



The Influence of Transformational Leadership and Work Motivation on Job Satisfaction, with Contingent Reward as a Moderating Variable

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Abstract

This research analyzes the influence of transformational leadership and work motivation on job satisfaction, with contingent reward as a moderating variable. Transformational leadership and work motivation influence job satisfaction, while contingent rewards act as awards based on performance achievements. This research uses a quantitative approach with the Structural Equation Model Partial Least Squares (SEM-PLS) method. Data was collected by distributing questionnaires using Google Forms involving 100 respondents. The population in this research study was PT Tembaga Mulia Semanan Tbk; the sampling technique used was purposive sampling, namely permanent employees of PT Tembaga Mulia Semanan Tbk. The sample for this research was permanent employees of PT Tembaga Mulia Semanan Tbk. The findings of this research show that transformational leadership and work motivation influence job satisfaction. In addition, contingent rewards were not proven to moderate the relationship between transformational leadership and job satisfaction. In contrast, contingent rewards were proven to moderate the relationship between work motivation and job satisfaction. This research provides implications for companies developing a transformational leadership style and creating a reward system to increase team member motivation and job satisfaction.

Keywords: Transformational Leadership, Work Motivation, Job Satisfaction, Contingent Reward.

1. Introduction

Job satisfaction is an essential factor that influences team member performance and productivity in an organization and creates a mutually supportive relationship between leaders and team members [1][2]. Employees who are satisfied with their jobs tend to show better performance, are more motivated, and are more loyal to the company. Therefore, leaders must understand the factors that can increase team members' job satisfaction. One applies an effective leadership style, such as transformational leadership [3]. Transformational leadership can form positive changes within the company. This leadership model emphasizes the leader's efforts to inspire, motivate, and change team member behavior through a strong vision, empowerment, and attention to individual development. Transformational leaders focus on task achievement, personal growth, and improving team member welfare. Transformational leaders are expected to create an innovative and supportive work climate, which can increase team members' job satisfaction because transformational leadership is closely related to job satisfaction, which is one of the determining factors in achieving company effectiveness [4][5].

In addition to transformational leadership, work motivation is essential in increasing job satisfaction. High work motivation encourages employees to work enthusiastically and try harder to achieve organizational goals. Workers must be motivated to achieve job satisfaction, which is ultimately followed by high-performance achievement individually and in groups. By providing the right motivation, employees will be encouraged to do their best in carrying out their duties, and they believe that with the organization's success in achieving its goals and objectives, their interests will also be maintained [6]. However, the relationship between transformational leadership and job satisfaction is not always direct. External factors can influence how transformational leadership and work motivation affect job satisfaction [7][8]. One is a contingent reward, which refers to awards or compensation based on specific performance achievements.



This reward plays a vital role in shaping team members' perceptions of the awards they receive, which can affect their job satisfaction [9]. Contingent rewards can function as a reinforcer that strengthens certain behaviors, including in the work context, where the provision of awards is directly proportional to team member results. In this case, contingent reward can act as a moderating variable that strengthens or even weakens the relationship between transformational leadership and job satisfaction [10][11].

Previous studies have shown that transformational leadership positively impacts job satisfaction. Likewise, work motivation strongly correlates with job satisfaction [12]. However, the contingent reward factor as a moderator of this relationship has not been studied in depth. Transformational leadership is more effective in increasing job satisfaction when supported by a fair and contingent reward system [13]. This shows that rewards given according to individual achievements can increase positive perceptions of work and strengthen the influence of transformational leadership [14][15]. Although transformational leadership and work motivation have been widely studied in research, research that integrates the three elements, namely transformational leadership, work motivation, and contingent reward, is still limited. Previous research shows that transformational leadership can increase intrinsic motivation and job satisfaction [16][17]. However, the influence of contingent reward as a moderating variable has not been widely discussed. Several studies show that performance-based rewards can strengthen work motivation. Still, much research has not examined the role of contingent reward as a reinforcer in the relationship between transformational leadership and job satisfaction [18][19]. This gap in research needs to be explored further, especially in the context of the influence of contingent rewards on team member job satisfaction. Therefore, this study is expected to fill this gap and contribute to understanding how performance-based rewards can moderate the relationship between transformational leadership and work motivation in increasing job satisfaction. This study examines the influence of transformational leadership and work motivation on job satisfaction and analyzes whether contingent rewards moderate the relationship. This study hopes to provide further insight into the dynamics between leadership, motivation, and organizational job satisfaction by examining this relationship. In addition, the results of this study are expected to contribute to managerial practices, especially in designing leadership policies and reward systems that can effectively increase team member job satisfaction.

2. Research Method

The data collection for this study used a survey by distributing questionnaires online using Google Forms. Measurement using a Likert scale with a range of 1-5 (1 = strongly disagree and 5 = strongly agree). Measurement of the Transformational Leadership variable consists of 4 statements: idealized influence is 1 statement, intellectual stimulation is 1 statement, inspirational motivation is 1 statement, and individualized consideration is 1 statement. Then, the work motivation variable consists of 7 statements, namely physical needs, two statements; the need for security is 1 statement; social needs is 1 statement; the need for appreciation is two statements; and the need for encouragement to achieve goals is 2. Then, the job satisfaction variable consists of 5 statements. First, satisfaction with work is 1 statement; second, satisfaction with rewards is 1 statement. Third, satisfaction with coworkers is 1 statement; fourth, satisfaction with superior supervision is 1 statement; and finally, promotion opportunities are 1 statement. Then, the contingent reward consists of 4 statements. This study began in January 2025. This study's population consisted of PT Tembaga Mulia Semanan Tbk employees with 345 employees. The sampling technique used is purposive sampling, namely, permanent PT Tembaga Mulia Semanan Tbk employees. The sample used is 100 respondents. In a population whose number is known, the number of samples can be determined at least 5 times the number of research indicators up to 10 times with several criteria. In this study, the number of indicators was 20 multiplied by 5 to become 100 respondents. This quantitative study uses the Structural Equation Model (SEM) method, while data processing and analysis uses SmartPLS 4 (Partial Least Square) software. PLS was adopted because it can simultaneously test the measurement and structural models. This study has four variables, namely transformational leadership, work motivation, contingent reward, and job satisfaction, each of which has indicators to be measured. Then, the relationship between latent variables will also be observed, and the role of moderation between the relationship of these latent variables is considered to be included in research with a complex model.

In the initial stage, the researcher conducted a data validity and reliability test using SmartPLS 4, namely 100 respondents, by looking at the values of outer loading and average variance extracted (AVE), where the indicator is said to be valid when it has an outer loading value > 0.7 and AVE > 0.5 . The SmartPLS 4 output related to the first stage validity test shows that the indicators of the job satisfaction variable and the contingent reward variable have an outer loading value > 0.7 and AVE > 0.5 , so they are declared valid. Of the transformational leadership variable from 4 statement items, three are valid, and 1 statement is invalid with an outer loading value < 0.7 and AVE < 0.5 , so the indicator must be eliminated (deleted) to recalculate. Likewise, with the work motivation variable from 7 statement items, two statements are invalid where the outer loading value < 0.7 and AVE < 0.5 , so the indicator must be eliminated (deleted) to recalculate. Then, for the first stage, the reliability test shows the composite reliability (CR) value > 0.7 and Cronbach's alpha (CA) > 0.7 so that all are declared reliable. Then, after eliminating, another test was carried out, where the number of statements became 17 out of 20 with 100 respondents. So that all are declared to have good validity in explaining their latent variables. The SmartPLS 4 output results show that all latent variables of transformational leadership, work motivation, job satisfaction, and contingent reward have outer loading values > 0.7 and AVE > 0.5 so that they are declared valid. Then, for the reliability test, all variables have composite reliability (CR) values > 0.7 and Cronbach's alpha (CA) > 0.7 so that all are declared reliable. Based on the analysis of the results of the validity and reliability tests on this data, out of a total of 20 statements declared valid to be used as a questionnaire, there are 17 statements.

3. Result and Discussions

This study explores the influence of transformational leadership and work motivation on job satisfaction, both directly and moderated by contingent rewards as a moderating variable. With a leader who can direct, motivate, and inspire employees it will make organizational goals more straightforward to achieve because employees will work comfortably. Suppose employees feel that the transformational leadership style is being implemented consistently. In that case, their satisfaction level is fulfilled to support the achievement of organizational goals. Transformational leadership has four indicators: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Where the findings show that intellectual stimulation is the main reason for the high perspective value of transformational leadership style; this is in line with what was stated by Harsoyo that in transformational leadership style, employees follow a leader who exists to inspire them, have innovation and can solve problems with the team.

First, this study proves that transformational leadership can increase team members' job satisfaction. Based on the results of the data analysis that has been carried out, it can be concluded that there is a significant influence between transformational leadership (X1) and job satisfaction (Y). Leaders who apply transformational leadership styles can be seen from factors such as tending to give personal attention to employees, supporting their personal development, and encouraging innovation. This creates a sense of appreciation and increases team member morale, which leads to higher job satisfaction. This study's results support and align with previous studies that show that transformational leadership positively and significantly affects team member performance [20][21]. Then, related to work motivation with job satisfaction, there are five indicators, namely: physical needs, security needs, social needs, need for appreciation, and need for encouragement to achieve goals. Where the need for encouragement to achieve goals here has the highest impact on building team member work motivation and job satisfaction because employees who have a strong drive to achieve goals tend to focus on achieving concrete results and feel satisfied when they succeed in meeting or exceeding the targets that have been set [22], this drive includes the desire to succeed, challenges in work, and recognition of achievements achieved, and this is by the findings of previous researchers that high motivation to achieve goals can increase job satisfaction because individuals feel more involved and satisfied when they achieve the results they target [23].

Second, this study proves that there is a significant influence between work motivation (X2) and job satisfaction (Y). This means that the higher the motivation level of the team members, the higher the job satisfaction they feel. Following previous research, the results of this study state that work motivation has a positive effect on job satisfaction. These results align with the theory of motivation proposed by Maslow, which states that fulfilling basic needs and appreciation for achievement can increase individual satisfaction at work [24]. In addition, intrinsic motivation that arises from a sense of personal achievement has also been shown to play an essential role in job satisfaction. Employees who feel their work provides meaning or a sense of accomplishment are more likely to feel satisfied [25]. This study strengthens the theory of intrinsic and extrinsic motivation, which explains that in addition to external factors such as salary and rewards, internal factors such as challenges and a sense of meaning in work also affect job satisfaction [26]. Third, based on the results of the moderation test show that contingent reward (Z) does not moderate the effect of transformational leadership (X1) on job satisfaction (Y), so the high or low impact of transformational leadership on team member job satisfaction at PT Tembaga Mulia Semanan Tbk is not determined by contingent reward. Transformational leadership and job satisfaction show contingent rewards or awards do not always moderate the relationship between the two. Transformational leadership focuses more on intrinsic aspects [27], such as inspiration, empowerment, and personal development, which encourage emotional involvement and commitment to the organization's long-term vision. Similar to the research that has been done, contingent rewards that depend on performance do not affect the relationship between transformational leadership and job satisfaction.

These results follow research conducted by previous researchers stating that in transformational leadership, contingent rewards do not significantly mediate the relationship between leadership style and job satisfaction. Like earlier researchers, the transformational leadership style does not directly mediate contingent rewards on job satisfaction [25]. This means that transformational leadership emphasizes intrinsic motivation and individual development in specific achievements. Thus, although contingent rewards can improve performance in the short term, they are not enough to moderate the relationship between transformational leadership and job satisfaction in the long term [26][27]. Fourth, based on the results of the moderation test, it shows that there is moderation with an adverse effect. This means that the higher the influence of motivation on job satisfaction, the smaller or weaker the relationship when contingent rewards are applied [28]. In this condition, there is a decrease in job satisfaction when employees feel that they are only appreciated based on specific achievements, so they may feel less appreciated overall and not by team member desires [29][30]. Although rewards can increase motivation in the short term, dependence on external rewards can make employees feel stressed or dissatisfied in the long term if they feel that their work is only appreciated based on measurable results, not overall contributions or recognition of their efforts. The award given is based on performance results [31].

In addition, research conducted by previous researchers shows that contingent rewards can negatively moderate the relationship between work motivation and job satisfaction when the rewards are linked to very measurable and narrow performance. This is in line with the research stating that contingent rewards mediate the influence of the relationship between team member motivation and performance. Previous researchers emphasized the importance of contingent rewards in strengthening the impact of work motivation on job satisfaction. In this situation, employees may feel appreciated only based on measurable results, which can reduce their sense of satisfaction with more process-oriented work. This can also create a dependency on external rewards, reducing job satisfaction from intrinsic motivation or deeper personal values. This can cause contingent rewards to only focus on short-term results, which can hinder the achievement of sustainable and deep job satisfaction, along with reduced team member involvement and commitment to their work.

4. Conclusion

This study shows that transformational leadership influences team member job satisfaction, work motivation influences job satisfaction, and contingent reward does not strengthen the relationship between transformational leadership and job satisfaction. In contrast, contingent reward is proven to moderate with an adverse effect on the relationship between work motivation and job satisfaction. The transformational leadership style emphasizes inspiration, empowerment, and personal development, which has been proven to increase team member engagement and satisfaction in the long term. Then work motivation also affects job satisfaction. It has a role in which employees who have high motivation tend to feel more satisfied with their jobs. However, this study shows contingent reward does not moderate the relationship between transformational leadership and job satisfaction. This states that the influence of transformational leadership on job satisfaction is not influenced by external factors such as contingent rewards. Conversely, contingent reward moderates the relationship between work motivation and job satisfaction. This shows that performance-based rewards can increase job satisfaction in employees who have high motivation. This study still has several limitations. First, this study only looked at PT Tembaga Mulia Semanan Tbk workers, which cannot be generalized to other companies. Second, subjective perceptions of respondents that their own biases or personal experiences may influence were used to measure variables such as transformational leadership, work motivation, and potential rewards. Third, because the data were collected over a limited period, the representativeness and validity of the results may be affected. This study provides implications. First, further research is needed to explore the effects of reward contingencies on job satisfaction in different contexts (e.g., different organizational cultures or industry sectors). Second, further research can use longitudinal methods to assess the long-term impact of transformational leadership and work motivation on job satisfaction and the effects of rewards under different conditions. Third, research also needs to examine further why reward contingencies weaken the relationship between

work motivation and job satisfaction, as this suggests that there are other factors influencing the relationship that have not been revealed in this study.

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