



Transformational Leadership and Job Satisfaction: Unveiling the Roles of Contingent Reward and Affective Commitment

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ABSTRACT

This research examines how transformational leadership affects employee job satisfaction while considering the mediating influence of affective commitment and the moderating influence of contingent reward. Research data focuses on the banking sector and was collected through a cross-sectional survey. The explanatory study utilized questionnaires and was implemented on a sample of 340 employees of the surveyed banks. The research conducted correlational analysis and utilized Partial Least Squares (PLS) Structural Equation Modeling (SEM) analysis. Findings indicate that transformational leadership positively affects employee job satisfaction while contingent reward modifies this relationship. Affective commitment partially mediated the transformational leadership-job satisfaction relationship. This study seeks to fill the gap in the literature by recognizing affective commitment and contingent reward contributing the impact as mediating and moderating variables respectively in the interplay of transformational leadership and employee job satisfaction. The foundational theories of the study are Transformational Leadership Theory and Full Range Leadership Theory (FRLT). The study develops on leadership practices in the banking sector and proposes actionable strategies to improve employee job satisfaction.

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1. Introduction

Transformational Leadership (TL) is recognized as one of the most important modern leadership styles. It encourages leaders to inspire and empower colleagues to achieve both personal and organizational goals (Bass, 1990). This style of leadership is essential in today's environment where organizations need to implement rapid changes to adapt to new challenges in the market. As stated in the Transformational Leadership theory developed by Burns (1978) and refined by Bass (1990), It focuses on uplifting and motivating employees while improving their work performances and also improves job satisfaction, organizational commitment, and overall success of the organization (Nwankwo, 2025; Ali, 2024). This study is focused on the impact of Transformational Leadership (TL) on job satisfaction while Affective Commitment (AC) is influencing in the center, and Contingent Reward is influencing on the outside.

This research discovers how leadership affects employees and other aspects of the business. The influence of transformational leadership is evident in the motivational levels, job satisfaction, and commitments of the employees, which in return makes the organization more productive and profitable (Boe, 2016; Khaola & Rambe, 2021; Hoch et al., 2016; Ali, 2024). It is the transformational leaders who target the organizational goals and implements the desire of individuals in the workforce in achieving and obtaining the goals. It is almost a universal condition that it is the transformational leadership that solves the friction between the personnel and the goals of the organization (Abouraia & Othman, 2017). Furthermore, the job satisfaction of the employees has been studied for so long in relation to productivity, retention, and the overall effectiveness of the organization (Boehnke et al., 2003; Chang & Lee, 2007). The correlation between transformational leadership and job satisfaction has been long documented and continues to be so today. Die transformational leaders create a working space in which employees are satisfied with the job and committed to the organization (Al-Ahmadi & Kasztelnik, 2021; Evtasari & Thoyib, 2023).

The impact of transformational leadership on job satisfaction has been thoroughly examined, with literature highlighting a positive correlation between the two (Al-Ahmadi & Kasztelnik, 2021; Malik et al., 2017). Transformational leaders create a culture of trust characterized by open communication, personal development and empowerment, all of which are core pillars of employee satisfaction (Boe, 2016; Hilton et al., 2021). This research seeks to add to the existing literature by exploring the mediating role of Affective Commitment between transformational leadership and job satisfaction. Affective Commitment (AC) has been described as the emotional bond that employees have



with an organization, has a positive impact on job satisfaction and a myriad of other work outcomes (Meyer et al., 2002; Meyer & Herscovitch, 2001). Research has shown that transformational leadership improves Affective Commitment by creating a climate in which employees feel appreciated and esteemed (Shamir et al., 1993; Yucel et al., 2014). As the Affective Commitment increase, the employees report greater job satisfaction because they are emotionally aligned with the success of the organization (Novianti, 2021; Notarnicola et al., 2024). The current research builds on existing literature by addressing the impact of Affective Commitment as a partial mediator in the relationship between transformational leadership and job satisfaction within the banking sector. Aside from Affective Commitment, the Contingent Reward also influences the relationship between transformational leadership and job satisfaction. Contingent Reward which is a fundamental concept within the transactional leadership framework involves the distribution of rewards in exchange for various levels of performance (Hoch et al., 2016; Layek & Koodamara, 2024). While transformational leadership primarily is the intrinsic part of a motivational equation, contingent reward functions to some extent as an outer motivator that propels and reinforces behaviors aligned with goals. The interplay of transformational and transactional styles of leadership has received ample attention in the literature (House, 1996; Bass & Riggio, 2006). However, the impact of contingent reward as a moderator on transformational leadership and job satisfaction, and particularly in the banking sector is yet to receive attention.

Research shows that combining transformational leadership with contingent rewards improves employee satisfaction and commitment to the organization (Hilton et al., 2023; Layek & Koodamara, 2024). Transformational leadership becomes even more effective with contingent rewards, as leaders provide employees with incentives that help achieve organizational goals (Khan et al., 2020; Hermawan et al., 2024). This study will cover the gap on the effect of contingent rewards on the transformational leadership and job satisfaction relationship. Many studies have been done on the different leadership styles and their impact on employees in organizations. Since the transformational leadership style is like working closely with employees and friends, it has an impact with committed employees, jobs satisfaction and the overall work-related outcomes. Within the incorporated nonprofit organizations, the transformational leadership style has more potential and impact than the transactional leadership style. In the teaching context, especially in teaching hospitals, the transformational leadership style has an impact on employee productivity where the transformational leadership style is the main focus in the productivity structural equation modeling. Within the interplay regarding motivation, leadership styles, and job satisfaction, also the employee outcomes with transactional leadership being the mediator,



especially in the petro-chemical context in Saudi Arabia, transformational leadership is the key. In the petro-chemical industry in Saudi Arabia transformational leadership proves the impact. These studies prove the impact leadership styles has in employee's attitudes and behaviors in the multiple organizations and settings.

2.Literature Review

2.1Transformational Leadership and Job Satisfaction

Although there are numerous reasons that research studies are increasing on Transformational leadership because the core focus of this leadership style on motivating employees and the results this leadership style elicits such as increased performance, job satisfaction, and job satisfaction (Avolio, Bass, & Jung, 1999; Bass, 1990; Bass & Riggio, 2006). Transformational leaders focus on motivating employees and the results this leadership style elicits are increased performance, and job satisfaction (Avolio, Bass, & Jung, 1999; Bass, 1990; Bass & Riggio, 2006). Employees also feel satisfied and stimulated in their work and creative outputs. (Bass, 1990; Bass & Riggio, 2006; Vall, 1999, 2000; Banks et al., 2016; Malik et al., 2017).

Idealized Influence is the part of Transformational leadership. Bass & Riggio (2006) pay attention on this that how Trust, respect and admiration are generated in a leader-follower relationship and therefore a leader is certain to become a role model when such a relationship is present. Such leaders are able to capture the devotion of their followers (Novianti, 2021; Al-Sada et al., 2017). Employees also feel the stimulation in their work and creative outputs when they are encouraged to think and problem solve, therefore such leaders capture the devotion of their followers (Novianti, 2021; Al-Sada et al., 2017). Employees also feel the stimulation in their work and creative outputs when they are encouraged to think and problem solve. Such employees are also satisfied in their work. (Huang et al., 2021; Khaola & Rambe, 2021). Presenting a vision for the future under the Inspirational Motivation domain seems to work well to improve job satisfaction from a sense of shared purpose and commitment (Avolio, Bass, & Jung, 1999; Hermawan et al., 2024). Job satisfaction is also promoted with the dimension of Individualized Consideration through attention, mentorship, and support (Boe, 2016; Malik et al., 2017). Leaders perform a considerable job in helping employees grow when they demonstrate individualized consideration, which then positively influences job satisfaction (Novianti, 2021; Bituin & Callo, 2024).



2.2 Transformational Leadership and Affective Commitment

Affective Commitment is concerned with how closely an employee identifies themselves with an organization, how involved they are with it and ultimately how attached they are to it (Allen & Meyer, 1990). As positive work attitudes and behaviors are displayed and job satisfaction, organizational loyalty and turnover intentions are expressed in excess, it can be said that an employee is being affectively committed to an organization (Meyer & Allen, 1991). Transformational leadership encourages higher Affective Commitment and positive organizational behaviors because such leaders inspire level resource human to integrate and align their individual goals with the organizational mission (Yucel et al., 2014; Al-Ahmadi & Kasztelnik, 2021). The idealized influence and Affective Commitment correlation is the strongest and the most influential, because employees who believe leaders are moral/ethical role models, are more likely to obtain an emotional attachment to the organization (Abouraia & Othman, 2017; Bituin & Callo, 2024). Chi et al. (2023) and Layek & Koodamara (2024) describe how intellectual stimulation significantly nurtures affective commitment' by advocating and encouraging employees to think creatively in problem solving. Engaging in Creative problem solving makes employees feel more in-tuned with the organization's ultimate goals. When expressing motivation, love and hope, leaders persuade staff to emotionally connect with the organization and be willing to accomplish the goals together (Abouraia & Othman, 2017; Hermawan et al., 2024). Also the degree to which leaders pay attention to the employees, psychologically which determines the emotional bonds and affective commitment of the employees (Hoch et al., 2016; Malik et al., 2017).

2.3 The Role of Affective Commitment in Job Satisfaction

Affective commitment helps explain the connection between transformational leadership and satisfaction on the job. Employees who become emotionally bonded with their organization will have job satisfaction. Transformational leadership behaviors positively impact affective commitment which consequently strengthens job satisfaction (Evitasari & Thoyib, 2023; Khaola & Rambe, 2021). Among the top five leadership transformational behaviors, Idealized Influence with its strong emotional attachment improves affective commitment and results in job satisfaction (Novianti, 2021; Mustaqim & Sabri, 2021). Likewise, Intellectual Stimulation with Inspirational Motivation endorses affective commitment by involving employees on intellectual and emotional and thus contributing to job satisfaction (Huang et al., 2021; Abouraia & Othman, 2017). Finally, Individualized Consideration motivates affective commitment with its supportive atmosphere which nurtures personal growth (Boe, 2016; Hermawan et al., 2024).



2.4 The Moderating Role of Contingent Reward

A part of transactional leadership is the contingent rewards which can also influence the connection of transformational leadership to job satisfaction. Employees are rewarded according to their job performance and these rewards boost the positive impacts of the rewards of transformational leadership behaviors on job satisfaction (Judge & Piccolo, 2004). The use of contingent rewards within transformational leadership has been shown in the past to strengthen the impacts of Idealized Influence, Intellectual Stimulation, Inspirational Motivation and Individualized Consideration on the job satisfaction of employees (Schriesheim et al., 2006; Vecchio et al., 2008). It has been shown that the effect that contingent rewards have on the satisfaction of employees within organizations that place value on effective leadership and employee performance is the strongest (Hoch et al., 2016; Khan et al., 2020). The reward system maintains the behaviors promoted by transformational leaders, thereby improving the employee experience and job satisfaction (Avolio, Bass, & Jung, 1999; Salameh-Ayanian et al., 2025). Research shows transformational leadership improves job satisfaction and affective commitment. Transformational leaders practicing Idealized Influence, Intellectual Stimulation, Inspirational Motivation and Individualized Consideration increase employee satisfaction when affective commitment and personal growth are embraced (Abouraia & Othman, 2017; Ali, 2024; Astuti, Siregar, & Syahputra, 2023). Consequently, affective commitment mediates the transformational leadership and job satisfaction relationship and making it vital in increasing organizational performance (Meyer & Herscovitch, 2001; Notarnicola et al., 2024).

Also, the contingent rewards moderating effect is proven through the research studies of Hoch et al. (2016) and Khan, Khan, & Rehan (2020) findings which demonstrate the importance of integrating some transactional leadership behaviors in order to maximize employee satisfaction and commitment. This research builds on the relationship between transformational leadership, affective commitment and contingent rewards in the context of job satisfaction, providing actionable recommendations to leaders and organizations and improving employee engagement and performance (Boe, 2016; Layek & Koodamara, 2024). Research has greatly discussed the effect of different leadership styles on employee engagement, job satisfaction and turnover intentions. Considering rewards and other transactional leadership behaviors, age was considered a moderating variable but the transactional leadership behaviors were shown to positively influence employee work engagement and reduce the intention to quit (Laulié et al., 2021). In the Ghanaian banking sector, leadership styles were aligned to voluntary work behaviors based on the importance of flexible leadership styles to employee behaviors (Mekpor &



Dartey-Baah, 2017). Meyer and Herscovitch (2001) offered a model of workplace commitment, and was one of the first to underscore the role of leadership behavior in developing commitment that is fundamental to job satisfaction and organizational retention.

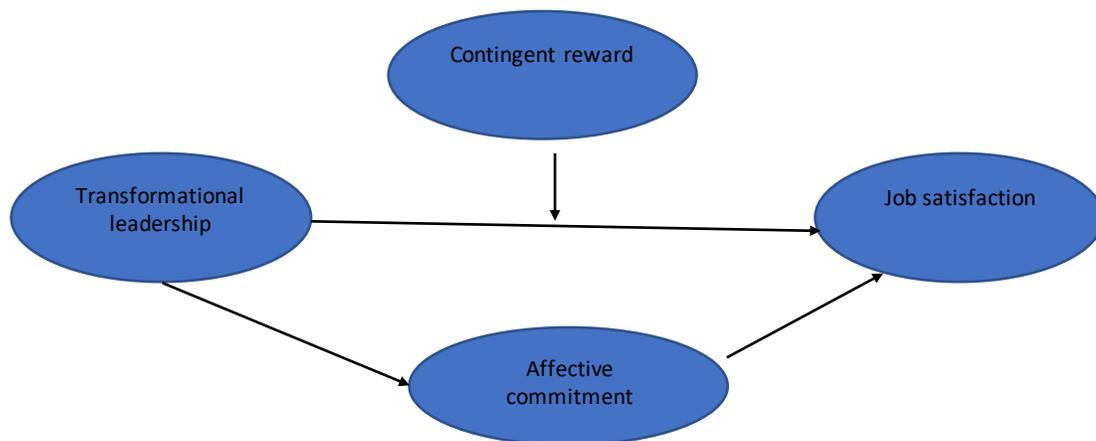
Mickson & Anlesinya (2020) state that different types of leadership positively influence local government employees' job satisfaction in Ghana. The impacts of leadership behaviors extending to job attitudes show the interaction of leadership and the attitudes of employees toward their work. The impacts of leadership behaviors extending to job attitudes show the interaction of leadership and the attitudes of employees toward their work. In addition to the effect of employee satisfaction, Mohanty et al. (2024) show transformational leadership in the healthcare industry positively influences the improvement of quality, thus demonstrating the impact of leadership beyond employee satisfaction. In his 2022 study, Moynihan demonstrates the impact of transformational leadership on employee retention by showing the increase in job satisfaction and the decrease in turnover intention for employees in the Irish retail sector. The impact of ethical leadership on the job satisfaction, affective commitment and turnover intention of accountants was studied by Torlak et al. (2021). The aforementioned studies focus on the different facets of the employee response to leadership. To summarize, this research study aims to extend knowledge on the impact of transformational leadership on job satisfaction, focusing particularly on the impact of affective commitment as a mediator and the impact of contingent reward as a moderator. It hopes to contribute to the leadership and organizational behavior literature using data from 340 bank employees and Structural Equation Modeling (SEM) analysis.

For organizations aiming to improve employee job satisfaction, commitment and performance, this will provide practical implications (Evitasaki & Thoyib, 2023; Park et al., 2022). For this study, the foundational theories are the Transformational Leadership Theory and the Full Range Leadership Theory (FRLT) which includes both transformational and transactional leadership (Avolio, Bass, & Jung, 1999; Bass & Riggio, 2006;). Transformational Leadership Theory argues that transformational leaders will inspire and motivate their followers to go beyond their own self-interests and focus on the greater good of the organization, thus fostering greater commitment and performance (Bass, 1990). Such leaders engage in idealized influence, intellectual stimulation, inspirational motivation, and individualized consideration, all of which culminates to job satisfaction (Bass & Riggio, 2006). In contrast, transactional leaders control performance with rewards and punishments which corresponds with the contingent reward and extrinsic motivation (Avolio, Bass, & Jung, 1999). Full Range Leadership Theory (Bass, 1990) offers a comprehensive understanding of the effect of transformational and transactional

leadership on organizational outcomes. Here, the impact of transformational leadership on job satisfaction can further be explained through the moderating role of contingent reward, which complements intrinsic motivation with extrinsic motivation (Bass, 1990). This is helpful in understanding the interaction of transformational leadership and contingent reward.

2.5 Research Framework

Following is the theoretical framework of this study



2.6 Research Objectives

The purpose of this study is to analyze the connection of Transformational Leadership to Job Satisfaction, the mediating role of Affective Commitment, and the moderating role of Contingent Reward. The study's objectives are to:

1. To determine the extent to which transformational leadership impacts employee job satisfaction.
2. To assess the mediating role of affective commitment within the transformational leadership and job satisfaction relationship.
3. To evaluate the moderating role of contingent reward within the transformational leadership and job satisfaction relationship.

This study is worthwhile since it addresses the transformational leadership, affective commitment and contingent reward strands of literature on job satisfaction. The outcome is intended to benefit leaders



and managers in the banking and other industry sectors. It is to cultivate an environment of commitment and job satisfaction to strengthen the organizational culture.

3. Research Methodology

In this study we want to explore the connections between Transformational Leadership, Affective Commitment, Contingent Reward and Job Satisfaction specifically within the banking industry. The research was done using a cross-sectional survey design and the Structural Equation Modeling (SEM) technique. In this section, the research design, data collection method, sample size and hypotheses analysis techniques which are part of the quantitative research methodology, are described.

3.1. Research Design

Since the study attempts to research the relationships between various variables, a correlational and descriptive framework is ideal (Creswell, 2009). The key focus is to determine the impact of Transformational Leadership on Job Satisfaction, specifically on Affective Commitment, and the moderating effect of Contingent Reward on that relationship. The cross-sectional survey approach provides the opportunity to gather data at one point in time, which enables the exploration and analysis of these relationships, thereby offering insights on the extent to which various managerial behaviors and patterns affect employee satisfaction (Sekaran & Bougie, 2016).

3.2. Population and Sample Size

The target study population covers the banking sector employees and more specifically, those in the front-line managerial positions with direct supervision. A purposive sampling approach is used for selecting study respondents which is based on the knowledge of the organizational context and patterns of leadership behaviors (Creswell, 2009). Purposive sampling is deemed appropriate for this case as it enables the study to gather data from a research group that is comprehensive and pertinent to the research objectives (Cohen et al., 2018). To guarantee the reliability and validity of the results, 340 bank employees must be surveyed. For representativeness of the population and to gain sufficient power, the sample size was calculated using Cohen's (1992) guide for Structural Equation Modeling (SEM). To gain adequately representativeness of the sample, respondents will be drawn from numerous branches of the banking sector. Respondent selection will be aimed at ensuring a diverse and fully inclusive approach to data gathering.



3.3 Data Collection

Data will be collected through an adaptive questionnaire distributed to the employees of the banks and the respondents will complete a self-administered questionnaire. The key constructs of this study are each based on established scales and to measure the key variables of this research study.

- **Transformational Leadership:** For this variable, the MLQ (Bass & Avolio, 1990) used to measure each of the four dimensions of transformational leadership: Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration. The use of the MLQ has received considerable empirical support in different organizational settings (Avolio, Bass & Jung, 1999).
- **Job Satisfaction:** To measure employees' general job satisfaction, I will use the Job Satisfaction Survey (JSS) by Spector (1997) which has proven reliability for the measurement of different aspects of job satisfaction, including pay, promotion, supervision, and co-workers.
- **Affective Commitment:** Affective Commitment will be measured by the Affective Commitment scale put forth by Allen and Meyer (1990) which is a fundamental of commitment organization.
- **Contingent Reward:** Adapted from Bass (1998), the measurement of Contingent Reward is aligned to the transactional leadership scale in which the leader-performance rewards and recognition are management practices focused on.

To measure leadership behavior, job satisfaction, affective commitment, and contingent reward, the participants will be asked to indicate on a 5-point Likert scale from 1 (Strongly Disagree) to 5 (Strongly Agree) how much they agree.

3.4. Data Analysis

To analyze the data, Structural Equation Modeling (SEM) will be used, as it is particularly suitable for testing complex relationships between observed and latent variables (Hair et al., 2012). SEM will be conducted using Partial Least Squares (PLS) software, which is appropriate for exploratory research and complex models with smaller sample sizes (Hair (2014).

The following steps will be undertaken for data analysis:

1. **Descriptive Statistics:** Initial data analysis will involve calculating means, standard deviations, and frequencies for demographic information and variables.



2. Reliability and Validity: Scales reliability will use Cronbach's Alpha and Composite Reliability's. For convergent validity, Average Variance Extracted (AVE) will be used, and for discriminant validity, Fornell-Larcker's criterion and cross-loadings will be used.
3. Path Analysis: To find the hypothesized relationships between Transformational Leadership, Affective Commitment, Contingent Reward, and Job Satisfaction, SEM will be used. Affective Commitment will be used as a mediator, and Contingent Reward will be used as a moderator. Indirect effects will be tested for significance with the bootstrapping method (Preacher & Hayes, 2008).

4. Results and Analysis:

The sample demographic characteristics are shown in the table below. This includes the crucial dimensions of the sample such as gender, educational attainment and length of service in the organization. These dimensions are essential in gauging the participant's diversity and the possible impact on the outcome of the study. These demographic dimensions allow the table to contextualize the association of transformational leadership with affective commitment and job satisfaction. Such disaggregation would also provide ease in delineating the possible influence of the employee profile on leadership style and the consequent outcome of work.

Table 1: Demographics

DEMOGRAPHICS	CATEGORY	FREQUENCY	PERCENTAGE
GENDER	MALE	271	79.7%
	FEMALE	69	20.3%
	Total	340	100%
EDUCATION	BACHELORS	154	45.3%
	MASTERS	183	53.82%
	OTHERS	3	0.88%
	Total	340	100%
EXPERIENCE	1-5	103	30.3%
	5-10	152	44.7%
	10 & ABOVE	85	25%
	Total	340	100%



In this Table 1, we provide demographic details of the people who took part in the research study in the Banking sector of Pakistan and the latter biographical data included variables such as gender, education and respective years of experience in the Banking sector. The findings of the study indicate that the number of males respondents was higher, comprising 79.7% compared to only 20.3% of females, out of a total of 340 respondents. Another mitigating factor pertains to the respondents' educational qualifications, as the majority possessed a Master's degree, accounting for 53.82% of the respondents, in comparison to 45.3% who held a Bachelor's degree. Based on the study, it can also be seen that a majority of respondents had 5-10 years of experience, accounting for 44.7%, while 30.3% had 1-5 years, and 25% of respondents had 10 years or more experience.

Table 2: Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Extracted (AVE)	Variance
Affective commitment	0.755	0.759	0.836	0.505	
Contingent Reward	0.838	0.840	0.885	0.608	
Idealized Influence	0.747	0.748	0.840	0.568	
Individual Consideration	0.780	0.781	0.859	0.603	
Inspirational Motivation	0.804	0.814	0.864	0.561	
Intellectual Simulation	0.854	0.858	0.896	0.633	
Job Satisfaction	0.783	0.793	0.853	0.540	
Moderating Effect CR*TL	1.000	1.000	1.000	1.000	
Transformational Leadership	0.885	0.890	0.902	0.342	

The reliability of the respondents' answers in Table 2. Reliability is confirmed as the data meets the required consistency thresholds of 0.7 for Cronbach's Alpha, rho_A, and Composite Reliability (Fornell & Larcker, 1981; Nunnally & Bernstein, 1994). Furthermore, the Average Variance Extracted (AVE) value of all constructs exceeds 0.5, thus, validating the convergent construct as recommended by Hair, Black, Babin, & Anderson (2010). The results are as predicted in prior studies, confirming that the measurement model is suitable for subsequent analyses. The valid and reliable data provides sufficient basis for the structural equation modeling (SEM) analysis (Lomax, 2004; Kline, 20).



Table 3: Discriminant Validity: Fornell-Larcker Criterion

	Affective commitment	Contingent Reward	Idealized Influence	Individual Consideration	Inspirational Motivation	Intellectual Simulation	Job Satisfaction	Moderating Effect CR*TL	Transformational Leadership
Affective commitment	0.710								
Contingent Reward	0.423	0.780							
Idealized Influence	0.477	0.494	0.754						
Individual Consideration	0.615	0.462	0.530	0.777					
Inspirational Motivation	0.417	0.413	0.342	0.429	0.749				
Intellectual Simulation	0.457	0.484	0.556	0.482	0.294	0.796			
Job Satisfaction	0.626	0.449	0.409	0.572	0.397	0.420	0.735		
Moderating Effect CR*TL	0.072	-0.073	-0.060	0.038	-0.041	0.033	0.093	1.000	
Transformational Leadership	0.647	0.608	0.779	0.806	0.655	0.798	0.593	-0.002	0.585

Referring to Table 3, the square root of the Average Variance Extracted (AVE) is greater than the off-diagonal values, exceeding the threshold of 0.7 suggested by Fornell and Larcker (1981). This confirms the data display discriminant validity, meaning every construct in the model is different from the others.



Table 4: Heterotrait-Monotrait Ratio (HTMT)

	Affective commit ment	Conting ent Reward	Ideali zed Influe nce	Individua l Consider ation	Inspirati onal Motivati on	Intellec tual Simulat ion	Job Satisfac tion	Moderat ing Effect CR*TL	Transforma tional Leadership
Affective commitment									
Contingent Reward	0.523								
Idealized Influence	0.632	0.624							
Individual Consideratio n	0.794	0.570	0.690						
Inspirational Motivation	0.527	0.503	0.436	0.535					
Intellectual Simulation	0.566	0.573	0.696	0.588	0.347				
Job Satisfaction	0.798	0.553	0.537	0.725	0.497	0.519			
Moderating Effect CR*TL	0.094	0.084	0.083	0.048	0.044	0.055	0.106		
Transformat ional Leadership	0.779	0.709	0.954	0.941	0.818	0.903	0.707	0.071	

Table 4 presents that all relationships between constructs in this research model have values below 0.8, which is within the acceptable range outlined by Henseler, Ringle, and Sarstedt (2015). As such, discriminant validity is established for all constructs in the model. Furthermore, the cross-loadings of each construct with items significant to other constructs are less than the loadings of items defining their relevant constructs, which further supports the conclusion that the data set is acceptable (Chin, 1998). Consequently, the entire measurement model demonstrates an adequate structural model,



ensuring that both the measurement and structural models are valid and reliable for further analysis (Hair, Hult, Ringle, & Sarstedt, 2017).

Table 5: Cross Loading

	Affective Commitment	Contingent Reward	Job Satisfaction	Moderation TR*CR	Transformational Leadership	
AC_1	0.825	0.416	0.254	-0.004	0.523	
AC_2	0.818	0.367	0.278	-0.009	0.430	
AC_3	0.837	0.423	0.310	-0.040	0.438	
AC_4	0.766	0.341	0.292	0.019	0.429	
AC_5	0.726	0.360	0.254	0.068	0.377	
CR_1	0.296	0.695	0.349	0.015	0.360	
CR_2	0.375	0.768	0.381	0.016	0.443	
CR_3	0.404	0.741	0.330	0.027	0.409	
CR_4	0.377	0.763	0.351	0.079	0.445	
CR_5	0.337	0.751	0.355	-0.007	0.343	
JS_1	0.374	0.380	0.696	0.043	0.338	
JS_2	0.235	0.362	0.778	-0.032	0.284	
JS_3	0.262	0.390	0.795	0.054	0.342	
JS_4	0.128	0.247	0.609	0.084	0.214	
JS_5	0.195	0.322	0.703	-0.003	0.265	
JS_6	0.259	0.323	0.729	0.006	0.191	
TML_1	0.285	0.286	0.246	-0.006	0.621	
TML_2	0.451	0.370	0.237	0.036	0.731	
TML_3	0.352	0.376	0.311	-0.019	0.757	
TML_4	0.483	0.396	0.230	0.017	0.729	
TML_5	0.395	0.480	0.362	0.038	0.743	
Transformational Leadership Contingent Reward	*	0.006	0.035	0.033	1.000	0.021



In the cross-loading analysis seen in Table 5, the discriminant validity of the model's constructs may be assessed. As per Chin (1998), each construct's cross-loadings must be less than each construct's loading. This shows that every item is more strongly linked to its own construct relative to any other construct in the model. In Table 5, every item shows stronger loadings to their constructs versus cross-loadings to other constructs. This further validates the argument that the model's constructs are distinct and independent, confirming the discriminant validity criteria are met per Fornell and Larcker (1981).

Table 6: R Square

	R Square	R Square Adjusted
Affective commitment	0.418	0.417
Job Satisfaction	0.467	0.461
Transformational Leadership	1.000	1.000

Table 6 shows the variation the mediating variable Affective commitment exhibited was 41.8% as attributed to the independent variable. Furthermore the dependent variable Job satisfaction displayed 46.7% variation which was less than that of the mediating variable as attributed to the independent variable.

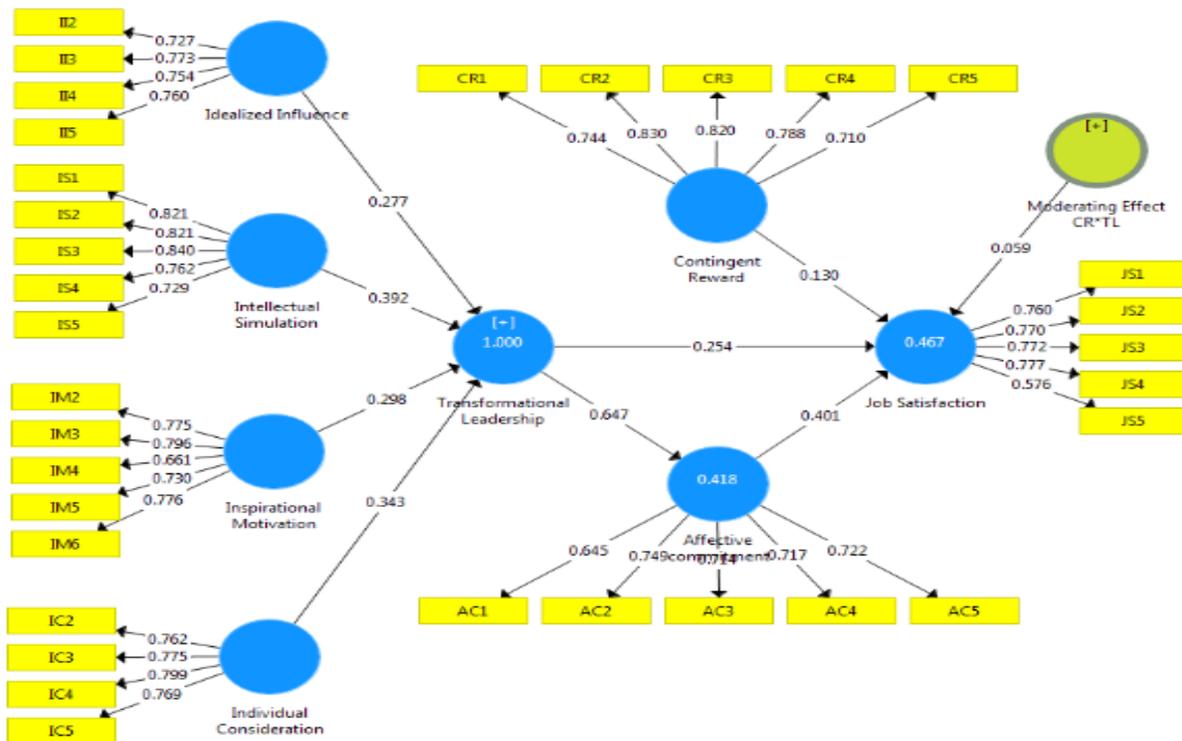


Figure 1: SEM

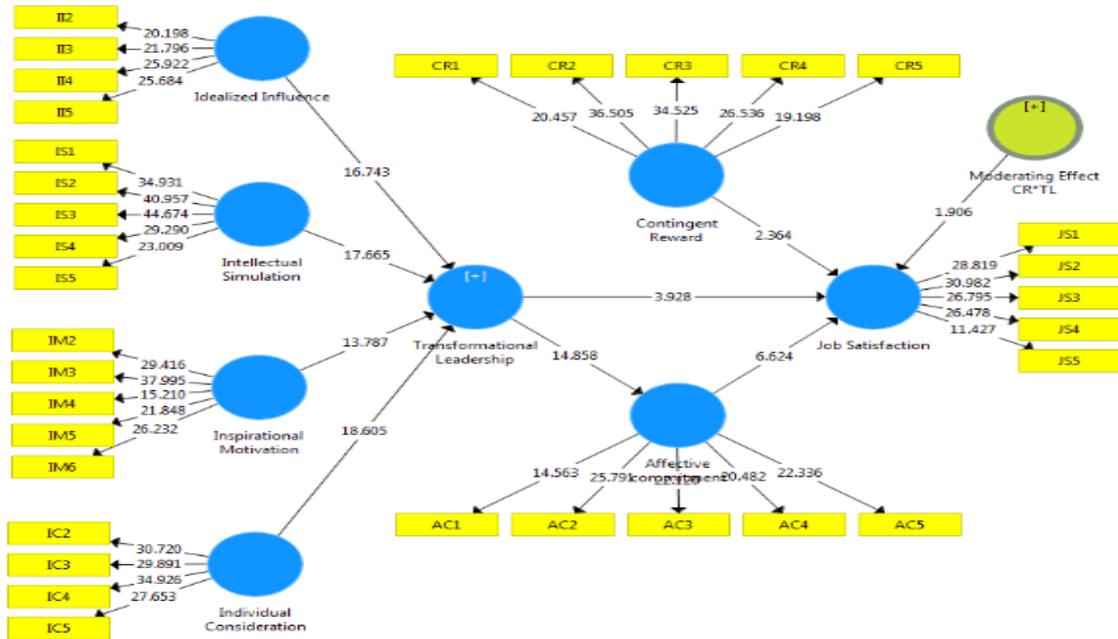


Figure 2: Boot Strapping

The table 7 describes the results from the bootstrapping function that show the final mediation results regarding Transformational leadership (Idealized influence, Intellectual stimulation, Inspirational motivation, Individual consideration) as the independent variable, along with Affective Commitment, Contingent Reward, and Job Satisfaction as the dependent variables. For the results described in the table, it can be noted that the T-values (6.624, 2.364, 16.743, 18.605, 13.787, 17.665, 14.858, and 3.928) are all greater than 1.96. For the Probabilities (P values) the figures are all less than 0.05 (0.000, 0.018, and 0.000). From the table values, it can be noted that the T value of Affective Commitment and Job Satisfaction is 6.624 and the P value is 0.000, thus it can be concluded that the relationship is significant. For the Contingent Reward and Job Satisfaction, the T value is 2.364 and the P value is 0.018, and thus the relationship is also significant. The T value of Transformational Leadership and Affective Commitment is 14.858, thus the relationship is significant because the P value is 0.000. Lastly, the T value of Transformational Leadership and Job Satisfaction is 3.928 and the P value is also 0.000, thus the relationship is significant.



Table 7: Bootstrapping

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Affective commitment -> Job Satisfaction	0.401	0.401	0.061	6.624	0.000
Contingent Reward -> Job Satisfaction	0.130	0.133	0.055	2.364	0.018
Idealized Influence -> Transformational Leadership	0.277	0.277	0.017	16.743	0.000
Individual Consideration -> Transformational Leadership	0.343	0.342	0.018	18.605	0.000
Inspirational Motivation -> Transformational Leadership	0.298	0.297	0.022	13.787	0.000
Intellectual Stimulation -> Transformational Leadership	0.392	0.390	0.022	17.665	0.000
Moderating Effect CR*TL -> Job Satisfaction	0.059	0.059	0.031	1.906	0.057
Transformational Leadership -> Affective commitment	0.647	0.650	0.044	14.858	0.000
Transformational Leadership -> Job Satisfaction	0.254	0.255	0.065	3.928	0.000

5. Conclusion

This study researched how job satisfaction is affected by transformational leadership and how the rewards and affective commitment impacted the job satisfaction in the banking industry in Pakistan. The results show how important and positive job satisfaction is affected by transformational leadership and how important job satisfaction is in transformational leadership. The four job transformational leadership dimensions of Idealized Influence, Intellectual Stimulation, Inspirational Motivation and Individualized Consideration all positively influence employees' job satisfaction. This is consistent with existing literature. Transformational leadership positively influences the inspiration, motivation and intellectual



stimulation of the employees, leading to higher satisfaction and commitment of the employees. (Bass, 1998; Avolio, Bass, & Jung, 1999).

The research also shows how contingent reward as one of the element of transactional leadership which influence transformational leadership's effects on job satisfaction. Providing contingent rewards in addition to transformational leadership increases employee motivation and satisfaction (Bass & Avolio, 1990; Bass et al., 2003). Also, the study emphasizes the role of affective commitment as a mediator between transformational leadership and employee job satisfaction. Employees emotionally attached to the organization and influenced by transformational leadership will tend to have high job satisfaction (Meyer & Herscovitch, 2001; Shamir et al., 1993). This finding increases research on leadership by showing how the affective component of commitment and job satisfaction are closely linked. Overall, the study underscores the importance of transformational leadership, contingent rewards, and affective commitment to job satisfaction in the banking industry. As employees in this sector experience high dissatisfaction and turnover, these findings will help organizations promote transformational leadership to improve employee satisfaction, performance and retention, and use contingent rewards to increase motivation.

5.1 Recommendations

It is recommended that by practicing Transformational Leadership, organizational leaders in the banking industry should work towards improving the four elements of transformational leadership. Leaders can work to be role models (Idealized Influence), challenge the status quo and encourage leaders to become creative problem solvers (Intellectual Stimulation), create a vision in their mind and ignite that vision in others (Inspirational Motivation) and provide personal attention and mentoring to employees (Individualized Consideration). Organizations will be able to create a culture that will increase job satisfaction, employee commitment, and overall organizational effectiveness.

It is recommended that by using Contingent reward as a motivational component, Organizations should adopt the contingent reward system within transformational leadership in order to increase the employee job satisfaction. With contingent rewards, employees' personal goals will be achieved in alignment with the organizational goals. Organizations will be able to reinforce positive behaviors as outlined by transformational leaders and increase overall employee satisfaction.

It is recommended that by understanding the link between transformational leadership and satisfaction at work, affective commitment assumes a major role. An organization should encourage



employees' emotional bonds and feelings of belonging by involving them in meaningful work, reinforcing the organizations value, and providing avenues for personal growth. This can be done through a culture of supportive wellbeing, and through the feedback and recognition systems in place.

It is recommended that by leadership development across different sectors because this research focused on the banking sector, its outcome can be applied on various industries. Leadership development should be designed for employees at different levels and for various industries in transformational leadership, particularly in motivating and energizing employees. Furthermore, strategic initiatives that aim to incorporate transactional leadership practices of rewarding should be coupled to provide leadership consolidation.

5.2 Limitations

The limitations are unavoidable and this is the case for every study. The limitations of this research are as we done this research on banking sector so it is sector specific focus. Further research is needed in order to research and study different industries. In studying transformational leadership and contingent rewarded, the study did not take into consideration other forms of leadership such as passive-avoidant leadership and laissez-faire leadership. Understanding the impact of these forms of leadership on job satisfaction would render the study more complete.

5.3 Future Research Directions

For Future research, different leadership styles could be examined like ethical leadership, servant leadership or authentic leadership. Understanding the impact of these styles on job satisfaction and other organizational outcomes could be beneficial. This could deepen knowledge and broaden perceptions regarding employee engagement and performance. Due to the geographical limitations of this study, future research could conduct studies crossing various cultures to study the impact of transformational leadership on job satisfaction in various cultures. This would indicate whether the findings are universally applicable or regionally specific. For future research may be able to examine other potential mediators like employee engagement and organizational trust as well as other potential moderators like organizational culture to achieve a better comprehensive picture of the relationships between transformational leadership and the other variables involved in the employees' job satisfaction. This study has discussed the many relationships between transformational leadership and job satisfaction while including the importance of affective commitment and contingent reward. These relationships and the information derived from them will help organizations to make relevant leadership initiatives and



improve employee satisfaction and in turn, employee performance. Nonetheless, this study may also be the beginning in working on the many other relationships this study could not cover, especially in the areas of diverse sectors, cultures and disparate leadership styles.

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