

Employee Productivity in Banking: The Role of Transformational Leadership and Work-Life Balance with Work Motivation as a Mediator (McClelland Theory)

Indra Febri Wicaksono¹⁾; Djoko Soelistya^{2*)}; Eva Desembrianita³⁾

¹⁾ indrafwicaksono17@gmail.com, Universitas Muhammadiyah Gresik, Indonesia

²⁾ djoko_soelistya@umg.ac.id, Universitas Muhammadiyah Gresik, Indonesia

³⁾ evadesse@gmail.com, Universitas Muhammadiyah Gresik, Indonesia

*) Corresponding Author

ABSTRACT

Objectives: This study aims to examine the effects of transformational leadership and work-life balance on employee productivity, with work motivation serving AS a mediating variable based on McClelland's Theory of Needs. The study seeks to explain how leadership practices and employee well-being contribute to productivity enhancement in the banking sector.

Methodology: This research employed a quantitative explanatory approach. Data were collected through structured questionnaires distributed to employees of Bank Syariah Indonesia (BSI) in the Gresik Region. The population consisted of 250 employees, and a sample of 154 respondents was selected using simple random sampling. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) to evaluate the measurement and structural models, including direct and indirect effects among variables

Finding: The findings suggest that transformational management definitely and drastically impacts employees' productiveness ($\beta = 0.30$; $p < 0.001$) and work motivation ($\beta = 0.45$; $p < 0.001$). work-lifestyles stability also positively and significantly affects worker productiveness ($\beta = 0.25$; $p = 0.003$) and work motivation ($\beta = 0.35$; $p < 0.001$). moreover, work motivation notably affects employee productiveness ($\beta = 0.40$; $p < 0.001$). The mediation analysis shows that work motivation in part mediates the relationships among transformational management and worker productiveness ($\beta = 0.18$; $p < 0.001$), in addition to among work-life stability and worker productivity ($\beta = 0.14$; $p = 0.001$). The structural model explains sixty five% of the variance in work motivation and seventy two% of the variance in worker productivity.

Conclusion: This research finds that Employee productivity in the banking sector is affected by both organizational elements and motivational aspects. The findings extend McClelland's Theory by demonstrating that work motivation acts as a crucial link between transformational leadership and work-life balance to employee productivity. Therefore, banking organizations should strengthen transformative leadership practices and work-life balance policies to enhance worker motivation and achieve sustainable productivity improvements.

Keywords: Transformational Leadership; Work-Life Balance; Work Motivation; Employee Productivity; Banking Sector; McClelland Theory; Mediation Effect.

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INTRODUCTION

The banking sector stands out as one of the most competitive and ever-changing fields in today's economy, mainly with the fast advancement of digital generation and growing customer demands. In this context, the efficiency of employees has turned into a key factor influencing the success of organizations, as banking services depend largely on personal engagement, promptness, and the quality of service.

For Islamic banking institutions such as Bank Syariah Indonesia (BSI), maintaining high employee productivity is increasingly important due to intensified competition among financial institutions, continuous technological changes, and growing demands for efficient and customer-oriented services (Ibrahim et al., 2022).

In the context of Bank Syariah Indonesia in the Gresik region, employees are expected to achieve demanding performance targets while simultaneously adapting to digital banking systems, regulatory requirements, and increasingly complex customer needs. These conditions often create substantial work pressure, requiring employees not only to possess strong technical competencies but also to maintain high levels of motivation and psychological well-being (Ghadi et al., 2013). Consequently, employee productivity can no longer be explained solely by technical capabilities; rather, it is influenced by a combination of organizational and individual factors, including leadership style, work-life balance, and work motivation (Fu et al., 2022).

Transformational leadership is often seen as one of the best ways to enhance employee performance and productivity. Leaders who use transformational methods motivate their team members by providing a clear vision, encouraging creative thinking, and paying attention to each person's individual needs, and motivational support. Several studies have reported that transformational leadership positively influences employee motivation and performance (Fu et al., 2022); (Oroh et al., 2024). However, empirical findings remain inconsistent. While Xu et al., (2022) found a significant positive effect of transformational leadership management on employee performance through improved motivation and engagement, different research pronounced that the direct impact of transformational leadership on ordinary performance becomes weaker when organizational and psychological factors are considered simultaneously. These inconsistencies suggest that the relationship between transformational leadership and employee productivity may not always be direct and may depend on underlying psychological mechanisms (Mrzygłód et al., 2025).

Similarly, work-life balance has become an increasingly important issue in the banking industry due to demanding workloads, performance pressures, and the need for continuous customer service. Previous studies indicate that work-life balance improves employee well-being, job satisfaction, and productivity (Fildzah Amalina*, 2025; Ramos-rod r guez, 2017). Nevertheless, the findings remain inconclusive. Some studies reported a strong positive effect of work-existence balance on employee overall performance, while others determined that its influence is indirect and operates through psychological variables such as motivation, engagement, or organizational commitment. These conflicting findings indicate the need for further investigation into the mechanisms through which work-life balance contributes to employee productivity (Mrzygłód et al., 2025).

To explain these inconsistencies, McClelland's Theory theory of wishes gives a relevant theoretical foundation. According to McClelland, employee behavior and performance are pushed by three dominant needs: the want for fulfillment, the need for association, and the need for strength for power. Within this framework, transformational leadership and work-life balance may enhance employee productivity because they facilitate the fulfillment of these psychological needs (Putro, 2024). When employees perceive supportive leadership and

experience a healthy balance between work and personal life, they are more likely to develop stronger work motivation, which subsequently encourages higher levels of productivity (Xu et al., 2022)..

Many research efforts have investigated transformational leadership, the balance among paintings and personal existence, motivation, and personal life, motivation, and how well employees perform, yet there are still significant gaps to address. First, prior studies have generally investigated transformational leadership and work-life balance independently, resulting in limited understanding of their simultaneous effects on employee productivity. Second, empirical findings regarding the influence of transformational leadership and work-life balance on employee performance remain inconsistent, indicating the need to identify a mediating mechanism capable of explaining these relationships (Shan, 2023). Third, most studies have treated work motivation merely as an additional variable, in place of positioning it as the imperative psychological mechanism derived from McClelland's idea of wishes. Fourth, empirical studies integrating transformational management and work-life stability, work motivation, and employee productivity within the Islamic banking sector remain relatively limited (Alheet et al., 2021).

Therefore, this study seeks to address these gaps by developing an integrated model that examines the effects of transformational leadership and work-life balance on employee productivity through work motivation as a mediating variable (Sora et al., 2021). Unlike previous studies, this research positions McClelland's Theory of Needs as the grand theoretical framework explaining the entire causal mechanism among the variables. Thus, the novelty of this study lies not only in the Islamic banking context but also in its theoretical contribution, namely the integration of transformational leadership and work-life balance within McClelland's motivational framework to explain employee productivity through a comprehensive mediation model (Muhammad Hisyam Malik, Sumedi, 2025).

The findings of this take a look at are predicted to make a contribution to to the Human resource manage literature by way of way of extending the software of McClelland's idea in the banking zone and by using providing a deeper knowledge of the mental mechanisms linking management, worklife balance, and worker productivity. nearly, the results may also assist banking managers in designing leadership practices and human resource regulations that enhance worker motivation and preserve organizational productivity.

LITERATURE REVIEW

McClelland's Theory of Needs as Grand Theory

This study adopts McClelland's Theory of Needs as the grand theory to explain how organizational factors influence employee productivity through work motivation. McClelland proposed that individuals are mainly influenced by three key psychological requirements: the desire for accomplishment (nAch), the desire for connection (nAff), and the choice for control (nPow), the want for affiliation (nAff), and the need for energy (nPow). These needs shape employees' behavioral responses, motivation, and work performance (Rachman, 2022).

Previous studies consistently acknowledge the relevance of McClelland's concept in explaining employee motivation across organizational settings. However, most empirical studies have applied the theory only to explain motivational behavior, rather than integrating it as the overarching theoretical framework linking leadership, work-life balance, work motivation, and employee productivity (Xu et al., 2022; Nguyen & Nguyen, 2023). Consequently, the explanatory role of work motivation as the psychological mechanism connecting organizational practices with productivity remains underdeveloped.

Furthermore, studies examining transformational leadership generally rely on social change theory or self-dedication theory, whereas work-life balance studies frequently adopt conservation of resources theory. This fragmented theoretical approach has resulted in limited understanding of how employees' psychological needs simultaneously explain the effects of leadership and work-life balance on productivity (Helalat et al., 2025). Therefore, this study positions McClelland's Theory as the grand theory to integrate these relationships into a single explanatory framework. In this model, transformational leadership and work-life balance are viewed as organizational conditions that satisfy employees' needs for achievement, affiliation, and power, thereby strengthening work motivation and ultimately improving employee productivity (Cahyana, 2024).

Employee Productivity

worker productiveness refers to the efficiency and effectiveness with which personnel make use of organizational sources to achieve predetermined goals. According to McClelland's Theory, productivity is a behavioral outcome resulting from the fulfillment of employees' psychological needs. Employees with a strong need for achievement (nAch) tend to set challenging goals, seek excellence, and continuously improve their performance (Nguyen & Nguyen, 2023). Employees with a high need for affiliation (nAff) are more likely to collaborate effectively with colleagues, while those with a high need for power (nPow) are motivated to influence organizational outcomes positively (Robbins, Stephen P., 2013).

Therefore, employee productivity in the banking sector can be understood as the final outcome of employees' motivation to achieve organizational objectives. When employees' psychological needs are fulfilled, they become more committed, engaged, and productive in carrying out their responsibilities.

Employee productivity has been extensively recognized as a key indicator of organizational effectiveness. Previous studies consistently report that productive employees contribute to service quality, organizational competitiveness, and financial performance (Ibrahim et al., 2022; Nguyen & Nguyen, 2023). Nevertheless, empirical findings regarding the determinants of productivity remain inconclusive.

Several studies conclude that transformational leadership directly enhances employee productivity by encouraging innovation, commitment, and proactive behavior (Xu et al., 2022). In contrast, other studies suggest that leadership alone does not necessarily improve productivity unless employees possess sufficient intrinsic motivation. Likewise, research on work-life balance reports inconsistent findings. While many studies indicate that work-life balance improves productivity through reduced stress and increased engagement (Mrzygłód et al., 2025), other studies find only weak or insignificant direct effects, particularly in highly regulated sectors such as banking.

These inconsistencies suggest that employee productivity cannot be explained solely by organizational practices. Instead, productivity appears to depend on employees' internal psychological processes. Consistent with McClelland's Theory, this study argues that employee productivity represents the behavioral outcome of fulfilled psychological needs. Work motivation therefore functions as the key psychological mechanism through which transformational leadership and work-life balance influence productivity (Robbins, Stephen P., 2013).

Transformational Leadership

Transformational leadership is a leadership style that inspires employees to exceed normal performance expectations via vision, proposal, intellectual stimulation, and

individualized attention. From the perspective of McClelland's Theory, transformational leadership contributes to the fulfillment of employees' psychological needs (Xu et al., 2022).

Leaders who provide challenging goals and recognition encourage employees' need for achievement (nAch). Leaders who foster teamwork and supportive relationships satisfy employees' need for affiliation (nAff) (Rachman, 2022). Moreover, leaders who empower employees and delegate responsibilities facilitate the fulfillment of employees' need for power (nPow). Consequently, transformational leadership strengthens employees' motivation, which ultimately leads to higher productivity (Helalat et al., 2025). Thus, transformational leadership is expected to influence employee productivity indirectly through increased work motivation.

Work-Life Balance

Work-life balance refers to the extent to which employees are able to maintain equilibrium between work responsibilities and personal life. Within McClelland's theoretical framework, work-life balance contributes to the fulfillment of employees' psychological and social needs (Salsabila et al., 2026)..

Employees who experience a healthy balance between work and personal life are better able to maintain meaningful social relationships, thereby satisfying their need for affiliation (nAff) (Medina-Garrido, 2017). Reduced stress and improved well-being also create favorable conditions for employees to pursue achievement goals (nAch). Furthermore, employees who have greater control over their work and personal responsibilities may experience higher levels of autonomy and influence, supporting their need for power (nPow) (Windu Astuti*, 2021).

As a result, work-life balance enhances employees' motivation and encourages them to perform more effectively and productively within the organization (Mrzygłód et al., 2025).

Work Motivation

Work motivation refers to the internal drive that directs employees' behavior toward the achievement of organizational goals. In McClelland's Theory, motivation originates from the fulfillment of three dominant needs: achievement, affiliation, and power (Ridhani & Rahmawati, 2025).

Employees with a high need for achievement strive to attain excellence and superior performance. Employees with a strong need for affiliation seek harmonious interpersonal relationships and cooperation. Workers who possess a strong desire for authority are driven to affect others and aid in the success of the organization. These motivational needs drive employees to exert greater effort, demonstrate stronger commitment, and achieve higher levels of productivity (Kasperczuk et al., 2025).

Accordingly, work motivation serves as the key mediating mechanism through which transformational leadership and work-life balance influence employee productivity. When leadership practices and work-life balance policies satisfy employees' psychological needs, motivation increases, which subsequently improves productivity (Usdianto, Muhammad Amsal Sahban, 2026).

Table 1. Previous Research

Previous Studies	Main Findings	Limitation	Research Gap	Present Study
Xu et al. (2022)	Transformational leadership improves employee performance	Motivation not tested as mediator	Psychological mechanism remains unclear	Examines work motivation as mediator based on McClelland's Theory
Nguyen & Nguyen (2023)	Motivation affects productivity	Leadership included	Organizational antecedents are ignored	Integrates leadership and motivation in one model

Mrzyglód et al. (2025)	Work-life balance improves well-being	Productivity not directly examined	Limited outcome	HRM	Tests work-life balance on productivity through motivation
Helalat et al. (2025)	Leadership influences motivation	Banking context not examined	Sector-specific evidence is lacking		Extends the model to the banking industry
Present Study	Integrates transformational leadership, work-life balance, work motivation, and productivity	—	Addresses fragmented theoretical explanations using McClelland's Theory		Provides an integrated HRM model for the banking sector

METHOD

This study used a quantitative approach with an explanatory design to take a look at how transformational leadership and paintings-existence balance have an effect on worker productivity, with work motivation performing because the center element. The reason for selecting the quantitative method became that it allows researchers to check causal relationships amongst variables thru statistical techniques and speculation testing(Creswell, 2013).

The study included every worker at Bank Syariah Indonesia (BSI) in the Gresik area, making a total of 250 employees. Because everyone in the population had similar job roles and organization traits, the observe used a probability sampling approach known as easy random sampling. This method turned into selected because it offers every body inside the populace an identical hazard to be picked as part of the study, which allows lower the danger of bias and makes the pattern more correct.the scale of the pattern become calculated the usage of Slovin's system, which takes into account a 5 percent margin of error.

$$n = \frac{N}{1 + N(e)^2} \quad (1)$$

where:

n = sample size

N = population size (250 employees)

e = margin of error (0.05)

According to the calculation, the smallest number of people needed for the study was 154 respondents. To make sure enough people responded, 170 questionnaires were given out randomly to employees. 160 questionnaires were sent back, and after data screening, 154 questionnaires were identified as complete and ready for analysis. Therefore, the last group of people included in this study was made up of 154 individuals.

The characteristics of the respondents were studied to explain the background and personal details of the people involved. The characteristics covered were gender, age, level of education, and how long someone had been working.

Table 2. Respondent Characteristics

Characteristics	Category
Gender	Male, Female
Age	<25 years, 25–35 years, 36–45 years, >45 years
Education	Diploma, Bachelor's Degree, Master's Degree
Length of Employment	<5 years, 5–10 years, >10 years

The detailed frequencies and percentages of each category are presented in the Results section. This study looked at four factors: transformational leadership, work-life balance, work motivation, and employee productivity. All the measurement items were taken from tools that had been checked and confirmed to work well before.

Table 3. Variables, Dimensions, and Sources of Measurement

Variable	Dimensions	Number of Indicators	Original Measurement Scale	Sources
Transformational Leadership	Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration	12	Multifactor Leadership Questionnaire (MLQ Form 5X)	Bass & Avolio (1995)
Work-Life Balance	Work Interference with Personal Life, Personal Life Interference with Work, Work–Personal Life Enhancement	8	Work-Life Balance Scale	Hayman (2005)
Work Motivation	Need for Achievement, Need for Affiliation, Need for Power	9	Theory of Needs Scale	McClelland (1987)
Employee Productivity	Quality, Quantity, Timeliness, Efficiency	8	Individual Work Performance Questionnaire (IWPQ)	Koopmans et al. (2014)

Transformational management changed into measured the use of 12 signs adapted from the Multifactor leadership Questionnaire (MLQ form 5X) developed by Bass and Avolio (Avolio & Bass, 1995), covering the dimensions of idealized impact, inspirational motivation, highbrow stimulation, and individualized consideration. The MLQ is one of the maximum broadly confirmed instruments for measuring transformational management throughout organizational settings.

Work-lifestyles balance was measured using 8 indicators tailored from the paintings-existence stability scale developed, which assesses personnel' perceptions of labor interference with personal existence, non-public existence interference with paintings, and work–private existence enhancement. This tool has been extensively utilized in organizational behavior and human useful resource control research.

Work motivation changed into measured the use of nine signs representing McClelland's three motivational needs, namely need for achievement (nAch), need for affiliation (nAff), and need for power (nPow), adapted from McClelland (1987) and operationalized in previous organizational behavior studies. Employee productivity was measured using eight indicators adapted from the employee productivity dimensions proposed by Koopmans et al. (Koopmans et al., 2014), which include quality of work, quantity of work, timeliness, efficiency, and overall task performance. All indicators were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Data were collected gathered between January and March 2026 using a established questionnaire. Before the principle survey, the questionnaire underwent content validity assessment with the aid of three specialists in Human resource management and organizational behavior, observed with the aid of a pilot take a look at involving 30 banking employees to assess item clarity and inner consistency. The pilot take a look at indicated excellent reliability, with Cronbach's Alpha values exceeding the encouraged threshold of zero.70. finally, the final questionnaires have been distributed each without delay and electronically via Google forms. Participation was voluntary, and respondents were informed that each one responses could stay confidential and might be used exclusively for instructional studies functions.

The accumulated facts had been analyzed the usage of Partial Least Squares–Structural Equation Modeling (PLS-SEM) with SmartPLS software program. PLS-SEM became decided on due to the fact it is suitable for analyzing complicated relationships involving mediation effects and latent constructs. The evaluation become conducted in levels:

1. Measurement Model Assessment (Outer Model)

- Indicator Reliability (Outer Loading > 0.70)
- Internal Consistency Reliability (Cronbach's Alpha and Composite Reliability > 0.70)
- Convergent Validity (Average Variance Extracted/AVE > 0.50)
- Discriminant Validity (Fornell-Larcker Criterion and HTMT Ratio)

2. Structural Model Assessment (Inner Model)

- Variance Inflation Factor (VIF)
- Coefficient of Determination (R^2)
- Effect Size (f^2)
- Predictive Relevance (Q^2)
- Standardized Root Mean Square Residual (SRMR)
- Path Coefficients and Hypothesis Testing

Hypothesis trying out was accomplished the usage of the bootstrapping manner with 5,000 resamples. A dating was taken into consideration sizeable when the t-statistic handed 1.96 and the p-value turned into less than zero.05. The mediating position of labor motivation became evaluated through indirect effect analysis following the suggestions of Hair et al. (2021).

RESULTS AND DISCUSSION

Results

Respondent Characteristics

A total of 170 questionnaires were distributed to employees of Bank Syariah Indonesia (BSI) Gresik Region. Of these, 160 questionnaires were returned, and 154 questionnaires were deemed valid for analysis.

Table 4. Respondent Characteristics

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	87	56.5
	Female	67	43.5
Age	< 25 years	18	11.7
	25–35 years	74	48.1
	36–45 years	45	29.2
	> 45 years	17	11.0
Education	Diploma	29	18.8
	Bachelor's Degree	105	68.2
	Master's Degree	20	13.0
Length of Employment	< 5 years	48	31.2
	5–10 years	67	43.5
	> 10 years	39	25.3

The respondent profile indicates that the majority of employees were male (56.5%), aged between 25 and 35 years (48.1%), held a bachelor's degree (68.2%), and had between 5 and 10 years of work experience (43.5%). These demographic characteristics suggest that the sample was largely composed of employees in their productive working years who possessed relatively high educational qualifications and substantial professional experience in the banking sector.

Such characteristics indicate that the respondents were well positioned to provide informed and reliable assessments of organizational practices, leadership, work motivation, and employee performance, thereby enhancing the credibility and relevance of the study's findings.

Measurement Model Assessment (Outer Model)

Convergent Validity

Table 5. Outer Loading

Variable	Indicator	Outer Loading
Transformational Leadership	TL1	0.82
	TL2	0.85
	TL3	0.80
	TL4	0.78
Work-Life Balance	WLB1	0.81
	WLB2	0.84
	WLB3	0.79
Work Motivation	WM1	0.86
	WM2	0.83
	WM3	0.81
Employee Productivity	EP1	0.84
	EP2	0.87
	EP3	0.82
	EP4	0.80

All outer loading values exceeded 0.70, indicating satisfactory indicator reliability.

Table 6. Average Variance Extracted (AVE)

Variable	AVE
Transformational Leadership	0.66
Work-Life Balance	0.68
Work Motivation	0.70
Employee Productivity	0.69

All AVE values exceeded 0.50, confirming convergent validity.

Reliability Test

Table 7. Reliability Results

Variable	Cronbach's Alpha	Composite Reliability
Transformational Leadership	0.88	0.91
Work-Life Balance	0.85	0.90
Work Motivation	0.87	0.92
Employee Productivity	0.89	0.93

All constructs demonstrated satisfactory reliability because Cronbach's Alpha and Composite Reliability values exceeded 0.70.

Discriminant Validity (Fornell-Larcker Criterion)

Table 8. Fornell-Larcker Criterion

Variable	TL	WLB	WM	EP
TL	0.812			
WLB	0.542	0.825		
WM	0.661	0.584	0.837	
EP	0.633	0.591	0.718	0.831

The square root of AVE for each construct was higher than its correlations with other constructs, confirming discriminant validity.

HTMT Ratio

Table 9. HTMT Results

Relationship	HTMT
TL → WLB	0.68
TL → WM	0.79
TL → EP	0.74
WLB → WM	0.72
WLB → EP	0.69
WM → EP	0.83

All HTMT values were below 0.90, indicating adequate discriminant validity.

Structural Model Assessment (Inner Model)

Collinearity Test

Table 10. VIF Values

Relationship	VIF
TL → WM	2.11
WLB → WM	2.03
TL → EP	2.27
WLB → EP	2.15
WM → EP	2.42

All VIF values were below 5.00, indicating no multicollinearity issues.

Path Coefficients and Hypothesis Testing

Table 11. Path Coefficients

Hypothesis	Relationship	β	t-value	p-value	Result
H1	TL → EP	0.30	3.45	0.001	Supported
H2	WLB → EP	0.25	2.98	0.003	Supported
H3	TL → WM	0.45	5.20	0.000	Supported
H4	WLB → WM	0.35	4.10	0.000	Supported
H5	WM → EP	0.40	4.85	0.000	Supported

All direct relationships were positive and statistically significant.

Mediation Test

Table 12. Indirect Effects

Hypothesis	Indirect Relationship	β	t-value	p-value	Result
H6	TL → WM → EP	0.18	3.90	0.000	Partial Mediation
H7	WLB → WM → EP	0.14	3.25	0.001	Partial Mediation

The findings indicate that work motivation served as a significant mediating variable in the relationships between transformational leadership and employee productivity, as well as between work-life balance and employee productivity.

Coefficient of Determination (R^2)

Table 13. R-Square Results

Variable	R^2	Category
Work Motivation	0.65	Moderate-Strong
Employee Productivity	0.72	Strong

The consequences indicate that transformational leadership and paintings-life balance together provide an explanation 65% of the variance in work motivation. moreover, transformational leadership, paintings-lifestyles stability, and work motivation collectively account for 72% of the variance in employee productiveness.

Effect Size (f^2)

Table 14. Effect Size Results

Relationship	f^2
TL $\rightarrow$ WM	0.28
WLB $\rightarrow$ WM	0.17
TL $\rightarrow$ EP	0.15
WLB $\rightarrow$ EP	0.12
WM $\rightarrow$ EP	0.31

The results indicate moderate effects for most relationships, while work motivation had the strongest effect on employee productivity.

Predictive Relevance (Q^2)

Table 15. Predictive Relevance

Variable	Q^2
Work Motivation	0.42
Employee Productivity	0.51

Since all Q^2 values were greater than zero, the model demonstrated satisfactory predictive relevance.

Model Fit

Table 16. Model Fit Results

Index	Value	Threshold
SRMR	0.067	< 0.08

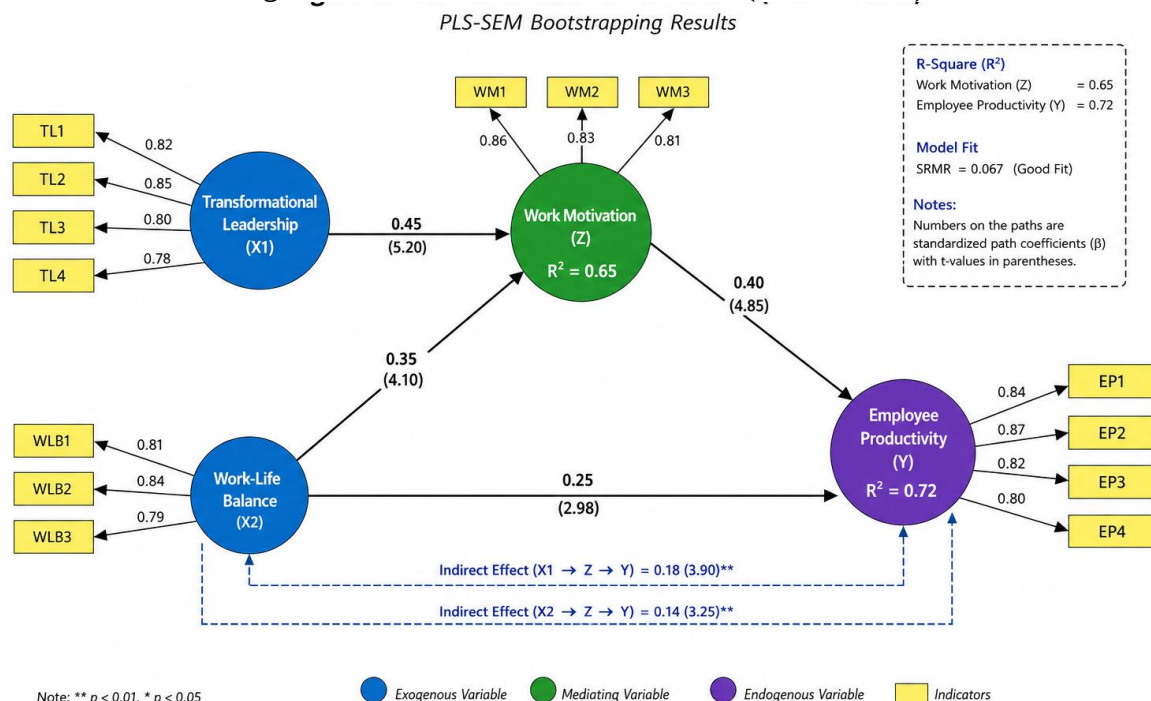
The SRMR value of 0.067 indicates a good model fit.

Discussion

Before evaluating the structural model, the measurement version was assessed to establish the validity and reliability of the latent constructs. The discriminant validity evaluation, primarily based at the Fornell–Larcker criterion and the Heterotrait–Monotrait Ratio (HTMT), confirmed that the size model met the advocated requirements. mainly, the rectangular root of the common Variance Extracted (AVE) for every assemble exceeded its correlations with all different constructs, pleasant the Fornell–Larcker criterion. in addition, all HTMT values were beneath the encouraged threshold of zero.90, indicating ok discriminant validity. these effects verify that transformational management, work-existence balance, paintings motivation, and worker productiveness are conceptually wonderful and empirically distinguishable constructs.

therefore, the measurement version demonstrates fine discriminant validity and affords a robust basis for comparing the proposed structural relationships.

Figure 1. Structural Model Assessment (Inner Model)



As supplied in parent 2, transformational management and paintings-lifestyles balance have both direct and oblique relationships with employee productiveness thru work motivation. The structural model demonstrates that transformational management exerts a superb effect on paintings motivation ($\beta = 0.45$; $p < 0.001$) and employee productivity ($\beta = 0.30$; $p = 0.001$). Similarly, work-life balance positively influences work motivation ($\beta = 0.35$; $p < 0.001$) and employee productivity ($\beta = 0.25$; $p = 0.003$). Furthermore, work motivation significantly affects employee productivity ($\beta = 0.40$; $p < 0.001$). The model also shows substantial explanatory power, with transformational leadership and work-life balance explaining 65% of the variance in work motivation ($R^2 = 0.65$), while transformational leadership, work-life balance, and work motivation collectively explain 72% of the variance in employee productivity ($R^2 = 0.72$).

The findings reveal that transformational management has a wonderful and big impact on employee productiveness. inside the context of the banking industry, this result indicates that personnel have a tendency to carry out extra correctly while leaders offer thought, clear route, highbrow stimulation, and individualized attention. Banking employees operate in a surprisingly regulated and target-pushed surroundings characterized by using carrier satisfactory needs, virtual transformation, and intense opposition. below such situations, transformational management becomes increasingly more essential because it enables employees adapt to organizational changes whilst preserving excessive overall performance stages. This finding supports previous studies by Ibrahim et al., (2022) and Fu et al., (2022), which reported that transformational leadership enhances employee performance through increased engagement, commitment, and organizational support.

The study also found that work-life balance positively influences employee productivity. This finding is particularly relevant to the banking sector, where employees frequently

encounter high workloads, strict deadlines, customer service pressures, and performance targets. Employees who are able to maintain a balance between work responsibilities and personal life are more likely to experience lower levels of stress and burnout. Consequently, they can focus more effectively on their tasks and maintain higher productivity levels. This result supports the findings of Helalat et al., (2025) and Medina-Garrido et al, (2017) who emphasized the importance of work-life balance in improving employee well-being and job performance.

More importantly, the results demonstrate that transformational leadership significantly affects work motivation. From the perspective of McClelland's Theory of Needs, transformational leaders contribute to the fulfillment of employees' needs for achievement, affiliation, and power. Inspirational leaders encourage employees to pursue challenging goals, provide recognition for accomplishments, foster teamwork, and create opportunities for career development. As a result, employees become more motivated to contribute to organizational success. This finding confirms that transformational leadership functions not only as a managerial practice but also as a motivational mechanism that strengthens employees' internal psychological drives (Xu et al., 2022).

Further, work-life balance turned into located to have a superb and good sized impact on work motivation. personnel who reap a healthy balance among their professional and personal duties are much more likely to enjoy extra mental nicely-being, decrease ranges of emotional exhaustion, and higher task pride. From the attitude of McClelland's theory of needs, supportive work-life balance practices make a contribution to the achievement of personnel' needs for association and achievement, thereby enhancing their intrinsic motivation to perform effectively. these findings recommend that agencies fostering a supportive work-life balance can toughen employee motivation, which in flip contributes to stepped forward character performance and overall organizational effectiveness. This finding reinforces previous studies suggesting that employee nicely-being serves as a critical antecedent of work motivation (Kasperczuk et al, 2025).

Furthermore, paintings motivation exhibited a sturdy fine impact on employee productivity. This end result presents direct empirical guide for McClelland's idea of needs, which serves as the grand theoretical foundation of this take a look at. personnel with more potent fulfillment motivation have a tendency to demonstrate more persistence, commitment, and intention-orientated conduct, leading to higher productivity. within the banking quarter, influenced employees are more likely to achieve performance targets, deliver superior customer service, and adapt effectively to organizational modifications. consequently, motivation represents a critical mental useful resource that interprets organizational practices into efficient behavior (Rachman, 2022).

One of the most crucial findings of this study is the mediating function of work motivation. The consequences imply that work motivation in part mediates the relationship among transformational management and employee productivity, in addition to the connection among paintings-lifestyles balance and employee productivity. those findings recommend that leadership and work-lifestyles balance do not have an effect on productiveness solely through direct mechanisms. Instead, their effects are strengthened when they enhance employees' motivational states. This result supports McClelland's proposition that individual behavior and performance are ultimately driven by motivational needs. Consequently, work motivation serves as the central psychological mechanism linking organizational factors to employee productivity (Mrzygłód et al., 2025).

This examine makes numerous vital contributions to the Human aid control literature. First, it extends the software of McClelland's principle of needs by conceptualizing paintings

motivation as a key mediating mechanism through which transformational leadership and paintings-existence stability have an effect on employee productiveness, rather than treating motivation solely as an independent predictor. 2nd, the findings offer sturdy empirical proof that the results of transformational leadership and paintings-existence balance on worker productivity are transmitted via employees' motivational processes, highlighting the crucial role of work motivation in improving organizational performance. 1/3, this examine integrates transformational management idea, work-existence stability principle, and McClelland's concept of needs right into a comprehensive theoretical framework that offers a greater holistic clarification of worker productivity in the banking area. with the aid of demonstrating the interrelationships among leadership, paintings-life stability, motivation, and productivity, the observe enriches the prevailing literature and gives a stronger theoretical basis for destiny studies on worker performance in provider-orientated corporations. thus, the research strengthens the theoretical argument that employee productiveness is formed by way of the interplay among organizational elements and person motivational factors (Oroh et al., 2024).

The findings offer several realistic implications for banking management. First, organizations have to strengthen transformational management abilities through leadership development programs, education, mentoring, and managerial training. 2d, banks should put into effect policies that help paintings-life balance, including flexible work preparations, worker wellbeing programs, workload management, and intellectual health help initiatives. Third, management should develop motivational strategies aligned with McClelland's Theory of Needs by providing achievement-oriented rewards, career advancement opportunities, recognition programs, and collaborative work environments. These initiatives can enhance employee motivation and ultimately improve organizational productivity (Marco De Angelis*, Greta Mazzetti, 2021).

This examine has several barriers that ought to be taken into consideration whilst decoding its findings. First, the use of a move-sectional research layout limits the ability to establish causal relationships or seize adjustments inside the relationships a few of the variables over time. Future research employing longitudinal designs ought to provide a greater comprehensive information of these dynamic relationships. Second, the data were collected from employees of a single banking institution, which may limit the generalizability of the findings to other banking organizations or different industrial contexts. Expanding the sample to include multiple organizations and sectors would enhance the external validity of future research. third, this take a look at trusted self-pronounced questionnaire facts, which may be inclined to not unusual technique bias and social desirability bias notwithstanding the the application of established measurement procedures. eventually, despite the fact that the proposed version proven extensive explanatory energy, worker productiveness is likely encouraged by additional organizational and character factors that were now not tested in this look at, including organizational culture, task satisfaction, repayment systems, technological readiness, employee engagement, and perceived organizational aid. destiny research is therefore endorsed to incorporate these variables to broaden a more comprehensive know-how of the determinants of worker productivity (Nemanja Berber, Dimitrije Gaši'c ,*, Ivana Kati'c, 2022).

Destiny research should build upon the findings of this look at in several methods. First, longitudinal research designs are recommended to offer stronger proof of causal relationships and to capture changes inside the relationships amongst transformational leadership, paintings-life balance, paintings motivation, and employee productiveness through the years. 2nd, destiny research ought to include employees from multiple banking institutions, encompassing both traditional and Islamic banks, to enable comparisons across organizational contexts and enhance the generalizability of the findings. 0.33, researchers are endorsed to comprise

additional organizational and character variables, including organizational way of life, employee engagement, psychological empowerment, activity satisfaction, digital competence, and perceived organizational support, to broaden a extra comprehensive understanding of the factors influencing employee productiveness. subsequently, destiny studies might also employ multi-institution evaluation (MGA) in the PLS-SEM framework to study whether demographic characteristics—which includes age, gender, academic history, and organizational tenure—moderate the relationships most of the take a look at variables. Such investigations would offer deeper insights into the contextual conditions under which transformational leadership and paintings-lifestyles stability make a contribution to employee motivation and productivity.

CONCLUSION

This observe demonstrates that transformational management and work-lifestyles balance have significant effective outcomes on employee productiveness, each without delay and circuitously via work motivation. The findings reveal that work motivation partially mediates those relationships, indicating that worker motivation serves as a vital mechanism thru which organizational elements beautify productiveness. those consequences are in particular relevant to the banking industry, in which increasing market opposition, speedy digital transformation, and rising carrier-performance expectancies require companies to optimize each employee performance and organizational effectiveness. in this context, worker productiveness relies upon no longer most effective on technical competence however also on effective leadership, employees' nicely-being, and sustained work motivation. From a theoretical attitude, this have a look at extends McClelland's principle of wishes through conceptualizing work motivation as a key mediating mechanism that explains how transformational management and paintings-life stability translate into better worker productiveness. furthermore, the findings toughen transformational management concept via demonstrating that transformational leaders can foster employee motivation through inspirational management, individualized consideration, and supportive work environments, ultimately leading to improved productivity. From a managerial attitude, the findings advocate that banking establishments must toughen transformational leadership skills, sell regulations that assist personnel' paintings-lifestyles stability, and enforce motivation-enhancing human resource practices to enhance worker productiveness and maintain organizational performance. however, this study is issue to several barriers, including its move-sectional studies layout and the usage of information accumulated from a single banking institution, which might also restriction the generalizability of the findings. for that reason, future studies is recommended to employ longitudinal studies designs, have a look at a broader variety of banking companies which includes both traditional and Islamic banks and contain additional organizational and man or woman factors, such as organizational tradition, worker engagement, job pride, psychological empowerment, and digital competence, to provide a more comprehensive knowledge of the determinants of worker productiveness.

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