examines the relationships between transformational leadership, transactional leadership, and employee performance, with job satisfaction positioned as a mediating variable. A quantitative approach is employed, using path analysis involving 88 employees of KPP Pratama Bandar Lampung Dua. The study is expected to contribute theoretically by extending the application of Social Exchange Theory, empirically by integrating the relationships among the variables within a single analytical model, and practically by providing insights for strengthening human resource management practices within the Directorate General of Taxes.

More specifically, this study investigates the effects of transformational and transactional leadership on employee performance, the effects of both leadership styles on job satisfaction, the effect of job satisfaction on employee performance, and the mediating role of job satisfaction in the respective relationships between each leadership style and employee performance. The findings are expected to provide an empirical basis for developing leadership and human resource management practices that support improved employee performance and the delivery of high-quality tax services.

Social Exchange Theory

This study draws upon Social Exchange Theory (SET), originally proposed by Blau (1964), which conceptualizes relationships between employees and organizations as reciprocal exchanges. Within this framework, supportive, trustworthy, fair, and appreciative treatment from organizational leaders is likely to elicit positive employee responses, reflected in greater job satisfaction, commitment, and work performance. Such exchanges are primarily characterized by reciprocity, trust, and mutual obligation. Accordingly, transformational and transactional leadership may shape the quality of leader–employee exchanges, which subsequently influences employees' job satisfaction and performance. This theoretical perspective is supported by Cropanzano and Mitchell (2005), while empirical evidence from

Nguyen et al. (2023) and Singh et al. (2023) further indicates meaningful associations between leadership, job satisfaction, and employee performance. Accordingly, Social Exchange Theory (SET) offers a conceptual framework for understanding the mediating role of job satisfaction in the association between leadership style and employee performance.

State Civil Apparatus

The State Civil Apparatus (ASN) constitutes a strategic human resource component in public administration, particularly in implementing government policies, delivering public services, and supporting the achievement of governmental objectives. Under Law No. 20 of 2023, ASN comprises Civil Servants (PNS) and Government Employees with Employment Agreements (PPPK), who are required to perform their duties with professionalism, competence, integrity, and accountability. ASN management is governed by a merit-based system that emphasizes qualifications, competencies, performance, and organizational requirements throughout various personnel management processes. Within the Directorate General of Taxes, these principles are operationalized through performance management, competency development, and leadership strengthening to support organizational objectives. This institutional context is therefore relevant to examining how leadership styles influence job satisfaction and employee performance at KPP Pratama Bandar Lampung Dua.

Transformational Leadership Style

Transformational leadership is characterized by the leader's ability to foster employee motivation, enhance individual competencies, and encourage the development of capabilities that contribute to the attainment of organizational goals beyond established performance standards (Bass, 1985). From a social exchange perspective, leaders who provide individualized support, recognition, trust, and encouragement are more likely to establish constructive workplace relationships, thereby fostering higher levels of job satisfaction and performance. Bass and Avolio (1994) conceptualized transformational leadership through four dimensions: *idealized influence*, *inspirational motivation*, *intellectual stimulation*, and *individualized consideration*. Empirical evidence from previous research indicates that transformational leadership plays a significant role in fostering employees' job satisfaction while simultaneously enhancing their work performance (Nguyen et al., 2023; Singh et al., 2023). Accordingly, these four dimensions are adopted in the present study to operationalize transformational leadership.

Transactional Leadership Style

Transactional leadership refers to a leadership mechanism grounded in reciprocal relationships, whereby employee performance and contributions are associated with predetermined incentives, continuous supervision, and corrective interventions. This approach emphasizes the alignment of individual work behavior with established performance standards to facilitate the effective attainment of organizational goals (Bass, 1985). Under this approach, leaders clarify performance expectations, monitor task execution, and provide appropriate consequences based on employees' achievements or deviations. Bass and Avolio (1994) identify three dimensions of transactional leadership: *contingent reward*, *management by exception (active)*, and *management by exception (passive)*. When implemented consistently and fairly, these mechanisms can strengthen employees' perceptions of reciprocal exchange and subsequently contribute to greater job satisfaction and performance. Previous findings by Mahdinezhad et al. (2022) and Khan et al. (2021) provide empirical support for the positive contribution of transactional leadership to employee outcomes. Therefore, the three dimensions proposed by Bass and Avolio are employed to measure transactional leadership in this study.

Job Satisfaction

Job satisfaction represents an employee's subjective assessment of various aspects of their work experience, reflected in the degree to which these experiences foster positive perceptions, favorable attitudes, and a sense of fulfillment toward the job and responsibilities they undertake (Robbins & Judge, 2022). From the perspective of Social Exchange Theory, satisfaction tends to emerge when employees perceive that their relationships with leaders and organizations are characterized by fairness, support, recognition, and mutual respect. Such perceptions function as a psychological mechanism through which leadership practices are translated into positive work attitudes and behaviors, including stronger commitment and improved performance (Blau, 1964; Cropanzano & Mitchell, 2005). Empirical evidence further indicates that job satisfaction contributes to employee performance and may serve as an intermediary mechanism linking leadership practices to work outcomes (Bakotić, 2021; Nguyen et al., 2023; Singh et al., 2023). In this study, job satisfaction is operationalized using five dimensions of Spector's (1997) Job Satisfaction Survey: the work itself, pay, promotion, supervision, and co-workers.

Employee Performance

Employee performance refers to the extent to which individuals accomplish assigned responsibilities and achieve expected work outcomes in accordance with organizational standards (Robbins & Judge, 2022). In public-sector organizations, performance is particularly important because it represents an essential component of accountability and is directly related to the achievement of organizational targets and service quality. For ASN employees, performance management is implemented in accordance with Ministerial Regulation for Administrative and Bureaucratic Reform No. 6 of 2022 through performance targets and indicators aligned with organizational objectives. Consistent with Social Exchange Theory, employee performance can be understood as a behavioral response to the quality of support, leadership, and workplace experiences received by employees. Koopmans et al. (2014) conceptualize individual work performance through *task performance*, *contextual performance*, and *counterproductive work behavior*. In the present study, employee performance is operationalized according to the characteristics of ASN performance within the Directorate General of Taxes, encompassing work quality, work quantity, timeliness, effectiveness, and responsibility.

Research Framework

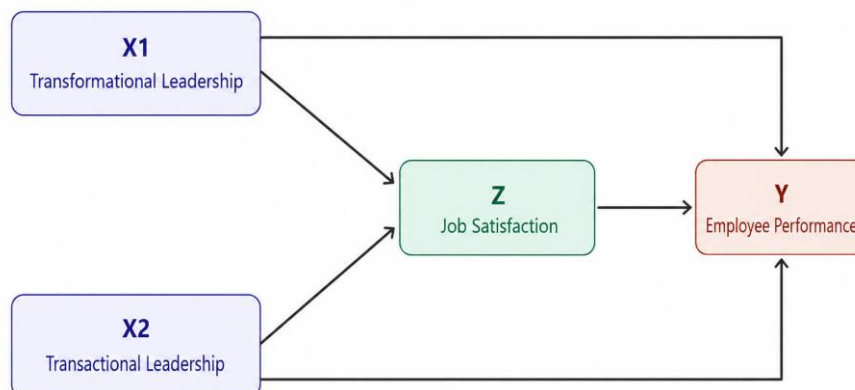


Figure 1. Framework

B. RESEARCH METHOD

This study employed a quantitative explanatory design to examine the causal relationships among transformational leadership, transactional leadership, job satisfaction, and employee performance. The research model was grounded in Social Exchange Theory

(Blau, 1964), which posits that employees reciprocate organizational support through positive attitudes and improved work outcomes. Accordingly, transformational and transactional leadership were specified as independent variables, job satisfaction as a mediating variable, and employee performance as the dependent variable.

Data were collected through a cross-sectional survey using a structured questionnaire administered to all employees of KPP Pratama Bandar Lampung Dua. Because the population consisted of only 88 civil servants, the study adopted a saturated sampling (total sampling) technique, allowing every employee to participate as a respondent and minimizing sampling bias. The questionnaire comprised 41 Likert-scale items adapted from established measurement instruments, including the Multifactor Leadership Questionnaire (MLQ) for leadership constructs (Bass & Avolio, 1994), the Job Satisfaction Survey (JSS) for job satisfaction (Spector, 1997), and the Individual Work Performance Questionnaire (IWPQ) for employee performance (Koopmans et al., 2014), with adjustments to the Indonesian public-sector context.

The operationalization of variables reflected validated theoretical dimensions. Transformational leadership was measured through idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Transactional leadership included contingent reward, management by exception (active), and management by exception (passive). Job satisfaction was assessed across five dimensions: the work itself, pay, promotion, supervision, and co-worker relationships, while employee performance was evaluated through work quality, work quantity, timeliness, effectiveness, and responsibility.

To reduce common method bias, the survey was conducted anonymously, respondents were informed that no answers were right or wrong, and confidentiality was emphasized throughout the data collection process. Primary data obtained from respondents were complemented by secondary data from legislation, organizational documents, and relevant scholarly literature.

The data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 4. This analytical approach was selected because it accommodates complex structural models involving mediation, performs effectively with relatively small samples, does not require strict multivariate normality, and emphasizes predictive modeling (Hair et al., 2021; Ghozali, 2021). The measurement model was evaluated through outer loadings, Average Variance Extracted (AVE), Heterotrait–Monotrait Ratio (HTMT), Cronbach's Alpha, and Composite Reliability. Subsequently, the structural model was assessed using R^2 , Q^2 , f^2 ,

Variance Inflation Factor (VIF), Standardized Root Mean Square Residual (SRMR), and path coefficient analysis. Hypothesis testing, including the examination of the mediating role of job satisfaction, was performed using the bootstrapping procedure, with significance determined at $t > 1.96$ and $p < 0.05$. This procedure enabled simultaneous estimation of both direct and indirect effects within a unified structural framework.

C. RESULT AND DISCUSSION

The Effect of Transformational Leadership on Employee Performance

The results demonstrate that transformational leadership has a positive and significant effect on employee performance ($\beta = 0.593$; $t = 2.692$; $p = 0.007$). This finding indicates that leaders who provide inspiration, individualized attention, motivation, and support can encourage employees to achieve higher levels of performance. From a theoretical perspective, the finding is consistent with the transformational leadership framework proposed by Bass and Riggio (2006), which emphasizes the leader's role in strengthening employee motivation and commitment. The findings may further be explained from the perspective of Social Exchange Theory, which posits that supportive and favorable treatment demonstrated by leaders can foster employees' sense of obligation to reciprocate by exhibiting more positive work attitudes and contributing more actively to organizational goals (Blau, 1964). Empirically, the finding supports previous evidence reported by Nguyen et al. (2023), Singh et al. (2023), and Garcia-Morales et al. (2022), although it differs from Mira Apriani (2021), who found that the relationship between transformational leadership and performance was not consistently significant. Overall, the evidence suggests that effective transformational leadership represents an important organizational mechanism for enhancing employee performance.

The Effect of Transactional Leadership on Employee Performance

This result suggests that clearly defined targets, task allocation, performance monitoring, evaluation, and performance-based rewards can facilitate the achievement of superior work outcomes. The finding is theoretically consistent with the leadership perspective of Burns (1978) and Bass (1985), which conceptualizes transactional leadership as an exchange relationship between employee performance and organizational rewards. It is likewise compatible with Social Exchange Theory (Blau, 1964), whereby favorable and equitable treatment encourages employees to reciprocate through greater effort and performance. This finding is also consistent with Setiani et al. (2018), indicating that transactional leadership

remains relevant in tax administration organizations where performance targets and work standards are clearly defined.

The Effect of Transformational Leadership on Job Satisfaction

This finding indicates that stronger transformational leadership practices, particularly those involving inspiration, individualized consideration, support, and employee development, are associated with more favorable evaluations of employees' work experiences. From the perspective of Social Exchange Theory, supportive and appreciative leadership may strengthen employees' perceptions that their relationship with the organization is fair and mutually beneficial. Such perceptions can subsequently foster more positive attitudes toward work and increase employees' overall job satisfaction.

The Effect of Transactional Leadership on Job Satisfaction

Transactional leadership has a positive and significant effect on job satisfaction, with a path coefficient of 0.460, a *t*-statistic of 3.660, and a *p*-value of 0.000. The finding suggests that clear performance expectations, recognition of achievements, structured supervision, and systematic evaluation contribute to a more predictable and orderly work environment. When employees perceive the exchange between their contributions and the rewards they receive as appropriate and equitable, they are more likely to develop positive attitudes toward their work. Therefore, transactional leadership should not be viewed solely as a mechanism for controlling performance but also as an organizational practice capable of strengthening employee job satisfaction.

The Effect of Job Satisfaction on Employee Performance

This result indicates that employees who hold favorable evaluations of their work, working environment, supervision, rewards, and workplace relationships tend to demonstrate higher levels of performance. From a behavioral perspective, positive work experiences can strengthen employees' motivation and willingness to fulfill their organizational responsibilities. Accordingly, job satisfaction represents an important factor in explaining variations in employee performance and provides a psychological pathway through which favorable workplace conditions may be translated into improved work outcomes.

The Effect of Transformational Leadership on Employee Performance through Job Satisfaction

The indirect effect analysis confirms that job satisfaction significantly mediates the relationship between transformational leadership and employee performance, with an indirect

path coefficient of 0.229, a *t*-statistic of 2.384, and a *p*-value of 0.017. This finding demonstrates that transformational leadership influences employee performance not only directly but also through employees' satisfaction with their work. Inspirational leadership, individualized support, and developmental attention may first create favorable work experiences, which subsequently encourage employees to demonstrate stronger performance. This mechanism reinforces Social Exchange Theory by illustrating how positive leader–employee relationships can generate reciprocal behavioral responses through employees' psychological evaluations of their work environment (Blau, 1964; Cropanzano & Mitchell, 2005).

The Effect of Transactional Leadership on Employee Performance through Job Satisfaction

The result indicates that clearly established targets, performance-based rewards, supervision, and evaluation contribute not only to direct improvements in performance but also to higher job satisfaction, which subsequently strengthens employee performance. Thus, job satisfaction functions as an important explanatory mechanism linking transactional leadership practices with employee outcomes. In the context of tax administration, these findings suggest that leadership effectiveness depends not only on the ability to direct and monitor work but also on the capacity to establish work conditions that employees perceive as rewarding, fair, and satisfying.

D. CONCLUSION

The findings indicate that both transformational and transactional leadership make positive and significant contributions to employee performance and job satisfaction at KPP Pratama Bandar Lampung Dua. Transformational leadership enhances performance by fostering inspiration, motivation, individualized attention, and innovative thinking, whereas transactional leadership supports performance through clear performance targets, appropriate reward mechanisms, effective supervision, and consistent enforcement of work standards. Furthermore, job satisfaction has a positive and significant effect on employee performance, suggesting that employees who experience greater satisfaction are more likely to demonstrate stronger motivation, commitment, and responsibility in carrying out their duties. The results also confirm the mediating role of job satisfaction in the relationship between both leadership styles and employee performance. Thus, effective leadership contributes to improved performance not only through direct managerial influence but also by creating a more supportive and satisfying work experience. Overall, these findings suggest that sustainable

improvements in employee performance require the simultaneous strengthening of effective leadership practices and the development of working conditions that promote and maintain employee satisfaction.

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