
Journal of Sustainable Economic and Business (JOSEB)

Vol. 3 No. 3 July 2026: 496-511

ISSN (Online): 3063-0207

<https://journal.arepublisher.com/index.php/joseb>

Transformational Leadership, Compensation, Organizational Justice on Sustainable Employee Performance: The Mediating Role of Work Motivation

Tria Sutriyah ^{1*)}; Anik Herminingsih ²⁾

¹⁾ 55123120049@student.mercubuana.ac.id, Universitas Mercu Buana, Indonesia

²⁾ anik_herminingsih@mercubuana.ac.id, Universitas Mercu Buana, Indonesia

*) Corresponding Author

ABSTRACT

Objectives: This study examines the effects of transformational leadership, compensation, and organizational justice on sustainable employee performance, with work motivation as a mediating mechanism among healthcare-segment supervisors at PT ISS Indonesia.

Methodology: A quantitative explanatory and cross-sectional design was employed. Data were obtained from 140 permanent supervisors selected from a population of 215 employees using random sampling. The five constructs were measured using a five-point Likert scale and analyzed with partial least squares structural equation modeling using SmartPLS 4.

Finding: Transformational leadership, compensation, organizational justice, and work motivation each had positive and significant direct effects on sustainable employee performance. The three organizational antecedents also significantly increased work motivation. Indirect effects through work motivation were significant for transformational leadership ($\beta = 0.124$), compensation ($\beta = 0.100$), and organizational justice ($\beta = 0.115$), indicating partial mediation. The model explained 63.2% of sustainable employee performance.

Conclusion: Sustainable performance is strengthened when supportive leadership, valued compensation, and fair organizational treatment are translated into higher work motivation.

Keywords: Compensation; Organizational Justice; Sustainable Employee Performance; Transformational Leadership; Work Motivation.

Article Doi: <https://doi.org/10.70550/joseb.v3i3.698>

How to Cite: Sutriyah, T., & Herminingsih, A. (2026). Transformational Leadership, Compensation, Organizational Justice on Sustainable Employee Performance: The Mediating Role of Work Motivation. *Journal of Sustainable Economic and Business*, 3(3), 496-511. <https://doi.org/10.70550/joseb.v3i3.698>

Submitted: 22-04-2026

Revised: 12-07-2026

Accepted: 15-07-2026

INTRODUCTION

The *facility services* industry places human resource quality at the center of service success because much of the customer experience is shaped by employee interactions and work outcomes at operational sites. At PT ISS Indonesia, demands related to cleaning, security, food service, property maintenance, and facility management concern not only short-term target achievement but also the ability to maintain work quality consistently, safely, ethically,

efficiently, and in line with sustainability goals (Lukito et al., 2025). The concept of *sustainable employee performance* is therefore relevant because it emphasizes performance that can be maintained over the long term without neglecting employee well-being or organizational continuity.

(Ji et al., 2021) position employee sustainable performance as a construct that integrates task achievement with work behaviors that support sustainability. Recent literature also shows that sustainability and the Sustainable Development Goals are increasingly integrated into business, management, and accounting research (Minutiello et al., 2024). The operational context of PT ISS Indonesia indicates that this issue still requires attention. Internal company data show that customer complaints increased from a total of 266 in 2024 to 354 in 2025, with the most notable increases occurring in the third and fourth quarters of 2025. A pre-survey of 25 *healthcare*-segment supervisors showed a consistent pattern. A total of 56% of respondents stated that they had not been able to maintain work quality consistently, while 60% had not been able to maintain a balance between productivity and health at work. Regarding leadership, 64% of respondents perceived that supervisors had not provided sufficient encouragement, and 68% considered supervisory attention to be insufficient. Regarding compensation, 76% of respondents were dissatisfied with promotion opportunities, and 92% considered certain benefits inadequate. In addition, 68% perceived that organizational treatment was not fully fair, while 68% reported that they were not always enthusiastic about performing their work. These findings indicate that sustainable performance is associated with a combination of organizational policies and employees' psychological conditions.

Transformational leadership is one factor that can theoretically build these conditions. Transformational leaders do not merely direct employees toward target achievement; they also provide inspiration, role modeling, individualized consideration, openness to ideas, and support for competency development (Bass & Riggio, 2021). In service organizations with high quality demands, such support can strengthen employees' belief that the organization values their contributions. (Averina et al., 2023) found that transformational leadership was positively associated with *sustainable employee performance*. However, (Ardiyansah & Elmi, 2025) found that the effect of transformational leadership on sustainable performance was not significant. These divergent findings suggest that psychological mechanisms or organizational conditions need to be considered to explain when leadership produces sustainable performance. Studies by (Ding et al., 2023) and (Saleem et al., 2024) also show that sustainability-oriented transformational leadership can encourage employees' environmental behavior and performance, making the role of leadership relevant to explaining performance consistency in sustainability-oriented organizations.

Compensation is also an important signal of the value that an organization places on its employees. Compensation is not limited to salary but includes incentives, benefits, work facilities, recognition of achievement, and career opportunities (Gerhart et al., 2023). A compensation system perceived as fair can strengthen employees' sense of being valued and encourage them to maintain the quality of their contributions. (Kang & Lee, 2021) emphasize that compensation strategy can become a source of sustainable competitive advantage because it shapes employee behavior and attachment. Nevertheless, previous findings remain inconsistent. (Lukito et al., 2025) reported positive effects of organizational factors, including

compensation, on sustainable performance, whereas (Krisnawan, 2025) showed that the relationship between compensation and sustainable performance may change when mediating mechanisms are considered. This inconsistency strengthens the need to examine work motivation as an explanatory mechanism. Other evidence indicates that compensation is associated with employee motivation and performance (Sholeh et al., 2024); (Rochman & Sutianingsih, 2025), suggesting that reward design should be considered together with employees' motivational responses.

Organizational justice is the third factor of concern because employees form judgments about the fairness of outcomes, procedures, task distribution, promotion opportunities, and the quality of organizational treatment. (Colquitt et al., 2021) explain that perceptions of justice influence work attitudes, motivation, commitment, and employee behavior. In site-based service work, decision transparency and consistency of treatment are especially important because employees operate under different standards, client demands, and supervisory arrangements across units. (Septiani & Herminingsih, 2025) found a positive relationship between organizational justice and *sustainable employee performance*, whereas (Prayuda & Herminingsih, 2024) showed that the pattern of influence is not always direct. This difference suggests that work motivation may explain how perceptions of justice are translated into sustainable work behavior. (Dewi et al., 2024) and (Sabara et al., 2025) also demonstrate that psychological mechanisms, including intrinsic motivation, can bridge organizational justice and performance. These findings further support the examination of motivation as a mediator in this study.

This study uses *Social Exchange Theory* as its primary theoretical foundation. Social exchange theory explains that when organizations provide valuable resources, support, rewards, and fair treatment, employees tend to reciprocate through attitudes and behaviors that benefit the organization (Ahmad et al., 2023). In this study, transformational leadership, compensation, and organizational justice are positioned as forms of organizational investment, while work motivation represents a psychological response that encourages employees to make sustainable contributions. Based on the empirical gaps described above, this study aims to analyze the direct effects of transformational leadership, compensation, organizational justice, and work motivation on *sustainable employee performance*, examine the effects of the three organizational factors on work motivation, and assess the mediating role of work motivation among *healthcare*-segment supervisors at PT ISS Indonesia.

LITERATURE REVIEW

Social Exchange Theory explains employment relationships as exchange processes that develop through reciprocity, trust, commitment, and moral obligation. (Ahmad et al., 2023) show that this theory is widely used in organizational behavior because it can explain employee responses when they receive organizational support and resources. In the framework of this study, transformational leadership represents interpersonal support and development; compensation represents economic and non-economic rewards; and organizational justice represents the quality of treatment and decision-making processes. When these three forms of investment are perceived positively, employees are expected to increase their motivation and reciprocate through more consistent and sustainable contributions.

Sustainable employee performance in this study refers to employees' ability to maintain the quality of their contributions over the long term. Measurement refers to (Ji et al., 2021) and includes positive evaluations of work quality, consistent target achievement, compliance with work procedures, honesty in reporting, harmonious work relationships, efficient use of resources, and contributions to organizational continuity. Thus, this construct does not merely capture momentary productivity. It integrates task performance, ethical behavior, efficiency, social relationships, and an orientation toward organizational sustainability. In facility management service companies, these dimensions are highly relevant because service quality depends on the consistency of supervisors' and teams' behavior at customer sites.

Work motivation functions as a force that directs the intensity, direction, and persistence of behavior. (Ryan & Deci, 2022) distinguish between intrinsic and extrinsic motivation and explain that high-quality motivation develops when individuals experience competence, autonomy, and relatedness. In this study, motivation is operationalized through a sense of achievement, recognition of performance, meaningful job challenges, opportunities for development, adherence to ethics, perceptions of fair policies, and dedication to organizational goals. Strong motivation makes employees more willing to maintain service standards despite operational pressures. Work motivation is therefore expected to have a positive effect on *sustainable employee performance* while also serving as the mechanism through which organizational practices are translated into work behavior. (Vo et al., 2022) emphasize that work motivation is also influenced by individual needs and social conditions, making organizational support an important context for sustaining employees' work drive.

Transformational leadership is measured through role modeling, integrity, the ability to inspire enthusiasm, attention to subordinates' needs, individualized guidance, openness to ideas, and support for competency development (Bass & Riggio, 2021). From a social exchange perspective, inspirational and supportive leader behavior strengthens perceived support and trust. Employees who experience attention and development opportunities are more likely to reciprocate through stronger motivation and better performance. (Averina et al., 2023) support the positive effect of leadership on *sustainable performance*, while the different findings of (Ardiyansah & Elmi, 2025) indicate the need to examine a mediating pathway. Transformational leadership is therefore expected to influence performance directly and indirectly through motivation. (Ramdhan et al., 2026) also show that transformational leadership can improve performance by strengthening work motivation, supporting the positioning of motivation as a mechanism linking leader support with work outcomes.

Compensation is operationalized through the alignment of salary with workload, performance-based incentives, health benefits, facilities that support well-being, recognition of achievement, fair promotion opportunities, and career development opportunities (Gerhart et al., 2023). Compensation that is perceived as valuable and fair strengthens the perception that the organization appreciates employees' contributions. This relationship is consistent with *Social Exchange Theory* because rewards received from the organization encourage employees to reciprocate through greater effort. (Sumarjo et al., 2025) show that work motivation can mediate the effect of compensation on performance. Therefore, compensation is expected to influence *sustainable employee performance* through two pathways: a direct effect and an indirect effect through motivation. (Rochman & Sutianingsih, 2025) reinforce this relationship

by showing that effective compensation is associated with higher employee motivation, discipline, and performance.

Organizational justice is measured through the alignment of rewards with contributions, objectivity in performance appraisal, fair promotion opportunities, fair distribution of duties, transparent decision-making processes, a culture that supports fairness, and leader neutrality (Colquitt et al., 2021). Perceived justice reduces uncertainty and strengthens trust in the organization. Employees who perceive organizational procedures and treatment as fair are more likely to have the psychological energy to contribute and maintain positive working relationships. (Septiani & Herminingsih, 2025) support the relationship between justice and *sustainable performance*, while (Prayuda & Herminingsih, 2024) emphasize the importance of psychological factors and work attitudes in the justice-performance relationship. Motivation is therefore positioned as a mediator that strengthens the explanation of this relationship. (Sabara et al., 2025) also found that the relationship between organizational justice and performance can be explained through psychological mechanisms, including intrinsic motivation and job satisfaction.

From a *state-of-the-art* perspective, this study integrates three organizational practices that are commonly examined separately and positions work motivation as a shared mechanism explaining their effects on *sustainable employee performance*. This approach is important because previous findings remain inconsistent for each direct relationship. The differences between (Averina et al., 2023) and (Ardiyansah & Elmi, 2025) regarding leadership, between (Lukito et al., 2025) and (Krisnawan, 2025) regarding compensation, and between (Septiani & Herminingsih, 2025) and (Prayuda & Herminingsih, 2024) regarding justice indicate that sustainable performance is influenced not only by the presence of organizational practices but also by how employees respond to them. By testing the three mediation pathways simultaneously in an *integrated facility services* company, this study provides a more comprehensive examination of the social exchange mechanism in an operational service context. The novelty of this study lies in simultaneously testing transformational leadership, compensation, and organizational justice through work motivation as a shared mediating mechanism within a single *sustainable employee performance* model in the *integrated facility services* context.

Based on the theoretical framework and previous empirical findings, the research hypotheses are formulated to examine both the direct effects of organizational factors on sustainable employee performance and the indirect effects through work motivation. Transformational leadership is expected to improve employees' long-term performance by providing inspiration, direction, individual support, and opportunities for development. Therefore, H1 proposes that transformational leadership has a positive effect on sustainable employee performance. Compensation is also expected to strengthen sustainable performance because fair financial and non-financial rewards can increase employees' sense of appreciation and willingness to maintain consistent work quality. Accordingly, H2 states that compensation has a positive effect on sustainable employee performance.

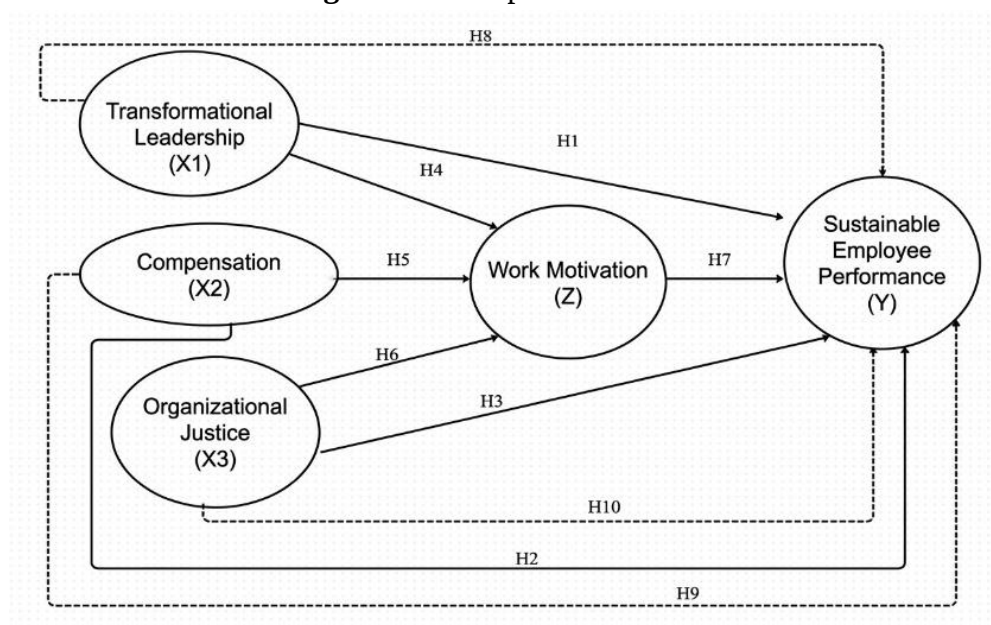
Organizational justice reflects employees' perceptions of fairness in rewards, performance appraisal, task allocation, promotion opportunities, and organizational decisions.

Fair treatment can strengthen trust and encourage employees to maintain constructive and consistent work behavior. Therefore, H3 proposes that organizational justice has a positive effect on sustainable employee performance. Work motivation is also expected to directly improve sustainable performance because motivated employees tend to demonstrate greater persistence, responsibility, and commitment toward organizational goals. Thus, H4 states that work motivation has a positive effect on sustainable employee performance.

The model further assumes that transformational leadership, compensation, and organizational justice can strengthen work motivation. Supportive leadership can increase enthusiasm and confidence, appropriate compensation can encourage greater effort, and fair organizational practices can enhance trust and commitment. Therefore, H5, H6, and H7 propose that transformational leadership, compensation, and organizational justice, respectively, have positive effects on work motivation.

Finally, work motivation is positioned as a mediating mechanism that explains how organizational practices are translated into sustainable performance. Leadership, compensation, and organizational justice may influence employee performance directly, while also strengthening the motivation that encourages employees to maintain their contribution over time. Accordingly, H8, H9, and H10 state that work motivation positively mediates the effects of transformational leadership, compensation, and organizational justice, respectively, on sustainable employee performance. Overall, these hypotheses form an integrated model linking organizational practices, employee motivation, and sustainable performance.

Figure 1. Conceptual framework



METHOD

This study employed a quantitative explanatory approach with a *cross-sectional* design to test relationships among variables within a single observation period. The exogenous variables were transformational leadership (X1), compensation (X2), and organizational justice (X3). The primary endogenous variable was *sustainable employee performance* (Y), while work motivation (Z) was positioned as the mediating variable. The study population comprised 215 permanent employees at the supervisor level working in the *healthcare* segment of PT ISS Indonesia. The sample size was calculated using the Slovin formula with a 5% margin of error, resulting in 140 respondents. Respondents were selected through random sampling so that every member of the population had an equal opportunity to be selected (Sugiyono, 2021).

Primary data were obtained through a questionnaire. Each construct was measured using seven indicators, covering transformational leadership, compensation, organizational justice, work motivation, and *sustainable employee performance*. Transformational leadership was measured with reference to (Bass & Riggio, 2021); compensation to (Gerhart et al., 2023); organizational justice to (Colquitt et al., 2021); work motivation to (Ryan & Deci, 2022) and *sustainable employee performance* to (Ji et al., 2021). Responses were measured using a five-point Likert scale, where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

Data were analyzed using *Partial Least Squares Structural Equation Modeling* (PLS-SEM) with SmartPLS version 4.0.0.9. Measurement model evaluation included convergent validity, discriminant validity, and internal reliability. Convergent validity was assessed using *outer loadings* and *average variance extracted* (AVE), while discriminant validity was examined using *cross-loadings*, the Fornell-Larcker criterion, and the *Heterotrait-Monotrait Ratio* (HTMT). Reliability was evaluated using Cronbach's alpha and composite reliability. The structural model was assessed using SRMR, R^2 , Q^2 , effect size F^2 , and path coefficients. Hypotheses were tested using the *bootstrapping* procedure, with the criteria of t-statistic > 1.645 for a one-tailed test at the 5% significance level and p-value < 0.05 (Hair et al., 2022).

RESULTS AND DISCUSSION

Results

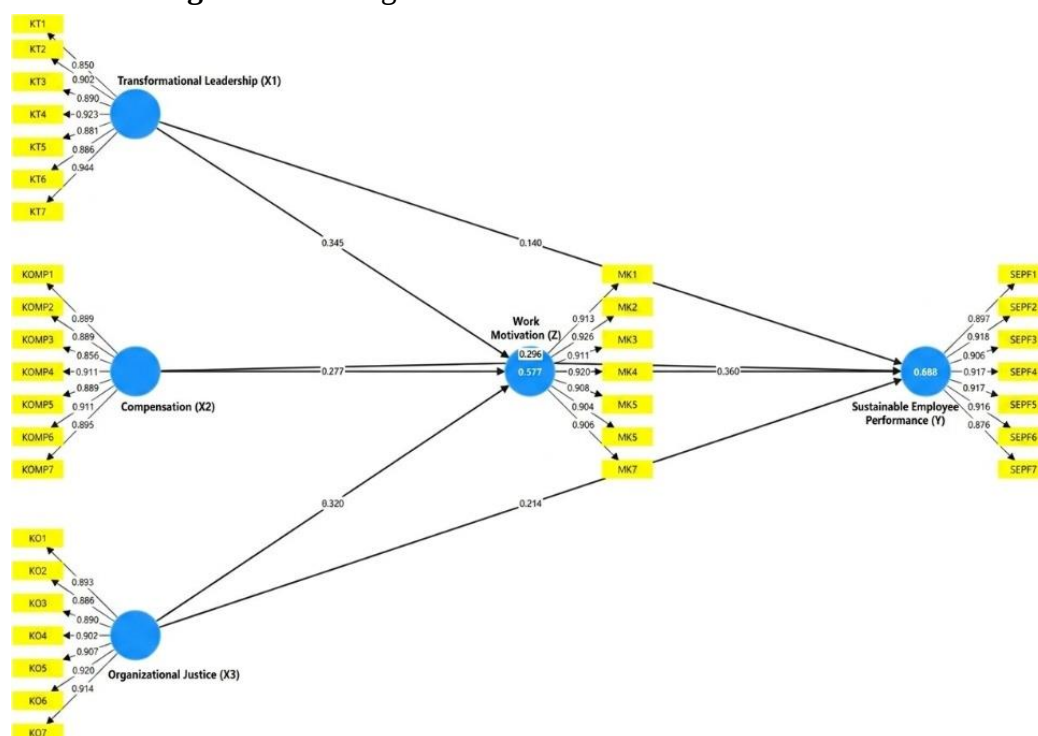
Data were collected in March 2026 through an online questionnaire, producing 140 responses for analysis. The respondents were predominantly male, with 98 respondents (70.0%), while 42 respondents (30.0%) were female. The largest age group was >30 -40 years, comprising 74 respondents (52.9%), followed by 20-30 years with 28 respondents (20.0%), >40 -50 years with 26 respondents (18.6%), and >50 years with 12 respondents (8.6%). In terms of tenure, 43.6% of respondents had worked for >5 -10 years and 26.4% for >10 -15 years. Senior high school/vocational high school was the dominant educational background, accounting for 111 respondents (79.3%), while 13 respondents (9.3%) held diplomas and 16 respondents (11.4%) held bachelor's degrees. This profile indicates that the sample largely consisted of experienced supervisors with a strong orientation toward operational skills.

Descriptive analysis revealed an interesting pattern between perceptions of organizational practices and psychological-performance conditions. Mean scores for transformational leadership indicators ranged from 3.557 to 3.671, compensation from 3.500 to 3.607, and organizational justice from 3.500 to 3.650. All three constructs were classified as high based on the study's categorization. In contrast, work motivation indicators ranged from 3.114 to 3.207 and *sustainable employee performance* indicators from 3.271 to 3.400, both of which were classified as moderate. This pattern indicates that relatively favorable perceptions of organizational policies and practices have not yet been fully translated into motivation and sustainable performance at an equivalent level. This condition reinforces the relevance of mediation testing because motivation may function as the mechanism linking organizational experiences to the quality of employee contributions.

Outer Model

This testing process aims to ensure that each indicator used to measure the latent variable (construct) consistently produces measurements that align with the research concept. According to (Ghozali, 2021), an indicator that meets validity requirements has a loading factor value of more than 0.70. In this study, the data was analyzed using the Smart PLS program. The calculation results in a loading factor value that can be seen below:

Figure 2. Loading Factor Value of Research Model in SEM-PLS



The output of the loading factor value at this testing stage shows that all statements of the Transformational leadership, compensation, organizational justice, work motivation and sustainable employee performance variables have a loading factor value of > 0.70, so it can be said that all indicators/statements used are valid or successful in measuring the correlation

between the indicator/statement scores and their constructs/variables, thus supporting the construct validity of the measurement model.

Measurement model evaluation showed that all constructs demonstrated adequate measurement quality. AVE values ranged from 0.789 to 0.833, meaning that all constructs exceeded the 0.50 threshold. Cronbach's alpha ranged from 0.955 to 0.967, while *composite reliability* ranged from 0.963 to 0.972. Thus, the indicators demonstrated high internal consistency. The Fornell-Larcker criterion was also satisfied because the square root of the AVE for each construct exceeded its correlations with other constructs. HTMT values for all construct pairs were below 0.90, with the highest value of 0.777 found between work motivation and *sustainable employee performance*. These results confirm that discriminant validity was acceptable.

Table 1. Measurement model assessment

Construct	Cronbach's alpha	Composite reliability	AVE
Organizational Justice	0.962	0.968	0.813
Transformational Leadership	0.955	0.963	0.789
Compensation	0.957	0.964	0.795
Work Motivation	0.967	0.972	0.833
Sustainable Employee Performance	0.964	0.970	0.822

Structural model evaluation indicated a good overall model fit. The SRMR values were 0.042 for the saturated model and 0.059 for the estimated model, both below the recommended threshold of 0.08, indicating that the proposed model adequately represents the observed data. The R^2 value of 0.632 for sustainable employee performance shows that transformational leadership, compensation, organizational justice, and work motivation jointly explained 63.2% of the variance in this construct, while the remaining 36.8% was attributable to other factors outside the model. Meanwhile, the R^2 value of 0.577 for work motivation indicates that 57.7% of its variance was explained by transformational leadership, compensation, and organizational justice, suggesting moderate explanatory power.

The predictive capability of the model was also supported by the Q^2 values. The Q^2 value of 0.513 for sustainable employee performance and 0.473 for work motivation were both greater than zero, confirming that the model possesses adequate predictive relevance for the endogenous constructs. Furthermore, the bootstrapping analysis showed that all ten hypothesized relationships had positive coefficients and were statistically significant. These results indicate that the structural model not only demonstrates acceptable explanatory and predictive performance but also provides empirical support for all proposed direct and mediated relationships in the research framework.

Figure 3. SmartPLS bootstrapping result

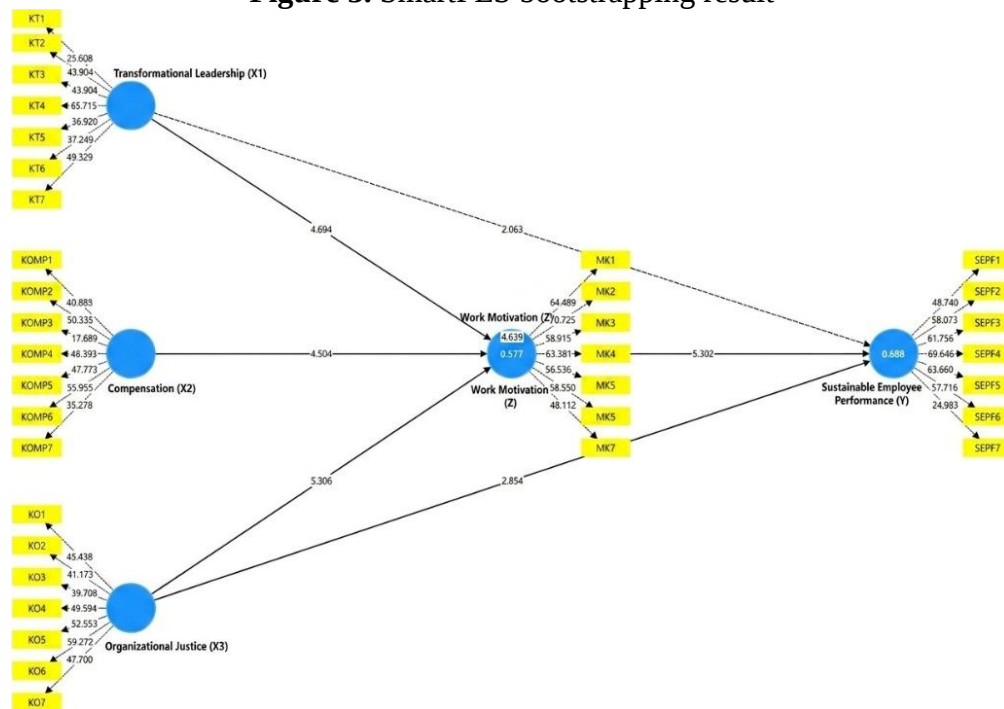


Table 2. Structural model and hypothesis testing

Relationship	β	t	p	Decision
Transformational Leadership → Sustainable Employee Performance	0.140	2.063	0.020	H1 Significant
Compensation → Sustainable Employee Performance	0.296	4.639	<0.001	H2 Significant
Organizational Justice → Sustainable Employee Performance	0.214	2.854	0.002	H3 Significant
Work Motivation → Sustainable Employee Performance	0.360	5.302	<0.001	H4 Significant
Transformational Leadership → Work Motivation	0.345	4.694	<0.001	H5 Significant
Compensation → Work Motivation	0.277	4.504	<0.001	H6 Significant
Organizational Justice → Work Motivation	0.320	5.306	<0.001	H7 Significant
Transformational Leadership → Work Motivation → Sustainable Employee Performance	0.124	3.398	<0.001	H8 Significant
Compensation → Work Motivation → Sustainable Employee Performance	0.100	3.612	<0.001	H9 Significant
Organizational Justice → Work Motivation → Sustainable Employee Performance	0.115	3.797	<0.001	H10 Significant

Discussion

The effect of transformational leadership on *sustainable employee performance* was positive and significant ($\beta = 0.140$; $p = 0.020$). This finding indicates that role modeling, individualized consideration, inspiration, and development support provided by leaders contribute to supervisors' ability to maintain work quality over the long term. The result is consistent with (Averina et al., 2023) but differs from (Ardiyansah & Elmi, 2025), who did not find a significant effect. This contextual difference strengthens the argument that leadership effectiveness depends on job characteristics and employees' psychological mechanisms. At PT ISS Indonesia, supervisors work closely with customers' operational demands, so leader support can be immediately translated into direction, priorities, and confidence in implementing service standards. This result is also consistent with (Ramdhan et al., 2026), who show that transformational leadership can strengthen performance through increased work motivation.

Compensation had a larger direct effect on *sustainable employee performance* ($\beta = 0.296$; $p < 0.001$). This finding indicates that financial and non-financial rewards are not merely organizational costs but instruments for sustaining the quality of employee contributions. In the measurement model, work facilities that support well-being were among the compensation indicators with the highest loading (0.912). This means that supervisors' perceptions of compensation are determined not only by the amount of remuneration but also by facilities that enable them to work safely and effectively. The finding supports (Kang & Lee, 2021) view of the strategic role of compensation while also helping explain inconsistencies in previous studies: the effect of compensation becomes clearer when well-being and motivation are taken into account. This result is consistent with (Sholeh et al., 2024) regarding the relationship between compensation and work motivation and with (Rochman & Sutaningsih, 2025) regarding the effectiveness of compensation in encouraging motivation and performance.

Organizational justice also had a positive and significant effect on *sustainable employee performance* ($\beta = 0.214$; $p = 0.002$). The indicator with the highest loading for this construct was an organizational culture that supports fairness for all employees (0.920). This finding shows that employees evaluate not only individual outcomes but also the broader pattern of treatment embedded in organizational culture. Decision transparency, objective appraisal, reasonable task distribution, and equal opportunities shape a sense of security and trust. The result supports (Septiani & Herminingsih, 2025) and clarifies why the relationship between justice and performance may differ across organizations, as shown by (Prayuda & Herminingsih, 2024). When fairness becomes a consistent organizational pattern, employees have a stronger psychological foundation for sustaining long-term contributions. This pattern is also consistent with (Dewi et al., 2024) and (Sabara et al., 2025), who demonstrate the importance of motivational mechanisms in explaining the relationship between organizational justice and performance.

Work motivation was the strongest direct predictor of *sustainable employee performance* in the model ($\beta = 0.360$; $p < 0.001$). Recognition of achievement, opportunities for development, meaningful challenges, and dedication to organizational goals create the energy needed to sustain consistent performance. This result is consistent with (Ryan & Deci, 2022), who emphasize the importance of motivation quality for behavioral sustainability. In the context of PT ISS Indonesia, recognition of achievement is important because supervisors' work

is highly operational, and its results are often reflected in compliance with standards, team responsiveness, and client satisfaction. Clear appreciation can transform operational success into a sense of achievement that strengthens motivation to maintain service quality. This finding is also consistent with (Vo et al., 2022), who identify individual needs and social conditions as important elements shaping work motivation.

The three organizational variables also significantly increased work motivation. Transformational leadership had a coefficient of $\beta = 0.345$, compensation $\beta = 0.277$, and organizational justice $\beta = 0.320$; all had $p < 0.001$. These results are consistent with *Social Exchange Theory*. Leader support, valuable rewards, and fair treatment are perceived as positive organizational resources, and employees respond with greater psychological engagement and work drive (Ahmad et al., 2023). Practically, these findings show that motivation is not an isolated condition. It can be shaped by policy design and the quality of interactions managed by the organization.

The mediating role of work motivation was also confirmed. The indirect effect of transformational leadership on *sustainable employee performance* through motivation was $\beta = 0.124$ ($t = 3.398$; $p < 0.001$), the indirect effect of compensation was $\beta = 0.100$ ($t = 3.612$; $p < 0.001$), and the indirect effect of organizational justice was $\beta = 0.115$ ($t = 3.797$; $p < 0.001$). The direct paths from X1, X2, and X3 to Y remained significant, indicating *partial mediation*. In other words, leadership, compensation, and justice can directly improve sustainable performance, while their effects are also strengthened when these practices successfully increase motivation. This finding is consistent with (Sumarjo et al., 2025) regarding the role of motivation in the compensation-performance relationship and extends the empirical explanation by showing the same mechanism for transformational leadership and organizational justice. The pattern is also consistent with (Galar et al., 2026), who position work motivation as a mediator between organizational justice and performance, and (Sjarifudin et al., 2026), who demonstrate the mediating role of work motivation in employee performance formation in a different industrial context.

The model demonstrated moderate explanatory power. The R^2 value for *sustainable employee performance* was 0.632, indicating that transformational leadership, compensation, organizational justice, and work motivation explained 63.2% of the variance in sustainable performance. The R^2 value for work motivation was 0.577, indicating that the three exogenous variables explained 57.7% of the variance in motivation. Q^2 values of 0.513 for *sustainable employee performance* and 0.473 for work motivation indicate the model's predictive relevance. The model also showed a good fit, with an SRMR of 0.059 for the *estimated model*. Overall, these results indicate that the combination of organizational practices and employees' psychological responses provides a reasonably strong explanation of supervisors' sustainable performance.

The managerial implications are integrated. PT ISS Indonesia should strengthen participative leadership and ensure consistency in coaching, openness to employee ideas, and support for competency development. The compensation system should treat well-being, work facilities, non-financial recognition, and promotion opportunities as an integrated reward experience. Regarding justice, the organization should ensure objective appraisal, transparent

decision-making, reasonable task distribution, and equal opportunities. These three interventions should be directed toward building motivation through recognition of achievement, development opportunities, and supportive working relationships. Such a strategy enables the organization not only to improve immediate outcomes but also to maintain service quality consistency and the sustainability of employee contributions.

CONCLUSION

This study addresses inconsistencies in previous findings by showing that transformational leadership, compensation, and organizational justice have positive and significant effects on *sustainable employee performance* among *healthcare*-segment supervisors at PT ISS Indonesia. Work motivation also has a positive effect on sustainable performance and is the variable with the strongest direct effect. In addition, transformational leadership, compensation, and organizational justice significantly increase work motivation. All indirect paths through work motivation are significant, while the direct paths remain significant, indicating that work motivation serves as a partial mediator in all three relationships. The model explains 63.2% of the variance in *sustainable employee performance* and 57.7% of the variance in work motivation.

These findings confirm that maintaining performance cannot rely solely on targets and supervision. Organizations need to build positive social exchanges through supportive leadership, valuable compensation, and fair organizational processes, while ensuring that these experiences generate work motivation. In practical terms, priorities can be directed toward stronger coaching and development by supervisors, improved facilities and reward systems, greater transparency and objectivity in decision-making, and consistent recognition of employee achievement.

This study has several limitations because it involved only *healthcare*-segment supervisors in a single company, used a *cross-sectional* design, and relied on questionnaire-based perceptual data collected during one observation period. These limitations restrict generalizability and do not capture changes in motivation or performance over time. Future research may therefore examine organizations across sectors or regions, use longitudinal designs and multi-source data, and test alternative mediators or moderators such as job satisfaction, *employee engagement*, organizational culture, work environment, *work-life balance*, or organizational commitment.

REFERENCES

- Ahmad, R., Nawaz, M. R., Ishaq, M. I., Khan, M. M., & Ashraf, H. A. (2023). Social Exchange Theory: Systematic Review and Future Directions. *Frontiers in Psychology*, 13, 1015921. <https://doi.org/https://doi.org/10.3389/fpsyg.2022.1015921>
- Ardiyansah, & Elmi, F. (2025). The Effect of Transformational Leadership and Organizational Culture on Sustainable Employee Performance with Job Satisfaction as a Moderating. *International Journal of Human Behavior Management*, 1(1), 36–46.

<https://doi.org/https://doi.org/10.54099/ijhbm.v1i1.1593>

- Averina, W. O. M. Z., Irawanto, D. W., & Kurniawati, D. T. (2023). The Effect of Transformational Leadership on Sustainable Employee Performance with Organizational Commitment and Green Motivation as the Mediating. *International Journal of Research in Business and Social Science*, 12(9), 160–170. <https://doi.org/https://doi.org/10.20525/ijrbs.v12i9.3020>
- Bass, B. M., & Riggio, R. E. (2021). *Transformational Leadership* (2nd ed.). Taylor & Francis Group.
- Colquitt, J. A., LePine, J. A., & Wesson, M. J. (2021). *Organizational Behavior: Improving Performance and Commitment in the Workplace* (7th ed.). McGraw-Hill Education.
- Dewi, S. R., Gentar, R. E., Soeumaro, & Marshilfi, E. (2024). The Influence of Organizational Justice, and Teamwork Towards the Employee Performance with Intrinsic Motivation as an Intervening Variable. *International Journal of Science and Society*, 6(1), 491–498. <https://doi.org/https://doi.org/10.54783/ijssoc.v6i1.1035>
- Ding, H., Su, W., & Hahn, J. (2023). How green transformational leadership affects employee individual green performance: A multilevel moderated mediation model. *Behavioral Sciences*, 13(11), 887. <https://doi.org/https://doi.org/10.3390/bs13110887>
- Galar, S., Gunawan, & Sabban, Y. A. (2026). Peran motivasi kerja sebagai mediasi pengaruh kompetensi individu dan keadilan organisasi terhadap kinerja guru pada SMP Negeri di Kabupaten Teluk Wondama Provinsi Papua Barat. *Bata Ilyas Journal of Accounting*, 7(1). <https://doi.org/https://doi.org/10.37531/bijac.v7i1.11934>
- Gerhart, B. A., Newman, J. M., & Milkovich, G. T. (2023). *Compensation* (14th ed.). McGraw Hill.
- Ghozali, I. (2021). *Structural Equation Modeling dengan Metode Alternatif Partial Least Squares (PLS): Dilengkapi Software SmartPLS 3.2.9, XLSTAT 2014, WarpPLS 7.0, PLSGraph 3.0, VPLS, dan PLS GUI* (Edisi ke-5). Badan Penerbit Universitas Diponegoro.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2022). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)* (3rd ed.). SAGE Publications.
- Ji, T., Jonge, J. de, Peeters, M. C. W., & Taris, T. W. (2021). Employee Sustainable Performance (E-SuPer): Theoretical Conceptualization, Scale Development, and Psychometric Properties. *International Journal of Environmental Research and Public Health*, 18(19), 10497. <https://doi.org/https://doi.org/10.3390/ijerph181910497>
- Kang, E., & Lee, H. (2021). Employee Compensation Strategy as Sustainable Competitive Advantage for HR Education Practitioners. *Sustainability*, 13(3), 1049. <https://doi.org/https://doi.org/10.3390/su13031049>

- Krisnawan, D. (2025). The Influence of Transformational Leadership and Compensation on Sustainable Employee Performance Mediated by Work Motivation (Study of PT. Sumber Indah Lestari). *Enrichment Journal of Multidisciplinary Research and Development*, 3(8), 3355–3363. <https://doi.org/https://doi.org/10.55324/enrichment.v3i8.528>
- Lukito, D., Susanti, M., Susanto, Y., Judijanto, L., Ali, M., Hartono, & Mahardhani, A. J. (2025). Determinants of Sustainable Employee Performance: A Study of Family Businesses in Indonesia. *Asia Pacific Management Review*, 30(2), 55–66. <https://doi.org/https://doi.org/10.1016/j.apmr.v.2024.12.004>
- Minutiello, V., García-Sánchez, I. M., & Aibar-Guzmán, B. (2024). The Latest Developments in Research on Sustainability and the Sustainable Development Goals in the Areas of Business, Management and Accounting. *Administrative Sciences*, 14(10), 254. <https://doi.org/https://doi.org/10.3390/admsci14100254>
- Prayuda, B., & Herminingsih, A. (2024). The Effect of Organizational Justice, Compensation, and Work Motivation to Organizational Commitment and Employee Performance at PT. Recruitfirst Indonesia. *Indonesian Journal of Business Analytics*, 4(1), 37–52. <https://doi.org/https://doi.org/10.55927/ijba.v4i1.7906>
- Ramdhan, D., Awaliah, Dinda, Rokmani, & Tajudin. (2026). Meningkatkan Kinerja Karyawan dengan Gaya Kepemimpinan Transformasional Melalui Motivasi Kerja (Studi PT QL Agrofood Feedmill). *Indonesian Journal of Multidisciplinary on Social and Technology*, 4(2), 3361–3369. <https://doi.org/https://doi.org/10.69693/ijmst.v4i2.11095>
- Rochman, A., & Sutaningsih. (2025). The Effectiveness of Compensation in Improving Employee Motivation, Discipline, and Performance. *Indonesian Journal of Business Analytics*, 5(3), 2259–2272. <https://doi.org/https://doi.org/10.55927/ijba.v5i3.14509>
- Ryan, R. M., & Deci, E. L. (2022). *Self-Determination Theory*. Springer Nature Switzerland. https://doi.org/https://doi.org/10.1007/978-3-319-69909-7_2630-2
- Sabara, Nasrul, Yusuf, H., & Masri. (2025). Organizational Justice and Employee Performance in Banking: Mediating Roles of Intrinsic Motivation and Job Satisfaction. *Journal of Cultural Analysis and Social Change*, 10(4), 3293–3300. <https://doi.org/https://doi.org/10.64753/jcascv10i4.3513>
- Saleem, F., Mateou, S., & Malik, M. I. (2024). How Green Transformational Leaders Trigger Environmental Performance? Unleashing the Missing Links through Green Self-Efficacy, Green Empowerment, and Green Training of Employees. *Sustainability*, 16(22), 9982. <https://doi.org/https://doi.org/10.3390/su16229982>
- Septiani, L., & Herminingsih, A. (2025). Examining Green Transformational Leadership, Group Cohesiveness and Organizational Justice in Reducing Turnover Intention and Enhancing Sustainable Employee Performance. *Journal of Accounting and Finance Management*, 6(1), 38–50. <https://doi.org/https://doi.org/10.38035/jafmv6i11579>

- Sholeh, A. A., Kristiawati, I., Daengs, A. G. S., Dewi, R., Susanti, R., & Hidayat, R. (2024). Kompensasi terhadap Motivasi Kerja Karyawan pada PT. Insolent Raya di Surabaya. *Journal of Management and Creative Business*, 2(1), 82–96. <https://doi.org/https://doi.org/10.30640/jmcbus.v2i1.2069>
- Sjarifudin, D. R., Widyastuti, T., Renwarin, J. M. J., & Suroso. (2026). Determinants of Employee Performance Mediated by Work Motivation in the Textile and Garment Industry in West Java. *Architecture Image Studies*, 7(1), 1138–1155. <https://doi.org/https://doi.org/10.62754/ais.v7i1.1001>
- Sugiyono. (2021). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D* (Edisi ke-2). Alfabeta.
- Sumarjo, W., Haerofiatna, Wirtadipura, D., & Tajudin. (2025). Compensation and Employee Performance: Mediation of Work Motivation. *Journal of Management*, 15(2), 43–51. <https://doi.org/https://doi.org/10.35335/enrichment.v15i2.2252>
- Vo, T. T. D., Tulião, K. V., & Chen, C.-W. (2022). Work Motivation: The Roles of Individual Needs and Social Conditions. *Behavioral Sciences*, 12(2), 49. <https://doi.org/https://doi.org/10.3390/bs12020049>