

**THE EFFECT OF TRANSACTIONAL LEADERSHIP STYLE,
ENTREPRENEUR'S PASSION, AND ORGANIZATIONAL COMMITMENT ON
EMPLOYEE PERFORMANCE WITH JOB SATISFACTION AS AN
INTERVENING VARIABLE ON EMPLOYEES**



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Abstract

This study aims to examine the influence of Transactional Leadership Style, Organizational Commitment, and Entrepreneurship Passion on Job Satisfaction and Employee Performance, as well as the mediating role of Job Satisfaction in the relationship. The results of statistical analysis show that Transactional Leadership Style has a significant positive influence on Job Satisfaction, with a very low significance value ($p < 0.05$). Likewise, Organizational Commitment and Entrepreneurship Passion are proven to significantly positively affect Job Satisfaction. In addition, Transactional Leadership Style, Organizational Commitment, and Entrepreneurship Passion also positively affect Employee Performance. Job Satisfaction is proven to be a significant mediator in the relationship between Transactional Leadership Style, Organizational Commitment, and Entrepreneurship Passion on Employee Performance. Overall, Job Satisfaction fully and significantly mediates the influence of the three variables on Employee Performance.

Keywords: Transactional Leadership Style, Entrepreneur's Passion, Organizational Commitment, Employee Performance, Job Satisfaction

INTRODUCTION

Currently, many financial companies are growing rapidly, especially in Indonesia. Many existing human resources are looking for work by registering themselves with existing finance companies. Therefore, it is important to state that transactional leadership has a positive and significant effect on employee performance Abdel et al., (2022).

Employee performance is not only influenced by leadership style but also by organizational commitment (Sunatar, 2022). Organizational commitment influences employee performance. Managers consider employee commitment to organizational goals to be important (Robbins & Judge, 2014). Organizational commitment has a positive and significant effect on employee performance Hendri, (2019).

Based on the phenomena described above, this study aims to determine the effect of transactional leadership roles on employee performance through the mediation of Job Satisfaction and Organizational Commitment.

REVIEW OF LITERATURE

Transactional Leadership

Pradana and Fuadati (2016) Transactional leadership is a leader who needs to have clear information about what his subordinates need and want must provide constructive feedback so that subordinates remain on task. Transactional leadership can include values, but these values are very important for the exchange process, such as honesty, accountability, and reciprocity. Transactional leaders help followers identify what to do, in their identification, leaders must take into account the self-concept and self-esteem of their subordinates.

Employee Performance

Kasmir (2016: 182) Performance is the result of work and work behavior of a person during a certain period can be measured by the ability to complete tasks and responsibilities. Mangkunegara (2013) Performance is an activity that has been carried out with the quality and quantity achieved by employees. In carrying out his duties in accordance with the tasks entrusted to him to achieve organizational goals legally and without violating the law and following morals and ethics.

Job Satisfaction

Robbins and Coulter (2010:37) said that job satisfaction is an attitude commonly shown by employees toward their work. Someone with high job satisfaction has a positive attitude towards their work. While someone dissatisfied will have a negative attitude towards their work (Astuti et al, 2023). According to Kreitner and Kinieki (2005:271), job satisfaction is an effective or emotional response to various aspects of work.

Organizational Commitment

Organizational commitment is often associated with a person's actions or deeds. Actions taken can occur through factors that encourage or influence them. In other words, human behavior or actions must have a reason or cause why they are done. According to Siagian (2004:102), organizational commitment is the driving force for someone to make the greatest possible contribution to the success of the organization in achieving its goals. Furthermore, Robbins and Judge (2009:78) stated that organizational commitment is a process of encouragement from outside a person or group so that they are willing to carry out something that has been determined.

Entrepreneur's Passion

Entrepreneur's passion motivates individuals to recognize opportunities and create new businesses. Entrepreneur's passion as a strong desire for entrepreneurship cannot be ignored, existing evidence suggests that the relationship between individual differences such as passion and entrepreneurial intention is characterized by several underlying mechanisms that need to be well understood (Syed, Butler, Smith & Cao, 2020). In addition, an entrepreneur's passion is also seen as a positive emotion that is largely determined by culture (Karimi, 2020). Cardon et al. (2018) define an entrepreneur's passion as "an intense, consciously accessible positive feeling experienced by involvement in entrepreneurial activities that are associated with a meaningful and salient role for the entrepreneur's self-identity" (Cardon, et al., 2018).

Conceptual Framework

Based on the theories of transactional leadership, employee performance, job satisfaction, and organizational commitment, the researcher aims to create a research framework to facilitate analysis in the research in the following figure:

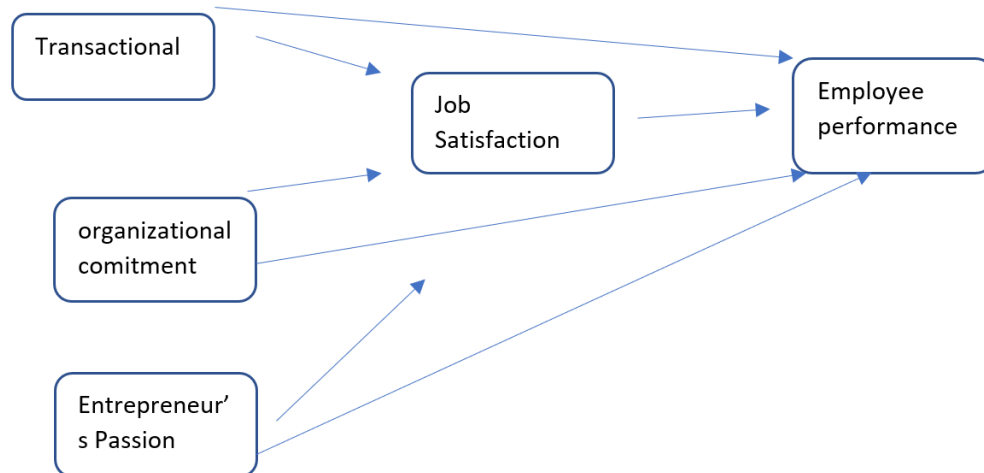


Figure 1.
Conceptual Framework

Hypothesis Development

Based on the theoretical framework above, the research hypotheses proposed are:

- H1: Transactional has a positive effect on Job Satisfaction
- H2: organizational commitment has a positive effect on job satisfaction
- H3: Entrepreneur's passion has a positive effect on job satisfaction.
- H4: Transactional has a positive effect on employee performance.
- H5: organizational commitment has a positive effect on employee performance
- H6: Entrepreneur's passion has a positive effect on employee performance.
- H7: Job satisfaction has a positive effect on employee performance.
- H8: Transactional has a positive effect on employee performance mediated by job satisfaction.
- H9: Organizational commitment has a positive effect on employee performance mediated by job satisfaction.
- H10: Entrepreneur's passion has a positive effect on employee performance mediated by job satisfaction.

RESEARCH METHOD

Research Design

This research design is included in the type of causal research that aims to identify the cause-and-effect relationship between certain variables by conducting hypothesis testing. The study was conducted by testing the validity of the variables of the influence of transactional leadership style, entrepreneur's passion, and organizational commitment on employee performance with job satisfaction as an engaging variable on employees.

Based on the time dimension, this study is included in cross-sectional research that collects data at one time or in a certain period. In addition, based on the study setting, this study can be categorized as a non-contrived setting, which means that the study was conducted in a situation where the researcher did not intervene or manipulate the research environment. This study took the analysis unit of Finance employees in Indonesia. This selection is based on the awareness of the importance of the role of employees as assets in the company.

Method of Collecting Data

The data collection method uses primary data collection techniques obtained directly using questionnaires. The distribution of questionnaires was carried out online using Google Forms to Finance Indonesia employees.

In addition, data for this study were also obtained from literature studies through journals and data from previous research related to the variables studied.

Sampling Method

Meanwhile, according to Sugiyono (2017), a sample is part of the number and characteristics possessed by the population. A sample is a group of individuals or objects selected from the population to be studied, and its characteristics are expected to represent the characteristics of the population as a whole. This study uses a nonprobability sampling technique, with a purposive sampling method, namely drawing samples based on predetermined criteria. The criteria for respondents answering the questionnaire are employees who work in Finance.

RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive statistical analysis was conducted by measuring the mean, standard deviation, minimum value, and maximum value to see the perception, response, and response of respondents to the variables used in the study. The details of the descriptive analysis of the variables in this study are as follows.

Data Analysis

In research data analysis, two values will be seen, namely p-value and estimate value. The P-value is used in hypothesis testing to see if there is an influence between the variables studied, and the estimate value is used to see the direction of influence between the independent variables on the dependent variable.

The following is the basis for decision-making for hypothesis testing according to (Hair et al., 2014):

- a) H0 is rejected or the hypothesis is supported (there is an effect) if the p-value ≤ 0.05 .
- b) H0 is accepted or the hypothesis is not supported (no effect) if the p-value > 0.05 .

Table 1.

Variables	Theory	Beta	Std.Error	TSTAT	GIS (One-Tailed), Alpha 5%	Decision
TLS→JS	+	0.424	0.183	1,767	$0.077/2 = 0.0385$	H1 Supported
O.C.→JS	+	0.562	0.091	6.184	$0.000/2 = 0.0000$	H2 Supported
EPS→JS	+	0.791	0.128	9,714	$0.000/2 = 0.0000$	H3 Supported
TLS→EPR	+	0.852	0.017	11,160	$0.000/2 = 0.0000$	H4 Supported
O.C.→EPR	+	0.603	0.113	5.344	$0.000/2 = 0.0000$	H5 Supported
EPS→EPR	+	0.503	0.152	4.988	$0.047/2 = 0.0235$	H6 Supported
JS→EPR	+	0.305	0.101	3.023	$0.003/2 = 0.0015$	H7 Supported

H1: Transactional Leadership Style Has a Positive Influence on Job Satisfaction

Transactional Leadership Style has a coefficient value of 0.424, meaning that the higher the perception value of Transactional Leadership Style, the higher the perception of Job Satisfaction by 0.424 units. The results of statistical testing show a beta sign following the proposed hypothesis, where Transactional Leadership Style has a positive effect on Job

Satisfaction as shown in the output table above, so that it can be continued to see the significance test. Based on the test results above, a significance value of $0.077/2 = 0.0385 < 0.05$ (alpha 5%) was obtained so that H_0 was rejected or H_a was accepted and it can be concluded that statistically there is a significant positive effect of Transactional Leadership Style on Job Satisfaction.

H2: Organizational Commitment Has a Positive Influence on Job Satisfaction

Organizational Commitment has a coefficient value of 0.562, meaning that the higher the perception value of Organizational Commitment, the higher the perception of Job Satisfaction, which is 0.562 units. The results of statistical testing show a beta sign in accordance with the proposed hypothesis, where Organizational Commitment has a positive effect on Job Satisfaction as shown in the output table above, so that it can be continued to see the significance test. Based on the test results above, a significance value of $0.000/2 = 0.0000 < 0.05$ (alpha 5%) is obtained so that H_0 is rejected or H_a is accepted and it can be concluded that statistically there is a significant positive effect of Organizational Commitment on Job Satisfaction.

H3: Entrepreneurship Passion Has Positive Influence on Job Satisfaction

Entrepreneurship Passion has a coefficient value of 0.791, meaning that the higher the perception value of Entrepreneurship Passion, the higher the perception of Job Satisfaction by 0.791 units. The results of statistical testing show a beta sign in accordance with the proposed hypothesis, where Entrepreneurship Passion has a positive effect on Job Satisfaction as shown in the output table above, so that it can be continued to see the significance test. Based on the test results above, a significance value of $0.000/2 = 0.0000 < 0.05$ (alpha 5%) was obtained so that H_0 was rejected or H_a was accepted and it can be concluded that statistically there is a significant positive effect of Entrepreneurship Passion on Job Satisfaction.

H4: Transactional Leadership Style Has a Positive Influence on Employee Performance

Transactional Leadership Style has a coefficient value of 0.852, meaning that the higher the perception value of Transactional Leadership Style, the higher the perception of Employee Performance, which is 0.852 units. The results of statistical testing show a beta sign in accordance with the proposed hypothesis, where Transactional Leadership Style has

a positive effect on Employee Performance as shown in the output table above, so that it can be continued to see the significance test. Based on the test results above, a significance value of $0.000/2 = 0.0000 < 0.05$ (alpha 5%) is obtained so that H_0 is rejected or H_a is accepted and it can be concluded that statistically there is a significant positive effect of Transactional Leadership Style on Employee Performance.

H5: Organizational Commitment Has a Positive Influence on Employee Performance

Organizational Commitment Style has a coefficient value of 0.603, meaning that the higher the perception value of Organizational Commitment, the higher the perception of Employee Performance, which is 0.603 units. The results of statistical testing show a beta sign in accordance with the proposed hypothesis, where Organizational Commitment has a positive effect on Employee Performance as shown in the output table above, so that it can be continued to see the significance test. Based on the test results above, a significance value of $0.000/2 = 0.0000 < 0.05$ (alpha 5%) is obtained so that H_0 is rejected or H_a is accepted and it can be concluded that statistically there is a significant positive effect of Organizational Commitment on Employee Performance.

H6: Entrepreneurship Passion Has Positive Influence on Employee Performance

Entrepreneurship Passion Style has a coefficient value of 0.503, meaning that the higher the perception value of Entrepreneurship Passion, the higher the perception of Employee Performance, which is 0.503 units. The results of statistical testing show a beta sign in accordance with the proposed hypothesis, where Entrepreneurship Passion has a positive effect on Employee Performance as shown in the output table above, so that it can be continued to see the significance test. Based on the test results above, a significance value of $0.047/2 = 0.0235 < 0.05$ (alpha 5%) was obtained so that H_0 was rejected or H_a was accepted and it can be concluded that statistically there is a significant positive effect of Entrepreneurship Passion on Employee Performance.

H7: Job Satisfaction Has a Positive Influence on Employee Performance

Job Satisfaction has a coefficient value of 0.305, meaning that the higher the perception value of Job Satisfaction, the higher the perception of Employee Performance, which is 0.305 units. The results of statistical testing show a beta sign in accordance with the proposed hypothesis, where Job Satisfaction has a positive effect on Employee Performance

as shown in the output table above, so that it can be continued to see the significance test. Based on the test results above, a significance value of $0.003/2 = 0.0015 < 0.05$ (alpha 5%) is obtained so that H_0 is rejected or H_a is accepted and it can be concluded that statistically there is a significant positive effect of Job Satisfaction on Employee Performance.

Indirect Effect Hypothesis

Table 2.

Hypothesis	Estimate	P-Value	Information
Transactional Leadership Style has a positive effect on Employee Performance through Job Satisfaction (TLS→JS→EPR)	0.199	0.00257543	H8 Supported (Alpha 5%)
Organizational Commitment has a positive effect on Employee Performance through Job Satisfaction (OC)→JS→EPR)	0.171	0.00858485	H9 Supported (Alpha 5%)
Entrepreneurship Passion has a positive effect on Employee Performance through Job Satisfaction (OC)→JS→EPR)	0.128	0.02570538	H10 Supported (Alpha 5%)

H8: Transactional Leadership Style has a positive effect on Employee Performance through Job Satisfaction

Based on the results of statistical testing, it is known that Transactional Leadership Style influences Employee Performance mediated by Job Satisfaction of 0.199, meaning that the higher the perception of Job Satisfaction that mediates the relationship between Transactional Leadership Style, the higher the perception of Employee Performance of 0.199 units. The test results above show that the p-value is $0.00257543 < 0.05$ (alpha 5%) so H_a is accepted or H_0 is rejected and it can be concluded statistically at a 95% confidence level that Job Satisfaction can fully and significantly mediate between Transactional Leadership Style and Employee Performance.

H9: Organizational Commitment has a positive influence on Employee Performance through Job Satisfaction

Based on the results of statistical testing, it is known that Organizational Commitment influences Employee Performance mediated by Job Satisfaction of 0.171, meaning that the higher the perception of Job Satisfaction that mediates the relationship between Organizational Commitment, the higher the perception of Employee Performance of 0.171

units. The test results above show that the p-value is $0.00858485 < 0.05$ (alpha 5%) so H_a is accepted or H_o is rejected and it can be concluded statistically at a 95% confidence level that Job Satisfaction can fully and significantly mediate between Organizational Commitment and Employee Performance.

H10: Entrepreneurship Passion has a positive influence on Employee Performance through Job Satisfaction

Based on the results of statistical testing, it is known that Entrepreneurship Passion influences Employee Performance mediated by Job Satisfaction of 0.128, meaning that the higher the perception of Job Satisfaction that mediates the relationship between Entrepreneurship Passion, the higher the perception of Employee Performance of 0.128 units. The test results above show that the p-value is $0.02570538 < 0.05$ (alpha 5%) so H_a is accepted or H_o is rejected and it can be concluded statistically at a 95% confidence level that Job Satisfaction can fully and significantly mediate between Entrepreneurship Passion and Employee Performance.

CONCLUSION

Based on the results of the research conducted, it can be concluded that:

1. The results of statistical testing show a beta sign in accordance with the proposed hypothesis, where Transactional Leadership Style has a positive effect on Job Satisfaction as shown in the output table above, so that it can be continued to see the significance test. Based on the test results above, the value is obtained.
2. Organizational Commitment has a positive effect on Job Satisfaction as shown in the output table above, so that it can be continued to see the significance test. Based on the test results above, a significance value of $0.000/2 = 0.0000 < 0.05$ (alpha 5%) was obtained so that H_o was rejected or H_a was accepted and it can be concluded that statistically there is a significant positive effect of Organizational Commitment on Job Satisfaction.
3. The results of statistical testing show a beta sign in accordance with the proposed hypothesis, where Entrepreneurship Passion has a positive effect on Job Satisfaction as shown in the output results table.

4. Transactional Leadership style has a positive effect on Employee Performance as shown in the output table above
5. The results of statistical testing show a beta sign following the proposed hypothesis, where Organizational Commitment has a positive effect on Employee Performance as shown in the output table above.
6. Entrepreneurship Passion has a positive effect on Employee Performance as shown in the output table above
7. Job Satisfaction has a positive effect on Employee Performance as shown in the output table above
8. Job Satisfaction can fully and significantly mediate between Transactional Leadership Style and Employee Performance.
9. Job Satisfaction can fully and significantly mediate between Organizational Commitment and Employee Performance.
10. Job Satisfaction can mediate fully and significantly between Entrepreneurship Passion towards Employee Performance.

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