



# The Effects Of Transformational Leadership And Intrinsic Rewards On Job Performance: The Mediating Role Of Affective Commitment In Government Commercial Institutions

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## How to Cite :

Puspitasari, V., Desiana, P, M. (2026). The Effects Of Transformational Leadership And Intrinsic Rewards On Job Performance: The Mediating Role Of Affective Commitment In Government Commercial Institutions. EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis, 14(4). doi: <https://doi.org/10.37676/ekombis.v14i4>

## ARTICLE HISTORY

*Received [25 February 2026]*

*Revised [20 October 2026]*

*Accepted [22 October 2026]*

## KEYWORDS

Transformational Leadership, Intrinsic Rewards, Affective Commitment, Job Performance, Public Sector.

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## ABSTRACT

This study examines the effects of transformational leadership and intrinsic rewards on job performance, with affective commitment serving as a mediating variable, in Government Commercial Institutions in Indonesia. Public sector organizations face increasing demands to improve performance while maintaining bureaucratic accountability and regulatory compliance. Understanding the mechanisms that influence performance in such institutional settings is therefore essential. A quantitative explanatory approach was employed using survey data collected from 311 civil servants. The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS. The results show that transformational leadership and intrinsic rewards positively and significantly influence job performance. Both variables also have significant positive effects on affective commitment, which in turn enhances job performance. Furthermore, affective commitment partially mediates the relationships between transformational leadership, intrinsic rewards, and job performance. These findings highlight the importance of leadership practices and intrinsic motivational factors in strengthening employee commitment and improving performance in public sector institutions. The study provides empirical evidence from Government Commercial Institutions in Indonesia and offers practical implications for performance management in bureaucratic contexts.

## INTRODUCTION

Public sector institutions are increasingly required to demonstrate high levels of performance, accountability, and service effectiveness while operating under strict regulatory frameworks. In Indonesia, Government Commercial Institutions play a strategic role in regulating and supervising commercial and trade-related activities, yet they function within rigid bureaucratic structures. These institutional characteristics create managerial challenges in sustaining employee performance amid regulatory constraints and formalized governance systems.

Employee performance in public organizations is shaped not only by structural and administrative systems but also by leadership practices and motivational mechanisms. Transformational leadership has been widely recognized as an effective leadership approach capable of inspiring employees, fostering innovation, and strengthening commitment beyond formal job requirements. Leaders who articulate a clear vision, provide individualized support, and stimulate intellectual engagement can enhance employees' alignment with organizational goals.

In addition to leadership, intrinsic rewards represent a critical motivational factor in public institutions where financial incentives are standardized and regulated. Recognition, meaningful work, autonomy, and opportunities for professional development function as psychological drivers that enhance engagement and commitment. These intrinsic factors become particularly important in bureaucratic environments where flexibility in extrinsic reward systems is limited.

Although prior research has examined the relationships among leadership, rewards, and performance, empirical evidence in public sector settings remains relatively fragmented. Many studies emphasize direct effects without integrating transformational leadership and intrinsic rewards within a unified structural model. Moreover, limited attention has been given to affective commitment as a mediating mechanism in Government Commercial Institutions, especially within the Indonesian context.

Affective commitment reflects employees' emotional attachment and identification with their organization. In bureaucratic environments, such emotional attachment may serve as an important mechanism through which leadership and intrinsic motivational practices translate into improved performance outcomes. Therefore, examining these relationships within Government Commercial Institutions provides valuable insights into performance management in public sector organizations.

Accordingly, this study aims to analyze the effects of transformational leadership and intrinsic rewards on job performance, with affective commitment serving as a mediating variable, in Government Commercial Institutions in Indonesia. The study seeks to contribute empirical evidence to the public management literature by clarifying the psychological mechanisms underlying performance in bureaucratic institutional contexts.

## LITERATURE REVIEW

### Transformational Leadership and Job Performance

Transformational leadership, originally conceptualized by James MacGregor Burns (1978) and further developed by Bernard M. Bass (1985), refers to a leadership approach that inspires followers to transcend personal interests and internalize organizational goals. It operates through four core dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Unlike transactional leadership, which relies primarily on contingent rewards and corrective supervision, transformational leadership reshapes followers' values, motivations, and self-concepts.

Empirical research consistently demonstrates a positive relationship between transformational leadership and employee performance (Buil et al., 2019; Schwarz et al., 2021). Leaders who communicate a compelling vision and provide individualized support tend to foster engagement, proactive behavior, and discretionary effort, thereby enhancing job performance. However, much of the existing evidence is derived from private-sector organizations or general public institutions. Government Commercial Institutions in Indonesia operate under strict bureaucratic regulations while simultaneously pursuing performance targets with commercial orientation. Such dual institutional pressures may influence how leadership practices translate into performance outcomes. The formalized governance structure may limit managerial discretion, making it important to empirically examine whether transformational leadership retains its effectiveness within this context. Therefore, this study proposes:

H1: Transformational leadership positively affects job performance.

### **Intrinsic Rewards and Job Performance**

Intrinsic rewards refer to non-financial benefits derived from the work itself, including meaningful tasks, autonomy, recognition, and opportunities for professional growth. Drawing on Self-Determination Theory (Ryan & Deci, 2000), intrinsic motivation emerges when individuals experience autonomy, competence, and relatedness. These psychological conditions stimulate internalized motivation, leading employees to exert sustained effort and demonstrate higher-quality performance.

Empirical studies indicate that intrinsic rewards are positively associated with job performance because they enhance internal motivation and work engagement (Manzoor et al., 2021). In public-sector organizations, where extrinsic compensation systems are typically standardized and regulated, opportunities for financial differentiation are limited. As a result, intrinsic aspects of job design may serve as a critical mechanism for explaining performance variations among employees operating under similar formal reward structures.

In Government Commercial Institutions in Indonesia, financial incentives and promotion mechanisms are largely governed by public regulations, restricting flexibility in performance-based compensation. Under such conditions, intrinsic rewards may function as a strategic lever to sustain motivation and stimulate higher performance levels despite structural constraints. Therefore, examining their direct impact on job performance is essential to better understand motivational dynamics within bureaucratic settings. Accordingly, this study proposes:

H2: Intrinsic rewards positively affect job performance.

### **Transformational Leadership and Affective Commitment**

Affective commitment, as conceptualized by John P. Meyer and Natalie J. Allen (1991), reflects an employee's emotional attachment to, identification with, and involvement in the organization. Employees with strong affective commitment remain with the organization because they genuinely want to, rather than due to economic necessity or normative obligation. This emotional bond is associated with higher discretionary effort, organizational citizenship behavior, and sustained engagement.

Transformational leadership is theoretically positioned to strengthen affective commitment by fostering shared values, trust, and individualized support (Bass & Riggio, 2006). Through articulating an inspiring vision and recognizing individual contributions, transformational leaders enhance employees' sense of meaning and organizational identification. Empirical studies have generally reported a positive association between transformational leadership and affective commitment (Jiatong et al., 2022), suggesting that value-based leadership behaviors can cultivate emotional attachment beyond formal role expectations.

However, in bureaucratic environments characterized by formalized procedures, hierarchical authority, and employment stability, employee commitment may be driven more by continuance or normative considerations than by emotional attachment. In such settings, the extent to which transformational leadership can effectively foster affective commitment remains an empirical question. Government Commercial Institutions in Indonesia provide a relevant context to examine whether leadership behaviors can meaningfully strengthen emotional bonds within rigid institutional structures. Therefore, this study proposes:

H3: Transformational leadership positively affects affective commitment

### **Intrinsic Rewards and Affective Commitment**

Intrinsic rewards may also foster affective commitment by satisfying employees' basic psychological needs and reinforcing their sense of organizational significance. When employees perceive their work as meaningful, experience autonomy in task execution, and receive recognition for their contributions, they are more likely to internalize organizational values and develop stronger emotional attachment. Through this internalization process, intrinsic job characteristics can enhance identification with the organization beyond formal contractual obligations.

Empirical research indicates that meaningful work and autonomy are positively associated with affective commitment (Hadžiahmetović & Dinç, 2017). By enhancing employees' sense of competence and self-determination, intrinsic rewards contribute to the development of psychological bonds with the organization. However, much of the existing evidence has been derived from private-sector contexts where performance-based differentiation and competitive dynamics are more pronounced.

In public institutions characterized by employment stability, standardized promotion systems, and formalized career structures, intrinsic rewards may not automatically translate into stronger emotional attachment. Commitment in such environments may be influenced by structural security rather than psychological engagement. Therefore, empirical examination is required within Government Commercial Institutions in Indonesia to determine whether intrinsic rewards meaningfully contribute to affective commitment under bureaucratic constraints. Accordingly, this study proposes:

H4: Intrinsic rewards positively affect affective commitment.

### **Affective Commitment and Job Performance**

Affective commitment has consistently been associated with favorable work outcomes. A seminal meta-analysis by Meyer et al. (2002) demonstrated that affective commitment is positively related to job performance and organizational citizenship behavior. Employees who develop strong emotional attachment to their organization tend to internalize its goals and values, resulting in greater discretionary effort, persistence, and willingness to go beyond formal role requirements.

From a psychological perspective, affective commitment functions as an internalized motivational state that aligns individual objectives with organizational aspirations. When employees identify with their organization, performance is no longer driven solely by external supervision or reward systems but also by intrinsic alignment and emotional investment.

In Government Commercial Institutions, where extrinsic performance incentives are constrained by regulatory frameworks and standardized compensation systems, affective commitment may play a particularly critical role. Emotional attachment can compensate for limited financial differentiation by fostering sustained engagement and effort. Therefore, affective commitment is expected to directly enhance job performance within bureaucratic institutional settings. Accordingly, this study proposes:

H5: Affective commitment positively affects job performance.

### The Mediating Role of Affective Commitment

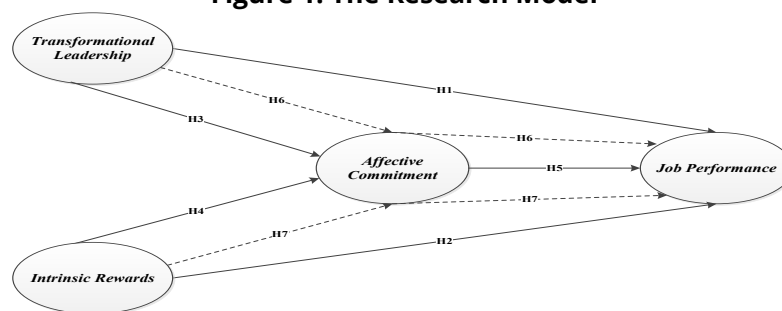
The effects of leadership and motivational practices on performance may not operate solely through direct mechanisms but also through underlying psychological processes. Drawing on Social Exchange Theory (Blau, 1964), when employees perceive supportive leadership behaviors and meaningful work experiences, they develop reciprocal attitudes characterized by emotional attachment and organizational identification. This psychological response strengthens their willingness to contribute to organizational objectives, thereby enhancing performance outcomes. Transformational leadership may foster affective commitment by cultivating trust, shared values, and individualized support, which subsequently translate into higher levels of discretionary effort. Similarly, intrinsic rewards such as meaningful work and autonomy can reinforce employees' sense of organizational significance, leading to stronger emotional bonds that motivate performance beyond minimum role expectations. In this framework, affective commitment functions as a psychological mechanism linking both leadership behavior and intrinsic job characteristics to performance outcomes.

Previous studies indicate that organizational commitment can mediate the relationship between leadership and performance (Donkor et al., 2021). However, empirical examination of affective commitment as a simultaneous mediator between transformational leadership and intrinsic rewards on job performance remains limited, particularly within Government Commercial Institutions in Indonesia. Given the bureaucratic constraints and regulated compensation systems in such institutions, affective commitment may play a critical intermediary role in translating managerial practices into tangible performance outcomes. Since direct effects have also been theoretically established, partial mediation is conceptually anticipated. Accordingly, this study proposes:

H6: Affective commitment mediates the relationship between transformational leadership and job performance.

H7: Affective commitment mediates the relationship between intrinsic rewards and job performance.

**Figure 1. The Research Model**



Source: Data Processed, 2025

## METHODS

### Research Design

This study employed a quantitative approach using a cross-sectional survey design. The research aimed to examine the direct effects of transformational leadership and intrinsic rewards on job performance, as well as the mediating role of affective commitment within Government Commercial Institutions in Indonesia. The study adopted a causal explanatory design to test the hypothesized structural relationships among variables.

### Population and Sample

The population consisted of civil servants working in Government Commercial Institutions in Indonesia. These institutions operate under central government regulation while pursuing performance targets with commercial characteristics.

A total of 311 respondents participated in this study. The sampling technique applied was proportional random sampling to ensure representation across organizational units. The sample size meets the recommended minimum requirement for structural equation modeling, which suggests that a sample above 200 is adequate for stable parameter estimation (Hair et al., 2019).

### **Measurement of Variables**

The questionnaire includes four variables: two independent variables (transformational leadership and intrinsic rewards), one mediating variable (affective commitment), and one dependent variable (job performance). All items were measured using a seven-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree).

Transformational Leadership was measured using the Global Transformational Leadership Scale (GTL) developed by Geoffrey B. Carless et al. (2000). This unidimensional instrument consists of seven items (TL1–TL7) capturing overall perceptions of transformational behavior, such as communicating a clear vision, encouraging development, promoting trust, and stimulating innovative thinking.

Intrinsic Rewards were measured using the Intrinsic Work Rewards Scale (IWRS) developed by Renard and Snelgar (2016). The construct comprises five dimensions: enjoyable work (7 items), varied work (5 items), meaningful work (6 items), flexible work (4 items), and challenging work (3 items), totaling 25 items. These dimensions reflect psychological satisfaction derived from work itself, including fulfillment, autonomy, societal contribution, and opportunities for growth.

Affective Commitment was measured using the six-item affective commitment scale developed by John P. Meyer and Natalie J. Allen (1991). The scale captures employees' emotional attachment, sense of belonging, and personal identification with the organization.

Job Performance was measured using the Individual Work Performance Questionnaire (IWPQ) developed by Koopmans et al. (2013), complemented by the adaptive performance framework of Pulakos et al. (2000). The construct consists of 13 items divided into task performance (5 items) and adaptive performance (8 items), reflecting employees' effectiveness in fulfilling core duties and adapting to changing work conditions.

All instruments were adapted to the context of Government Commercial Institutions in Indonesia and subjected to validity and reliability testing prior to hypothesis analysis.

### **Data Collection Procedure**

Data were collected through a structured questionnaire distributed directly and electronically to respondents. Participation was voluntary, and confidentiality was assured to reduce social desirability bias. The data collection process was conducted over a specified period within the research year.

### **Data Analysis Technique**

The data were analyzed using Structural Equation Modeling (SEM) with Partial Least Squares (PLS) approach. The PLS-SEM method was selected because it is suitable for predictive modeling and theory development in complex models with mediation structures (Hair et al., 2019).

The analysis consisted of two stages:

1. Measurement model evaluation, including reliability and validity testing.
2. Structural model evaluation, including hypothesis testing through path coefficients and mediation analysis using bootstrapping procedures.

Statistical significance was determined based on the p-value and t-statistics obtained from the bootstrapping results.

## RESULTS

### Respondent Profile

A total of 311 questionnaires were valid for analysis. The respondents consisted of employees working in Government Commercial Institutions in Indonesia, representing various functional and administrative units. The demographic profile includes gender, age, educational background, job position and years of service, ensuring adequate representation of the institutional workforce.

**Table 1. Respondent Demographic Statistics (N=311)**

| Category               |                                         | Frequency | Percentage |
|------------------------|-----------------------------------------|-----------|------------|
| Gender                 | Male                                    | 119       | 38.26%     |
|                        | Female                                  | 192       | 61.74%     |
| Age                    | Under 25 years                          | 13        | 4.18%      |
|                        | 25–34 years                             | 95        | 30.55%     |
|                        | 35–44 years                             | 156       | 50.16%     |
|                        | 45–54 years                             | 38        | 12.22%     |
|                        | Above 55 years                          | 9         | 2.89%      |
| Educational background | Below Senior High School                | 3         | 0.96%      |
|                        | Senior High School or Equivalent        | 3         | 0.96%      |
|                        | Diploma (Associate Degree)              | 30        | 9.65%      |
|                        | Bachelor's Degree                       | 169       | 54.34%     |
|                        | Postgraduate Degree (Master's/Doctoral) | 106       | 34.08%     |
| Job Position           | Functional Position                     | 241       | 77.49%     |
|                        | Administrative/Operational Staff        | 70        | 22.51%     |
| Years of Service       | 2–5 years                               | 90        | 28.94%     |
|                        | 6–10 years                              | 50        | 16.08%     |
|                        | 11–15 years                             | 81        | 26.05%     |
|                        | 16–20 years                             | 68        | 21.86%     |
|                        | More than 20 years                      | 22        | 7.07%      |

Source: Data Processed, 2025

Table 1 presents the demographic characteristics of the 311 respondents participating in this study. Based on gender distribution, the majority of respondents were female (61.74%), while male employees accounted for 38.26%. This indicates a relatively strong female representation within the Government Commercial Institution under study.

In terms of age, most respondents were between 35–44 years old (50.16%), followed by those aged 25–34 years (30.55%). Employees aged 45–54 years represented 12.22%, while younger employees under 25 years accounted for 4.18%, and those above 55 years constituted 2.89%. These figures suggest that the workforce is predominantly composed of employees in their productive mid-career stage.

Regarding educational background, the majority of respondents held a Bachelor's degree (54.34%), followed by Postgraduate degrees (34.08%). Diploma holders accounted for 9.65%, while those with senior high school education or below represented less than 2% each. This distribution indicates that the institution is largely staffed by highly educated employees.

In terms of job position, most respondents occupied functional positions (77.49%), whereas administrative or operational staff represented 22.51%. This reflects the professional orientation of the institution.

Finally, years of service show that 28.94% of respondents had worked for 2–5 years, 26.05% for 11–15 years, and 21.86% for 16–20 years. Employees with more than 20 years of service represented 7.07%. The distribution indicates a balanced composition between relatively

newer employees and experienced personnel, suggesting organizational stability with sufficient institutional experience.

Overall, the demographic profile demonstrates that the respondents are predominantly mid-career, well-educated, and functionally positioned employees, which strengthens the reliability of responses in assessing leadership, intrinsic rewards, commitment, and performance within Government Commercial Institutions in Indonesia.

### Measurement Model Evaluation

The measurement model was evaluated by assessing convergent validity and reliability.

#### Convergent Validity

Convergent validity was assessed using outer loadings and Average Variance Extracted (AVE). All indicator loadings exceeded the recommended threshold of 0.70, indicating satisfactory indicator reliability. Additionally, all AVE values were above 0.50, confirming that each construct explains more than half of the variance of its indicators.

#### Reliability

Internal consistency reliability was evaluated using Composite Reliability (CR) and Cronbach's Alpha. All constructs demonstrated CR and Alpha values above 0.70, indicating acceptable reliability.

Overall, the measurement model met established validity and reliability standards, allowing further evaluation of the structural model.

**Tabel 2. Measurement Model Results (Validity and Reliability)**

| Variables                        | Item/Code | Outer Loading | Cronbach's Alpha | Composite Reliability (CR) | Average variance extracted (AVE) |
|----------------------------------|-----------|---------------|------------------|----------------------------|----------------------------------|
| Transformational Leadership (TL) | TL1       | 0.826         | 0.945            | 0.944                      | 0.712                            |
|                                  | TL2       | 0.861         |                  |                            |                                  |
|                                  | TL3       | 0.872         |                  |                            |                                  |
|                                  | TL4       | 0.901         |                  |                            |                                  |
|                                  | TL5       | 0.766         |                  |                            |                                  |
|                                  | TL6       | 0.844         |                  |                            |                                  |
|                                  | TL7       | 0.828         |                  |                            |                                  |
| Intrinsic Rewards (IR)           | IRE1      | 0.832         | 0.958            | 0.958                      | 0.765                            |
|                                  | IRE2      | 0.844         |                  |                            |                                  |
|                                  | IRE3      | 0.884         |                  |                            |                                  |
|                                  | IRE4      | 0.907         |                  |                            |                                  |
|                                  | IRE5      | 0.900         |                  |                            |                                  |
|                                  | IRE6      | 0.904         |                  |                            |                                  |
|                                  | IRE7      | 0.849         |                  |                            |                                  |
|                                  | IRV1      | 0.870         | 0.918            | 0.918                      | 0.696                            |
|                                  | IRV2      | 0.894         |                  |                            |                                  |
|                                  | IRV3      | 0.838         |                  |                            |                                  |
|                                  | IRV4      | 0.753         |                  |                            |                                  |
|                                  | IRV5      | 0.809         | 0.934            | 0.934                      | 0.703                            |
|                                  | IRM1      | 0.840         |                  |                            |                                  |
|                                  | IRM2      | 0.814         |                  |                            |                                  |
|                                  | IRM3      | 0.872         |                  |                            |                                  |
|                                  | IRM4      | 0.843         |                  |                            |                                  |
|                                  | IRM5      | 0.844         |                  |                            |                                  |
|                                  | IRM6      | 0.814         |                  |                            |                                  |
|                                  | IRF1      | 0.705         | 0.850            | 0.845                      | 0.592                            |

| Variables                 | Item/Code | Outer Loading | Cronbach's Alpha | Composite Reliability (CR) | Average variance extracted (AVE) |
|---------------------------|-----------|---------------|------------------|----------------------------|----------------------------------|
|                           | IRF2      | 0.836         | 0.915            | 0.915                      | 0.783                            |
|                           | IRF3      | 0.819         |                  |                            |                                  |
|                           | IRF4      | 0.707         |                  |                            |                                  |
|                           | IRC1      | 0.882         |                  |                            |                                  |
|                           | IRC2      | 0.896         |                  |                            |                                  |
|                           | IRC3      | 0.876         |                  |                            |                                  |
| Affective Commitment (AC) | AC1       | 0.632         | 0.926            | 0.922                      | 0.686                            |
|                           | AC2       | 0.749         |                  |                            |                                  |
|                           | AC3       | 0.858         |                  |                            |                                  |
|                           | AC4       | 0.896         |                  |                            |                                  |
|                           | AC5       | 0.913         |                  |                            |                                  |
|                           | AC6       | 0.885         |                  |                            |                                  |
| Job Performance (JP)      | TP1       | 0.862         | 0.929            | 0.929                      | 0.724                            |
|                           | TP2       | 0.863         |                  |                            |                                  |
|                           | TP3       | 0.866         |                  |                            |                                  |
|                           | TP4       | 0.853         |                  |                            |                                  |
|                           | TP5       | 0.808         |                  |                            |                                  |
|                           | AP1       | 0.830         | 0.944            | 0.944                      | 0.678                            |
|                           | AP2       | 0.804         |                  |                            |                                  |
|                           | AP3       | 0.821         |                  |                            |                                  |
|                           | AP4       | 0.844         |                  |                            |                                  |
|                           | AP5       | 0.866         |                  |                            |                                  |
|                           | AP6       | 0.788         |                  |                            |                                  |
|                           | AP7       | 0.805         |                  |                            |                                  |
|                           | AP8       | 0.829         |                  |                            |                                  |

Source: Data Processed, 2025

The measurement model was evaluated by examining convergent validity and reliability. Convergent validity was assessed using outer loadings and Average Variance Extracted (AVE). All indicator loadings exceeded the recommended threshold of 0.70, indicating adequate item reliability (Hair et al., 2022). The AVE values for all constructs were above 0.50, demonstrating sufficient convergent validity.

Reliability was assessed using Cronbach's Alpha and Composite Reliability (CR). All constructs reported Cronbach's Alpha and CR values above 0.70, confirming internal consistency reliability. Overall, the measurement model met the recommended criteria, indicating that the constructs of transformational leadership, intrinsic rewards, affective commitment, and job performance were measured reliably and validly.

### Structural Model Evaluation

The structural model was assessed using path coefficients, t-statistics, and p-values. Bootstrapping with 5,000 subsamples was conducted to test statistical significance.

### Direct Effects

The hypothesis testing results indicate:

- Transformational leadership has a positive and significant effect on job performance (H1 supported).
- Intrinsic rewards have a positive and significant effect on job performance (H2 supported).
- Transformational leadership has a positive and significant effect on affective commitment (H3 supported).

- Intrinsic rewards have a positive and significant effect on affective commitment (H4 supported).
- Affective commitment has a positive and significant effect on job performance (H5 supported).

These findings confirm that both leadership behavior and intrinsic motivational factors play important roles in enhancing performance within Government Commercial Institutions.

**Tabel 3. Structural Model Results (Direct Effects)**

| Hypothesis | Path                                               | Path Coefficient ( $\beta$ ) | T-Value | P-Value | Result    |
|------------|----------------------------------------------------|------------------------------|---------|---------|-----------|
| H1         | Transformational Leadership → Job Performance      | 0,390                        | 6,650   | 0,000   | Supported |
| H2         | Intrinsic Rewards → Job Performance                | 0,307                        | 4,033   | 0,000   | Supported |
| H3         | Transformational Leadership → Affective Commitment | 0.503                        | 7,622   | 0,000   | Supported |
| H4         | Intrinsic Rewards → Affective Commitment           | 0,267                        | 4,115   | 0,000   | Supported |
| H5         | Affective Commitment → Job Performance             | 0,270                        | 3,941   | 0,000   | Supported |

Source: Data Processed, 2025

### Mediation Analysis

The mediating role of affective commitment was examined using bootstrapping procedures. The indirect effect of transformational leadership on job performance through affective commitment was found to be significant, supporting H6. Similarly, the indirect effect of intrinsic rewards on job performance through affective commitment was significant, supporting H7.

The results indicate partial mediation, as both direct and indirect paths remain significant. This suggests that affective commitment serves as an important psychological mechanism linking managerial practices to job performance.

**Tabel 4. Structural Model Results (Indirect Effects)**

| Hypothesis | Path                                                                 | Path Coefficient ( $\beta$ ) | T-Value | P-Value | Result    |
|------------|----------------------------------------------------------------------|------------------------------|---------|---------|-----------|
| H6         | Transformational Leadership → Affective Commitment → Job Performance | 0,136                        | 3,349   | 0,000   | Supported |
| H7         | Intrinsic Rewards → Affective Commitment → Job Performance           | 0,072                        | 3,159   | 0,000   | Supported |

| Hypothesis | Path                                     | Path Coefficient ( $\beta$ ) | T-Value | P-Value | Result |
|------------|------------------------------------------|------------------------------|---------|---------|--------|
|            | → Affective Commitment → Job Performance |                              |         |         |        |

Source: Data Processed, 2025

The structural model was evaluated using path coefficients, t-statistics, and p-values obtained through bootstrapping. The results indicate that transformational leadership has a positive and significant effect on job performance (H1). Intrinsic rewards also demonstrate a significant positive effect on job performance (H2).

Furthermore, transformational leadership significantly influences affective commitment (H3), and intrinsic rewards positively affect affective commitment (H4). Affective commitment, in turn, significantly enhances job performance (H5).

Regarding mediation analysis, affective commitment mediates the relationship between transformational leadership and job performance (H6). Similarly, affective commitment mediates the relationship between intrinsic rewards and job performance (H7). These findings suggest that leadership and intrinsic motivational mechanisms influence performance not only directly but also indirectly through employees' emotional attachment to the organization.

## DISCUSSION

This study examined the effects of transformational leadership and intrinsic rewards on job performance conceptualized as task performance and adaptive performance with affective commitment as a mediating mechanism. By distinguishing performance into operational and adaptive dimensions, the study provides a more precise explanation of how managerial practices influence employee outcomes in Government Commercial Institutions.

The findings confirm that transformational leadership significantly enhances job performance. Measured through visionary communication, developmental support, value consistency, and encouragement of innovation (Bass & Avolio, 1994), transformational leadership strengthens both task performance (planning, prioritization, efficiency) and adaptive performance (learning, resilience, creativity) (Koopmans et al., 2013; Pulakos et al., 2000).

Clear vision and value alignment reinforce goal focus and effective task execution, while intellectual stimulation fosters adaptability and problem-solving capability. In reform-oriented public institutions, this dual effect is particularly important, as employees must maintain operational reliability while responding to environmental changes. These findings align with recent public-sector studies demonstrating that transformational leadership enhances both performance quality and innovation capacity.

Intrinsic rewards also show a significant positive effect on job performance. Operationalized through enjoyable, varied, meaningful, flexible, and challenging work (Rhenard & Snelgar, 2016), intrinsic rewards contribute to both sustained task focus and adaptive capability. Meaningful and enjoyable work strengthen engagement and attention to core duties, while varied and challenging tasks promote skill development and creativity. Flexible work enhances autonomy, a key element in self-determination theory (Ryan & Deci, 2020), which supports proactive and self-regulated behavior. In bureaucratic systems with limited financial incentives, intrinsic job characteristics become a critical driver of both performance consistency and adaptability. Transformational leadership significantly increases affective commitment, defined as emotional attachment and organizational identification (Meyer & Allen, 1991). Leadership behaviors such as trust-building, value consistency, and developmental support

foster psychological bonds beyond formal contractual relationships. From a social exchange perspective, employees reciprocate supportive leadership with stronger emotional attachment and loyalty, strengthening institutional cohesion. Intrinsic rewards also enhance affective commitment. Meaningful and challenging work contribute to identity formation, while enjoyable work strengthens positive emotional associations with the organization. When employees perceive their work as impactful and personally fulfilling, organizational goals become internalized, reinforcing emotional attachment. Affective commitment significantly improves both task and adaptive performance (job performance). Emotionally attached employees demonstrate stronger goal persistence, responsibility, and resilience. By internalizing organizational objectives, committed employees sustain performance reliability while remaining responsive to change. The results indicate complementary partial mediation. Transformational leadership and intrinsic rewards influence job performance both directly and indirectly through affective commitment. This suggests two simultaneous mechanisms: a direct activation effect and an internalization effect through emotional attachment. Although leadership and intrinsic rewards independently enhance performance, affective commitment amplifies and stabilizes these effects, particularly in complex public-sector environments.

By integrating transformational leadership, intrinsic rewards, and affective commitment while distinguishing between task and adaptive performance, this study offers a more comprehensive explanation of performance mechanisms in Government Commercial Institutions. The findings demonstrate that sustainable public-sector performance depends not only on managerial activation but also on psychological internalization processes.

## CONCLUSION

This study investigated the effects of transformational leadership and intrinsic rewards on job performance, with affective commitment as a mediating mechanism in Government Commercial Institutions. The findings demonstrate that both transformational leadership and intrinsic rewards significantly enhance job performance, which is reflected in task performance and adaptive performance. Furthermore, affective commitment functions as a complementary partial mediator, indicating that managerial practices influence performance both directly and indirectly through emotional attachment to the organization. The results highlight that sustainable performance in public-sector institutions depends not only on operational control and structural regulation but also on psychological internalization processes. Transformational leadership strengthens goal alignment and adaptability, while intrinsic job characteristics foster engagement and developmental orientation. Affective commitment amplifies these effects by reinforcing persistence, responsibility, and identification with organizational objectives.

By integrating leadership, motivational job design, and organizational commitment within a single structural framework, this study provides a more comprehensive explanation of performance mechanisms in hybrid public-sector institutions. The findings suggest that performance improvement strategies in Government Commercial Institutions should simultaneously address managerial behavior and employee psychological attachment to ensure long-term institutional sustainability.

## SUGGESTION

### Practical Implications

The findings suggest that performance improvement in Government Commercial Institutions should not rely solely on structural control or formal performance monitoring. Instead, managerial interventions must address the psychological mechanisms underlying performance sustainability. The significant direct and indirect effects identified in this study

indicate that transformational leadership and intrinsic job characteristics operate through both behavioral activation and internalization pathways.

First, strengthening transformational leadership is essential not merely as a managerial style but as a strategic alignment mechanism. Vision articulation, developmental support, and value consistency contribute to goal internalization and adaptive capability. Leadership development programs should therefore emphasize competencies related to intellectual stimulation and individualized consideration, as these behaviors enhance not only routine task execution but also employees' responsiveness to environmental uncertainty.

Second, intrinsic job design should be positioned as a structural performance lever within bureaucratic constraints. In public institutions where financial incentives are relatively rigid, increasing task meaningfulness, autonomy, variety, and developmental challenge becomes a viable alternative mechanism for stimulating self-regulated performance. This approach is consistent with motivational perspectives emphasizing autonomy and competence as drivers of sustained performance rather than short-term compliance.

Third, strengthening affective commitment should be understood as an institutional investment rather than an intangible by-product of management. Participative decision-making, transparent communication, and recognition practices can reinforce emotional attachment and organizational identification. Given the partial mediation found in this study, affective commitment amplifies but does not replace direct managerial influence. Therefore, interventions should integrate leadership behavior, job design, and relational practices simultaneously.

Overall, the results imply that sustainable performance in hybrid public-commercial institutions requires a balanced integration of structural governance and psychological engagement mechanisms.

### **Future Research**

Future research should extend this model by incorporating additional mediating or moderating variables to deepen theoretical explanation. Variables such as public service motivation, organizational culture, work engagement or perceived organizational support may clarify boundary conditions under which transformational leadership and intrinsic rewards exert stronger or weaker effects. Given the cross-sectional design of the present study, longitudinal approaches are recommended to examine causal stability and performance sustainability over time. Mixed-method designs may also provide richer insights into the cognitive and emotional processes through which leadership and intrinsic job characteristics shape performance behaviors. Furthermore, future studies are encouraged to apply multigroup analysis (MGA) to examine potential structural differences across demographic segments, including generational cohorts, tenure levels, or hierarchical positions. Such analysis would enable identification of heterogeneous response patterns, thereby refining theoretical precision and enhancing contextual applicability. Understanding whether younger employees, long-tenured staff, or managerial-level personnel respond differently to leadership and intrinsic rewards would strengthen both explanatory depth and managerial relevance.

Expanding empirical settings beyond Government Commercial Institutions to other forms of public-sector organizations would also contribute to assessing model robustness and improving generalizability.

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