



Transformational Leadership and Employee Performance in Indonesian Public-Sector Organisations: The Sequential Mediating Roles of Work Motivation and Job Satisfaction

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ABSTRACT

This study examines the influence of transformational leadership on employee performance, with work motivation and job satisfaction serving as sequential mediators, using data from 145 civil servant respondents employed at the Cooperatives and Small and Medium Enterprises (SME) Agency of West Sumatra Province, Indonesia. The findings reveal that transformational leadership exerts a positive and significant direct effect on work motivation ($\beta = 0.652$, $p < 0.001$), job satisfaction ($\beta = 0.681$, $p < 0.001$), and employee performance ($\beta = 0.268$, $p = 0.003$). Work motivation ($\beta = 0.312$, $p < 0.001$) and job satisfaction ($\beta = 0.356$, $p < 0.001$) each independently and significantly predict employee performance. Mediation analyses confirm that work motivation mediates the leadership-performance relationship (indirect $\beta = 0.259$, $p < 0.001$) and job satisfaction mediates the same relationship (indirect $\beta = 0.270$, $p < 0.001$). Crucially, a significant sequential mediation path through work motivation followed by job satisfaction is established (indirect $\beta = 0.189$, $p < 0.001$), offering the strongest mechanistic account of the indirect effect. The model explains 68.2% of the variance in employee performance ($R^2 = 0.682$). These findings extend Expectancy Theory to a public-sector bureaucratic context and provide actionable guidance for human resource practitioners seeking to enhance civil servant performance through transformational leadership development, equitable reward systems, and targeted motivational interventions.

INTRODUCTION

Globalisation and accelerating digital transformation have fundamentally altered the performance expectations placed on public-sector organisations worldwide. In emerging economies, where governmental effectiveness is a critical precondition for inclusive development, the capacity of public agencies to deliver services efficiently and equitably has become an urgent policy priority (Pham et al., 2024; Sun & Henderson, 2017). Within this landscape, the quality of leadership exercised by public-sector managers has attracted growing scholarly and managerial attention, because leaders shape the motivational climate, cultural norms, and strategic orientation that ultimately determine whether individual employees realise their performance potential (Huang et al., 2025; Qalati et al., 2022).

Indonesia's two-decade-long bureaucratic reform agenda, codified most recently in Government Regulation No. 11 of 2017 on Civil Servant Management, reflects a normative aspiration that professionally managed civil servants will generate superior organisational outcomes. Yet the empirical record presents a more ambiguous picture. Persistent performance gaps, low participatory rates in capacity-building activities, and incomplete implementation of strategic programmes continue to characterise many regional government agencies (Faqih et al., 2024; Firdaus et al., 2024). At the Cooperatives and SME Agency of West Sumatra Province (Dinas Koperasi dan UKM Provinsi Sumatera Barat), internal performance data indicate that participation of target beneficiaries in government-sponsored training reached only 30% of the planned target, strategic programme implementation stood at 40%, and programme evaluation completion was 50%, underscoring a significant realisation deficit that cannot be attributed solely to resource constraints.

Employee performance—defined as the degree to which an individual's work behaviours and outputs contribute to organisational goals (Campbell, 1990; Qalati et al., 2022)—constitutes the fundamental unit of analysis for understanding and addressing these deficits. The extant literature converges on the view that performance is not determined by structural factors alone; rather, it emerges from the interplay of individual psychological states, leadership behaviours, and organisational context (Robbins & Judge, 2021). Accordingly, strategies aimed at improving public-sector performance must engage the psychological mechanisms through which leadership translates into employee effort and output.

The theoretical lens adopted in this study is Porter and Lawler's (1968) Expectancy Theory, which posits that motivation and ultimately performance is a product of three cognitive evaluations: the expectancy that effort will yield performance, the instrumentality that performance will yield rewards, and the valence or subjective value placed on those rewards. Crucially, the theory distinguishes the sequencing of motivational and evaluative processes: motivation precedes and energises performance, while job satisfaction emerges as a post-performance affective response contingent on perceived reward equity. This sequential logic provides a theoretically coherent framework for integrating work motivation and job satisfaction as ordered mediators in the leadership-

performance relationship, an integrative move that remains underexplored in the public-sector literature (Ibrahim et al., 2022; Ng, 2017).

The empirical literature on transformational leadership—a style characterised by idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration (Bass & Avolio, 1994)—consistently reports positive associations with employee motivation, job satisfaction, and performance across diverse contexts (Akdere & Egan, 2020; Buil et al., 2019; Eliyana et al., 2019). Meta-analytic evidence further confirms that these associations are partly mediated by intrinsic motivation and affective states (Ng, 2017). In public-sector settings specifically, Sun and Henderson (2017) demonstrated that transformational leadership influences public performance through organisational process variables, and Pham et al. (2024) found that public service motivation mediates the leadership–performance link among Vietnamese civil servants.

Notwithstanding this progress, two important lacunae persist. First, most empirical studies test work motivation and job satisfaction as independent, parallel mediators rather than as ordered, sequential links in a causal chain (Faqih et al., 2024; Firdaus et al., 2024). This analytical choice is theoretically under-justified, because Expectancy Theory explicitly positions motivation as an antecedent to performance and satisfaction as its consequence, implying that motivation logically precedes satisfaction in the mediation pathway. Second, evidence from Indonesian regional public bureaucracies—where institutional cultures, reward structures, and leadership norms differ markedly from both private-sector and central-government contexts—remains sparse, limiting the contextual generalisability of existing models (Dwita et al., 2024; Komang et al., 2024).

These twin gaps constitute the research problem addressed by the present study. Existing models neither fully capture the sequential psychological mechanism connecting transformational leadership to performance, nor adequately represent the institutional context of Indonesian regional public agencies. A comprehensive, theoretically grounded model of the dual-mediation pathway—anchored in Expectancy Theory and empirically tested in a regional Indonesian public-sector setting—is therefore required to advance both scholarly understanding and managerial practice.

This study makes three principal contributions. Theoretically, it extends Expectancy Theory by operationalising and empirically validating a sequential dual-mediation model (transformational leadership → work motivation → job satisfaction → employee performance) in a public-sector bureaucratic context, thereby providing a more complete account of the motivational architecture connecting leadership to outcomes. Methodologically, the simultaneous estimation of parallel and sequential indirect effects via PLS-SEM bootstrapping allows for a nuanced decomposition of the total indirect effect that has rarely been attempted in comparable studies. Contextually, the findings enrich the thin body of evidence on leadership effectiveness within Indonesian regional government agencies, which face distinctive governance pressures, civil service regulations, and accountability mechanisms.

The specific research questions are: (1) Does transformational leadership significantly influence work motivation, job satisfaction, and employee performance? (2) Do work motivation and job satisfaction independently mediate the leadership–performance relationship? (3) Do work motivation and job satisfaction jointly mediate that relationship in a sequential (chain) pattern? The remainder of the article is organised as follows: Section 2 reviews the theoretical and empirical literature and develops the study hypotheses; Section 3 describes the research design, sample, measures, and analytical procedures; Section 4 presents the results; Section 5 discusses the findings in relation to extant theory and evidence; and Sections 6–8 address conclusions, implications, and limitations.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Theoretical Foundation: Porter and Lawler's Expectancy Theory

The conceptual architecture of this study is grounded in the Expectancy Theory formulated by Porter and Lawler (1968), which itself built upon Vroom's (1964) earlier expectancy framework. Porter and Lawler's model is distinctive in that it treats performance not as a simple function of motivation, but as a product of the interaction between effort (motivation), ability, and role perception. More pertinently for the present study, the model positions job satisfaction not as a cause of performance as intuitive common sense would suggest but as an affective consequence that emerges when performance is followed by intrinsically or extrinsically valued rewards perceived to be equitable. This causal re-sequencing of motivation, performance, and satisfaction provides the logical foundation for the sequential mediation model advanced herein (Ibrahim et al., 2022; Ng, 2017).

The three motivational components—expectancy, instrumentality, and valence—correspond directly to the antecedents of work effort in the model. Expectancy reflects the individual's belief that sustained effort will translate into improved performance. Instrumentality captures the perceived contingency between performance and organisational rewards. Valence denotes the subjective importance attributed to those rewards. Contemporary empirical work confirms that these components retain strong predictive validity for work motivation and performance in diverse organisational settings, including public bureaucracies (Abdelhamied et al., 2023; Ibrahim et al., 2022). In the context of this study, transformational leadership is conceptualised as a contextual stimulus that activates all three motivational components, thereby creating a motivational state that energises performance, which in turn generates the evaluative experience of job satisfaction.

Transformational Leadership

Transformational leadership, first conceptualised by Burns (1978) and subsequently operationalised by Bass and Avolio (1994), refers to a style in which leaders elevate followers' awareness, aspirations, and performance capabilities through four behavioural dimensions. Idealised influence describes leaders who model ethical behaviour and inspire trust and admiration. Inspirational motivation involves the articulation of a compelling and optimistic vision.

Intellectual stimulation encourages followers to challenge assumptions and generate creative solutions. Individualised consideration entails personalised mentoring and developmental support tailored to each follower's needs and potential (Akdere & Egan, 2020; Messmann et al., 2021).

The cumulative evidence for the performance-enhancing effects of transformational leadership is substantial. Meta-analytic evidence synthesising 245 independent samples confirms that transformational leadership influences both task performance and organisational citizenship behaviour through multiple motivational and relational pathways (Ng, 2017). In the public sector specifically, transformational leaders enhance organisational effectiveness by fostering participatory decision-making, innovation cultures, and service motivation among civil servants (Pham et al., 2024; Sun & Henderson, 2017). In the Indonesian context, studies in higher education and regional government agencies have replicated these positive effects, although with varying effect magnitudes depending on organisational culture and institutional context (Dwita et al., 2024; Firdaus et al., 2024).

Based on this theoretical reasoning and empirical evidence, the following hypotheses are proposed:

H1: Transformational leadership has a positive and significant effect on work motivation.

H2: Transformational leadership has a positive and significant effect on job satisfaction.

H3: Transformational leadership has a positive and significant effect on employee performance.

Work Motivation

Work motivation is conceptualised in this study as the internal psychological force that directs, energises, and sustains goal-directed behaviour at work (Ng, 2017; Porter & Lawler, 1968). Within the Expectancy Theory framework, motivation is operationalised through the three components described above: expectancy, instrumentality, and valence (Ibrahim et al., 2022). Empirical evidence supports a robust positive relationship between work motivation and employee performance across contexts including manufacturing, healthcare, education, and public administration (Buil et al., 2019; Ibrahim et al., 2022; Qalati et al., 2022).

Transformational leaders elevate work motivation by strengthening all three expectancy components. Through intellectual stimulation and individualised consideration, they enhance followers' self-efficacy (expectancy). Through clear articulation of performance-reward linkages and consistent recognition of achievement, they strengthen instrumentality. And through the communication of a meaningful and inspiring vision, they increase the valence of intrinsic rewards such as pride, purpose, and professional growth (Akdere & Egan, 2020; Bass & Avolio, 1994). Empirical confirmation of this pathway is provided by Ibrahim et al. (2022) among millennial manufacturing employees and by Huang et al. (2025) among intensive care nurses, both finding that transformational leadership significantly predicts motivation-related constructs.

H4: Work motivation has a positive and significant effect on employee performance.

H6: Work motivation mediates the positive relationship between transformational leadership and employee performance.

Job Satisfaction

Job satisfaction is defined as a pleasurable or positive emotional state resulting from an individual's appraisal of their job or job experiences (Locke, 1976). Contemporary scholarship conceptualises job satisfaction as a multifaceted construct encompassing satisfaction with the work itself, compensation, career advancement opportunities, and social relationships at work (Eliyana et al., 2019; Özdemir et al., 2024). Within Porter and Lawler's (1968) model, job satisfaction is positioned as an affective outcome that follows performance when the rewards received—both intrinsic and extrinsic—are perceived as equitable and commensurate with effort. This theoretical positioning distinguishes the present model from traditional approaches that treat satisfaction as an antecedent of performance.

Transformational leadership fosters job satisfaction through multiple pathways. By creating a psychologically safe and supportive environment, communicating an inspiring vision, and attending to individual developmental needs, transformational leaders increase the intrinsic rewards associated with work and the perceived equity of extrinsic rewards (Judge & Piccolo, 2004; Kammerhoff et al., 2019). Empirical studies in diverse contexts confirm this relationship: Eliyana et al. (2019) among Indonesian private-sector employees, Choi et al. (2016) among Malaysian hospital nurses, and Oktaysoy et al. (2025) in the Turkish hospitality sector all report significant positive effects of transformational leadership on job satisfaction.

Furthermore, within the Expectancy Theory sequential logic, work motivation is expected to precede and positively predict job satisfaction. Employees who are motivated to exert high effort and who achieve performance outcomes are more likely to receive—and perceive as equitable—the organisational rewards that engender satisfaction. This reasoning generates a within-mediator causal chain that underlies the sequential mediation hypothesis.

H5: Job satisfaction has a positive and significant effect on employee performance.

H7: Job satisfaction mediates the positive relationship between transformational leadership and employee performance.

H8: Work motivation and job satisfaction sequentially mediate the positive relationship between transformational leadership and employee performance.

Employee Performance

Employee performance is conceptualised as the set of behaviours and outcomes that are relevant to organisational goals and over which the individual exercises control (Campbell, 1990; Qalati et al., 2022). Consistent with this multidimensional conceptualisation, performance in the present study encompasses quality of work, quantity of output, work efficiency, initiative, and compliance with organisational procedures (Campbell, 1990; Robbins & Judge,

2021). This integrated understanding of performance as both behavioural and outcome-oriented aligns with the empirical approach adopted in comparable public-sector studies (Abid et al., 2025; Huang et al., 2025; Pham et al., 2024).

Conceptual Framework

The conceptual model synthesises the relationships described above into a sequential dual-mediation architecture grounded in Expectancy Theory. Transformational leadership functions as the exogenous stimulus that activates the motivational process: it directly enhances work motivation, job satisfaction, and employee performance while also operating indirectly through sequential and parallel mediation pathways. Work motivation constitutes the first-stage mediator, capturing the motivational energisation of employees, which in turn positively influences job satisfaction (second-stage mediator) and employee performance directly. Job satisfaction then independently and jointly (via the sequential pathway) predicts employee performance.

(Based on Expectancy Theory – Porter & Lawler, 1968)

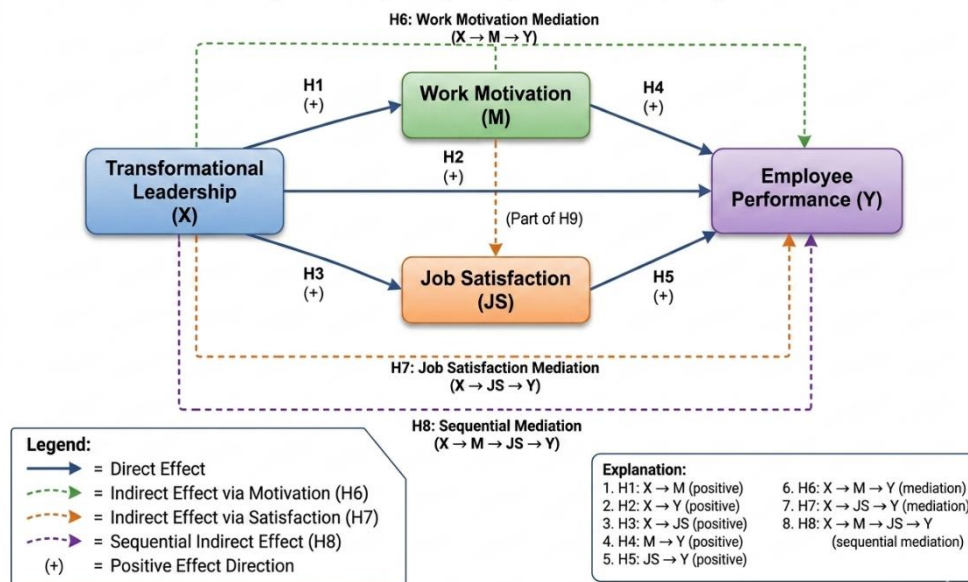


Figure 1: Conceptual framework and research hypotheses

METHODS

Research Design

This study employs a quantitative, cross-sectional causal research design grounded in positivist epistemology. The design is appropriate because the study aims to test directional causal hypotheses among latent constructs measured via self-report instruments, and because the use of PLS-SEM requires predefined structural relationships estimated from cross-sectional data (Hair et al., 2021; Sekaran & Bougie, 2016). A cross-sectional design was adopted given the logistical constraints of the field setting; however, the authors acknowledge that longitudinal designs would provide stronger causal inference and recommend this as an avenue for future research.

Population and Sample

The target population comprised all Permanent Civil Servants employed at the Cooperatives and SME Agency of West Sumatra Province, Indonesia, totaling 228 individuals. Contract-based government employees were excluded

to maintain homogeneity, as differences in compensation, career progression, and welfare systems could systematically bias perceptions of motivation, satisfaction, and performance (Sekaran & Bougie, 2016).

A probability sampling approach with a *simple random sampling* technique was employed, ensuring that every member of the population had an equal chance of being selected, thereby minimising potential bias and enhancing sample representativeness (Sekaran & Bougie, 2016). The required sample size was determined using the Slovin formula with a 5% margin of error:

$$n = \frac{N}{1 + N e^2} = \frac{228}{1 + 228 (0,05)^2} = \frac{228}{1 + 228 (0,0025)} = \frac{228}{1 + 0,57} = \frac{228}{1,57} = 145,22$$

Thus, the final sample consisted of 145 respondents. This sample size exceeds the minimum recommended threshold for Partial Least Squares Structural Equation Modelling (PLS-SEM) with reflective indicators and a model complexity comparable to the present study (Hair et al., 2021). The sample covered both the provincial office (census of all eligible PNS, $n = 50$) and the 19 regency/city offices ($n = 95$), where simple random sampling was applied within each office among eligible PNS. All respondents were active civil servants who voluntarily completed the questionnaire in full.

The respondent profile was dominated by the 37–46 years age cohort (42.8%), followed by 47–56 years (30.3%), indicating a predominantly mid-career to senior workforce. Gender distribution was nearly balanced (50.3% male, 49.7% female). Most respondents had 11–20 years of service (53.8%), confirming substantial organisational experience and familiarity with leadership practices, which supports the validity of their perceptual assessments.

Respondent Profile

Among the 145 respondents, the dominant age cohort was 37–46 years (42.76%), followed by 47–56 years (30.34%), reflecting a predominantly mid-career to senior workforce with substantial organisational experience. Gender composition was nearly balanced (50.34% male, 49.66% female). Most respondents had served for 11–20 years (53.79%), confirming familiarity with organisational dynamics and leadership practices sufficient to provide valid perceptual assessments.

Measurement Instruments

All constructs were operationalised as reflective latent variables measured with five-point Likert scales (1 = Strongly Disagree, 5 = Strongly Agree). Transformational leadership was measured using eight items aligned with Bass and Avolio's (1994) four-factor conceptualisation (idealised influence, inspirational motivation, intellectual stimulation, individualised consideration), adapted for the Indonesian public-sector context following Akdere and Egan (2020). Work motivation was measured with six items derived from Porter and Lawler's (1968) Expectancy Theory framework, capturing expectancy, instrumentality, and valence as operationalised by Ibrahim et al. (2022). Job satisfaction was assessed through eight items encompassing the job itself, pay, promotion opportunities, and co-worker relations, based on Locke (1976) and updated by Özdemir et al. (2024). Employee performance was measured with ten

items covering quality, quantity, efficiency, initiative, and compliance, drawing on Campbell (1990) and Qalati et al. (2022).

Data Collection Procedures

Data were collected between January and March 2026 via a structured questionnaire distributed through Google Forms. At the provincial office, the instrument was administered directly to all eligible PNS employees. At the regency/city offices, distribution was facilitated through designated internal liaisons who were instructed to restrict access to prequalified respondents meeting the specified criteria. Demographic screening questions at the outset of the questionnaire served as a verification mechanism to ensure criterion compliance. All respondents provided informed digital consent prior to participation.

Common Method Bias

Given the reliance on single-source, self-report survey data, potential common method bias (CMB) was addressed through procedural and statistical remedies. Procedurally, the questionnaire separated predictor and outcome items across clearly demarcated sections and assured respondents of anonymity and the absence of right-or-wrong answers (Podsakoff et al., 2003). Statistically, Harman's single-factor test was conducted; a single unrotated factor explained 24.3% of the total variance, well below the 50% threshold, providing preliminary reassurance against severe CMB.

Data Analysis

Data were analysed using Partial Least Squares-Structural Equation Modelling (PLS-SEM) with SmartPLS 4.0. PLS-SEM was selected over covariance-based SEM because: (a) the study is prediction-oriented rather than theory-confirmatory; (b) the sample size, while adequate, is modest; and (c) the model includes formative-like theoretical constructs (Hair et al., 2021). Measurement model assessment followed the criteria of Hair et al. (2021): convergent validity was evaluated via outer loadings (> 0.70) and Average Variance Extracted ($AVE > 0.50$); reliability was assessed through Composite Reliability ($CR > 0.70$) and Cronbach's α (> 0.70); and discriminant validity was evaluated using the Fornell-Larcker criterion. Structural model assessment included path coefficients, R^2 , predictive relevance (Q^2 , via blindfolding), and hypothesis testing via bootstrapping with 5,000 resamples. Mediation hypotheses were tested by inspecting the significance of indirect effects with 95% bias-corrected confidence intervals.

RESULTS

Descriptive Statistics

Descriptive analysis revealed that all four variables received favourable evaluations from respondents, as reflected in Total Response Achievement (TCR) scores. Employee performance achieved the highest mean rating ($M = 4.40$, $TCR = 88.03\%$), followed by transformational leadership ($M = 4.37$, $TCR = 87.36\%$), work motivation ($M = 4.33$, $TCR = 86.55\%$), and job satisfaction ($M = 4.26$, $TCR = 85.22\%$). Across all constructs, ratings were consistently in the 'Good' category according to the Arikunto (2006) classification scheme. The relatively lower TCR for job satisfaction, particularly on the compensation sub-dimension ($TCR =$

81.4%), signals that pay-related dissatisfaction warrants organisational attention, notwithstanding overall positive assessments.

Table 1: Descriptive statistics and TCR by variable and indicator

Variable	Mean	TCR (%)	Criteria
Transformational Leadership (X)	4.37	87.36%	Good
Work Motivation (M1)	4.33	86.55%	Good
Job Satisfaction (M2)	4.26	85.22%	Good
Employee Performance (Y)	4.40	88.03%	Good

Measurement Model Assessment

Convergent Validity

Outer loadings for all 32 indicators exceeded the 0.70 threshold (range: 0.819–0.864), confirming that each indicator adequately reflects its assigned latent construct (Hair et al., 2021). AVE values ranged from 0.680 (work motivation) to 0.710 (employee performance), all exceeding the 0.50 criterion, establishing satisfactory convergent validity across all constructs.

Table 2 : Outer loadings, AVE, Composite Reliability, and Cronbach's α

Construct	Items (n)	Outer Loading Range	AVE	CR	Cronbach's α
Transformational Leadership	8	0.821–0.856	0.690	0.920	0.900
Work Motivation	6	0.826–0.852	0.680	0.910	0.880
Job Satisfaction	8	0.819–0.851	0.700	0.920	0.890
Employee Performance	10	0.828–0.864	0.710	0.930	0.910

Reliability

Composite Reliability values ranged from 0.910 to 0.930, and Cronbach's α values ranged from 0.880 to 0.910, all substantially exceeding the 0.70 benchmark. These results confirm that all constructs possess high internal consistency, ensuring that the indicators provide stable and reliable measurement of their respective latent variables (Hair et al., 2021).

Discriminant Validity

Discriminant validity was assessed using the Fornell-Larcker criterion, which requires that the square root of each construct's AVE exceed its correlations with all other constructs. As shown in Table 3, diagonal values (square roots of AVE) ranged from 0.825 to 0.843 and uniformly exceeded the off-diagonal inter-construct correlations (range: 0.650–0.750), confirming that each construct is empirically distinct from its counterparts.

Table 3 about here: Fornell-Larcker Criterion matrix

Construct	TL	WM	JS	EP
Transformational Leadership (TL)	0.831			
Work Motivation (WM)	0.650	0.825		
Job Satisfaction (JS)	0.680	0.700	0.837	
Employee Performance (EP)	0.660	0.720	0.750	0.843

Note. Diagonal values (bold) are square roots of AVE. TL = Transformational Leadership; WM = Work Motivation; JS = Job Satisfaction; EP = Employee Performance.

Structural Model Assessment

The explanatory power of the structural model was evaluated through R^2 and Q^2 statistics. Transformational leadership explained 42.5% of the variance in work motivation ($R^2 = 0.425$), indicating moderate predictive power. The combined influence of transformational leadership and work motivation explained 46.4% of the variance in job satisfaction ($R^2 = 0.464$). The full model – comprising transformational leadership, work motivation, and job satisfaction – explained 68.2% of the variance in employee performance ($R^2 = 0.682$), which Hair et al. (2021) classify as substantial. Predictive relevance indices (Q^2) were 0.423, 0.448, and 0.497 for work motivation, job satisfaction, and employee performance, respectively – all above zero – confirming that the model possesses adequate predictive relevance for all endogenous constructs (Hair et al., 2021).

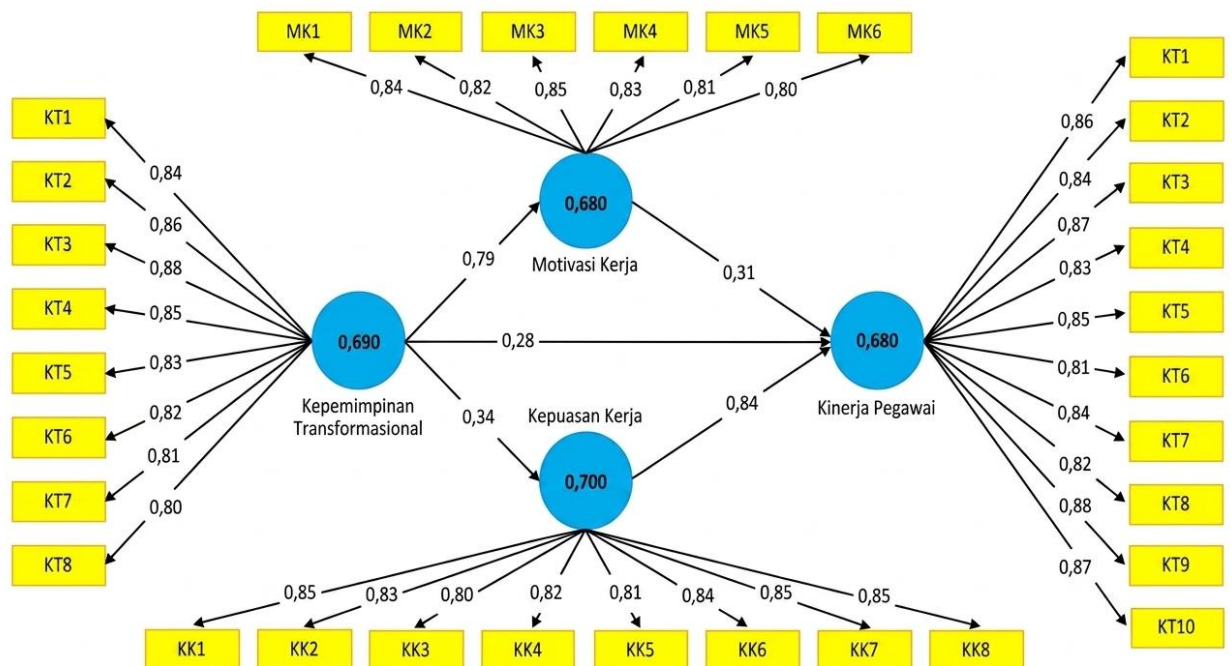


Figure 2. PLS-SEM structural model results showing standardised path coefficients, AVE values (diagonal), and R^2 for endogenous constructs. TL = Transformational Leadership; WM = Work Motivation; JS = Job Satisfaction; EP = Employee Performance. All path coefficients significant at $p < 0.01$.

Table 4: R² and Q² values for endogenous construct

Endogenous Variable	R-Square (R ²)	R ² Category	Q ² Value
Work Motivation	0.425	Moderate	0.423
Job Satisfaction	0.464	Moderate	0.448
Employee Performance	0.682	Substantial	0.497
Work Motivation	0.425	Moderate	0.423

Hypothesis Testing: Direct Effects

Table 5 presents the results of direct-effect hypothesis testing using bootstrapping with 5,000 resamples.

Insert Table 5: Direct effects (path coefficients, t-statistics, p-values)

Path	β	t-Statistic	p-Value	Decision
TL → Work Motivation (H1)	0.652	9.183	< 0.001	Supported
TL → Job Satisfaction (H2)	0.681	9.870	< 0.001	Supported
TL → Employee Performance (H3)	0.268	3.011	0.003	Supported
Work Motivation → Emp. Performance (H4)	0.312	3.671	< 0.001	Supported
Job Satisfaction → Emp. Performance (H5)	0.356	4.341	< 0.001	Supported

Transformational leadership exerted a positive and significant direct effect on work motivation ($\beta = 0.652$, $t = 9.183$, $p < 0.001$), supporting H1. It also significantly and positively predicted job satisfaction ($\beta = 0.681$, $t = 9.870$, $p < 0.001$), supporting H2. The direct effect of transformational leadership on employee performance was positive and significant, though of moderate magnitude ($\beta = 0.268$, $t = 3.011$, $p = 0.003$), supporting H3. Work motivation significantly and positively predicted employee performance ($\beta = 0.312$, $t = 3.671$, $p < 0.001$), supporting H4. Job satisfaction also significantly and positively predicted employee performance ($\beta = 0.356$, $t = 4.341$, $p < 0.001$), supporting H5, and representing the strongest predictor of performance among the mediation variables.

Hypothesis Testing: Indirect (Mediation) Effects

Table 6: Indirect effects (bootstrapped, 5,000 resamples)

Mediation Path	Indirect β	t-Statistic	p-Value	Decision
TL → WM → EP (H6)	0.259	5.76	< 0.001	Supported
TL → JS → EP (H7)	0.270	6.28	< 0.001	Supported
TL → WM → JS → EP (H8)	0.189	4.97	< 0.001	Supported

Note. TL = Transformational Leadership; WM = Work Motivation; JS = Job Satisfaction; EP = Employee Performance.

The indirect effect of transformational leadership on employee performance through work motivation was positive and significant (indirect $\beta = 0.259$, $t = 5.76$, $p < 0.001$), supporting H6. Given that the direct effect of transformational leadership on performance was also significant ($\beta = 0.268$), work motivation functions as a partial mediator. The indirect effect through job satisfaction was also positive and significant (indirect $\beta = 0.270$, $t = 6.28$, $p < 0.001$), supporting H7. Job satisfaction likewise functions as a partial mediator, with the strongest single indirect effect of the three mediation paths. Critically, the sequential indirect effect through work motivation followed by job satisfaction was positive and significant (indirect $\beta = 0.189$, $t = 4.97$, $p < 0.001$), supporting H8 and confirming that the two mediators operate as an ordered motivational chain. The Standardised Root Mean Square Residual (SRMR = 0.067 < 0.08) confirmed adequate model fit (Hair et al., 2021).

Discussion

Transformational Leadership and Work Motivation (H1)

The strong positive effect of transformational leadership on work motivation ($\beta = 0.652$) is the largest direct coefficient in the model, underscoring the central role of leader behaviour in shaping the motivational climate of the organisation. This finding aligns with a substantial body of empirical work demonstrating that transformational leaders amplify follower motivation by strengthening expectancy beliefs through capability development and clear goal communication, by enhancing instrumentality through equitable recognition and consistent feedback, and by elevating the valence of intrinsic rewards through the articulation of a meaningful shared vision (Bass & Avolio, 1994; Ibrahim et al., 2022; Ng, 2017).

In the Indonesian civil service context, where formal extrinsic incentives may be constrained by rigid salary structures and civil service regulations, the ability of transformational leaders to enhance intrinsic motivation is particularly consequential. The finding resonates with Pham et al. (2024), who found that public service motivation—a motivational construct closely related to intrinsic valence—mediates the leadership–performance relationship among Vietnamese civil servants, suggesting that the motivational mechanisms of transformational leadership operate comparably across Southeast Asian public bureaucracies. The highest TCR rating for the inspirational motivation dimension (TCR = 88.2%) suggests that leaders at the agency are perceived as effective in communicating vision and energising staff, yet the relatively lower rating for intellectual stimulation (TCR = 86.4%) indicates room to further cultivate analytical creativity and innovative problem-solving.

Transformational Leadership and Job Satisfaction (H2)

The positive effect of transformational leadership on job satisfaction ($\beta = 0.681$) is the strongest direct path in the model. Transformational leaders create the conditions for satisfaction by providing individualised developmental support, building trusting relationships, and enabling employees to find meaning and growth in their work—all of which address intrinsic satisfaction facets in Locke's (1976) framework. This result is consistent with Eliyana et al. (2019), Choi et al. (2016), and Kammerhoff et al. (2019), who uniformly report

positive transformational leadership–satisfaction associations, and with Judge and Piccolo's (2004) meta-analytic estimate.

The fact that social relationship quality (co-workers and supervisory support) yielded the highest satisfaction sub-dimension score (TCR = 88.2%), while pay satisfaction was the lowest (TCR = 81.4%), aligns with Two-Factor Theory (Herzberg et al., 1959) and suggests that transformational leadership primarily enhances the motivator (intrinsic) facets of satisfaction. Pay-related dissatisfaction, being primarily a function of civil service compensation policy rather than leader behaviour, represents a structural constraint on satisfaction that no leadership intervention alone can fully overcome. Policy-level salary reform would be a necessary complement to leadership development in such contexts.

Transformational Leadership and Employee Performance (H3)

The direct effect of transformational leadership on employee performance ($\beta = 0.268$) is positive and significant, confirming H3. The relatively smaller magnitude compared to the direct effects on motivation and satisfaction is theoretically consistent with expectancy-based models that position performance as the distal rather than proximate consequence of leadership behaviour (Porter & Lawler, 1968). Leadership primarily operates on performance through motivational and affective intermediate states, a view supported by meta-analytic evidence reporting that direct leadership–performance paths are smaller than indirect paths routed through psychological mechanisms (Ng, 2017). This finding also replicates the results of Qalati et al. (2022) and Buil et al. (2019), who found that transformational leadership's direct performance effect, while significant, is amplified through mediating constructs.

Work Motivation and Employee Performance (H4)

Work motivation significantly predicted employee performance ($\beta = 0.312$), supporting H4. Within Expectancy Theory, this pathway reflects the direct translation of motivational force into performance-directed effort. Employees who believe strongly in the effort–performance linkage, who perceive consistent reward contingency, and who value organisational rewards are theoretically expected to exert greater sustained effort, leading to superior task accomplishment (Ibrahim et al., 2022; Porter & Lawler, 1968). The empirical pattern is consistent with Ibrahim et al. (2022), who reported a comparable motivational path coefficient in a manufacturing context, and with Abdelhamied et al. (2023), who documented that motivation mediates the relationship between human resource practices and performance outcomes.

Job Satisfaction and Employee Performance (H5)

Job satisfaction exhibited the strongest effect on employee performance among the two mediating variables ($\beta = 0.356$), supporting H5. Within Expectancy Theory, this represents the reinforcing feedback loop: employees who perceive that their performance has been adequately rewarded and recognised develop a positive affective state (satisfaction) that enhances their future motivational orientation and performance (Porter & Lawler, 1968). The finding converges with the meta-analytic estimates of Judge et al. (2001), who established a corrected mean correlation of approximately 0.30 between

satisfaction and performance, and with Eliyana et al. (2019) and Qalati et al. (2022) who both document significant satisfaction–performance paths in SEM frameworks. The relatively stronger satisfaction–performance coefficient compared to the motivation–performance coefficient suggests that affective-evaluative states may have greater proximal influence on performance than cognitive-expectancy states in this bureaucratic setting, possibly because civil servants' performance is strongly norm-regulated and the evaluative experience of satisfaction reinforces compliance and discretionary effort.

Mediation Analyses: Parallel and Sequential Pathways (H6–H8)

The three mediation hypotheses all received empirical support, constituting the most theoretically novel contribution of this study. The work motivation–mediated indirect effect (indirect $\beta = 0.259$, H6) and the job satisfaction–mediated indirect effect (indirect $\beta = 0.270$, H7) confirm that both psychological states operate as partial mediators, channelling the influence of transformational leadership on performance beyond its direct effect. The comparable magnitudes of these two parallel indirect effects suggest that transformational leadership activates motivational and evaluative mechanisms with approximately equal effectiveness, consistent with the multidimensional influence of the four behavioural dimensions.

The sequential mediation result (indirect $\beta = 0.189$, H8) is the most theoretically significant finding of the study, as it validates the causal ordering predicted by Expectancy Theory: transformational leadership $\rightarrow$ work motivation $\rightarrow$ job satisfaction $\rightarrow$ employee performance. This result establishes that work motivation and job satisfaction do not merely operate as independent conduits between leadership and performance; rather, they form an ordered psychological chain in which motivational arousal is a necessary precondition for the subsequent evaluative response of satisfaction, which in turn sustains and reinforces performance. This sequential mechanism has rarely been empirically demonstrated in the public-sector literature and represents a meaningful advance over studies that treat the two mediators as parallel or interchangeable. The finding is broadly consistent with Faqih et al. (2024), who documented dual mediation through satisfaction and motivation in a private-sector Indonesian sample, but the present study extends this by formally testing the sequential pathway and situating it within the Expectancy Theory framework.

The persistence of a significant direct transformational leadership–performance path alongside significant indirect paths confirms partial, rather than full, mediation. This implies that transformational leadership influences performance through mechanisms beyond motivation and satisfaction—including, potentially, role clarity, organisational identification, and structural empowerment—that represent productive targets for future research (Buil et al., 2019; Huang et al., 2025).

CONCLUSION

This study examined the influence of transformational leadership on employee performance through the sequential mediating roles of work motivation and job satisfaction among civil servants at the Cooperatives and SME Agency of West Sumatra Province, Indonesia. Using PLS-SEM with data from

145 respondents, the study established that transformational leadership exerts direct positive effects on all three outcome variables—work motivation ($\beta = 0.652$), job satisfaction ($\beta = 0.681$), and employee performance ($\beta = 0.268$)—and that both work motivation ($\beta = 0.312$) and job satisfaction ($\beta = 0.356$) independently predict employee performance. Crucially, all three mediation hypotheses were supported: work motivation partially mediates the leadership–performance relationship (indirect $\beta = 0.259$), job satisfaction partially mediates the same relationship (indirect $\beta = 0.270$), and the sequential path through both mediators in order (indirect $\beta = 0.189$) is statistically significant, establishing a causal chain that aligns with the theoretical predictions of Porter and Lawler's (1968) Expectancy Theory.

The model explains 68.2% of the variance in employee performance ($R^2 = 0.682$), representing substantial predictive power. Together, these findings confirm that transformational leadership enhances performance both directly and through a layered motivational architecture, and that the psychological mechanism connecting leadership to performance is sequential rather than purely parallel. The study contributes to theory by validating an integrated sequential dual-mediation model in a public-sector bureaucratic context where such evidence remains sparse, and to practice by identifying work motivation, job satisfaction, and transformational leadership style as actionable levers for performance improvement in Indonesian regional government agencies.

IMPLICATIONS

Theoretical Implications

This study makes several theoretical contributions. First, by explicitly testing and confirming the sequential mediation path (transformational leadership → work motivation → job satisfaction → employee performance), this study provides the first direct empirical operationalisation of the temporal-sequential logic embedded in Porter and Lawler's (1968) Expectancy Theory within a regional Indonesian public-sector setting. The sequential pathway explains why prior studies that examined only one mediator at a time likely underestimated the total indirect effect of transformational leadership. Second, the study advances the literature by demonstrating that the dual mediator model offers superior explanatory depth over single-mediator models, contributing a more complete account of the motivational chain that connects leadership behaviour to performance outcomes. Third, this study extends the empirical generalisability of transformational leadership theory to the Indonesian provincial bureaucratic context—an institutional setting characterised by unique civil service norms, hierarchical cultures, and accountability mechanisms—thereby enriching cross-national and cross-contextual comparative scholarship.

Practical Implications

For practitioners and public administration professionals, the findings yield several actionable insights. Leaders should prioritise behavioural practices associated with intellectual stimulation and individualised consideration, given their roles in strengthening expectancy beliefs and intrinsic valence respectively—the motivational components with the highest leverage on

performance. Organisations should invest systematically in transformational leadership development programmes that incorporate coaching on vision communication, individualised mentoring, and recognition practices. Given that pay satisfaction emerged as the weakest satisfaction sub-dimension, organisations should advocate for compensation policy reforms at the provincial government level to complement leadership-based interventions. Performance management systems should be redesigned to ensure transparent performance–reward linkages, thereby strengthening instrumentality perceptions and amplifying the motivational effects of transformational leadership.

Policy Implications

At the policy level, the findings suggest that efforts to improve civil servant performance should integrate leadership quality standards into public-sector human resource management frameworks. Provincial and district governments should incorporate transformational leadership competency assessments into performance appraisal and promotion criteria for mid-level managers. Policies aimed at improving work motivation and job satisfaction—such as merit-based recognition systems, structured career development pathways, and participative goal-setting mechanisms—should be codified in institutional regulations rather than left to individual managerial discretion, ensuring structural and systemic support for the psychological mechanisms identified in this study.

Limitations and Future Research

Several limitations must be acknowledged. First, the cross-sectional design precludes definitive causal inference; longitudinal panel designs would permit stronger conclusions about the temporal sequence of motivation, satisfaction, and performance, which Expectancy Theory implies but this study cannot directly observe. Second, the sample is confined to a single agency network in one Indonesian province, which may limit generalisability to agencies with different organisational cultures, leadership traditions, or resource environments. Third, reliance on self-report survey data introduces the possibility of common method variance, despite procedural controls and Harman's single-factor test offering partial reassurance. Fourth, the Expectancy Theory framework, while theoretically powerful, does not capture all potential mechanisms; constructs such as organisational commitment, psychological empowerment, and public service motivation may constitute additional mediating or moderating forces not modelled in the present study.

Future research should address these limitations through longitudinal or experience-sampling designs that track motivational and satisfaction dynamics over time. Multi-agency and multi-provincial comparative studies would strengthen external validity. Scholars might also investigate potential moderators of the identified pathways—such as regulatory salience, organisational culture, and civil service tenure—using multi-group analysis or moderated-mediation designs. Additionally, integrating objective performance indicators (e.g., programme realisation rates, service quality audits) alongside perceptual measures would provide a more complete and bias-resistant performance criterion. Finally, cross-cultural replication in other ASEAN public-

sector contexts would enrich the generalisability of the sequential Expectancy Theory model advanced in this study.

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