

## The Influence of Transformational Leadership, Compensation, and Workload on Employee Performance Mediated by Organizational Climate at BCA Finance Samarinda

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### ABSTRACT

This study aims to analyze the effect of transformational leadership, compensation, and workload on employee performance with organizational climate as a mediating variable at BCA Finance Samarinda. A quantitative approach with Partial Least Square (PLS) analysis technique was used, involving 40 employees as respondents. The results revealed that compensation has a positive and significant effect on organizational climate, while transformational leadership and workload have no significant impact. Furthermore, organizational climate is the only variable that significantly affects employee performance. This indicates that a positive and supportive work environment is essential in improving employee productivity. The managerial implication of this research is that strengthening organizational climate should be a top priority in performance improvement efforts rather than focusing solely on leadership style or workload distribution.

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## INTRODUCTION

In developing their operations and business, companies heavily rely on human resources (HR) as a central factor. HR plays a crucial role in ensuring organizational success because, without it, a company's goals and aspirations cannot be achieved. Hasibuan and Rahmani (2022) emphasize that HR is a fundamental pillar of success, as the progress or decline of a company largely depends on workforce productivity. Therefore, the efficiency and effectiveness of HR management are critical aspects in determining the consistency of a company's advancement. One key indicator in assessing the success of HR management is employee performance. Performance is closely linked to employees' abilities, skills, and responsibilities in carrying out their duties. Camps and Rodriguez (2011) argue that employee productivity is directly proportional to a company's profit achievement. Thus, improving employee productivity accelerates the attainment of organizational goals.

However, in practice, employee performance often faces various obstacles, particularly in service sectors such as banking. Research by Hameed et al. (2014) found that declines in employee performance can be caused by failure to meet organizational work targets. Contributing factors to this decline include leadership style, compensation systems, and workload (Faqih et al., 2021).

At BCA Finance Samarinda, performance issues have also been identified through field observations. Employees face challenges such as insufficient communication with leadership, high workloads, and a lack of attention and support among colleagues. This directly impacts customer service quality and work productivity. These issues indicate that an uncondusive organizational climate further exacerbates employee working conditions. Organizational climate reflects the atmosphere and work environment experienced by employees in performing their duties. Githinji and Gachunga (2017) state that a negative organizational climate reduces motivation and morale, while a positive one fosters comfort and productivity. Research by Raja et al. (2019) also reveals that organizational climate significantly influences service effectiveness and employee performance.

On the other hand, leadership style plays a major role in shaping organizational direction and culture. Transformational leadership is believed to inspire, motivate, and empower employees to achieve optimal performance (Shalahuddin, 2015). However, based on preliminary observations at BCA Finance Samarinda, transformational leadership has not been optimally implemented. Leaders do not fully involve employees in organizational change processes, and the relationship between superiors and subordinates remains strained. Therefore, this study aims to analyze the influence of transformational leadership, compensation, and workload on employee performance, with organizational climate as a mediating variable.

## LITERATURE REVIEW

Compensation is another critical aspect influencing motivation and performance. Fair and proportional compensation enhances job satisfaction, whereas inadequate compensation reduces work motivation (Hameed et al., 2014; Daniel & Cross, 2019). At BCA Finance Samarinda, inconsistencies in

compensation distribution have led to perceptions of unfairness among employees. Additionally, excessive workloads affect performance and mental health. Employees at BCA Finance Samarinda experience extended working hours without additional compensation and pressure to complete tasks quickly, leading to stress and job dissatisfaction. This aligns with Hardiana and Sary's (2023) findings that excessive workloads negatively impact productivity and job satisfaction.

Based on the above discussion, it can be concluded that transformational leadership, compensation, workload, and organizational climate play significant roles in influencing employee performance. Previous studies have yielded varying results, necessitating further empirical research to re-examine the relationships between these variables in the context of BCA Finance Samarinda.

## METHODOLOGY

The following are the main steps in implementing the research method using a quantitative approach and explanatory research type. The flowchart is arranged systematically from top to bottom and consists of five main stages as follows:

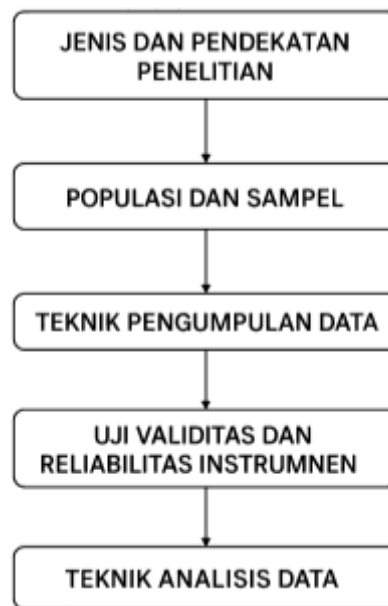


Figure 1. Research Method Flowchart

### *Research Type and Approach*

This study employs a quantitative approach with an explanatory research design. The primary objective of this approach is to examine the causal relationship between the independent variables transformational leadership, compensation, and workload and the dependent variable, employee performance, with organizational climate as the mediating variable.

### *Population and Sample*

The population in this study consists of all 40 employees of BCA Finance Samarinda. Due to the relatively small population size, the sampling technique

used is census or saturated sampling, where the entire population is included as the research sample.

### ***Data Collection Technique***

Data was collected using a closed-ended questionnaire based on the indicators of each research variable. The questionnaire utilized a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Additionally, data was gathered through direct field observations.

### ***Instrument Validity and Reliability Test***

The research instrument was first tested for validity and reliability. The validity test was conducted by examining the loading factor value, where an indicator is considered valid if its value exceeds 0.7. Meanwhile, instrument reliability was assessed using Cronbach's Alpha and Composite Reliability, with a threshold value of  $> 0.7$ .

### ***Data Analysis Technique***

Data analysis was conducted using the Partial Least Squares (PLS) method through the SmartPLS 3.0 software. This analytical technique was chosen because it can simultaneously test causal relationships between latent constructs and is suitable for complex models with a relatively small sample size. The measurement model (outer model) and structural model (inner model) were tested to assess construct validity and the relationships between variables.

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The analysis steps included:

1. Evaluation of the measurement model (outer model) to assess construct reliability and validity.
2. Evaluation of the structural model (inner model) to examine relationships between latent variables.
3. Testing direct and indirect hypotheses.
4. Examining the mediating role of organizational climate.

With this structure, the research method provides a strong empirical foundation for answering the research questions regarding the direct and indirect effects of the studied variables on employee performance at BCA Finance Samarinda.

## RESEARCH RESULTS

### *Respondent Description*

The respondents in this study consisted of 40 individuals, all of whom were employees of BCA Finance Samarinda. Based on the collected data, the distribution of respondent characteristics is detailed in Table 1

Table 1. Respondent Characteristics

Category	Sub-Category	Frequency	Percentage
Highest Education	High School	5	12.5%
	Diploma (D3)	10	25.0%
	Bachelor's (S1)	25	62.5%
Age	< 25 years	8	20.0%
	25-35 years	22	55.0%
	> 35 years	10	25.0%
Tenure	< 3 years	12	30.0%
	3-5 years	15	37.5%
	> 5 years	13	32.5%

### *Results of Validity and Reliability Tests*

The validity test was conducted by examining the loading factor value of each indicator. All indicators in this study had a loading factor value above 0.70, indicating that all indicators were valid. The reliability test used Cronbach's Alpha and Composite Reliability, where all variables had values above 0.70, indicating good reliability.

Table 1. Results of Validity and Reliability Tests

Variable	Cronbach's Alpha	Composite Reliability	AVE
Transformational Leadership	0.874	0.908	0.667
Compensation	0.853	0.892	0.678
Workload	0.832	0.877	0.645
Organizational Climate	0.861	0.901	0.672
Employee Performance	0.888	0.917	0.701

### *Results of Structural Model Testing and Hypotheses*

Hypothesis testing was conducted by examining the T-statistic values and p-values from the bootstrapping results in SmartPLS.

Table 2. Direct Hypothesis Testing Results

Hypothesis	Variable Relationship	T-Statistic	P-Value	Description
H1	Transformational Leadership → Organizational Climate	1.321	0.187	Not Significant
H2	Compensation → Organizational Climate	3.452	0.001	Significant

H3	Workload → Organizational Climate	1.109	0.269	Not Significant
H4	Transformational Leadership → Employee Performance	0.933	0.351	Not Significant
H5	Compensation → Employee Performance	1.215	0.226	Not Significant
H6	Workload → Employee Performance	0.884	0.378	Not Significant
H7	Organizational Climate → Employee Performance	4.102	0.000	Significant

## DISCUSSION

The research results indicate that transformational leadership does not have a significant effect on either organizational climate or employee performance. This suggests that the leadership style implemented has not been able to create a supportive work environment or directly enhance employee performance. These findings align with the initial observations that leaders at BCA Finance Samarinda have not fully and effectively applied transformational principles.

On the other hand, compensation has been proven to have a positive and significant impact on organizational climate, but it does not directly influence employee performance. This indicates that fair and adequate compensation can create a better work environment, though it is not strong enough to boost performance without the support of other variables.

Workload does not show a significant effect on either organizational climate or performance. This can be interpreted to mean that even with a high workload, employees are capable of managing their tasks well or have become accustomed to work pressure.

The most notable finding in this research is that organizational climate has a significant effect on employee performance. This reinforces the importance of fostering a harmonious, supportive, and comfortable work atmosphere as a key factor in improving performance. Thus, the role of organizational climate becomes a crucial variable in bridging the relationship between managerial factors (leadership, compensation, workload) and employee work outcomes.

## CONCLUSIONS AND RECOMMENDATIONS

Based on the research results, it can be concluded that transformational leadership does not have a significant effect on organizational climate or employee performance. This indicates that the leadership style applied has not been able to strongly influence the work atmosphere or employee performance. Compensation has a positive and significant effect on organizational climate but does not have a direct significant impact on employee performance. This suggests that a good compensation system can create a conducive work environment, even if it does not directly enhance performance. Workload does not significantly affect either organizational climate or employee performance. This implies that even when the workload is perceived as high, employees are

still able to adapt to their tasks. Organizational climate has a positive and significant effect on employee performance. This reinforces the idea that a positive, harmonious, and supportive work atmosphere greatly contributes to increased productivity and employee performance.

### ADVANCED RESEARCH

Future research should investigate additional mediating or moderating variables such as employee engagement, job satisfaction, or organizational commitment to better understand the indirect mechanisms by which transformational leadership, compensation, and workload influence employee performance. Given that organizational climate emerged as the sole significant predictor of performance, future studies could also examine how this climate is shaped over time, especially in relation to leadership behavior and reward systems. A mixed-method or longitudinal approach is recommended to capture the dynamic evolution of employee perceptions and workplace climate. Moreover, expanding the sample across branches or organizations with varying structures may provide comparative insights into how contextual factors amplify or mitigate the effects of managerial practices on performance outcomes.

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