

ABSTRACT

This study aims to analyze the effect of transactional leadership style and compensation on employee performance with organizational commitment as an intervening variable. Employee performance is the most important factor, but there is a decline in performance at PT Eka Sandang Duta Prima. There is also a Research Gap which is the background of this research.

The population in this study were employees of PT. Eka Sandang Duta Prima using a saturated sampling technique (census) in sampling with a sample size of 120 employees involved in this study. This study uses descriptive and quantitative analysis methods and uses multivariate analysis tools so that it can provide complex variable analysis results through the application program Smart Partial Least Square (PLS) 3.3.3.

The results of this study indicate that the Transactional leadership style has a positive and significant effect on organizational commitment and also has a positive and significant effect on employee performance. Compensation has a positive and significant effect on organizational commitment and also has a positive effect on employee performance. Organizational commitment is proven to mediate the relationship between transactional leadership style and employee performance and the relationship between compensation and employee performance.

Keywords: Transactional Leadership Style, Compensation, Organizational Commitment, Employee Performance