

## TRANSFORMATIONAL LEADERSHIP AS A MEDIATOR BETWEEN REWARD SYSTEMS AND LECTURER PERFORMANCE AT SEKOLAH TINGGI FARMASI INDONESIA

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### Abstract

This study aims to analyze the mediating role of transformational leadership in the relationship between the reward system and lecturer performance at the Indonesian College of Pharmacy. The study used a quantitative approach with an explanatory research design . The study population was all permanent and non-permanent lecturers totaling 100 people who were selected as respondents through a saturated sampling technique. Data analysis was conducted using mediation regression (path analysis) to test the direct and indirect effects between variables . The results of the hypothesis test indicate that the reward system directly has a positive and significant effect on transformational leadership and lecturer performance. Transformational leadership has a positive and significant effect on performance. Likewise, transformational leadership is proven to mediate the influence of the reward system on employee performance. This study provides theoretical contributions in the development of human resource management models in higher education as well as practical implications for the management of reward policies and institutional leadership in a sustainable manner.

**Keywords:** *transformational leadership, lecturer performance, reward system .*

### 1. INTRODUCTION

Lecturer performance is a key determinant of the quality and competitiveness of higher education institutions. The implementation of Key Performance Indicators (KPI) policies, increased national accreditation standards, and the demand for nationally and internationally indexed scientific publications position lecturers as strategic actors in achieving institutional performance. Higher education institutions are not only required to improve their academic competencies but also to ensure the availability of a managerial system capable of systematically, measurably, and sustainably driving productivity. Performance, from a management perspective, is defined as the level of individual work achievement measured against standards or targets set by the organization (Armstrong & Taylor, 2023) . In the context of higher education, lecturer performance reflects a tangible contribution to the implementation of the Tri Dharma of Higher Education, which includes education and teaching, research, and community service. The indicators used in this study refer to the implementation of the Tri Dharma, namely learning outcomes and teaching evaluation, scientific publication productivity, and involvement in community service activities. Thus, several factors predicted to improve performance are reward systems and transformational leadership.

From a human resource management perspective, one of the strategic instruments used to improve performance is the reward system . A reward system is defined as a set of organizational policies that regulate the provision of financial and non-financial rewards to employees based on their contributions and performance achievements (Armstrong, 2024) In this study, the reward system is measured through indicators of financial rewards (incentives, allowances, performance-based bonuses) and non-financial rewards (recognition, promotion opportunities, academic awards, and career development opportunities). Several empirical studies have shown that the reward system has a positive and significant effect on performance (Adams, 2025; Fajri & Rohman, 2019; Mardikaningsih et al., 2022; Noorazem et al.,

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2021; Setiarini et al., 2025) . However, several other studies show different results, where rewards do not have a significant effect on performance if they are not supported by psychological and leadership factors (Santoso et al., 2024; Setiawan et al., 2026; Winarko & Purnomo, 2024) . However, the effectiveness of reward systems in improving performance is not always linear. External rewards have the potential to generate short-term motivation if not integrated with leadership that can build intrinsic commitment. Transformational leadership is defined as a leadership style that can inspire, motivate, and transform the values and goals of subordinates so that they align with the organization's vision (Hilton et al., 2023) . In this study, transformational leadership was measured through four main indicators: idealized influence , inspirational motivation , intellectual stimulation , and individualized consideration . Various studies have shown that transformational leadership has a positive and significant effect on performance (Banks et al., 2016; Eliyana & Ma'arif, 2019; Hoch et al., 2018; Kristianto et al., 2025; Ni Kadek Intan Milinia Purwani et al., 2025) . However, there are also studies that find that this influence is not significant in certain contexts, especially when the organizational system does not support the consistent implementation of leadership values (Nugroho, 2020; Lestari & Margaretha, 2019).

In the context of mediation, several studies have shown that transformational leadership can strengthen the relationship between reward systems and performance. Research by Eliyana et al. (2019) showed that transformational leadership positively and significantly mediates the influence of organizational policies on employee performance. Similarly, research by Kristianto, F et al. (2025) found that transformational leadership strengthens the impact of compensation policies on performance. Conversely, research by Nugroho (2020) showed that mediation was insignificant when rewards were perceived solely as administrative obligations without the support of a strong organizational culture. Most previous studies have examined the direct relationship between reward systems and performance or between transformational leadership and performance separately without considering mediating mechanisms within an integrative model. This approach potentially overlooks the internalization process of organizational policies before they impact individual performance behavior. In the context of pharmacy universities, which are characterized by professionalism and competency, the integration of reward systems and leadership is a crucial aspect that has not been comprehensively explored. The limited research integrating these two variables indicates a conceptual gap in explaining how reward policies can be translated through leadership before influencing lecturer performance.

Based on the conceptual and empirical gaps that have been described, this study offers novelty in three main aspects, namely the integration of reward systems and transformational leadership in one comprehensive mediation model, empirical testing in the context of pharmacy universities in Indonesia which is still relatively limited in the higher education management literature, as well as practical contributions in strengthening leadership-based lecturer performance management policies that are oriented towards institutional sustainability; therefore, based on the theoretical foundation and support of previous empirical findings, this research model is further described as follows:

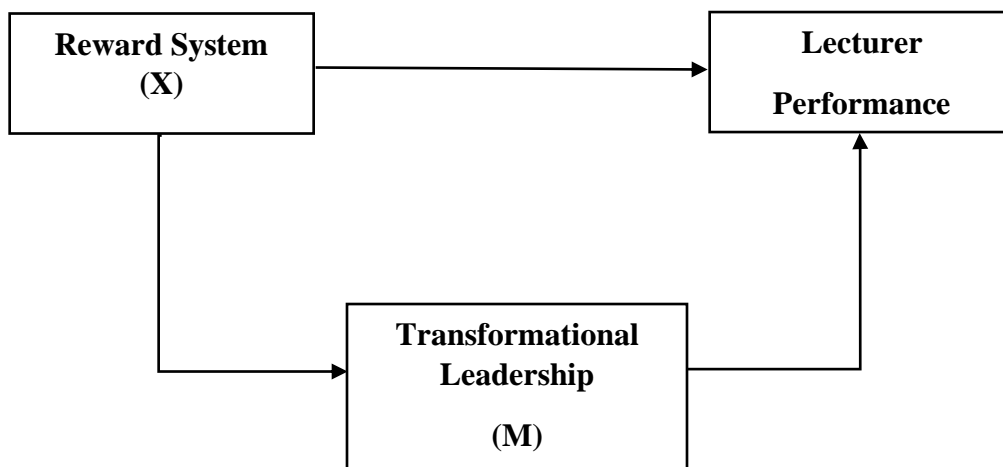


Figure 1 Research Model

Based on this description, the research hypothesis is formulated as follows:

- H<sub>1</sub>** : The reward system has a positive effect on lecturer performance.
- H<sub>2</sub>** : The reward system has a positive influence on transformational leadership.
- H<sub>3</sub>** : Transformational leadership has a positive influence on lecturer performance.
- H<sub>4</sub>** : Transformational leadership mediates the influence of the reward system on performance lecturer.

## 2. RESEARCH METHODS

This study uses a quantitative approach with an explanatory research design, namely research that aims to explain the causal relationship between variables through hypothesis testing based on previously formulated theoretical foundations (Creswell & Creswell, 2017) . The quantitative approach was used because this study emphasizes objective measurement of variables and testing the influence between variables using inferential statistical analysis. The explanatory design was chosen to test the direct effect of the reward system on lecturer performance, the effect of the reward system on transformational leadership, and the mediating role of transformational leadership in the relationship. The study was conducted at the Indonesian College of Pharmacy in the 2024–2025 academic year. The population in this study were all permanent and non-permanent lecturers who actively carry out the Tri Dharma of Higher Education, totaling 100 people. Considering the relatively small population and all members of the population can be reached, this study used a saturated sampling technique (census sampling), so that the entire population was used as the research sample (Sugiyono, 2014) . Thus, the number of respondents analyzed was 100 permanent and non-permanent lecturers.

The independent variable in this study is the reward system , the mediating variable is transformational leadership, and the dependent variable is lecturer performance. A reward system is defined as an organization's policy of providing financial and non-financial rewards based on contributions and performance achievements (Armstrong, 2024) . The indicators used include financial rewards (incentives, bonuses, performance-based allowances) and non-financial rewards (recognition, promotions, and career development opportunities). Transformational leaders have a significant impact on their followers by motivating them to set aside personal interests to support the organization, (Adiprana & Surya, 2025) as measured through the dimensions of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Meanwhile, lecturer performance is measured based on the implementation of the Tri Dharma of Higher Education, which includes education and teaching, research, and community service. The research instrument used a closed-ended questionnaire with a five-point Likert scale. Validity testing was carried out using the Pearson Product Moment correlation, with the criteria for items being declared valid if the significance value is less than 0.05 and the correlation coefficient is greater than the  $r$  value in the table (Ghozali & Latan, 2021) . Reliability testing was conducted using the Cronbach's Alpha coefficient, with a minimum standard of 0.70 to indicate good internal consistency (Sarstedt et al., 2021) .

Before hypothesis testing, the data were first tested using classical assumption tests, including normality, multicollinearity, and heteroscedasticity. The normality test was performed using the Kolmogorov–Smirnov test, with the criteria for normally distributed data if the significance value is greater than 0.05 (Ghozali & Latan, 2020) . The multicollinearity test was performed by looking at the Variance Inflation Factor (VIF) and Tolerance values, where the model was declared free of multicollinearity if the VIF value was less than 10 and the Tolerance value was greater than 0.10 (Hair et al., 2019). The heteroscedasticity test was performed using the Glejser test, with the criterion for no heteroscedasticity if the significance value was greater than 0.05 (Ghozali, 2018) . Hypothesis testing was conducted using multiple linear regression analysis with the aid of SPSS software. The direct effect between variables was tested through the regression coefficient with a significance level of 5 percent ( $\alpha = 0.05$ ). A hypothesis is declared accepted if the significance value is less than 0.05 and the regression coefficient shows a direction in accordance with the research hypothesis (Sarstedt et al., 2021) . Mediation testing was conducted through a stepwise regression procedure by comparing the direct effect before and after the mediating variable was entered into the model. A mediation effect is stated to occur if the independent variable has a significant effect on the mediator, the mediator has a significant effect on the dependent variable, and there is a decrease in the direct effect coefficient after the mediator is entered into the model (Baron & Kenny, 1986) . To strengthen the mediation results, a Sobel test was conducted to confirm the significance of the indirect effect (Ghozali & Latan, 2021) .

**3. RESULTS AND DISCUSSION**

**Validity Test**

**Table 1.** Validity Test

	<b>Variables</b>	<b>Score</b>	<b>Criteria</b>	<b>Conclusion</b>
<b>X</b>	Reward System	0.720-0.835	0.196	Valid
<b>M</b>	Transformational Leadership	0.726-0.860	0.196	Valid
<b>Y</b>	Performance	0.665-0.808	0.196	Valid

The results of the validity test indicate that the scores for the work discipline and performance variables are greater than. Based on the validity test table above, it can be concluded that all variables in this study are declared valid, which means that the items in the questionnaire can be used as measurement instruments in this study.

**Reliability Test**

**Table 2.** Reliability Test

	<b>Variables</b>	<b>Score</b>	<b>Criteria</b>	<b>Conclusion</b>
<b>X</b>	Reward System	0.917	0.600	Reliable
<b>M</b>	Transformational Leadership	0.917	0.600	Reliable
<b>Y</b>	Performance	0.893	0.600	Reliable

Table 2 shows that servant leadership, work discipline, and performance each have Cronbach's Alpha values exceeding 0.600. This indicates that all variables examined in this study are considered reliable.

**Descriptive Statistical Test**

**Table 3.** Reliability Test

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Standard Deviation</b>
X	100	9,000	41,399	31.25435	6.358015
M	100	10,649	40,904	30.61294	6.419213
Y	100	10,429	40,889	30.57394	6.016331

Based on the results of the descriptive statistical test in the Table, variable X shows an average value of 31.254 with a standard deviation of 6.358. Meanwhile, the mediating variable (M) has an average value of 30.612 and the dependent variable (Y) of 30.573. The standard deviation values for all variables are below the average value, indicating that the data distribution is representative and there are no extreme data fluctuations. Specifically, variable Y has the lowest level of variance (SD = 6.016), indicating a higher consistency of respondents' perceptions on this variable compared to other variables.

**Simultaneous Test (F Test)**

**Table 4.** Simultaneous Test (F Test)

<b>Model</b>	<b>F</b>	<b>Sig</b>	<b>Decision</b>
Regression	151,555	,000 <sup>b</sup>	Significant
Residual			

The significance value for the Reward System (X) and Transformational Leadership (M) on performance (Y) is  $0.00 < 0.05$ , which indicates that H3 is accepted. This shows that there is a significant influence of the Reward System (X) and Transformational Leadership (M) on performance (Y).

**Partial Significance Test (t-Test)**

**Table 5. Partial Significance Test (t-Test)**

	B	Std. Error	Beta	t	Sig.
(Constant)	4,684	1,537		3,048	.003
1 Reward System	.250	.097	.264	2,572	.012
Transformational Leadership	.590	.096	.630	6.125	.000

a. Dependent Variable: Performance

Based on the t-test results in the final model, the Reward System variable has a calculated t-value of 2.572 with a significance level of  $0.012 < 0.05$ , so the hypothesis is accepted. Likewise, the Transformational Leadership variable shows a calculated t-value of 6.125 with a significance level of  $0.000 < 0.05$ , which means it has a partial effect on Lecturer Performance.

**Hypothesis (H1)**

Based on the partial test results, the coefficient value of the Reward System (X1) was 0.250 with a significance level of 0.012, which is less than 0.05. This means that hypothesis 1 (H1) is accepted and the null hypothesis (Ho) is rejected. This indicates that the Reward System (X) has a positive and significant influence on performance (Y).

**Coefficient of Determination Test (R<sup>2</sup>)**

**Table 6. Test of the Coefficient of Determination (R<sup>2</sup>)**

Model	R	R Square	Adjusted R Square
1	0.870 <sup>a</sup>	0.758	0.753

Table 6 shows that the R<sup>2</sup> value is 0.870, meaning that 75.8% of performance can be explained by the reward system and transformational leadership. The remaining 24.2% is influenced by other factors not included in this study.

**Hypothesis Test Results**

This study analyzes the causal relationship between the reward system, leadership, and performance of 100 lecturers at the Indonesian College of Pharmacy (STFI). Based on descriptive statistical tests, the Reward System variable (X) shows the highest average value of 31.25, while the Performance variable (Y) has the lowest standard deviation (6.016) which indicates that respondents' perceptions tend to be homogeneous and consistent. The results of the simultaneous test (F Test) produce a significance value of  $0.000 < 0.05$ , which proves that all independent variables together have a large influence on lecturer performance. Partially, the coefficient of determination (R<sup>2</sup>) value of 0.758 indicates that variations in lecturer performance can be explained by this model by 75.8%, while the remaining 24.2% is influenced by other external factors.

The integration of the findings in this study reveals a complex mechanism between organizational policies and the professional behavior of lecturers at STFI. The results of the first hypothesis test (H1) prove that the reward system has a positive and significant effect on lecturer performance. This confirms the social exchange theory, where the provision of fair financial and non-financial rewards triggers increased productivity in the Tri Dharma Perguruan Tinggi (Three Pillars of Higher Education), in line with the findings of Adams (2025). Furthermore, the second hypothesis test (H2) shows that the reward system has a significant effect on transformational leadership. An established reward system creates a managerial ecosystem that supports leaders in carrying out their inspirational motivational functions more effectively.

In testing the third hypothesis (H3), it was proven that transformational leadership has a strong positive correlation with lecturer performance. Through the dimensions of idealized influence and individualized consideration, leaders are able to build trust that encourages lecturers to exceed minimum performance standards, strengthening the literature of Eliyana & Ma'arif (2019). Finally, the test of the fourth hypothesis (H4) confirmed that transformational leadership acts as a significant mediating variable. This finding suggests that the effectiveness of reward policies will be much more optimal if internalized through inspiring leadership. Without the role of transformative leadership, reward

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giving is feared to only become a short-term administrative instrument. Thus, the success of HR management at STFI depends heavily on the synergy between competitive reward policies and leadership practices that address the psychological aspects of lecturers in a sustainable manner.

## CONCLUSION

Based on the results of data analysis and research discussion regarding the mediating role of transformational leadership in the influence of the reward system on lecturer performance at the Indonesian College of Pharmacy, it can be concluded that the reward system has a positive and significant influence on transformational leadership. This indicates that the implementation of a good reward system can encourage the creation of an inspirational, visionary leadership style, and is able to motivate lecturers within the organizational environment of higher education. Furthermore, the reward system has also been shown to have a positive and significant impact on lecturer performance. This finding indicates that fair and transparent reward delivery can increase lecturer work motivation, thereby improving the quality of the implementation of the Tri Dharma of Higher Education, which includes education, research, and community service. This study also found that transformational leadership has a positive and significant impact on lecturer performance. This means that the more effective transformational leadership practices implemented within an organization, the higher the resulting lecturer performance. Furthermore, the analysis shows that transformational leadership significantly mediates the relationship between the reward system and lecturer performance. Thus, the reward system not only directly influences lecturer performance but also indirectly through improving the quality of transformational leadership within the institution.

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