

EFFECT OF TRANSACTIONAL LEADERSHIP, WORK-LIFE BALANCE AND INCENTIVES ON JOB SATISFACTION: MEDIATING ROLE OF WORK MOTIVATION AT BNI JAKARTA XYZ

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Abstract

Employee job satisfaction in the banking sector is crucial, being influenced by leadership style, work-life balance, and incentive policies. This study examines the effect of transactional leadership style, work-life balance, and incentives on job satisfaction, with work motivation as a mediating variable, among employees of PT Bank Negara Indonesia (Persero) Tbk, Region Jakarta XYZ. A quantitative approach was adopted via a survey with a structured questionnaire. The sample comprised 167 employees selected using the Slovin formula. Data were analyzed using Partial Least Squares-Structural Equation Modeling (PLS-SEM). The results indicate that all three factors have a positive and significant effect on work motivation and job satisfaction. Furthermore, work motivation significantly mediates the effects of these factors on job satisfaction. These findings underscore the essential role of work motivation in strengthening the relationship between organizational factors and job satisfaction. This study offers practical implications for developing sustainable human resource management strategies. It also contributes to the HRM literature by providing empirical evidence of the mediating role of work motivation in linking transactional leadership, work-life balance, and incentives with job satisfaction.

Keywords: Transactional Leadership Style, Work-Life Balance, Incentives, Work Motivation, Job Satisfaction

INTRODUCTION

Employee satisfaction is a critical factor in building sustainable organizations, service quality, and employee loyalty, especially in the banking sector with its structured work and high-performance targets. At PT Bank Negara Indonesia (BNI) Regional Jakarta XYZ, several internal challenges have been identified, such as increasing workloads, lack of transparency in incentive systems, and weak integration between work and personal life.

Organizational factors like transactional leadership, work-life balance, and incentive provision are essential in determining how satisfied an employee feels at work. Transactional leadership focuses on reward-based performance and corrective actions, which may not sufficiently stimulate employees' intrinsic motivation. On the other hand, good work life balance helps reduce stress and improve employees' emotional well-being, while fair and meaningful incentives both financial and non-financial can enhance morale and satisfaction.

This study highlights the mediating role of work motivation in linking organizational inputs (leadership, WLB, incentives) with outcomes (job satisfaction). It extends current understanding of HRM models based on motivation and contributes to a more integrated human resource strategy. The novelty of this research lies in the simultaneous examination of the effects of three variables on job satisfaction with work motivation as a mediating factor in a state-owned banking context in Indonesia. This study also supports the achievement of the Sustainable Development Goals (SDGs), particularly SDG 3 (Good Health and Well-being), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequality), through the

implementation of fair and sustainable work practices.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Transactional leadership is a leadership style characterized by contingent rewards, close supervision, and clearly defined responsibilities and corrective actions. This leadership style emphasizes achieving organizational goals through performance monitoring and incentive alignment. According to Risambessy and Wairisal (2021), transactional leadership includes dimensions such as contingent reward, active and passive management by exception, and task clarity. In structured organizations like banks, where standard operating procedures dominate, this leadership model provides employees with clarity and direction, contributing positively to motivation and job satisfaction. Transactional leadership emphasizes performance-based rewards and corrective measures in the relationship between leaders and subordinates. This leadership style is considered effective in structured environments such as banking. Studies by Nursanti et al. (2020) and Jayadi & Ekawati (2023) found that transactional leadership significantly influences job satisfaction, especially when supported by effective motivation systems.

Work-life balance (WLB) reflects the degree to which an employee is able to manage responsibilities at work and in personal life without conflict. Work-life balance (WLB) refers to the equilibrium between job demands and personal life (Greenhaus & Allen, 2015). In demanding sectors like banking, maintaining this balance is essential. Empirical research by Sharma (2024), Julianti & Mardianty (2024), and Muzti & Mardiana (2024) has shown that WLB contributes significantly to reduced stress and improved job satisfaction.

Incentives, both financial and non-financial, are strategic tools used by organizations to stimulate employee performance and retain talent. Incentives are additional compensations beyond base salary designed to increase motivation and performance (Hasibuan, 2019). Incentives can be both financial and non-financial. Studies by Fauzi & Hidajat (2024), Sahibzada & Pandya (2023), and Sari et al. (2024) confirm that fair and impactful incentives enhance employee satisfaction and morale.

Work motivation is a psychological construct that refers to internal and external drivers influencing an individual's behavior and performance. Work motivation includes intrinsic and extrinsic drives that influence individual performance, as explained by Herzberg's two-factor theory and Maslow's hierarchy of needs. Subagio & Putri (2024) and Karnadi & Anshory (2024) emphasize that motivation mediates the influence of leadership and organizational factors on job satisfaction. Job satisfaction refers to the extent to which employees feel content with their job responsibilities, compensation, peer relationships, career growth, and work environment. Mangkunegara (2015) identifies components such as satisfaction with tasks, compensation, interpersonal relationships, career development, and workplace conditions. Job satisfaction is both a key outcome and a predictor of organizational performance. Enhancing employee satisfaction is crucial to reducing turnover, improving productivity, and sustaining competitive advantage.

Based on the theoretical background and previous studies, the following hypotheses are proposed:

H1: Transactional leadership positively affects job satisfaction. H2: Work-life balance positively affects job satisfaction.

H3: Incentives positively affect job satisfaction.

H4: Transactional leadership positively affects work motivation. H5: Work-life balance positively affects work motivation.

H6: Incentives positively affect work motivation.

H7: Work motivation positively affects job satisfaction.

H8: Work motivation mediates the relationship between transactional leadership and satisfaction.

H9: Work motivation mediates the relationship between work-life balance and job satisfaction.

H10: Work motivation mediates the relationship between incentives and job satisfaction.

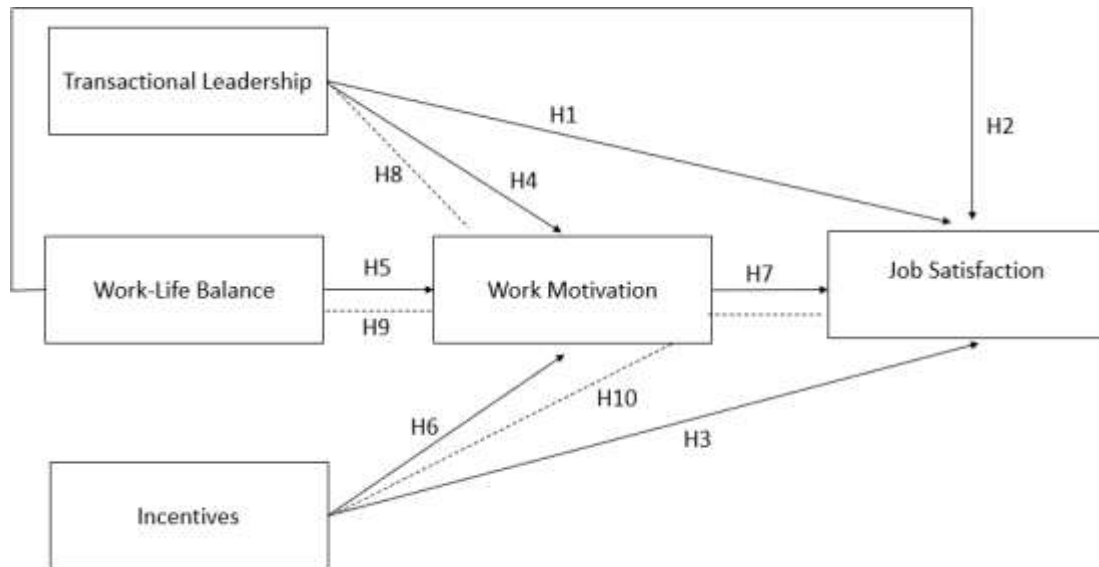


Figure 1. Conceptual Framework

RESEARCH METHODS

Population and Sample

The population refers to the generalization area consisting of objects or subjects that possess certain qualities and characteristics determined by the researcher to be studied and from which conclusions are drawn (Sugiyono, 2017). In this study, the population includes all permanent employees of PT Bank Negara Indonesia (BNI), Jakarta Region XYZ, who have served for more than 10 years and were assigned to branch offices under the region as of October 2024. The total population comprises 287 employees.

The study employed a non-probability sampling technique, specifically purposive sampling. According to Cozby and Bates (2015), purposive sampling is a type of non-probability sampling aimed at selecting respondents who meet specific criteria determined by the researcher. The sample size was calculated using Slovin's formula (Suliyanto, 2018), with a 95% confidence level ($\alpha = 0.05$), resulting in a minimum sample size of 167 respondents. Data Collection Method

Data were collected through structured questionnaires with a five-point Likert scale. This study utilized primary data collected through structured questionnaires. The target respondents were permanent employees who had worked at BNI Jakarta Region XYZ for more than 10 years, ensuring that the sample had experienced organizational changes in leadership, work environment, and incentive policy.

Data Analysis Method

This study aims to examine how independent variables influence the dependent variable and how a mediating variable interacts between them. Quantitative analysis was performed using electronic survey responses, followed by multivariate analysis to evaluate relationships among variables. Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS 4.0. The analysis included measurement model evaluation (convergent and discriminant validity, construct reliability) and structural model testing (path coefficients, t-values, and R-squared values).

Table 1. Operationalization of Variables

No	Variable	Dimension	Indicator	Scale
1.	Transactional Leadership (Source: Aismawati & Wainisk, 2021)	Contingent Reward	1) The leader gives rewards according to the achievements of subordinates 2) The leader provides additional incentives for performance beyond targets 3) The leader routinely monitors employee performance to ensure targets are met 4) The leader gives clear directions to correct work errors	Ordinal
		Active Management by Exception	5) The leader imposes sanctions on employees who violate rules or fail to meet targets 6) The leader only pays attention when problems arise	
		Passive Management by Exception	7) The leader sets clear goals for each job 8) The leader explains responsibilities in detail to each subordinate	
		Task Clarity	9) Employees can complete work without sacrificing time for family 10) Employees have enough time for personal activities 11) Employees have the flexibility to arrange their work schedules as needed	
2.	Work-Life Balance (Source: Sufiyono, 2017)	Time Management	12) Employees can accommodate urgent personal needs 13) Job demands do not interfere with employees' family lives 14) Employees rarely feel they have to choose between work and family 15) Employees have enough time to rest after work 16) Employees feel physically and mentally refreshed for personal life after work	Ordinal
		Work Flexibility	17) Employees receive bonuses for achieving set targets 18) Financial incentives are proportional to work results 19) Employees receive additional incentives for exceeding work standards 20) Employees receive recognition for their achievements 21) Certificates or awards are given to high-performing employees 22) Non-financial incentives increase job satisfaction 23) Incentives are given consistently based on company policy 24) Incentives are	
		Incentive Impact on Motivation	25) Incentives encourage employees to work harder 26) Incentives help employees feel appreciated for their contributions	
		Goal and Expectation Alignment	27) Employees feel their job gives a satisfying sense of achievement 28) Employees feel proud when completing their job successfully 29) Jobs support the development of personal skills 30) Employees are motivated by financial rewards such as salary or bonuses 31) Recognition from supervisors or peers motivates employees to work harder 32) A supportive work environment boosts employee enthusiasm 33) Employees feel their job aligns with life goals 34) Employees have career expectations for the future 35) Employees are motivated by the job's potential for a better future	
4.	Work Motivation (Source: Ghazali, 2018)	Intrinsic Motivation	36) Employees are satisfied with their responsibilities 37) Employees find their job interesting and	Ordinal
		Extrinsic Motivation		
		Goal and Expectation Alignment		
5.	Job Satisfaction (Source: Mangkunegara, 2015)	Job Satisfaction with Task		Ordinal

RESULTS AND DISCUSSION

This section presents the empirical findings derived from the Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis, which evaluated both the measurement and structural models. The purpose of this analysis was to assess the direct and indirect relationships between Transactional Leadership, Work-Life Balance, and Incentives on Job Satisfaction, with Work Motivation serving as a mediating variable.

The results are structured into several sub-sections, beginning with hypothesis testing via path coefficient analysis, followed by assessments of model explanatory power (R^2), predictive relevance (Q^2), effect size (f^2), and overall model fit using the Goodness of Fit (GoF) index. Each relationship is evaluated based on its statistical significance, effect magnitude, and theoretical implication.

Table 2. Path Coefficients, T-Statistics, P Values

Path	β coefficient	T-Statistic	P-value	Description
Direct Effects				
Transactional Leadership → Job Satisfaction	0.32	3.636	0	Significant positive effect
Transactional Leadership → Work Motivation	0.378	3.895	0	Significant positive effect
Incentives → Job Satisfaction	0.29	3.931	0	Significant positive effect
Incentives → Work Motivation	0.365	3.527	0	Significant positive effect
Work-Life Balance → Job Satisfaction	0.309	3.374	0.001	Significant positive effect
Work-Life Balance → Work Motivation	0.387	3.477	0.001	Significant positive effect
Work Motivation → Job Satisfaction	0.341	3.164	0.002	Significant positive effect
Indirect Effects				
Work-Life Balance → Motivation → Job Satisfaction	0.132	2.115	0.035	Significant mediator
Transactional Leadership → Motivation → Job Satisfaction	0.129	2.372	0.018	Significant mediator
Incentives → Motivation → Job Satisfaction	0.124	2.323	0.02	Significant mediator

Coefficient of Determination (R^2)

Endogenous Variable	R^2	Interpretation
Job Satisfaction	0.838	Substantial
Work Motivation	0.594	Moderate to Substantial

Effect Size (f^2)

Relationship	f^2	Effect Size
Transactional Leadership → Job Satisfaction	0.448	Large
Transactional Leadership → Work Motivation	0.331	Medium
Work-Life Balance → Job Satisfaction	0.403	Large
Work-Life Balance → Work Motivation	0.338	Medium
Incentives → Job Satisfaction	0.374	Large
Incentives → Work Motivation	0.307	Medium
Work Motivation → Job Satisfaction	0.292	Medium

Predictive Relevance (Q^2)

Variable	Q^2	Interpretation
Job Satisfaction	0.609	High Predictive Relevance
Work Motivation	0.41	Moderate to High Predictive Relevance

Goodness of Fit (GoF)

$$\text{GoF} = \sqrt{(\text{AVE} \times R^2)}$$

$$= \sqrt{(0.673 \times 0.716)}$$

$$= \sqrt{0.481} \approx 0.694$$

→ GoF Large (above 0.36)

The findings of this study confirm that transactional leadership, work-life balance, and incentives each have a positive and significant impact on employee job satisfaction. These organizational factors also significantly enhance work motivation, which in turn influences job satisfaction, thereby establishing a mediating role for motivation.

This research supports and validates all ten proposed hypotheses. Transactional leadership contributes to satisfaction by providing clear expectations and performance based rewards. Work life balance fosters emotional stability and reduces employee stress, while incentives both financial and non-financial strengthen employee morale and acknowledgment.

Furthermore, work motivation acts as a bridge that strengthens the relationship between organizational support and employee satisfaction. Motivation is stimulated not only by extrinsic rewards but also by intrinsic values such as alignment with personal goals and professional growth.

The research findings reinforce the relevance of Herzberg's two-factor theory, where both hygiene and motivator factors coexist to influence satisfaction. Signal theory is also validated in this context, where transparent and consistent leadership and reward systems send positive signals that build trust and motivation.

The results from PT BNI Jakarta XYZ align with previous research in similar state-owned enterprises, highlighting the broader applicability of these factors. Thus, integrating motivation-based strategies into leadership and HR policies becomes essential for improving employee outcomes.

In answering the research problem, it is concluded that a combination of leadership quality, work-life support, and incentive fairness mediated through motivation forms

the

foundation of a sustainable employee satisfaction model. These insights are critical for banking institutions in designing HRM practices that meet both organizational and employee expectations.

CONCLUSION AND RECOMMENDATIONS

Conclusion

This study investigated the influence of transactional leadership, work-life balance, and incentives on job satisfaction, with work motivation acting as a mediating variable, among employees of PT Bank Negara Indonesia (BNI), Jakarta Region XYZ. Based on the analysis using Structural Equation Modeling with Partial Least Squares (SEM-PLS), several key findings were derived:

- 1) BNI employees responded most positively to leadership that provides technical guidance at the start of work, reinforcing the importance of clarity and support from supervisors. Performance-based incentives and fair application of sanctions also reinforced positive perceptions of transactional leadership. However, goal-setting and supervisory correction were perceived less favorably, indicating a need for improved communication of work objectives.
- 2) Employees valued overall organizational support for work-life balance, especially in separating professional and personal time. Nevertheless, the lack of flexible working hours indicated a relatively rigid work system.
- 3) The highest response on incentives was for opportunities to propose work-related ideas tied to rewards, suggesting a desire for recognition and contribution-based appreciation. Conversely, perceptions of performance-based bonuses were lower, indicating a potential gap in perceived fairness of reward systems.
- 4) Work motivation was primarily driven by personal purpose and the desire for continuous learning—highlighting strong intrinsic motivation. Daily performance motivation was lower, possibly due to repetitive tasks or limited challenges.
- 5) The greatest contributors to job satisfaction were fairness in performance evaluation and task-skill alignment. Meanwhile, recognition and rewards were perceived as less satisfying, pointing to the need for more relevant and equitable reward systems.

Overall, intrinsic elements such as meaning, fairness, and personal purpose emerged as dominant drivers of motivation and satisfaction. Formal incentives and work flexibility scored lower and should be prioritized for managerial improvement. These insights emphasize that strategic human resource management should not only focus on compensation systems but also value personal development, purpose, and psychological well-being.

Managerial Recommendations

Based on the findings, the following recommendations are proposed for managerial improvement at PT Bank Negara Indonesia (BNI), Jakarta Region XYZ:

- 1) **Enhance Effective Transactional Leadership** Supervisors should consistently provide clear expectations, constructive feedback, and performance-based rewards. Additionally, leaders must proactively engage with employees' daily work to foster a sense of appreciation and motivation.
- 2) **Improve Work-Life Balance Programs** BNI should expand programs that support employee well-being, such as flexible working arrangements, mental health leave, and wellness initiatives. Employees with balanced lives tend to exhibit higher motivation and satisfaction.

- 3) Optimize Fair and Transparent Incentive Schemes Incentive policies must be adjusted to better reflect actual performance. A transparent, merit-based reward system will foster employee trust, motivation, and long-term loyalty.
- 4) Foster a Motivational Work Climate Since work motivation acts as a strong mediating factor, management must strengthen intrinsic drivers through career development opportunities, clear role definition, and challenging yet attainable goals.
- 5) Continuous Monitoring and Evaluation Regular internal surveys should be conducted to gather employee feedback on leadership, incentives, and work-life balance. The results can be used to adjust HR policies and inform strategic decisions.

Suggestions for Future Research

- 1) Incorporate Contextual and External Variables Future studies should explore additional variables such as organizational culture, workload, or organizational commitment to develop a more comprehensive model.
- 2) Expand Research Scope and Population This study was limited to BNI Jakarta Region XYZ. Future research could be extended to other BNI branches, financial institutions, or public sector organizations to enable cross-sector comparisons.
- 3) Use Qualitative or Mixed Methods Approaches To better capture subjective experiences, future researchers may adopt qualitative methods or mixed approaches (e.g., interviews or in-depth case studies).

By addressing these suggestions, future studies can contribute deeper insights into employee satisfaction and motivation, while guiding the continuous improvement of human resource practices in the banking industry.

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