

Research Article

Enhancing Job Performance in Outsourced Employees: Do Reward Systems Matter More Than Empowering Leadership?

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Abstract

This study investigates the influence of empowering leadership and reward systems on job performance, with job satisfaction as a mediating variable among outsourced employees at PT Bank Mandiri Tbk in the Bekasi region. Using a quantitative approach, data were collected from all outsourced employees through structured questionnaires measured on a five-point Likert scale and analyzed using PLS-SEM. The findings reveal that empowering leadership does not play a significant role in shaping job satisfaction or improving job performance in this context. In contrast, the reward system emerges as a key factor that positively influences both job satisfaction and employee performance. Interestingly, job satisfaction itself does not significantly contribute to job performance and is unable to mediate the relationship between empowering leadership, reward systems, and performance outcomes. These results suggest that in outsourced employment settings, where job roles and authority are often limited, tangible factors such as fair and transparent rewards are more influential than leadership style or psychological conditions. The study highlights the importance of designing effective reward systems to enhance performance and provides practical insights for organizations managing outsourced employees in achieving better productivity outcomes.

Keywords: Empowering Leadership, Reward System, Job Satisfaction, Job Performance.

JEL Classification: M54, M12, J28

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1. Introduction

In today's highly competitive business environment, organizations must continuously improve employee performance to drive organizational success. In the banking sector, performance is not only measured by financial outcomes but also by service quality and customer satisfaction. One of the main challenges organizations face is managing outsourced employees, who often experience different working conditions from permanent staff, including limited career paths and unequal compensation. These conditions can influence their motivation and overall job performance. Therefore, understanding the factors that affect job performance, particularly among outsourced employees, becomes crucial for sustaining organizational competitiveness (Dessler, 2019; Hoxha & Ramadani, 2023).

One important factor that has gained attention in modern organizations is empowering leadership. This leadership style emphasizes employee autonomy, participation in decision-making, and the development of individual capabilities. Empowering leadership is believed to enhance employees' intrinsic motivation and encourage proactive behavior in the workplace. However, previous studies have shown inconsistent results regarding its impact on job satisfaction and job performance. Some studies suggest a positive relationship, while others indicate that empowering leadership may not significantly influence employee outcomes, particularly in contexts where employees have limited authority, such as outsourcing arrangements (Amundsen & Martinsen, 2014; Lydiastuti & Rijanti, 2025).

In addition to leadership, reward systems play a vital role in shaping employee attitudes and performance. A well-designed reward system, both financial and non-financial, can increase employee satisfaction and motivate them to perform better. For outsourced employees, fair and transparent rewards are particularly important for recognizing their contributions. However, disparities in compensation and benefits between outsourced and permanent employees often lead to dissatisfaction, which can ultimately reduce performance. Prior research highlights that reward systems significantly influence both job satisfaction and job performance, although the strength of this relationship may vary across organizational contexts (Armstrong, 2020; Milkovich et al., 2017).

Job satisfaction is another critical variable that is frequently examined as a mediator of the relationship between organizational practices and employee performance. It reflects employees' emotional responses to their work and workplace conditions. Employees who are satisfied with their jobs are more likely to demonstrate higher levels of commitment, productivity, and performance. Nevertheless, empirical findings regarding the mediating role of job satisfaction remain inconclusive. Some studies confirm its mediating effect, while others find that job satisfaction does not significantly bridge the relationship between leadership, reward systems, and performance outcomes (Judge et al., 2001; Robbins & Judge, 2017).

The existence of these inconsistent findings indicates a research gap that needs to be addressed. Specifically, there is limited research focusing on outsourced employees in the banking sector, particularly in Indonesia. Most previous studies have concentrated on permanent employees, leaving a gap in understanding how empowering leadership and reward systems affect outsourced workers. Moreover, the effectiveness of job satisfaction as a mediating variable in this context remains unclear. This gap highlights the need for further empirical investigation to provide more comprehensive insights into human resource management practices in non-standard employment settings (Hidayat et al., 2024; Wirawan & Widiyanto, 2023).

Based on the identified background and research gap, this study aims to examine the effects of empowering leadership and reward systems on job performance, with job satisfaction as a mediating variable, among outsourced employees at PT. Bank Mandiri Tbk, Bekasi Region. The findings of this study are expected to contribute both theoretically and practically. Theoretically, this research enriches the literature on human capital management, particularly in the context of outsourced employees. In practice, it provides managers with insights to develop more effective leadership approaches and reward systems that enhance employee performance. The novelty of this study lies in its focus on outsourced employees in the banking sector and its examination of job satisfaction as a mediating variable.

In today's competitive banking environment, managing outsourced employees presents unique challenges that directly affect job performance, particularly due to differences in job security, authority, and compensation compared to permanent staff. While prior studies have examined empowering leadership and reward systems as key drivers of employee outcomes, the underlying mechanism linking these variables to job performance remains under-tested, especially the role of job satisfaction as a mediating variable. Most existing research assumes that leadership and rewards influence performance through positive psychological states; however, this mechanism may not operate effectively in outsourcing contexts where employees face structural constraints, limited

autonomy, and transactional employment relationships. Such conditions may weaken the impact of empowering leadership, which relies on autonomy and participation, while strengthening the role of reward systems as more tangible and immediate motivators. Therefore, the theoretical gap lies in understanding whether job satisfaction functions as an effective mediator under these conditions, or whether the relationship between organizational practices and performance becomes more direct and economically driven. Addressing this gap is important to clarify how and why the effectiveness of leadership and reward strategies may differ in outsourced employment settings.

2. Literature Review and Hypothesis

Literature Review

Empowering Leadership

Empowering leadership is a leadership style that emphasizes sharing power with employees, enhancing their autonomy, and encouraging participation in decision-making. Leaders who adopt this approach focus on developing employees' competencies, fostering self-efficacy, and promoting a sense of ownership over work outcomes. This leadership style is particularly relevant in modern organizations that demand flexibility, innovation, and employee engagement (Amundsen & Martinsen, 2014; Zhang & Bartol, 2010). By granting employees greater discretion and responsibility, empowering leadership can stimulate intrinsic motivation and proactive behavior, which are essential for achieving organizational goals (Kim & Beehr, 2018). However, the effectiveness of empowering leadership may vary across organizational contexts and employee characteristics. In non-standard employment arrangements, such as outsourcing, employees may face structural limitations that restrict their authority and decision-making capacity. As a result, the positive impact of empowering leadership may not always be fully realized. This suggests that contextual factors play an important role in determining the effectiveness of leadership styles in influencing employee attitudes and behaviors (Lydiastuti & Rijanti, 2025).

Reward System

A reward system is a critical component of human resource management that recognizes and reinforces employee contributions. It encompasses both financial rewards, such as salaries and bonuses, and non-financial rewards, such as recognition, career development opportunities, and work-life balance. An effective reward system should be fair, transparent, and aligned with organizational objectives to motivate employees to achieve high performance (Armstrong, 2020; Milkovich et al., 2017). In practice, perceptions of fairness in reward distribution play a crucial role in shaping employee attitudes. Inequitable reward systems can lead to dissatisfaction, reduced motivation, and lower performance levels. This issue is particularly relevant for outsourced employees, who often experience disparities in compensation and benefits compared to permanent staff. Therefore, designing an appropriate reward system becomes essential for maintaining employee satisfaction and enhancing performance outcomes (Gerhart & Fang, 2015).

Job Satisfaction

Job satisfaction is defined as an individual's overall emotional response to their job, reflecting the extent to which they feel positively or negatively about their work. It is influenced by factors such as leadership style, compensation, work environment, and opportunities for personal growth. Employees with high job satisfaction tend to exhibit stronger organizational commitment, lower turnover intentions, and higher levels of performance (Robbins & Judge, 2017; Judge et al., 2001). From a theoretical perspective, job satisfaction is often positioned as a key variable linking organizational practices to employee outcomes. It serves as an internal psychological mechanism through which external factors, such as leadership and rewards, influence employee behavior. Despite its importance, empirical findings on the role of job satisfaction are not always consistent, underscoring the need for further investigation across different organizational contexts (Hidayat et al., 2024).

Job Performance

Job performance refers to the extent to which employees successfully carry out their job responsibilities, measured in terms of both quality and quantity of work. It is a crucial indicator of organizational effectiveness and competitiveness. Job performance is influenced by a combination

of individual factors, such as skills and motivation, and organizational factors, such as leadership and reward systems (Dessler, 2019; Hoxha & Ramadani, 2023). For outsourced employees, performance is even more critical, as they often serve as front-line workers who directly interact with customers. Their performance can significantly impact organizational reputation and service quality. Therefore, understanding the determinants of job performance in this context is essential for developing effective human resource strategies (Wirawan & Widiyanto, 2023).

Hypothesis

Empowering Leadership and Job Satisfaction

Empowering leadership is widely recognized as a significant predictor of job satisfaction because it enhances employees' sense of autonomy, competence, and meaningfulness at work. When employees are allowed to participate in decision-making and are trusted with greater responsibility, they are more likely to feel valued and respected within the organization. This sense of empowerment contributes to higher levels of job satisfaction by fulfilling employees' psychological needs (Amundsen & Martinsen, 2014; Zhang & Bartol, 2010). Furthermore, empowering leadership fosters open communication and supportive relationships between leaders and subordinates, thereby strengthening employees' emotional attachment to their work. Empirical studies consistently demonstrate that empowering leadership positively and significantly affects job satisfaction across various organizational settings (Kim & Beehr, 2018; Lydiastuti & Rijanti, 2025). Therefore, the following hypothesis is proposed:

H1: Empowering leadership has a positive effect on job satisfaction.

Reward System and Job Satisfaction

Reward systems play a crucial role in shaping employees' perceptions of fairness and organizational support. According to equity theory, employees evaluate their job satisfaction based on the balance between their input (effort and skills) and their output (rewards received). When employees perceive that rewards are distributed fairly and in accordance with their contributions, they are more likely to experience higher levels of job satisfaction (Armstrong, 2020; Gerhart & Fang, 2015). In addition, both financial and non-financial rewards contribute to job satisfaction by fulfilling employees' economic and psychological needs. Previous studies have consistently found that reward systems significantly influence job satisfaction, particularly in environments where compensation is a primary concern, such as among outsourced employees (Milkovich et al., 2017; Hidayat et al., 2024). Thus, the following hypothesis is formulated:

H2: The reward system has a positive effect on job satisfaction.

Job Satisfaction and Job Performance

Job satisfaction is often associated with improved job performance because satisfied employees tend to be more motivated, engaged, and committed to their work. They are more likely to exert additional effort, demonstrate organizational citizenship behavior, and achieve higher productivity levels. The relationship between job satisfaction and job performance has been extensively studied, with many researchers confirming a positive correlation between the two variables (Judge et al., 2001; Robbins & Judge, 2017). However, some studies suggest that the strength of this relationship may vary depending on contextual factors such as organizational culture and job characteristics. Despite these variations, job satisfaction remains an important determinant of employee performance, making it a key variable in human resource management research (Hoxha & Ramadani, 2023; Wirawan & Widiyanto, 2023). Therefore, the hypothesis is:

H3: Job satisfaction has a positive effect on job performance.

Empowering Leadership and Job Performance

Empowering leadership can directly influence job performance by fostering a sense of ownership and responsibility among employees. When employees are empowered, they are more likely to take initiative, solve problems independently, and contribute to organizational success. This increased level of engagement can lead to improved performance outcomes (Zhang & Bartol, 2010; Kim & Beehr, 2018). Moreover, empowering leadership encourages knowledge sharing and collaboration, thereby enhancing team performance and overall organizational effectiveness. Empirical evidence supports the positive relationship between empowering leadership and job

performance across various industries (Amundsen & Martinsen, 2014; Hidayat et al., 2024). Thus, the hypothesis is:

H4: Empowering leadership has a positive effect on job performance.

Reward System and Job Performance

Reward systems serve as an important motivational tool that can directly influence employee performance. When employees are rewarded for their achievements, they are more likely to maintain or improve their performance levels. Performance-based rewards, in particular, can create a strong incentive for employees to achieve organizational goals (Milkovich et al., 2017; Armstrong, 2020). Additionally, fair and competitive reward systems can reduce dissatisfaction and increase employees' willingness to exert greater effort. Empirical studies consistently show that reward systems have a significant positive effect on job performance (Gerhart & Fang, 2015; Wirawan & Widhianto, 2023). Therefore, the hypothesis is:

H5: Reward system has a positive effect on job performance.

The Role of Mediating Job Satisfaction

Job satisfaction is often considered a mediating variable that explains how organizational practices influence employee performance. Empowering leadership and reward systems can enhance job satisfaction, which in turn leads to improved job performance. This mediating mechanism highlights the importance of employees' psychological responses in translating organizational inputs into performance outcomes (Judge et al., 2001; Robbins & Judge, 2017). However, previous research has reported mixed findings regarding the mediating role of job satisfaction, suggesting that its effectiveness may depend on contextual factors. Despite these inconsistencies, job satisfaction remains a widely accepted mediator in human resource research (Hidayat et al., 2024; Lydiastuti & Rijanti, 2025). Accordingly, the following hypotheses are proposed:

H6: Job satisfaction mediates the relationship between empowering leadership and job performance.

H7: Job satisfaction mediates the relationship between the reward system and job performance.

3. Data and Method

Research Design

This study employs a quantitative research approach to examine the relationships among empowering leadership, the reward system, job satisfaction, and job performance. A causal research design is used to identify both direct and indirect effects among variables. The analysis uses Partial Least Squares Structural Equation Modeling (PLS-SEM), a method suitable for predictive analysis and complex models with mediating variables. PLS-SEM is widely used in social science research due to its ability to handle small sample sizes and non-normal data distributions (Hair et al., 2019).

Population and Sample

The population of this study consists of outsourced employees working at PT. Bank Mandiri Tbk Bekasi Regional Office (JAWA IV). The total population is 67 employees, and all members of the population are included as a research sample using a census sampling technique. This approach ensures that the data represents the entire population and eliminates sampling bias. The selection of outsourced employees is based on the consideration that this group has unique characteristics, such as limited job security and different compensation structures, which may influence their job satisfaction and performance (Hoxha & Ramadani, 2023).

Data Collection Method

Data was collected using a structured questionnaire distributed directly to respondents. The questionnaire consists of several items designed to measure each research variable, using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). This scaling method is commonly used in behavioral research to capture respondents' perceptions and attitudes toward specific variables. The use of questionnaires allows for efficient data collection and facilitates quantitative analysis (Sekaran & Bougie, 2016).

Variable Measurement

This study involves four main variables, namely empowering leadership, reward system, job satisfaction, and job performance. Empowering leadership is measured through indicators such as autonomy, participation in decision-making, and leadership support. The reward system is measured based on financial and non-financial rewards, including fairness and transparency. Job satisfaction is assessed through employees' emotional responses to their jobs, while job performance is measured by the quality and quantity of work they produce. All variables are measured using reflective indicators adapted from previous studies to ensure validity and reliability (Robbins & Judge, 2017; Armstrong, 2020).

Data Analysis Method

The data analysis in this study uses the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach. The analysis consists of two main stages: the measurement model (outer model) evaluation and the structural model (inner model) evaluation. The outer model is assessed using validity and reliability tests, including convergent validity, discriminant validity, composite reliability, and Cronbach's alpha. The inner model is evaluated using R-square, path coefficients, and hypothesis testing to determine the significance of relationships between variables.

4. Results

Multicollinearity

Multicollinearity occurs when there is a strong correlation among two or more independent variables in a model. Models with high multicollinearity exhibit large standard errors, thereby reducing the model's precision. In PLS-SEM, the inner Variance Inflation Factor (VIF) is used to test for multicollinearity. The ideal value, or one that indicates no problems, is less than 5. A VIF value between 3 and 5 indicates a suggested value for the multicollinearity test or is within acceptable limits.

Table 1. Inner VIF (Variance Inflation Factor) Results

	Job Performance	Job Satisfaction	Empowering Leadership	Reward System
Job Performance				
Job Satisfaction	3.428			
Empowering Leadership	3.144	4.597		
Reward System	3.378	3.797		

Source: processed data (2025)

The results of the inner VIF evaluation were found to be in the range of 3-4, or still below 5. Therefore, the suggested value from the multicollinearity test falls within acceptable limits.

Effect Size (f-squared)

The f-squared test is used to determine the effect size, or magnitude of influence, of a construct when there is a change in the R-squared value of a target construct. The f-squared test provides an effect size that evaluates the substantive impact of predictor variables in a research model. According to Cohen (1988), an f-squared value, or effect size, is: a value of 0.02 is considered a small effect size for a latent variable; a value of 0.15 is considered a medium effect size for a latent variable; and a value greater than 0.35 is considered a large effect size for a latent variable. The bootstrapping process yielded the following F2 values for this research model:

Table 2. F-Square Values

	Nilai f-square	CONCLUSION
Empowering Leadership (X1) → Job Satisfaction (Z)	0.052	Small Impact
Reward System (X2) → Job Satisfaction (Z)	0.565	Large Impact
Empowering Leadership (X1) → Job Performance (Y)	0.049	Small Impact
Reward System → Job Performance	0.419	Large Impact
Job Satisfaction (Z) → Job Performance (Y)	0.000	Large Impact

Source: processed data (2025)

R-Square Value

The R-squared value is considered substantial or strong if it is 0.75 or greater. The R-squared value is considered moderate to strong if it is between 0.50 and 0.75. The R-squared value is considered weak if it is between 0.25 and 0.50. However, if the R-squared value is above 0.9, the model can be considered overfit. (Hair et al., 2019).

Table 3. R-Square Values

	R Square	Category
Job Performance (Y)	0.895	Strong
Job Satisfaction (Z)	0.881	Strong

Source: processed data (2025)

The R-square value in the current research model is considered strong, as it is equal to or greater than 0.75. Based on the observed R-square value, the research model accurately predicts the independent variables from the dependent variable, and the remaining values were not examined in this study.

Goodness of Fit (GOF)

The Standardized Root Mean Square Residual (SRMR) is presented in Table 4. SRMR is a measure of model fit because the SEMPLS model must have predictive accuracy. According to Hair (2020), an SRMR value below 0.08 indicates a good model fit.

Table 4. Goodness of Fit Values

	Saturated Model	Estimated Model
SRMR	0.078	0.078
NFI	0.663	0.663

Source: processed data (2025)

Based on observations of the required values for the structural model evaluation, the current research model can proceed to the hypothesis-testing stage.

Hypothesis Testing

Hypothesis testing is conducted to determine whether the hypothesis is supported by examining path analysis and the results of specific indirect effects tests. Below is a diagram of the inner model from the PLS-SEM bootstrapping process, along with a description:

Table 5. Hypothesis Test Results

No	Hipotesis	Original Sample (O)	T Statistics (O/STDEV)	P Values	Conclusion
1	Empowering Leadership → Job Satisfaction	0.221	1.510	0.132	Rejected
2	Reward System → Job Satisfaction	0.731	5.256	0.000	Accepted
3	Job Satisfaction → Job Performance	0.021	0.193	0.847	Rejected
4	Empowering Leadership → Job Performance	0.205	1.531	0.126	Rejected
5	Reward System → Job Performance	0.734	4.393	0.000	Accepted
6	Empowering leadership -> Job Satisfaction -> Job Performance	0.005	0.156	0.876	Rejected
7	Reward System -> Job Satisfaction -> Job Performance	0.015	0.189	0.850	Rejected

Source: processed data (2025)

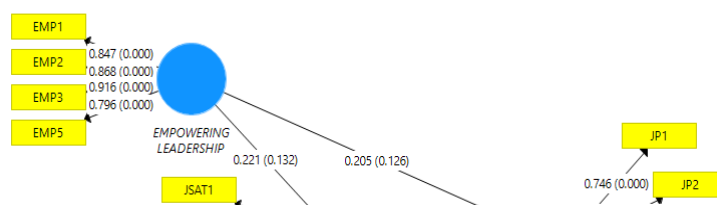


Figure 1. Inner Model Results

5. Discussion

The Effect of Empowering Leadership on Job Satisfaction

The findings indicate that empowering leadership does not have a significant effect on job satisfaction. This suggests that empowering leadership among outsourced employees is insufficient to increase their satisfaction. One possible explanation is that outsourced employees often have limited authority and job security, which reduces the effectiveness of empowerment practices. Even when leaders attempt to involve employees in decision-making or grant autonomy, structural constraints may prevent employees from fully experiencing the benefits of empowerment. This result is consistent with previous studies that highlight the contextual limitations of empowering leadership, particularly in non-standard employment arrangements. Lydiastuti and Rijanti (2025) found that leadership styles do not always significantly influence job satisfaction when employees face structural constraints in their roles. Similarly, Hidayat et al. (2024) argue that organizational systems and employment status may weaken the relationship between leadership and employee attitudes. Therefore, empowering leadership alone may not be sufficient to improve job satisfaction without addressing broader organizational factors.

The Effect of the Reward System on Job Satisfaction

The results show that the reward system positively affects job satisfaction. This indicates that fair and transparent rewards play a crucial role in shaping employees' perceptions and emotional responses toward their jobs. For outsourced employees, rewards represent not only financial compensation but also recognition of their contributions, which significantly influences their level of satisfaction. This finding aligns with previous research emphasizing the importance of reward systems in enhancing job satisfaction. Armstrong (2020) states that well-designed reward systems can increase employee motivation and satisfaction by fulfilling both economic and psychological needs. In addition, Gerhart and Fang (2015) highlight that perceived fairness in compensation is a key determinant of employee satisfaction. Thus, improving reward systems can be an effective strategy to enhance job satisfaction among outsourced employees.

The Effect of Job Satisfaction on Job Performance

The findings reveal that job satisfaction does not have a significant effect on job performance. This suggests that employees' emotional attachment to their job does not necessarily translate into improved performance in this context. One possible explanation is that outsourced employees may prioritize job security and financial stability over emotional satisfaction, thereby weakening the relationship between satisfaction and performance. This result is supported by previous studies that report inconsistent relationships between job satisfaction and job performance. Judge et al. (2001) found that while there is a relationship between satisfaction and performance, it is relatively weak and influenced by various contextual factors. Similarly, Robbins and Judge (2017) argue that job

satisfaction alone is not a strong predictor of performance, as other factors such as motivation, supervision, and organizational systems also play significant roles. Therefore, job satisfaction may not be a dominant factor in determining performance among outsourced employees.

The Effect of Empowering Leadership on Job Performance

The results indicate that empowering leadership does not have a significant effect on job performance. This finding suggests that empowering leadership practices are not effectively translated into improved performance outcomes among outsourced employees. The limited authority and predefined job roles of outsourced workers may restrict their ability to utilize the autonomy provided by leaders, thereby reducing the impact of empowering leadership on performance. This finding is consistent with previous research indicating that the effectiveness of empowering leadership depends on contextual factors. Hidayat et al. (2024) emphasize that leadership styles may not significantly influence performance when employees operate within rigid organizational structures. Furthermore, Lydiastuti and Rijanti (2025) note that leadership effectiveness depends on employees' roles and responsibilities. Therefore, empowering leadership may not directly enhance performance without supportive organizational conditions.

The Effect of the Reward System on Job Performance

The results show that the reward system positively affects job performance. This indicates that employees are motivated to improve their performance when they perceive that their efforts are adequately rewarded. For outsourced employees, rewards are a primary driver of motivation because they are closely linked to financial stability and recognition. This finding is supported by previous studies demonstrating the significant role of reward systems in shaping performance. Milkovich et al. (2017) argue that performance-based rewards can effectively motivate employees to achieve organizational goals. Additionally, Armstrong (2020) highlights that appropriate compensation systems can enhance productivity and work outcomes. Therefore, reward systems play a crucial role in driving job performance, particularly in contexts where financial incentives are highly valued.

The Role of Mediating Job Satisfaction

The findings indicate that job satisfaction does not mediate the relationship between empowering leadership and reward systems for job performance. This suggests that job satisfaction is not an effective mechanism in linking these variables within the context of outsourced employees. The absence of a mediating effect may be because employees' performance is more directly influenced by tangible factors, such as rewards, rather than by psychological factors, such as satisfaction. This result is consistent with studies that highlight the limitations of job satisfaction as a mediating variable. Hidayat et al. (2024) found that job satisfaction does not always mediate the relationship between organizational practices and performance. Similarly, Robbins and Judge (2017) suggest that the mediating role of job satisfaction may vary depending on situational factors. Therefore, alternative mediating variables, such as motivation or organizational commitment, may be more relevant in explaining the relationship between leadership, reward systems, and performance.

6. Conclusion

This study finds that reward systems have a significant positive effect on both job satisfaction and job performance, while empowering leadership and job satisfaction are not significant predictors of job performance, and job satisfaction does not mediate the relationships examined. However, these conclusions should be interpreted cautiously, as the study is limited to a single regional context, a census sample of 67 outsourced employees, and a cross-sectional design, which may constrain generalizability and causal inference. Theoretically, this study contributes by highlighting a boundary condition in which the outsourced employment context weakens the effectiveness of empowering leadership pathways, suggesting that structural and contractual limitations can alter commonly assumed leadership–performance mechanisms. Methodologically, the reliance on self-reported, cross-sectional data may limit the ability to capture dynamic relationships and introduce potential bias.

From a managerial perspective, organizations should translate these findings into concrete actions

by redesigning reward systems to ensure transparency and fairness through clear pay bands, explicit performance criteria, and accessible grievance channels. In addition, performance-linked recognition programs should be implemented to reinforce desired employee outcomes directly. Empowering leadership practices should also be adapted to outsourcing realities by introducing micro-autonomy in task execution, strengthening mechanisms for employee voice, and enhancing supervisor coaching. These initiatives should be supported by measurable KPIs, such as employee performance scores, satisfaction indices, and reward system utilization rates, to ensure continuous evaluation and improvement.

Recommendation

Future research should improve rigor by including control variables such as tenure, role type, vendor, and supervisor span to isolate effects better. It is also important to test alternative mediators, such as motivation, perceived justice, and organizational support, to clarify the underlying mechanisms. Multi-group analysis is recommended to examine differences across employee categories. In addition, predictive assessments such as Q² and PLSpredict should be applied to evaluate model accuracy. Finally, a longitudinal design is needed to capture causal direction and dynamic relationships over time, thereby strengthening inference, improving robustness, and enhancing the generalizability of findings in outsourced employment contexts.

Limitations and avenues for future research

This study has several limitations related to its scope, data, and methodology. The research focuses only on outsourced employees within a single organization, limiting the generalizability of the findings to other sectors or employment types. The relatively small sample size may also affect the robustness of the results. In addition, the use of a cross-sectional design restricts the ability to capture dynamic changes over time. Future research is recommended to include larger, more diverse samples, employ longitudinal designs, and examine additional variables, such as motivation, organizational commitment, and the work environment, to provide more comprehensive insights.

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