

The Role of Organizational Commitment in Mediating the Influence of Transformational Leadership on Organizational Performance

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Abstract.

This study aims to examine the role of organizational commitment in mediating the relationship between transformational leadership and organizational performance. The study subjects included officials from the Regional Apparatus Organizations (OPDs) of Banyuwangi Regency, considered representative of overall organizational performance, totaling 237 individuals. Based on calculations using the Slovin formula, 149 OPD officials served as the research sample. Data were collected through questionnaires and analyzed using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) approach. The results indicate that transformational leadership has a positive and significant influence on organizational commitment. Transformational leadership influences organizational performance. Furthermore, organizational commitment also positively influences organizational performance. Another important finding is that organizational commitment acts as a mediator in the relationship between transformational leadership and organizational performance. This means that a visionary, inspirational, and exemplary leadership style can foster employee commitment, thereby improving overall organizational performance. In practice, this study demonstrates the effectiveness of transformational leadership in fostering a work environment that supports employees' emotional attachment to the organization. By increasing organizational commitment, the quality and sustainability of bureaucratic performance can be maintained amid dynamic changes and increasingly complex public service demands.

Keywords: Transformational Leadership, Organizational Commitment, Organizational Performance

1 Introduction

The performance of the Banyuwangi Regency Government plays a crucial role in driving regional progress and improving public welfare. As a public service institution, effective and efficient performance is a key requirement for optimal service delivery to citizens. Proper resource management by the local government not only supports infrastructure development and strategic programs but also strengthens the local economy and creates jobs.

In general, Banyuwangi Regency's performance during the 2021–2024 period shows an upward trend across various economic and social sectors. This reflects the effectiveness of local government policies in accelerating economic growth, improving the community's quality of life, and enhancing investment attractiveness. However, this success does not fully reflect the region's optimal achievement of its long-term vision and mission. The greatest challenge that remains is improving the quality of the apparatus's human resources (HR) performance to enable it to meet the demands of change and maintain existing development achievements.

As one of the regions with significant potential in East Java Province, Banyuwangi possesses several strategic advantages, including its geographic location and human resource

capacity, as well as its wealth of natural resources. To achieve sustainable development goals, the local government needs to strengthen its organizational performance through various internal factors, including leadership quality. Leadership is a central element in shaping a productive work culture while simultaneously driving sustainable change. One approach widely recognized as effective in improving organizational performance is transformational leadership.

Transformational leadership emphasizes individual development and comprehensive organizational change. Bass & Avolio (2011) explain that this approach encourages increased human resource capacity through strong relationships between leaders and subordinates. This leadership style has been proven to motivate employees to deliver higher performance. In Banyuwangi Regency, the implementation of transformational leadership is reflected in various policy innovations, service digitization, and bureaucratic improvements that emphasize collaboration and active employee participation in achieving development goals. Several studies, such as those by Birasnav (2014), Anwar et al. (2018), Alrowwad et al. (2020), Makena (2017), and Nguyen et al. (2023), also show that transformational leadership positively impacts organizational performance.

In addition to leadership, organizational commitment also plays a crucial role in ensuring the sustainability of local government performance. Strong commitment helps unify employees' vision and goals, ensuring high dedication to their duties. Employees with a high level of commitment tend to provide higher-quality service due to their emotional attachment and deep understanding of the organization's values and goals (Denhardt & Denhardt, 2000). Organizational commitment also influences workforce stability (Robbins & Judge, 2016), where employees who feel connected to the organization are more likely to stay, thereby maintaining consistent performance. Furthermore, high levels of commitment encourage openness to innovation and positive change, a critical need in modern bureaucracies (Scott & Bruce, 1994). Previous studies, such as those by Zincirkiran et al. (2015) and Silitonga et al. (2017), have shown that organizational commitment can improve organizational performance.

The novelty of this research lies in its use of organizational commitment as a mediating variable in the relationship between transformational leadership and organizational performance. This differs from several previous studies that positioned organizational commitment as an independent variable (e.g., Pinho et al., 2014; Zincirkiran et al., 2015; Silitonga et al., 2017) or as a dependent variable influenced by leadership (Joo et al., 2012; Han et al., 2016; Ausat et al., 2022; Darmawan, 2017; Kalhor et al., 2018). The context of Banyuwangi, known for its active involvement in bureaucratic reform and public service innovation, adds to the urgency of this research, as the success of innovative programs depends heavily on employee commitment to implementing change.

Several previous studies have demonstrated a link between transformational leadership and organizational commitment. Joo et al. (2012) found that transformational leadership can increase organizational commitment. Similar findings were reported by Han et al. (2016) and Ausat et al. (2022). Meanwhile, the relationship between organizational commitment and performance has also been demonstrated by several researchers, such as Zincirkiran et al. (2015) and Silitonga et al. (2017). However, Pinho et al. (2014) reported different results, indicating that organizational commitment had no effect on organizational performance, thereby opening the door to further testing in the public sector context.

Thus, this research is important for deepening the understanding of the role of organizational commitment in mediating the influence of transformational leadership on

organizational performance, particularly in the context of local governments seeking to improve the quality of public services and bureaucratic effectiveness.

2 Method

2.1 Operational Definition of Variables

Organizational performance reflects an agency's effectiveness and efficiency in achieving its strategic goals. The assessment encompasses four main perspectives: financial performance, user satisfaction and value, internal process effectiveness, and the organization's capacity for continuous learning and development.

Transformational leadership is a style that encourages employees to exceed expected performance standards, enabling them to make the maximum contribution to the Banyuwangi Regency Government. This variable is measured through four aspects: idealized influence, inspirational motivation, intellectual stimulation, and individualized attention.

Organizational commitment demonstrates an employee's loyalty to remain part of the Banyuwangi Regency Government under both favorable and challenging conditions. The measurement encompasses three forms of commitment: affective, continuance, and normative.

2.2 Population and Sample

The study population included 237 officials in the Regional Apparatus Organizations (OPD) of Banyuwangi Regency. The Slovin formula was used to calculate the minimum sample size for this population, yielding a sample of 149 OPD officials. This number was deemed sufficient for applying the SEM method. The sampling technique used was proportional random sampling.

2.3 Data Analysis Techniques

Data analysis was conducted using a multivariate statistical approach, namely Structural Equation Modeling (SEM), with the aid of SmartPLS software. Descriptive analysis was also used to provide an overview of the research data's characteristics.

3 Result and Discussion

3.1 PLS SEM Analysis

This study uses SEM-PLS to test causal relationships among latent variables. The Partial Least Squares method was chosen because it can efficiently handle data with complex structures. The analysis process is carried out in two stages: outer model testing to assess the validity and reliability of indicators, and inner model testing to evaluate the strength and significance of the relationships between latent variables.

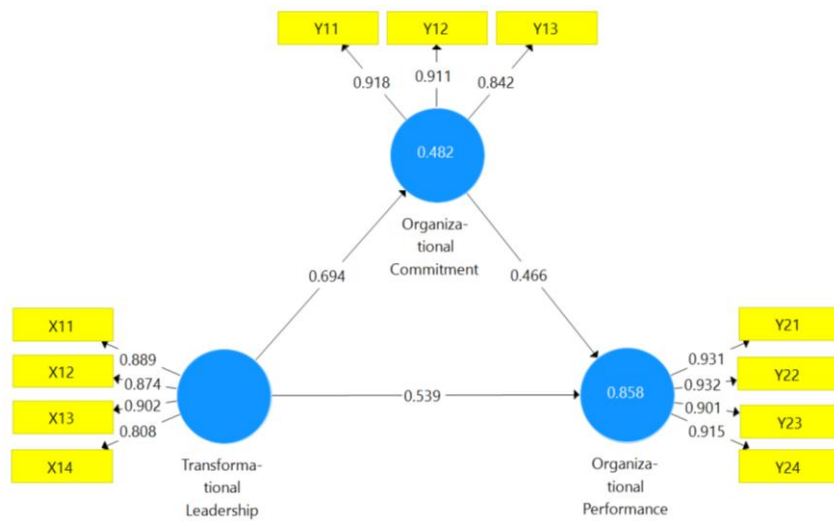


Figure 1. Hasil Analisis SEM-PLS

Based on Figure 1, the results of the convergent validity test using outer loadings indicate that all indicators for the research variables have values above the minimum threshold of 0.70. Thus, each indicator is deemed valid because it meets the criteria for convergent validity, indicating that it accurately represents the latent construct.

3.2 Hypothesis Testing

Hypothesis testing in this study uses the p-value as the primary reference. A p-value at or below 0.05 indicates a significant effect between variables. Therefore, if the p-value is ≤ 0.05 , the proposed hypothesis is accepted as statistically significant. The results of the hypothesis testing are presented in Table 1.

Table 1. Hypothesis Testing

Hypothesis	Variables	Original Sample	t- statistics	p-values	Results
H1	Transformational Leadership → Organizational Performance	0.539	10.519	0.000	Accept
H2	Transformational Leadership → Organizational Commitment	0.694	17.712	0.000	Accept
H3	Organizational Commitment → Organizational Performance	0.466	9.073	0.000	Accept
H4	Transformational Leadership → Organizational Commitment → Organizational Performance	0.324	8.189	0.000	Accept

Source: Data processed.

The results of the hypothesis testing indicate that all relationships in the research model are significant. Transformational leadership has a positive effect on organizational performance with an original sample value of 0.539 and a p-value of 0.000, so the first hypothesis is accepted. In the second hypothesis, transformational leadership is also proven to increase organizational commitment with a coefficient of 0.694 and a p-value of 0.000. Furthermore, organizational commitment has a positive effect on organizational performance with an original sample value of 0.466 and a p-value of 0.000, so the third hypothesis can be accepted. Finally, the analysis shows that organizational commitment acts as a mediator in the relationship between

transformational leadership and organizational performance, as indicated by a mediation coefficient of 0.324 and a p-value of 0.000. Thus, all hypotheses in this study are declared accepted.

3.3 Discussion

3.3.1 The Effect of Transformational Leadership on Organizational Performance

Transformational leadership is a key factor driving improved organizational performance within the Banyuwangi Regency Government. The implementation of this leadership style has brought about significant changes in bureaucratic work patterns, moving from a rigid, administration-oriented system to one that is more flexible, innovative, and focused on public service. Through transformational leadership, officials are guided to develop a clear vision, work collaboratively, and continuously seek new approaches to deliver more effective services and respond to public needs. This aligns with the view of Bass and Avolio (2011), who asserted that transformational leadership increases organizational effectiveness by changing members' values, attitudes, and behaviors.

The impact of transformational leadership on the performance of the Banyuwangi Regency Government is evident in the regional leaders' ability to develop an inspiring vision and communicate it broadly to all officials. The "Sunrise of Java" concept promoted by Banyuwangi's leadership has successfully motivated employees to make optimal contributions to the region's transformation process. Furthermore, Banyuwangi's leaders have also been able to galvanize employees through exemplary behavior and tangible achievements, including the various national and international awards the regency has received.

The findings of this study support the findings of Birasnav (2014), which showed that transformational leadership significantly influences organizational performance improvement. Similar results were reported by Anwar et al. (2018), who found that each dimension of transformational leadership positively contributed to organizational performance. Alrowwad et al. (2020) also emphasized that transformational leaders can build a collaborative work environment, which is crucial for organizational success. This situation aligns with practices in Banyuwangi, where inter-agency collaboration is a key factor in successful bureaucratic reform.

Furthermore, Makena (2017) and Nguyen et al. (2023) explain that transformational leadership drives improved public sector performance through innovation. This innovation includes not only technological use but also updates to procedures and policies. Leaders who motivate employees to think creatively are more likely to find new solutions to bureaucratic problems, thereby continuously improving the quality of public services. These findings demonstrate that transformational leadership is highly relevant for local government.

In today's rapidly changing context, public organizations are required to adapt to society's evolving needs. Transformational leaders help organizations stay relevant by fostering a culture of continuous learning and openness to new ideas. Thanks to this culture, the Banyuwangi Regency Government is not only able to maintain service quality but also increase public trust, a crucial element for sustainable organizational performance.

3.3.2 The Influence of Transformational Leadership on Organizational Commitment

Transformational leadership plays a central role in strengthening employee commitment. By implementing this leadership style, employees are encouraged to develop a deeper emotional attachment to the organization and its shared goals. Leaders who set an example, provide motivation, and offer clear direction make employees feel valued and recognized for their contributions. This sense of appreciation then fosters a commitment to and responsibility for delivering the best possible performance for the organization's success. In the context of the Banyuwangi Regency Government, the impact of transformational leadership is evident in ongoing innovations in public services, from the digitalization of licensing services to technology-based poverty alleviation programs. The active involvement of employees in supporting these programs demonstrates that strong commitment plays a significant role in the success of regional development. Employees go beyond simply carrying out formal duties but also demonstrate a willingness to contribute further to realizing the regional vision. This demonstrates that inspirational and visionary leadership can build strong organizational commitment.

This view aligns with Muchlas (2005), who stated that transformational leaders are characterized by the ability to provide personal attention, intellectual stimulation, and strong charisma. Leadership practices in Banyuwangi demonstrate these three aspects through the closeness of regional leaders to the community and employees, as well as through the provision of space for employee creativity. Regional leaders frequently involve various employee groups in the formulation of innovations, encouraging them to think critically and creatively. Meanwhile, the charisma of visionary leaders creates trust and confidence in their subordinates. This combination of personal attention, intellectual stimulation, and charisma is the primary foundation for employee commitment to Banyuwangi's goals of progress and inclusiveness.

This research supports the findings of Joo et al. (2012), who showed that transformational leadership significantly influences organizational members' commitment. In Banyuwangi, leaders who provide emotional support and appreciate employee performance can foster motivation to stay and contribute. Providing annual awards to high-performing employees is one way to increase motivation and commitment. This recognition not only boosts individual motivation but also creates a competitive and harmonious work climate. Support and appreciation from leaders are powerful drivers of long-term commitment.

The results of this study also align with those of Han et al. (2016), who emphasize that transformational leadership encourages emotional engagement and long-term employee commitment. Ausat et al. (2022) added that this leadership style has a significant impact on overall organizational performance. Transformational leadership practices in Banyuwangi are evident in regional leaders' direct involvement in dialogue with employees to explore new ideas and evaluate programs. This open interaction builds mutual trust, openness, and a sense of belonging to the organization. When employees' opinions are valued, they are motivated to make optimal contributions. Commitment born of this kind of emotional attachment is far stronger than commitment arising solely from formal obligations.

3.3.3 The Effect of Organizational Commitment on Organizational Performance

Organizational commitment is a crucial factor that drives optimal organizational performance. When employees feel strongly attached to their workplace, they are motivated to make greater contributions to achieving shared goals. This commitment is evident not only in the length of time an employee remains with the organization but also in their willingness to actively participate, take initiative, and demonstrate high-quality work, even when this is not always reflected in formal duties. Allen and Meyer (1991) describe organizational commitment as an individual's emotional attachment, sense of belonging, and involvement in an organization, which motivates them to remain a member of the institution. Employees with strong commitment view organizational success as personal success, thus encouraging them to continue making maximum contributions. Thus, organizational commitment is a crucial foundation for maintaining organizational sustainability and competitiveness.

This study found that affective commitment is the most influential indicator in driving improved performance. Affective commitment reflects an employee's emotional closeness to the organization, where employees feel proud to be part of the institution. As Allen and Meyer (1991) explain, individuals with high affective commitment tend to perform better because they feel aligned with the organization's values and direction. Meanwhile, continuance commitment also plays a significant role, reflecting the extent to which employees choose to stay after considering the potential consequences of leaving the organization.

Furthermore, organizational commitment reflects the extent to which employees are connected to the organization's goals and values. When employees feel aligned with the organization's vision and mission, they work not only to fulfill their obligations but also to realize something they believe in. This feeling fosters a sense of belonging that strengthens intrinsic motivation. Employees who feel emotionally attached to the organization are also more resilient in the face of work pressure because they view tasks as part of a shared process toward achieving a larger goal. The results of this study align with those of Silitonga et al. (2017) and Zincirkiran et al. (2015), who found that organizational commitment influences organizational performance. However, these findings do not support Pinho et al. (2014), who concluded that organizational commitment has no effect on organizational performance.

3.3.4 The Effect of Transformational Leadership on Organizational Performance through Organizational Commitment

Organizational commitment serves as a mediating factor between transformational leadership and improved organizational performance in the Banyuwangi Regency Government. The transformational leadership style applied in this environment can shape employees' attitudes and mindsets, thereby fostering commitment that contributes to achieving organizational goals. Through four key elements: idealized influence, inspirational motivation, intellectual stimulation, and individual attention, leaders are able to provide strong encouragement to employees. Transformational leaders go beyond directing work to mobilize and shift employee mindsets from simply performing tasks to engaging in a shared mission. This approach creates a meaningful work environment and fosters a strong sense of belonging to the organization.

The impact of transformational leadership is evident in the formation of high levels of organizational commitment, particularly affective and continuance commitment. When employees perceive that leaders care about their needs, value their contributions, and inspire them to achieve greater heights, a strong emotional bond with the Banyuwangi Regency Government emerges. Employees feel proud to be part of the organization, embrace its values, and are intrinsically motivated to contribute their best. This commitment grows not from coercion or incentives alone, but from a genuine desire to support the organization's success. This aligns with Muchlas (2005) view that transformational leaders provide personal attention and intellectual stimulation to their subordinates, thereby encouraging their potential development. As a result, employees feel valued and empowered to achieve organizational goals.

4 Conclusion

Organizational commitment serves as a mediating factor between transformational leadership and improved organizational performance in the Banyuwangi Regency Government. The transformational leadership style applied in this environment can shape employees' attitudes and mindsets, thereby fostering commitment that contributes to achieving organizational goals. Through four key elements: idealized influence, inspirational motivation, intellectual stimulation, and individual attention, leaders are able to provide strong encouragement to employees. Transformational leaders go beyond directing work to mobilize and shift employee mindsets from simply performing tasks to engaging in a shared mission. This approach creates a meaningful work environment and fosters a strong sense of belonging to the organization.

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