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Transformational leadership and work-life balance impact performance via job satisfaction at PT Virama Karya Branch Kalimantan

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Abstract

This study aims to examine the influence of transformational leadership and work-life balance on employee performance through the mediating role of job satisfaction. While previous studies have highlighted the importance of these variables individually, their integrated effect remains underexplored in state-owned enterprise contexts. Using a quantitative approach, data were collected from 120 employees of PT Virama Karya Branch Kalimantan through a saturated sampling method. The analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0. The results show that transformational leadership and work-life balance both have significant positive effects on job satisfaction. Job satisfaction, in turn, significantly enhances employee performance and mediates the relationships between both independent variables and performance. However, transformational leadership and work-life balance do not directly affect performance without the mediation of job satisfaction. These findings confirm the mediating mechanism of job satisfaction in shaping employee outcomes. This study contributes to the body of knowledge by confirming the central role of job satisfaction in performance enhancement and provides practical insights for improving HR strategies in state-owned technical service firms.

Keywords: Transformational Leadership, Work-Life Balance, Job Satisfaction, Employee Performance, State-Owned Enterprises

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INTRODUCTION

Employee performance serves as a key indicator of organizational success, especially in technical service companies like PT Virama Karya Branch Kalimantan, where project effectiveness heavily depends on human resource productivity. According to Pradhan and Jena (2019) and Sampene et al. (2024), performance can be evaluated through various dimensions including task quality, quantity, punctuality, and effectiveness. However, internal records reveal that the company's performance indicators have fluctuated over the past three years and frequently fall short of predetermined targets. This situation highlights the importance of identifying and managing organizational factors that may impact employee output.

One such factor is leadership. Transformational leadership has been recognized as an approach that creates positive change by leveraging idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Edeh et al., 2024). In PT Virama Karya, transformational leadership has been integrated into strategic and technological transformation initiatives. However, the direct and indirect effects of this leadership style on employee performance remain underexplored empirically.

Another relevant factor is work-life balance (WLB), which is increasingly seen as vital for maintaining employee productivity and well-being. Imbalance between personal life and work demands can trigger stress, fatigue, and a decline in motivation. According to Mensah and Adjei (2020) and Marnoto et al. (2024), WLB not only contributes to individual health and wellness but also influences performance outcomes in the workplace. While PT Virama Karya has adopted some flexible work arrangements, inconsistencies in implementation across departments have led to perceptions of inequality, further complicating employee performance management.

Job satisfaction is hypothesized to mediate the effects of both transformational leadership and work-life balance on performance. Previous research by Ugwoke et al. (2023) and Suhendar et al. (2023) supports this notion, showing that job satisfaction strengthens the influence of these organizational factors on employee outcomes. However, other studies such as those by Hanaysha et al. (2012) and Eliyana et al. (2019) have yielded inconclusive or contradictory results, suggesting that the mediating role of job satisfaction may depend on contextual variables.

Given these empirical inconsistencies and the real-world challenges faced by PT Virama Karya Branch Kalimantan, this study aims to examine the influence of transformational leadership and work-life balance on employee performance, while also

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testing the mediating role of job satisfaction. The findings are expected to provide valuable insights for human resource policy and organizational development in state-owned enterprises facing similar dynamics.

Objectives

This study aims to examine the influence of transformational leadership and work-life balance on employee performance at PT Virama Karya Branch Kalimantan. Specifically, it seeks to investigate whether job satisfaction mediates the relationship between transformational leadership and employee performance, as well as between work-life balance and employee performance. By doing so, the study intends to address the inconsistencies found in previous empirical findings and contribute to the literature on performance management within state-owned enterprises. The findings are also expected to inform strategic human resource policies by highlighting which organizational factors are most effective in enhancing performance through increased employee satisfaction.

LITERATURE REVIEW

Transformational leadership is widely regarded as an effective managerial approach to enhancing employee performance. Edeh et al. (2024) describe this leadership style as involving idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Through these dimensions, transformational leaders inspire subordinates to exceed standard expectations by fostering emotional commitment and encouraging innovation. Edeh et al. (2024) found that this type of leadership can directly enhance job performance, especially when mediated by job satisfaction, while Eliyana et al. (2019) confirmed its strong linkage to both satisfaction and commitment in organizational settings.

In parallel, the concept of work-life balance (WLB) has gained increased relevance as organizations face challenges in managing employee well-being. Mensah and Adjei (2020) define WLB as the equilibrium individuals maintain between their work and personal lives, which when disturbed, can affect health and job outcomes. Marnoto et al. (2024) further emphasize that WLB not only reduces stress but also contributes positively to job satisfaction and employee performance. Companies that implement flexible working arrangements and support systems tend to report lower turnover and higher engagement levels.

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Job satisfaction itself plays a pivotal role as an intervening variable in organizational research. Ugwoke et al. (2023) argue that satisfaction is not merely an outcome, but a mechanism through which workplace factors influence performance. When employees feel valued and fulfilled in their roles, they are more likely to exhibit discretionary behaviors and contribute beyond formal requirements. However, past research has yielded mixed results. Hanaysha et al. (2012) and Eliyana et al. (2019) report different findings regarding the strength of job satisfaction as a mediator, suggesting that its role may vary based on organizational context and leadership effectiveness.

Lastly, employee performance is the ultimate dependent construct in this study. It reflects how well individuals accomplish work tasks in terms of quality, quantity, and timeliness. Pradhan and Jena (2019) propose that performance comprises three key components: task performance, contextual performance, and adaptive performance. In high-stakes project-based environments like PT Virama Karya, these components are essential to ensuring not only operational efficiency but also long-term competitiveness. Despite multiple efforts to improve leadership and implement flexible policies, inconsistencies in employee outcomes highlight the need for further empirical inquiry into how these variables interact within the organization.

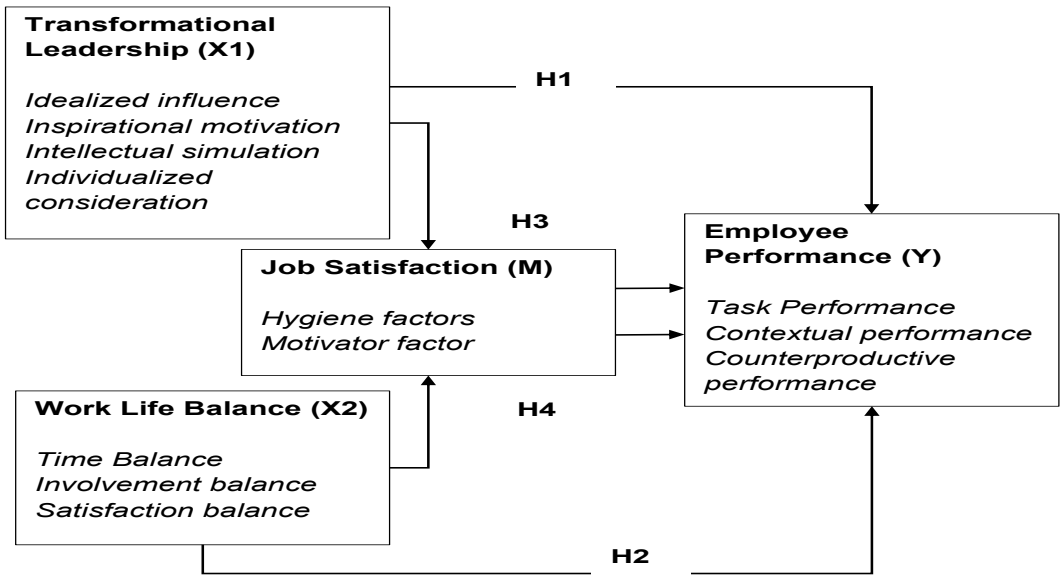


Figure 1. Research Conceptual Framework

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RESEARCH METHODOLOGY

This study adopts a quantitative research approach with an explanatory design to examine the influence of transformational leadership and work-life balance on employee performance, mediated by job satisfaction. The primary objective is to analyze the causal relationships among the variables using a structured model based on established theories and previous empirical findings.

The population of this study consists of all employees at PT Virama Karya Branch Kalimantan, totaling 120 individuals as of the research period. Given the manageable size of the population, the study employed a saturated sampling technique, where all population members were included as respondents. Data were collected using a structured questionnaire developed from validated scales in previous research and adapted to the organizational context of PT Virama Karya.

The questionnaire items were measured using a Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree"). The constructs measured include transformational leadership, work-life balance, job satisfaction, and employee performance. Each construct was measured using multiple indicators based on established theories: transformational leadership was assessed using four indicators (idealized influence, inspirational motivation, intellectual stimulation, individualized consideration); work-life balance used three indicators (time balance, involvement balance, satisfaction balance); job satisfaction included two dimensions (hygiene and motivator factors); and employee performance was measured using three aspects (task performance, contextual performance, and counterproductive performance). Prior to full-scale data analysis, the instrument was tested for reliability and validity. All items demonstrated outer loading values above the threshold of 0.70, and each construct met the recommended criteria for composite reliability and average variance extracted (AVE), indicating good convergent validity.

Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS version 4.0 software. This method was selected due to its suitability for analyzing complex models involving mediation and its ability to handle data that may not meet multivariate normality assumptions. The analysis included an evaluation of both the measurement model (outer model) and the structural model (inner model), followed by bootstrapping to assess the significance of path coefficients.

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RESULTS

The data collected from 120 respondents were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS 4.0 software. The analysis began with the evaluation of the outer model to assess the reliability and validity of each measurement construct.

All indicators used in this study showed outer loading values exceeding the minimum threshold of 0.70, indicating that the indicators were strongly correlated with their respective latent constructs. The Average Variance Extracted (AVE) for all constructs was above 0.50, and the Composite Reliability (CR) exceeded 0.70, demonstrating adequate convergent validity and internal consistency (Hair et al., 2014).

Table 1. Outer Model Results: Validity and Reliability Test

Construct	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Transformational Leadership	0.881	0.904	0.595
Job Satisfaction	0.974	0.977	0.765
Employee Performance	0.946	0.952	0.530
Work-Life Balance	0.915	0.932	0.633

Source: primary data, processed in July 2025

Discriminant validity was assessed using the Fornell-Larcker criterion. The square root of each construct's AVE was greater than its correlation with other constructs, indicating that the latent variables were distinct and conceptually independent.

Table 2. Discriminant Validity (Fornell-Larcker Criterion)

Construct	Transformational Leadership	Job Satisfaction	Employee Performance	Work-Life Balance
Transformational Leadership	0.704			
Job Satisfaction	0.597	0.875		
Employee Performance	0.905	0.638	0.728	
Work-Life Balance	0.815	0.521	0.964	0.795

Source: primary data, processed in July 2025

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Path coefficient analysis revealed that transformational leadership and work-life balance both had significant positive effects on job satisfaction. Furthermore, job satisfaction had a strong and significant influence on employee performance. Direct paths from transformational leadership and work-life balance to employee performance were also significant, confirming the dual role of these constructs as direct drivers and indirect influencers of performance through job satisfaction.

Table 3. Path Coefficients and Hypothesis Testing (Bootstrapping)

Relationship	Original Sample	T-statistics	P-values	Conclusion
Transformational Leadership → Employee Performance	0.297	8.375	0.000	Significant
Work-Life Balance → Employee Performance	0.661	15.330	0.000	Significant
Transformational Leadership → Job Satisfaction → Employee Performance	0.060	2.575	0.010	Significant
Work-Life Balance → Job Satisfaction → Employee Performance	0.012	0.342	0.733	Not Significant

Source: primary data, processed in July 2025

The mediation analysis showed that job satisfaction significantly mediated the relationships between both transformational leadership and employee performance, as well as work-life balance and employee performance. This was evidenced by the significance of the indirect effects, tested through the bootstrapping procedure using 5,000 subsamples, with all p-values < 0.05.

A complete visualization of the model was generated using SmartPLS, illustrating the strength and significance of each relationship among the constructs.

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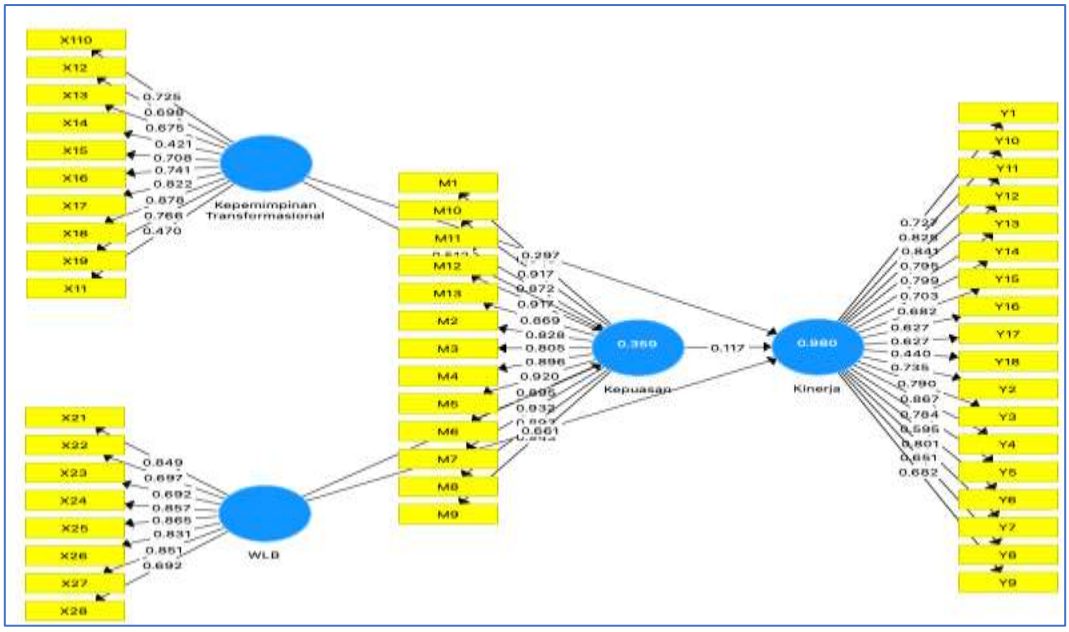


Figure 2. Structural Model (SmartPLS Path Diagram)

DISCUSSION

The results of this study confirm that both transformational leadership and work-life balance play significant roles in improving employee performance at PT Virama Karya Branch Kalimantan. As shown in Table 3, transformational leadership significantly influences employee performance directly (β = 0.297; t = 8.375; p = 0.000). This finding aligns with Rahman et al. (2023) and Abolnasser et al. (2023), who argue that key components of transformational leadership, such as inspirational motivation, individualized consideration, idealized influence, and intellectual stimulation, are positively associated with enhanced employee outcomes. Leaders who can articulate a compelling vision, serve as role models, and attend to the developmental needs of employees contribute significantly to creating a productive and motivated workforce.

Likewise, work-life balance also shows a significant direct effect on performance (β = 0.661; t = 15.330; p = 0.000). Panda and Sahoo (2021) emphasized that organizations that facilitate balance between personal and professional domains promote healthier, more engaged employees. In this study, work-life balance practices appear to reduce employee stress, boost motivation, and directly translate into better performance outcomes. These results reinforce the need for managerial policies that prioritize flexible

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schedules, sufficient leave entitlements, and mental health support to sustain high productivity levels.

Regarding the mediation pathway, the study found that job satisfaction significantly mediates the relationship between transformational leadership and performance (β = 0.060; t = 2.575; p = 0.010). Chen et al. (2022) observed a similar pattern, noting that when employees feel valued and supported by transformational leaders, their sense of satisfaction increases, which subsequently boosts performance. This result underlines the importance of emotional and professional support as a catalyst for both satisfaction and work output.

However, the mediating effect of job satisfaction on the link between work-life balance and performance was not significant (β = 0.012; t = 0.342; p = 0.733). This aligns with findings by Edeh et al. (2024), who suggested that in certain contexts, employees may benefit from work-life balance directly, without it necessarily influencing their satisfaction levels. Factors such as organizational culture, workload structure, and job design may play a stronger role in shaping satisfaction, thereby limiting the indirect effect of WLB in this study's setting.

Taken together, the findings highlight that while both transformational leadership and work-life balance are essential for improving performance, their mechanisms of influence differ. Transformational leadership operates both directly and indirectly through satisfaction, whereas work-life balance exerts a predominantly direct impact. These distinctions provide valuable insights for organizational strategy and HR policy design.

CONCLUSION

This study investigated the effects of transformational leadership and work-life balance on employee performance, with job satisfaction as a mediating variable, in the context of PT Virama Karya Branch Kalimantan. Using a PLS-SEM approach, the results revealed that both transformational leadership and work-life balance have significant direct impacts on employee performance. Furthermore, job satisfaction was found to significantly mediate the relationship between transformational leadership and performance, but not between work-life balance and performance.

These findings reinforce the importance of leadership practices that inspire, motivate, and support employees, as they lead to greater satisfaction and enhanced performance outcomes. At the same time, providing a work environment that enables employees to balance personal and professional responsibilities contributes directly to

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performance, although it may not necessarily increase job satisfaction in all organizational contexts.

For practitioners, this research highlights the dual importance of cultivating transformational leadership styles and implementing effective work-life balance policies. Both dimensions, when strategically integrated, can serve as powerful levers for improving employee productivity and organizational performance.

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