How Does Psychological Contract Mediate the Effect of Transformational Leadership on Job Satisfaction? Moderating Variable of Tenure

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Abstract
This research investigates how the role of the mediating variable of psychological contract and the moderating variable of tenure on the influence of the independent variable of transformational leadership on job satisfaction in Indonesian government organizations. This research is in line with Decker, (2018) the results of the study show that transformational leadership significantly affects job satisfaction, this is also expressed in research. Masal, (2015) with the title "Shared and transformational leadership in the police" shows that transformational leadership exerts a significant influence on shared leadership and has a significant influence on organizational goals and creates job satisfaction for followers. Quantitative was used for data analysis and questionnaires as a data collection technique distributed online using Google Forms to all employees of civil servants in the Indonesian government with a simple random sampling technique. Data analysis using SEM-PLS with the help of applications, namely SmartPLS. This study shows the results that the independent variable of transformational leadership has a significant influence on the dependent variable of job satisfaction. Directly, the psychological contract promotes increased job satisfaction. The psychological contract acts as a partial mediation on the influence of transformational leadership on job satisfaction. The moderating variable of tenure also plays a role in strengthening the influence of the independent variable of transformational leadership on job satisfaction.

Keywords: Transformational leadership, psychological contract, tenure, job satisfaction.

Abstrak

Kata Kunci: Kepemimpinan transformasional, kontrak psikologis, masa kerja, kepuasan kerja.

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Received: April 24, 2024; Revised: Juny 17, 2024; Accepted: Juny 23, 2024
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INTRODUCTION

In the context of modern organizations, it is very important that the main tasks and functions of government agencies that provide support, receive mail, and provide support, as well as the implementation of government activities in Indonesia. In the event of an agreement on the main tasks and functions, the implementation of the duties and responsibilities of government employees in Indonesia requires careful planning to run successfully following the desired goals of the organization. But often the process takes a long time, and requires many requirements to receive services, and in addition, there are often delays in the completion of work (Daouk et al., 2021). These delays are often caused by late completion of work by employees in each section, resulting in work piling up either at the end of the month or the end of the year. Based on the assessment of the Indonesian Government Agency Performance Accountability System, the professionalism index assessment is still in the good category and has not yet reached the target, and the public satisfaction index for services realized as much as 89.9% and 91% so improvements still need to be made to provide better service to the community. Such conditions make the desire to improve human resources one of the important aspects of achieving the performance of employees because, without quality human resources, it will be difficult to achieve optimal performance (Mangkunegara & Huddin, 2016). To overcome this problem, various efforts are needed to ensure that employees find their work rewarding and satisfying, that they do their jobs well, and that the public is satisfied with the services provided.

Transformational leadership has been a major topic in management studies (Ambalele & Tellu, 2023). Transformational leadership can inspire, improve performance, and motivate (Qalati et al., 2022). One important aspect that is receiving increasing attention is the impact of transformational leadership on employee job satisfaction. Job satisfaction is an important variable in an organizational context as it has direct implications for individual performance, productivity, and employee retention. Transformational leadership significantly affects job satisfaction (Sulistyawati et al., 2022) but in contrast to research Deddy (2022) the influence of transformational leadership had an insignificant influence on job satisfaction.

To understand more deeply the factors that influence job satisfaction, research has highlighted the concept of psychological contract. The psychological contract refers to an individual’s perception of the obligations, expectations, and responsibilities that exist between the employee and the organization (Saira et al., 2021a). When employees believe that the organization will fulfil the promises made in the psychological contract, this can increase their job satisfaction. For organizations, job satisfaction is the most important determinant in predicting organizational achievement. This also includes when the organization’s employees can perform their jobs optimally and the organization’s management can manage its human resources in a trustworthy manner (Jain et al., 2019). The psychological contract may act as a mediator in the relationship between transformational leadership and job satisfaction. It is important to recognize that the role of the psychological contract is not always consistent among all employees. One factor that may influence the strength of this relationship is employee tenure. Long tenure in the organization may result in different perceptions and experiences of the psychological contract and transformational leadership, compared to newly joined employees (Ermawati, 2017). Employee tenure can moderate the relationship between transformational leadership and job satisfaction. Long tenure can result in different perceptions of leadership and psychological contracts, compared to employees who have just joined the organization. Therefore, the current study must analyze its effect on job satisfaction to bridge the gap. This research aims to remedy the existing knowledge gap by providing descriptive and empirical evidence by analyzing the impact of transformational leadership on job satisfaction with psychological contract as a mediating variable and tenure as a moderating variable, thereby answering the
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ISSN 2715-8071 (online) | 277

research question does transformational leadership affect job satisfaction with psychological contract as a mediating variable and tenure as a moderating variable?

Job satisfaction refers to the job satisfaction or dissatisfaction that all employees feel when carrying out all tasks. Job satisfaction is reflected in the performance of each employee, good performance indicates that the person is satisfied with their job (Rosmaini & Tanjung, 2019). Job satisfaction is also important for employee self-actualization. Employees with low job satisfaction mean that they are not psychologically mature. Employees with high job satisfaction tend to have better attendance, turnover, and job performance compared to employees with lower job satisfaction (Syahputra & Jufrizen, 2019). The results of these decisions are still empirically inconsistent. This study aims to reconcile the conflicting findings in the literature by analyzing the influence of transformational leadership on job satisfaction with psychological contract as a mediating variable and tenure as a moderating variable. This study also examines the statistically significant relationship between transformational leadership and employee performance to remedy the existing knowledge gap.

This research has several main objectives to be achieved. First, this research aims to understand how transformational leadership affects employee job satisfaction. Transformational leadership is a leadership style that focuses on inspiring and motivating employees to achieve their maximum potential, so researchers are interested in seeing to what extent this leadership style can increase job satisfaction in the work environment. This research also seeks to explore the role of the psychological contract as a mediator in the relationship between transformational leadership and job satisfaction. The psychological contract refers to employees’ beliefs about the mutual obligations between them and the organization. This research wants to see whether the psychological contract can explain how and why transformational leadership can influence employee job satisfaction. This study includes the variable length of service as a moderating variable to evaluate whether the mediating effect of the psychological contract varies based on the length of time an employee has worked at the company. Tenure can influence how employees respond to leadership styles and their perceptions of the psychological contract, so this research will provide insight into how these temporal factors influence existing relationships. The aim of this research is to provide a deeper understanding of the mechanisms through which transformational leadership can increase job satisfaction, taking into account the important role of the psychological contract and considering how employee tenure may moderate this relationship.

LITERATURE REVIEW

Job Satisfaction

Job satisfaction can be defined as the measurement of a person’s job or experience in terms of positive emotions, job enjoyment (Ahmad et al., 2019), and how the person feels at work (like or dislike) (Braun et al., 2013). This definition refers to individual emotions that tend to lead to increased productivity, creativity and work engagement. Employee satisfaction also refers to job satisfaction related to the job itself. Maharani et al (2013) revealed that job satisfaction is the driving emotion of an employee towards his work and conditions. Job satisfaction is very important, this is because there is a great influence on the organization.

Sukmana (2018) stated that job satisfaction is obtained by evaluating experiences and psychological statements arising from expectations about what can be obtained. Job satisfaction is a very interesting and important topic because high satisfaction is a characteristic of a well-managed
Job satisfaction affects employee performance, there are many factors to ensure employee satisfaction, depending on the personality of the employee. According to Maslow’s theory, it assumes that a person tries to meet more basic needs (physiological) before directing behaviour towards the highest needs (self-actualization). The stronger a person’s needs are, the stronger the person’s motivation to use behaviour that leads to the satisfaction of their needs (Behery et al., 2016). A person’s highest need is the need for self-actualization which is based on the desire of an individual to make himself the best person according to his potential and abilities, an individual needs to express himself in an activity to prove that he can do this (Megheirkouni, 2022a).

Robbins & Judge (2015) in a hierarchy describes related to Maslow's five basic human needs, namely:

1. Physiological needs include hunger, thirst, shelter, sexual and other physical needs.
2. Security or safety needs include wanting to be protected from physical and emotional harm.
3. Affiliation or acceptance needs include affection, belonging, acceptance and friendship.
4. Esteem needs include internal rewards such as self-respect, autonomy and achievement and external reward factors such as status recognition and attention.
5. Needs for self-actualization, which is related to the urge to become someone according to their abilities, includes growth, achieving one’s potential and self-fulfilment.

This need shows the individual's perception of the importance of the fulfillment of individual needs, as well as the thoughts of individuals with behaviours associated with results (Jabeen et al., 2015). Needs theory explains that employees will be motivated to do tasks well and provide high performance to the organization and believe that they will get fulfillment of individual needs so that they will satisfy the employee's personal goals. There is a relationship between motivation and job satisfaction, meaning that employees who excel tend to have high job satisfaction, otherwise, if job satisfaction is low motivation may be low. Work motivation is a driver or driver of employee behavior according to the duties and obligations that have been given to him so it has a significant impact on the progress of an organization. Based on the explanation related to Maslow's needs theory, if it is related to job satisfaction, in this case, Indonesian government civil servants will be motivated to do their job well and provide high performance to the organization because their job satisfaction is fulfilled. This can be done by employees in the Indonesian government because their needs, both the dimensions of the application of the independent variable of transformational leadership related to welfare, are more concerned by the organization so that the job satisfaction felt by employees in the Indonesian government will increase.

Job satisfaction is a broad and multidimensional topic that has been the focus of much research in the fields of management and organizational psychology. Job satisfaction refers to the degree to which individuals feel positive or negative about their job. This includes a variety of factors, including salary, working conditions, relationships with coworkers and superiors, opportunities for career development, and work-life balance. Mufti et al. (2020) defines job satisfaction as a pleasant or positive emotional state resulting from an assessment of one's work or work experience. Job satisfaction is not only important for individual well-being but also has a significant impact on overall organizational performance, such as productivity, turnover, and absenteeism. Previous research has identified various factors that influence job satisfaction. Phuong & Takahashi (2021) through their two-factor theory, classified these factors into motivating factors and hygienic factors. Motivating factors, such as recognition and achievement, are thought to increase job satisfaction, while hygiene factors, such as pay and working conditions, if
inadequate, can lead to job dissatisfaction. This theory suggests that job satisfaction and dissatisfaction are influenced by two different sets of factors.

Research by Bahadir et al (2024) found a significant relationship between personality and job satisfaction, with the four main dimensions of personality (neuroticism, extroversion, openness to experience, and agreeableness) showing different correlations with job satisfaction. This research underscores the importance of individual factors in determining how satisfied someone feels in their job. Research by Shao et al (2022) through their job characteristics model, shows that five core job characteristics (skill variety, task identity, task significance, autonomy, and feedback) play an important role in influencing job satisfaction. This model emphasizes that good job design can increase employee intrinsic motivation and job satisfaction. Recent research has also highlighted the important role of other factors such as organizational support, work-life balance, and leadership in influencing job satisfaction. For example, research by Wang et al (2021) shows that high perceived organizational support is positively correlated with job satisfaction. Research by Suryawan et al (2021) shows that balance between work and personal life is very important for job satisfaction. The literature shows that job satisfaction is influenced by a combination of individual, job, and organizational factors. Past research has provided a strong foundation for understanding the key elements that contribute to job satisfaction and how organizations can design interventions to improve employee well-being and overall organizational performance.

Transformational Leadership

The success or failure of the organization is largely determined by the leader and how his leadership. It is the leader who has the responsibility for the success and failure of the implementation of a job. According to T. J. Chen & Wu (2017) said that transformational leadership is a leadership that is opposed to leadership because this leadership maintains the status quo. This transformational leadership has the meaning of true leadership, this is because the transformational leadership style works well by focusing on goals on actions and directing the organization to a goal that has never been achieved by previous leadership. Transformational leadership is a perception of subordinates towards the behaviour carried out by leaders in treating subordinates with more awareness related to the results of efforts, prioritizing the interests of the group increasing needs at a higher level and paying more attention to factors related to individuals (Sulistyawati et al., 2022). Real leaders must be able to Sulis direct the organization towards a new direction (Cassar et al., 2017). According to Ramadhan & Parimita (2022) transformational leadership has four indicators including idealized influence, individual consideration, inspirational motivation, and intellectual stimulation. Decker (2018) revealed that transformational leaders have more satisfied members than non-transformational leaders. Idealized influence and inspirational motivation produce a high variance for transformational leadership dimensions. Innovative ideas need to be presented and supported by leaders so that they can increase their efforts to achieve organizational goals and increase support from followers and members.

Significant influence between transformational leadership on job satisfaction (Davis, 1989; Long et al, 2014; Masal, 2015; Saleem, 2015; Wahyuningtyas & Ramadhan, 2023). Two factory theory according to ; reveals that the dimensions or motivational factors that affect employee performance satisfaction are the level of reward, responsibility, recognition, salary, and incentives and opportunities in the form provided by the organization (Qalati et al., 2022). Transformational leadership is a concept that has received much attention in the management and organizational psychology literature. Introduced by James MacGregor Burns in 1978 and further developed by Bernard Bass in 1985, transformational
leadership describes a leadership style that focuses on inspiring, motivating, and empowering employees to reach their maximum potential and exceed ordinary expectations (Jameel, 2021).

Transformational leaders are characterized by four main components which are often referred to as the "Four I’s": idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Leaders with ideal influence act as role models who are respected and trusted by their followers. Through inspirational motivation, they inspire and motivate followers with an exciting and challenging vision. Intellectual stimulation encourages innovation and creativity by challenging assumptions and encouraging critical thinking. Individual consideration involves personal attention to each follower’s needs, aspirations, and development. Previous research has shown various benefits of transformational leadership, Angriani et al (2020) found that transformational leadership was positively correlated with various organizational outcomes such as job satisfaction, organizational commitment, and team performance. Studies by Judge and Piccolo (2004) in their meta-analysis show that transformational leadership has a stronger and positive relationship with leader effectiveness and subordinate performance compared to other leadership styles such as transactional leadership.

Research by Siswanto et al (2020) showed that transformational leadership contributes to increasing subordinate motivation, job satisfaction, and trust in leaders. This research highlights how transformational leaders can create a positive and productive work environment. Research by Moin et al (2021) reveals that transformational leadership can facilitate successful organizational change by inspiring a shared vision and empowering employees to take an active role in the change process. This is very relevant in the context of modern organizational dynamics which often face rapid and complex changes.

Contemporary research also highlights the role of transformational leadership in global and multicultural contexts. For example, a study by Abolnasser et al (2023) indicates that transformational leadership is effective in a variety of cultures and contexts, although the specific ways in which leaders implement transformational components may vary depending on local culture. Previous research on transformational leadership shows that this leadership style is not only effective in improving a variety of positive outcomes for individuals and organizations but is also flexible and can be applied in a variety of contexts (Saira et al., 2021b). Previous research provides a strong basis for understanding how transformational leadership can be used as an effective tool to motivate and empower employees, encourage innovation, and manage change in organizations (Purwanto, 2020).

Psychological Contract

The appreciation provided by the organization can be in the form of a psychological contract for employee performance achievements (Andayani et al., 2022). The greater the level of employee psychological contracts that can be fulfilled, will increase employee loyalty and job satisfaction (Braun et al., 2013; C.-J. Chen et al., 2022). This contract is about mutual expectations, workers, and job owners. Satisfaction reflects an individual’s emotional reaction that is directly related to the aspects of the psychological contract, including the obligations that the organization gives to employees. According to Daouk et al (2021) explains that the psychological contract is an unwritten informal contract consisting of the expectations of employees and their superiors regarding reciprocal work relationships. That is, psychological contracts arise when employees believe that the organization’s obligations to employees are proportional to the obligations that employees give to the organization. Employee tenure can moderate the relationship between transformational leadership, psychological contract, and job satisfaction. Long
tenure may result in different perceptions of leadership and psychological contracts, compared to employees who have just joined the organization.

The psychological contract is an important concept in management and organizational psychology that refers to unwritten beliefs regarding mutual obligations between employees and employers. First introduced by Argyris in 1960 and further developed by Rousseau in 1989, the psychological contract includes individuals’ perceptions of what they expect from the organization and what the organization expects of them. Early research by Argyris (1960) highlighted that the psychological contract encompasses informal expectations that develop in employment relationships, often different from formal employment contracts (Rawashdeh et al., 2020). Rousseau (1989) later clarified this concept by distinguishing between transactional and relational psychological contracts. Transactional contracts focus more on short-term economic exchanges, such as salary and benefits, whereas relational contracts cover long-term emotional and social aspects, such as loyalty and career development (Chang et al., 2020).

Research has shown that fulfilling the psychological contract has a significant impact on a variety of work outcomes. Non-compliance with the psychological contract often results in job dissatisfaction, decreased performance, and increased turnover. Megheirkouni (2022b) found that psychological contract violations had a negative impact on employees’ trust and commitment to the organization. This research reveals the importance of fairness and trust in work relationships. Samuel & Engelbrecht (2021) developed the concept of psychological contract breach further by emphasizing the importance of employees’ perceptions of unfairness and betrayal in determining their reactions to breaches. This research suggests that how employees interpret organizational actions can influence their responses to psychological contract violations.

Research also shows that the psychological contract can be influenced by a variety of contextual and individual factors. Bano et al. (2022) found that changes in the work environment, such as organizational restructuring or management changes, can change employees’ perceptions of their psychological contract. Mufti et al. (2020) showed that frequent and positive interactions between employees and superiors can strengthen the relational psychological contract and increase employee commitment.

In the context of globalization and rapid change in the modern workplace, research by Phuong & Takahashi (2021) highlights the importance of flexibility in the psychological contract. They found that employees who felt that their organization was flexible and responsive to their needs tended to have higher levels of job satisfaction and commitment. The literature on the psychological contract shows that employees’ perceptions of mutual obligations between themselves and the organization have a profound impact on various aspects of work. Past research provides a strong basis for understanding the importance of meeting employee expectations, building trust, and ensuring fairness in employment relationships. In this way, organizations can create a positive and productive work environment that supports employee well-being and performance.

Fujiasih (2017) researched the PT Sucofindo organization in East Kalimantan, finding that the psychological contract provided by the organization to employees in the form of financial and non-financial will increase employee job satisfaction. Braun et al (2013) states that psychological contracts are positively related to job satisfaction. Utami et al (2021) stated that the psychological contract given by the organization to employees for performance will increase job satisfaction.

**Literature Gaps**
This study aims to fill several gaps that exist in the current literature. Some of these gaps are:

1. Lack of Research on Psychological Contract Mediation in Transformational Leadership
   Although transformational leadership has been shown to have a positive impact on job satisfaction, little research has specifically explored how the psychological contract mediates this relationship. Most research tends to focus directly on the impact of transformational leadership on various work outcomes without looking at the role of deeper mediating mechanisms. This research seeks to explain how and why transformational leadership can increase job satisfaction through the formation and maintenance of a positive psychological contract.

2. Limitations of Studies on Moderating Variables of Work Period (Tenure)
   While previous research has considered various moderation in the relationship between leadership and job satisfaction, few have considered tenure as a moderating variable. Tenure can influence how employees respond to leadership and how they assess their psychological contract. This research will explore whether the mediating effect of the psychological contract by transformational leadership varies based on the length of employee tenure in the organization, which will provide new insights into the temporal dynamics in this relationship.

3. Lack of Focus on Specific and Diverse Contexts
   Many studies on transformational leadership and the psychological contract are conducted in specific contexts that may not reflect the variety of different organizational situations and cultures. This research will contribute by evaluating these relationships in more specific or diverse contexts, providing a broader understanding of how these dynamics operate across different types of organizations and work situations.

4. Integration of Theoretical and Practical Aspects
   Although there is a fairly extensive literature on transformational leadership, the psychological contract, and job satisfaction, little research has integrated these three aspects holistically. This research aims to combine these theories and see how they interact with each other to influence work outcomes. Thus, this research will provide a more comprehensive contribution to the literature and offer practical guidance for managers and leaders in increasing employee job satisfaction.

   This research is expected to provide new, deeper and more holistic insights into how transformational leadership can influence job satisfaction through the psychological contract, and how tenure factors can moderate this relationship by filling these gaps. The results of this research are expected to provide significant contributions both theoretically and practically in the field of human resource management and leadership development.

   Based on these findings and theoretical studies, the hypothesis is formulated as follows:
   H1: Transformational leadership has a significant effect on job satisfaction
   H2: Transformational leadership has a significant effect on psychological contracts
   H3: Psychological contract has a significant effect on job satisfaction
   H4: Psychological contract mediates the effect of transformational leadership on job satisfaction. H5:
       Tenure moderates the effect of transformational leadership on job satisfaction.

RESEARCH METHOD

This research was conducted in public government organizations in Indonesia by involving a research sample of 50 Indonesian government employees. Sampling determination was carried out using random sampling. The data collection technique used a questionnaire prepared using adaptations from
previous researchers that had been validated and were suitable for use in this study, especially items related to the government public organization sector. The questionnaire was distributed online using Google Forms and distributed to all respondents who represented the characteristics of employees with more than 1 year of service and a productive age range between 20-40 years. Research variables are certain variations or attributes that have been determined in research that will be studied and conclusions drawn. The research variables are divided into two, namely the independent variable and the dependent variable. Data analysis uses structural equation modeling techniques using the SmartPLS application. This analysis is used because it is by the data collected, which is small, and reflective indicators in measuring the construct (See figure 1).

![Figure 1. Research Conceptual Model](Source: Author)

### RESULTS AND DISCUSSION

<table>
<thead>
<tr>
<th>Table 1. Respondent Demographics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profile</strong></td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td>20 - 30 years</td>
</tr>
<tr>
<td>31 - 40 years</td>
</tr>
<tr>
<td>41 - 50 years</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Bachelor (S1)</td>
</tr>
<tr>
<td>Master (S2)</td>
</tr>
</tbody>
</table>
Table 1 shows the results of the 50 data collected, the demographic description of respondents can be categorized into several, including most of the respondents' gender is male 56% (28). The majority are 31-40 years old 62% (31), and have a Bachelor's education background 62% (31). Measurement Model Validity Test

<table>
<thead>
<tr>
<th>Variables</th>
<th>Item</th>
<th>Outer Loading</th>
<th>t-statistic</th>
<th>Ket</th>
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</thead>
<tbody>
<tr>
<td><strong>Transformational Leadership (X1)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X.1.1.1</td>
<td>0.948</td>
<td>54.491</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>X.1.1.2</td>
<td>0.970</td>
<td>95.231</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>X.1.1.3</td>
<td>0.969</td>
<td>106.975</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>X.1.2.1</td>
<td>0.915</td>
<td>34.448</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>X.1.3.1</td>
<td>0.960</td>
<td>87.750</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>X.1.3.2</td>
<td>0.976</td>
<td>185.636</td>
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</tr>
<tr>
<td>X.1.4.1</td>
<td>0.984</td>
<td>174.549</td>
<td>Valid</td>
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<tr>
<td><strong>Psychological Contract (Z1)</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Z.1.1.1</td>
<td>0.978</td>
<td>155.077</td>
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<td></td>
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<tr>
<td>Z.1.2.1</td>
<td>0.941</td>
<td>43.070</td>
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<td>Z.1.2.2</td>
<td>0.975</td>
<td>127.971</td>
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<td>Z.1.3.1</td>
<td>0.962</td>
<td>91.186</td>
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<td>Z.1.3.2</td>
<td>0.956</td>
<td>82.017</td>
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<td>Z.1.3.3</td>
<td>0.965</td>
<td>128.893</td>
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<tr>
<td><strong>Job Satisfaction (Y)</strong></td>
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<td></td>
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<tr>
<td>Y.1.1.1</td>
<td>0.970</td>
<td>114.127</td>
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<td>Y.1.1.2</td>
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<td>Y.1.4.1</td>
<td>0.967</td>
<td>111.549</td>
<td>Valid</td>
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<td>108.673</td>
<td>Valid</td>
<td></td>
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<tr>
<td>Y.1.5.2</td>
<td>0.941</td>
<td>54.425</td>
<td>Valid</td>
<td></td>
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</tbody>
</table>

Table 2 above shows that each indicator has a loading factor value greater than 0.70, so it can be interpreted that all indicators in the transformational leadership, psychological contract, and job satisfaction variables are valid based on convergent validity testing using the loading factor or outer loading value.

<table>
<thead>
<tr>
<th>Variables</th>
<th>AVE</th>
<th>√AVE</th>
<th>Transformational Leadership</th>
<th>Job Satisfaction</th>
<th>Psychological Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership</td>
<td>0.923</td>
<td>0.961</td>
<td>0.961</td>
<td>0.955</td>
<td>0.963</td>
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<tr>
<td>Job Satisfaction</td>
<td>0.912</td>
<td>0.955</td>
<td>0.992</td>
<td>0.955</td>
<td>0.963</td>
</tr>
<tr>
<td>Psychological Contract</td>
<td>0.927</td>
<td>0.963</td>
<td>0.991</td>
<td>0.987</td>
<td>0.963</td>
</tr>
</tbody>
</table>

The next test is discriminant validity using the heterotrait-monotrait ratio value. Table 3 shows that each construct has a HTMT value smaller than 0.85 and each construct has a HTMT value greater than other constructs so that it can be stated based on the results of discriminant validity testing included in the valid category.
Reliability Test

Table 4. Reliability Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Composite Reliability</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership</td>
<td>0.988</td>
<td>0.986</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.988</td>
<td>0.986</td>
</tr>
<tr>
<td>Psychological Contract</td>
<td>0.987</td>
<td>0.984</td>
</tr>
</tbody>
</table>

After the validity test is fulfilled, then Table 4 presents the results of reliability testing using Cronbach’s alpha and composite reliability values which show that each latent variable in the form of transformational leadership, psychological contracts, and job satisfaction has a Cronbach’s alpha and composite reliability value greater than 0.70 and meets reliability testing.

Structural Model

Table 5. R-square

<table>
<thead>
<tr>
<th>Variables</th>
<th>R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership</td>
<td>0.982</td>
</tr>
<tr>
<td>Psychological Contract</td>
<td>0.993</td>
</tr>
</tbody>
</table>

The first inner model test uses the R Square value as a measure of the variation in influence between latent variables. Based on Table 5, it is known that the psychological contract variable has an R square value of 0.982, which means that the transformational leadership variable can explain the job satisfaction variable by 98.2%. Then, job satisfaction is influenced by transformational leadership variables and psychological contracts by 99.3%. While other variables outside this research model explain the rest. Furthermore, testing goodness of fit using predictive relevance with the Q-square formula as follows:

\[ Q^2 = 1 - (1 - R_1^2) \times (1 - R_2^2) \]

\[ = 1 - (1 - 0.982) \times (1 - 0.983) \]

\[ = 0.999 \]

Based on the results of the predictive relevance calculation above, the Q-square value is 99.9%. This shows that the model in this study can explain the variation in the latent variables studied by 99.9% while the latent variables outside the research model explain the rest. Furthermore, the predictive relevance value is categorized as a strong model because it is above 0.35. The figure also shows a model that fits the research data.

Table 6. Hypothesis Test

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Interrelationship Variables</th>
<th>Coefficient (Path)</th>
<th>t-values</th>
<th>P Values</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Transformational Leadership → Job Satisfaction</td>
<td>0.788</td>
<td>8.244</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>Transformational Leadership → Psychological Contract</td>
<td>0.991</td>
<td>313.534</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
Table 6 shows that hypothesis 1 regarding the influence of transformational leadership on job satisfaction is accepted because it has a p-value <0.05 and t-value >1.96 (8.244). This means that the better application of transformational leadership in the public sector of government can increase job satisfaction. This means that they are led by leaders who not only assign tasks but also become role models and encourage employees to be better and more productive. Hypothesis 2 regarding the influence of transformational leadership on psychological contracts has a statistical t-value of 3.334 > 1.96 and a p-value <0.05, so it is declared acceptable. This means that the better the application of transformational leadership in the government sector, it can encourage job satisfaction. Then hypothesis 3 regarding the role of psychological contracts on job satisfaction has a statistical t-value of 3.334 > 1.96 and a p-value <0.05, so it is accepted. This means that better the fulfilment of the psychological contract can increase job satisfaction. This means that their psychological contracts are well fulfilled so that the job satisfaction felt by employees also increases.

Table 7. Mediation and Moderation Tests

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Interrelationship Variables</th>
<th>Coefficient Path</th>
<th>t-statistic</th>
<th>P Values</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4</td>
<td>Transformational Leadership</td>
<td>0.304</td>
<td>3.321</td>
<td>0.001</td>
<td>Accepted</td>
</tr>
<tr>
<td></td>
<td>→ Psychological Contract</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>→ Job Satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H5</td>
<td>Transformational Leadership</td>
<td>0.098</td>
<td>6.102</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td></td>
<td>→ Tenure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>→ Job Satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: data proceed

Table 7 shows the results of testing the indirect effect or mediating role of the psychological contract variable on the influence of transformational leadership on job satisfaction which has a t-value of 3.321 > 1.96 and p-value <0.05, so hypothesis 4 is accepted. This means that the psychological contract can bridge between the influence of transformational leadership in increasing with good leadership can increase job satisfaction using leaders not only giving tasks but also providing examples to employees and encouraging employees to be better and more productive. The mediating role of job satisfaction is partial mediation because the direct effect has a significant effect on everything. Furthermore, testing the moderating variable of tenure on the influence of transformational leadership on job satisfaction has a calculated t-value of 6.102 > 1.96 and a p-value <0.05, so hypothesis 7 is accepted. This means that tenure strengthens the influence of transformational leadership and job satisfaction. The moderating role of tenure is to strengthen because the influence has a significant direct effect on everything.

Discussion

A good relationship between leaders and employees increases employee motivation to increase job satisfaction. When leaders are willing to build collaborative relationships, show appreciation and respect, and care deeply about their employees, they are likely to significantly increase job satisfaction. In addition, leaders encourage employees to convey their thoughts and ideas, giving them the freedom to solve problems and carry out their tasks. However, this remains within the standard operating procedures set
by the organization. Leaders ensure the quality of employee work meets the needs of the organization, and management always provides direction for employee progress. Leaders are role models for their employees, leaders must be responsible, firm, responsive, and pay attention to working conditions. This is the ideal transformational leadership style for employees. The results of this study are in line with some of the findings of previous research conducted by (C.-J. Chen et al., 2022; Masal, 2015; Saleem, 2015) also found that transformational leadership has a significant effect on job satisfaction.

Fulfillment of a good psychological contract can increase job satisfaction, this can be seen in employees who do work beyond the role they should do, for the benefit of the organization, in other words, psychological contracts are an important variable in increasing job satisfaction in the Government environment. The significant effect of psychological contracts on job satisfaction is inseparable from the support of each indicator. Based on the results of descriptive analysis, it can be explained that an employee who fulfills the relational contract with his organization will be able to increase job satisfaction. The results of this study are in line with the opinion of Utami et al. (2021) which states that psychological contracts can increase job satisfaction, so that the higher the psychological contract that can be fulfilled, the more satisfied the employee will be with the work performed. The relational contract indicator has an important role in increasing an employee's job satisfaction. The relational contract reflects the reciprocal relationship between employees and the organization in terms of socio-emotional fulfillment, such as loyalty and security. Fulfillment of the relational contract is an important concern for employees in the Government environment because it is an indicator of increased job satisfaction. To develop and demonstrate competence, and get opportunities for further growth, while the organization may expect employees to be satisfied with their work, have a willing and loyal attitude, improve the quality of the organization’s image, and be fully committed to organizational values. It can be concluded that increasing the fulfillment of employees’ psychological contracts can have an impact on increasing job satisfaction. The results of this study are also in line with research by Fujiasih (2017) which found that psychological contracts have a significant effect on job satisfaction.

This study uses a mediating variable as a form of research novelty, namely the psychological contract variable, to determine the influence of transformational leadership on job satisfaction. The results of statistical analysis show that the psychological contract can be a bridge between increasing employee job satisfaction in the government sector. This illustrates for the government sector that when wanting to increase job satisfaction, it is necessary to pay attention to the application of leadership in the organization by paying attention to employee welfare, such as leaders who carry out their duties, namely by having the ability to understand the characteristics of their followers, the ability to reflect personality according to norms, the ability to socialize, and the ability to carry out their role as a leader, can affect followers and the resulting performance. The fulfillment of psychological contracts in three aspects, namely transactional contracts, relational contracts, and balanced contracts, also needs to be considered at work because it is empirically proven that when employees feel that their psychological contracts are fulfilled, job satisfaction can increase optimally with transformational leadership strategies and efficient fulfillment of psychological contracts from government sector organizations.

The moderating variable in this study is tenure, to determine whether tenure strengthens or weakens the influence of transformational leadership on job satisfaction. The results of statistical analysis show that tenure strengthens the influence of transformational leadership on job satisfaction in the government sector. In practice, this illustrates for the government sector that when wanting to increase job satisfaction, it is necessary to pay attention to the application of tenure and leadership in the organization by paying attention to employee welfare. Then, job satisfaction can be optimally increased by
considering employee tenure and the application of efficient transformational leadership strategies from government sector organizations.

The findings of this study provide significant insights into the context of transformational leadership theory and the psychological contract. This research found that the psychological contract mediates the relationship between transformational leadership and job satisfaction, which supports previous literature stating that transformational leadership can improve a variety of positive outcomes in the workplace. This finding is in line with the theory of (Bahadır et al., 2024), which emphasizes that transformational leaders can inspire and motivate employees, creating a positive and productive work environment. Furthermore, these results also support Rousseau's (1989) in Suryawan et al., (2021) and Wang et al., (2021) view of the importance of the psychological contract in employment relationships, indicating that when transformational leaders fulfill employees' psychological expectations and obligations, their job satisfaction increases. This research also adds a new dimension by identifying tenure as a moderating variable that influences the strength of this relationship, indicating that the effects of transformational leadership via the psychological contract are stronger in employees with longer tenure, who may have more stable contract expectations and perceptions. These findings not only support previous literature but also expand our understanding of the dynamic role of the psychological contract and transformational leadership in various work contexts.

The psychological contract acts as a mediator in the relationship between transformational leadership and job satisfaction because the psychological contract reflects employees' perceptions of reciprocal obligations between them and the organization. Transformational leaders, with their inspirational style, individual attention, and ability to motivate and intellectually stimulate, can shape and strengthen employees' positive perceptions regarding their psychological contract. When transformational leaders meet employee expectations, such as providing support, career development, and recognition, employees feel that their psychological contract is fulfilled, this creates a sense of trust, commitment, and loyalty to the organization, which in turn increases their job satisfaction (Angriani et al., 2020; Jameel, 2021). Conversely, if the psychological contract is violated or not fulfilled, employees may feel unappreciated and dissatisfied with their work, even though they have a transformational leader. The psychological contract explains how transformational leadership can influence employee job satisfaction by ensuring that psychological expectations and obligations between the employee and the organization are met (Moin et al., 2021; Siswanto et al., 2020). This mediating role emphasizes the importance of leaders in not only motivating employees directly but also in building and maintaining healthy and satisfying work relationships through fulfilling the psychological contract.

**Theoretical and Practical Implications**

This research makes a significant contribution to theory development by expanding our understanding of the mediating mechanisms of the psychological contract in the context of transformational leadership because previously many studies have shown the positive impact of transformational leadership on various work outcomes such as job satisfaction, commitment, and employee performance. The specific mechanisms that explain how transformational leadership produces these impacts are often less well-defined. The findings of this study highlight the role of the psychological contract as a critical pathway through which transformational leadership influences job satisfaction. By showing that fulfillment of the psychological contract by transformational leaders increases employees' perceptions of their well-being at work, this research confirms the importance of reciprocal relationships perceived by employees in the context of leadership.
This research introduces a new dimension by exploring tenure as a moderating variable, suggesting that the mediating effect of the psychological contract may be stronger or weaker depending on the length of an employee’s tenure in the organization. This adds a new layer of complexity and depth to psychological contract and leadership theory and provides a more holistic framework for understanding the dynamics of employment relationships in diverse contexts. This research not only supports existing theory but also enriches the literature by providing insight into how and when transformational leadership can be most effective in increasing job satisfaction through fulfilling the psychological contract.

To strengthen the positive psychological contract through transformational leadership, managers and organizational leaders can adopt several practical strategies. First, leaders need to develop strong interpersonal skills, including the ability to actively listen, provide constructive feedback, and show personal concern for employees. This helps build strong relationships between leaders and team members, which is the basis of the psychological contract. Positive, leaders must consistently demonstrate integrity and consistency between their words and actions, so that employees feel that they can rely on their leaders to fulfil organizational promises and commitments.

The importance of considering employee tenure in implementing this leadership style should not be overlooked. Employees with longer tenure may have different expectations and needs than those who have recently joined the organization. Leaders must understand these differences and adapt their approaches accordingly. For new employees, it is important to build a strong foundation for a psychological contract by explaining role expectations, providing support in adapting, and showing the path for their future career development. For employees who have been with the organization for a long time, leaders must continue to strengthen relationships and ensure that their psychological contract continues to be fulfilled by addressing ongoing career development, providing development opportunities, and recognizing their contributions.

Managers and leaders also need to understand that meeting employee expectations is key to effectively managing the psychological contract and increasing job satisfaction. This involves not only understanding employees’ expectations but also ensuring that the organization provides the support and resources necessary to meet those expectations. This can include providing opportunities for personal growth and development, providing constructive feedback, and creating a fair and inclusive work environment where every team member feels valued and treated fairly.

Organizations can manage the psychological contract more effectively, increase employee job satisfaction, and in turn, improve overall organizational performance by implementing these strategies. Leaders who can build strong, consistent, and empathetic relationships with their employees will foster a positive and productive work culture, creating an environment where all team members can thrive and contribute to their full potential.

**CONCLUSION**

The results of this study found that transformational leadership can drive improvements directly and indirectly. Transformational leadership can also directly increase job satisfaction. Then, the psychological contract directly drives an increase in job satisfaction. The mediating role of the psychological contract as a partial mediation means that the psychological contract variable can mediate between influence and job satisfaction in the government sector. The moderating variable of tenure strengthens the influence of transformational leadership on job satisfaction. This research was conducted in the local government sector in Indonesia, so it cannot be generalized to other sectors because they have
How Does Psychological Contract Mediate the Effect of Transformational Leadership on Job Satisfaction? Moderating Variable of Tenure

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Acknowledgements

I would like to express my gratitude to the Indonesian education fund management institution (LPDP) from the Ministry of Finance Republic of Indonesia for providing the scholarship and supporting this research.

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