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The Effect of Transformational Leadership and Compensation on Teacher Performance at Islamic Integrated School Izzuddin Palembang Mediated by Work Discipline

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ABSTRACT: This study aims to examine the mediating role of work discipline on the effect of transformational leadership and compensation on teacher performance at Islamic Integrated School (SIT) Izzuddin Palembang. The research population consisted of all 125 teachers at SIT Izzuddin Palembang. A saturated sampling technique (census) was employed, yielding 115 valid respondents for analysis. Data were collected through a five-point Likert scale questionnaire and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0. The results indicate that: (1) transformational leadership has a positive but statistically insignificant direct effect on teacher performance; (2) compensation has a negative but statistically insignificant direct effect on teacher performance; (3) transformational leadership does not significantly affect work discipline; (4) compensation has a positive and significant effect on work discipline; (5) work discipline has a positive and very strong effect on teacher performance (f^2 = 1.549); (6) work discipline does not mediate the effect of transformational leadership on teacher performance; and (7) work discipline fully mediates the effect of compensation on teacher performance. These findings confirm that in Islamic educational institutions with high rule formalization, compensation functions as a hygiene factor that must first be converted into work discipline behavior before it can enhance teacher performance.

KEYWORDS: Transformational Leadership, Compensation, Work Discipline, Teacher Performance, PLS-SEM

INTRODUCTION

Teachers play a crucial role in educational institutions, as their performance directly determines the success of the national education system (Kusumasari, 2022). Optimal teacher performance is influenced by various complex factors, including effective transformational leadership (Handiyati & Nurachadijat, 2023), adequate compensation (Riadi et al., 2022), and good work discipline (Syafrizal, 2023). Teacher performance has also been proven to positively and significantly affect student learning achievement (Safitri et al., 2024), making teacher performance not merely an administrative institutional issue but one with direct implications for educational output quality.

The phenomenon of suboptimal teacher performance at SIT Izzuddin Palembang presents an interesting subject for investigation. Preliminary interviews with the school principal revealed that performance issues do not stem from weak teacher innovation but rather from task execution constraints: some teachers fail to complete assignments from the principal, thereby hindering other work; teachers are absent from classrooms or offices during working hours; late arrivals to classes; and unexplained absences. Internal school data reinforce this condition, showing that the number of teachers receiving poor performance evaluations fluctuated between 21 to 49 people per month throughout 2025, while tardiness rates ranged from 0.96% to 3.15% per month. On the other hand, the school has provided a relatively comprehensive compensation scheme, including base salary, incentives, bonuses, holiday allowances, class teacher allowances, attendance allowances, housing allowances, health insurance, and even umrah grants for teachers with over seven years of service, plus additional honorariums for teachers who are Quran memorizers. However, only 26 teachers (approximately 21%) earn above the 2025 Palembang Minimum Wage of Rp3,916,635. This condition indicates a gap between the availability of reward systems and actual performance realization in the field.

Previous studies have shown clear inconsistencies in results. Several studies found that transformational leadership significantly affects teacher performance (Oktaviani, 2023; Syafniyenti et al., 2025; Qothrunnda & Hadi, 2025), while other studies found insignificant effects (Della Lisna, 2024; Mootalu et al., 2019). Similar inconsistencies occurred with the compensation variable: some studies confirmed positive effects (Ika Kartika et al., 2022; Sitopu et al., 2021), while others found insignificant or even

negative effects (Arifin et al., 2023; Suherman, 2021). Wijayanto et al. (2021) further highlighted the limitations of cross-sectional designs, and Zhong & Zhu (2024) emphasized that cultural context also influences the effectiveness of transformational leadership. This pattern of inconsistency suggests the existence of intervening mechanisms not yet accommodated in previous models. Work discipline is theoretically positioned as a behavioral bridge that converts organizational inputs (leadership and rewards) into actual performance outputs (Alexander, 2023; Putri Wahyuni et al., 2025). However, research simultaneously integrating transformational leadership, compensation, work discipline, and teacher performance in a single structural model remains relatively limited, particularly in the context of Islamic Integrated Schools with their distinctive religious value culture and foundation governance.

Based on this description, the novelty of this research lies in testing a full mediation framework within the context of Islamic Integrated Schools in Indonesia, specifically positioning work discipline as a mandatory mechanism explaining how compensation can be converted into teacher performance. The research objectives are to examine the direct effects of transformational leadership and compensation on work discipline and teacher performance, as well as to test the mediating role of work discipline in both relationships.

LITERATURE REVIEW

Performance Theory

Campbell et al. (1990) defined performance as actual behavior relevant to organizational goals, measurable based on individual contribution levels. Performance is influenced by the interaction of ability, motivation, and work environment. In the teaching context, teachers' academic potential does not automatically become performance unless manifested in regular and consistent work behavior.

Transformational Leadership

Bass (1985) and Bass & Riggio (2006) explained that transformational leadership works by shifting subordinates' self-interest orientation toward collective goal achievement through four dimensions: (1) idealized influence with indicators of integrity, role modeling, and trust-building; (2) inspirational motivation with indicators of vision communication, high performance expectations, and emphasis on common goals; (3) intellectual stimulation with indicators of encouraging critical thinking and accepting new ideas; and (4) individualized consideration with indicators of personal mentoring, empathy, and constructive feedback. Judge & Piccolo (2004) and Wang et al. (2011) confirmed through meta-analysis the positive relationship between transformational leadership and individual and organizational performance.

Compensation

Hasibuan (2019) defined compensation as all rewards received by employees for services rendered, encompassing both direct compensation (salary, incentives, bonuses) and indirect compensation (facilities, allowances, health insurance, uniforms). Equity Theory (Adams, 1965) and Expectancy Theory (Vroom, 1964) explain that compensation perceived as fair and commensurate with effort will increase work motivation. However, within the Two-Factor Theory framework (Herzberg et al., 1959), compensation operates primarily as a hygiene factor that prevents dissatisfaction, not as a motivator that automatically drives performance excellence.

Work Discipline

Sutrisno (2019) defined work discipline as employees' awareness and willingness to comply with organizational regulations, with dimensions: (1) compliance with time rules; (2) compliance with company regulations; (3) compliance with work behavior; and (4) compliance with other regulations. From the perspective of Behavioral Management Theory (Skinner, 1953) and Organizational Control Theory, discipline reflects self-control aligned with organizational norms. Mutohar (2018) emphasized that adequate compensation is one of the important determinants in forming work discipline.

Teacher Performance

Supardi (2013) operationalized teacher performance through five dimensions: learning planning, learning implementation, learning assessment, interpersonal relationships, and professional development. Mangkunegara (2020) added that performance represents the quality and quantity of work results achieved in accordance with assigned responsibilities.

Research Conceptual Framework

The Effect of Transformational Leadership and Compensation on Teacher Performance at Islamic Integrated School Izzuddin Palembang Mediated by Work Discipline

This research conceptual framework positions transformational leadership (X1) and compensation (X2) as exogenous variables, work discipline (Z) as the mediating variable, and teacher performance (Y) as the endogenous variable.

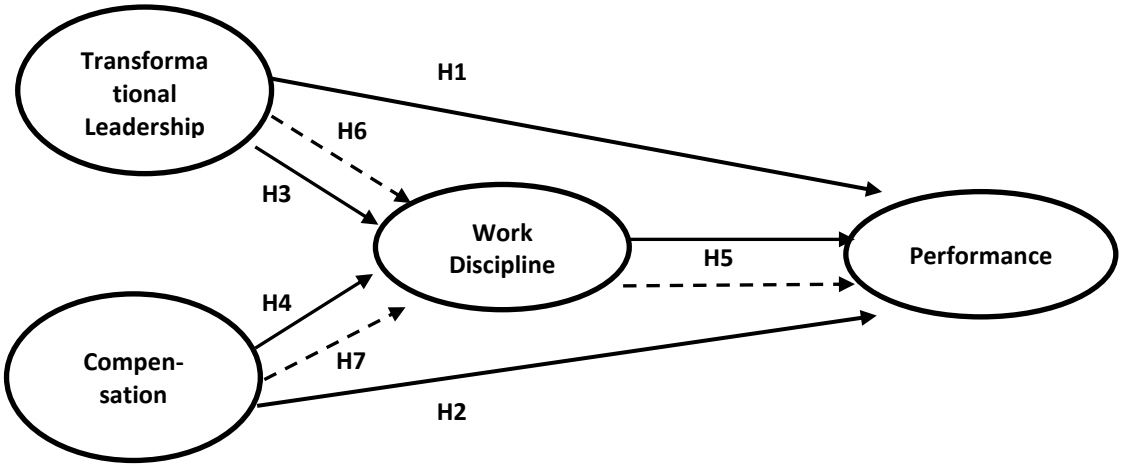

Figure 1. Research Conceptual Framework

Hypothesis

Bass & Riggio (2006) defined transformational leadership as a leadership approach emphasizing leaders' ability to inspire positive change, increase value awareness, and encourage followers to transcend self-interest for organizational goal achievement. In educational contexts, principals implementing transformational leadership will increase teachers' motivation, loyalty, and work spirit, which in turn impacts their performance improvement. Oktaviani (2023) found that transformational leadership positively and significantly affects teacher performance at SD Raden Patah Surabaya. Syafniyenti et al. (2025) also confirmed that teacher performance at Elementary Schools in Gugus I and II Paninjauan is largely influenced by transformational leadership. Qothrunnda & Hadi (2025) added that madrasah principals' transformational leadership positively and significantly affects teacher performance at MA Al Manshur. However, some studies showed different results. Della Lisna (2024) found that transformational leadership did not significantly affect teacher performance at SMK Negeri 4 Pekanbaru, and Mootalu et al. (2019) reported similar findings at BPKAD Kota Manado. In the context of Islamic Integrated School (SIT) Izzuddin Palembang, where foundation governance implements standardized SOPs and curriculum, the role of transformational leadership is predicted to still influence teacher performance through shared vision formation and inspirational motivation.

H1: Transformational leadership affects teacher performance at Islamic Integrated School Izzuddin Palembang

Hasibuan (2019) defined compensation as all income, whether in money or goods, received by employees as remuneration for services provided to the organization. In educational contexts, compensation is not only financial but also includes recognition, allowances, facilities, and career development opportunities. Atika (2019) added that any payment or reward given to teachers as appreciation for their efforts is included in the compensation definition. Ika Kartika et al. (2022) showed that compensation positively and significantly affects teacher performance at Buddhist Sunday School Chong-De in North Sumatra. Affandi & Rindaningsih (2025) also confirmed that compensation plays an important role in maintaining non-permanent teacher performance in school institutions. Arif et al. (2019) and Sitopu et al. (2021) supported this view by finding that compensation significantly affects employee performance. However, some studies showed contradictory results. Arifin et al. (2023) found that the compensation variable did not affect employee performance at PT. Karina North Jakarta, and Suherman (2021) reported similar results at Lazuardi Global Islamic School. In the context of SIT Izzuddin Palembang, where teachers receive various forms of compensation ranging from base salary, allowances, to umrah grants for high-achieving teachers, the effect of compensation on teacher performance becomes important to empirically test.

H2: Compensation affects teacher performance at Islamic Integrated School Izzuddin Palembang

From a leadership theory perspective, implementing transformational leadership by principals is expected to increase teachers' compliance and work responsibility through moral role modeling, inspirational motivation, and intellectual stimulation. Fazril (2014) found that transformational leadership can positively affect work discipline. Wardana Febi (2024) also confirmed that transformational leadership positively and significantly affects civil servant work discipline at the Population and Civil Registration Service of Palembang City. Sari Novita (2024) and Hidayah Nining (2022) supported this view by showing that principals'

transformational leadership positively affects teacher work discipline. Arifin Sufyan (2024) added that transformational leadership partially and significantly affects work discipline. However, some studies showed different results. Siregar Erdi (2018) found no direct effect of leadership on work discipline at SMA/SMK Yadika Tanjung Duren Jakarta, and Aryani Mela (2021) reported that the leadership variable did not positively affect work discipline. In the context of SIT Izzuddin Palembang, where religious culture and strict foundation rules form a conducive work environment, transformational leadership is predicted to be able to influence teachers' work discipline levels.

H3: Transformational leadership affects work discipline at Islamic Integrated School Izzuddin Palembang

Providing fair and adequate compensation is an important external driver for teachers to comply with regulations and increase work discipline. Wide Ivano (2023) found that compensation positively affects employee work discipline at the Public Works and Spatial Planning Service of Padang City. Putra Eka (2022) also confirmed that compensation significantly affects employee work discipline at CV Jaya Mitra Abadi Pekanbaru. Pratama Asiyah (2025) supported this view by showing that compensation positively and significantly affects TPA/MDA teacher work discipline in Nagari Pakan Rabaa Utara. Mahardika Made (2022) and Aryani Mela (2021) added that the compensation variable has a positive and significant effect on work discipline. Husain (2020) and Sonata Detri (2026) also reported similar results. However, some studies showed different results. Prasetya (2016) found that financial compensation negatively and significantly affected work discipline, and Sultoni Moch (2022) reported that compensation positively but insignificantly affected work discipline of employees at the Forestry Service of East Java Province. In the context of SIT Izzuddin Palembang, where the compensation system is designed with various incentive and allowance schemes, the effect of compensation on forming teacher work discipline becomes important to test.

H4: Compensation affects work discipline at Islamic Integrated School Izzuddin Palembang

Sutrisno (2019) defined work discipline as employees' awareness and willingness to comply with organizational regulations, reflecting self-control aligned with organizational norms. From the perspective of Behavioral Management Theory (Skinner, 1953), work discipline ensures smooth and efficient learning processes, thus directly contributing to teacher performance improvement. Fikri et al. (2024) stated that there is a significant effect between discipline and teacher performance at SMP Negeri 2 Babakancikao Purwakarta. Kusumasari (2022) also confirmed that work discipline positively affects teacher performance at SMA Negeri OKU. Utari & Rasto (2019) and Yusuf & Suci (2018) supported this view by showing that work discipline positively and significantly affects teacher performance. Della Lisna (2024) and Lubis (2020) added that work discipline is an important predictor of teacher performance. Sya'bana (2018), Mahfud (2020), and Damanik (2019) also reported similar results in various educational contexts. However, some studies showed different results. Muna & Isnowati (2022) found that work discipline negatively and insignificantly affected teacher performance, and Adi Munasib (2020) reported similar results at Private Madrasah Ibtidaiyah in Labuhanbatu Regency. In the context of SIT Izzuddin Palembang, where discipline has become a deeply rooted organizational culture, the effect of work discipline on teacher performance is predicted to be very dominant.

H5: Work discipline affects teacher performance at Islamic Integrated School Izzuddin Palembang

According to Baron & Kenny (1986), mediating variables serve as mechanisms explaining how independent variable influences are channeled to dependent variables. In this research context, work discipline is estimated to serve as a bridge aligning transformational leadership direction with teacher performance outcomes. Kadek & Adnyana (2024) found that the effect of transformational leadership on employee performance through work discipline is positive and significant, with a coefficient of 0.190. Muharani (2024) also confirmed that the effect of leadership on teacher performance through work discipline is positive and significant with a value of 0.238. Gregorius (2022) and Mustotiah (2025) supported this view by showing that transformational leadership increases work productivity through discipline strengthening. Dhea Arza (2026) and La Ode Baka (2025) also reported similar results. However, some studies showed different results. Alexander (2023) found that principals' transformational leadership did not indirectly affect teacher performance through work discipline at SMK Panca Dharma Balikpapan, and Erniyati & Suryani (2026) reported similar results at MTs Negeri Cilegon City. In the context of SIT Izzuddin Palembang, the mediating role of work discipline in the relationship between transformational leadership and teacher performance becomes important to test to understand the influence mechanism occurring.

H6: Transformational leadership affects teacher performance through work discipline at Islamic Integrated School Izzuddin Palembang

Fair and adequate compensation can serve as an external stimulus to encourage work compliance, which ultimately increases teaching effectiveness through the work discipline mediation mechanism. Putri Wahyuni et al. (2025) proved that compensation positively and significantly affects employee performance through work discipline as an intervening variable at the DPRD Secretariat of Jambi Province. Paramata Rohli (2024) also confirmed that compensation has a positive and significant effect on performance through work discipline at Religious Courts in Gorontalo Province. Sonata Detri (2026) and Wulan Vanny (2025) supported this view by showing that compensation directly affects work discipline, which then impacts work productivity. Siregar Erdi (2018) added that there is a direct positive effect of compensation on work discipline at SMA/SMK Yadika Tanjung Duren Jakarta. However, some studies showed varying results. Prasetya (2016) found that financial compensation negatively affected work discipline, and Sultoni Moch (2022) reported that compensation insignificantly affected work discipline. In the context of SIT Izzuddin Palembang, where compensation is designed to reward teacher contributions, the mediating role of work discipline in the relationship between compensation and teacher performance becomes important to test to understand the reward-to-optimal-performance conversion mechanism.

H7: Compensation affects teacher performance through work discipline at Islamic Integrated School Izzuddin Palembang

RESEARCH METHODOLOGY

This study used a quantitative approach with a causal-explanatory design. The research population consisted of all 125 teachers at SIT Izzuddin Palembang (excluding unit heads of SD, SMP, and SMA). A saturated sampling technique (census) was employed, and from 125 distributed questionnaires, 115 valid respondents were obtained for analysis (response rate 92%). Primary data were collected through closed questionnaires based on Google Forms with a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). The instrument was developed from dimensions and indicators of Bass & Riggio (2006) for transformational leadership (16 items), Hasibuan (2019) for compensation (7 items), Sutrisno (2019) for work discipline (7 items), and Supardi (2013) for teacher performance (25 items). Secondary data included performance documents, salary structures, and teacher attendance recapitulations for 2025. Data analysis techniques used Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0 through a two-stage approach (Hair et al., 2021): (1) evaluation of the measurement model (outer model) including convergent validity (outer loading > 0.70; AVE > 0.50), discriminant validity, and reliability (Cronbach's alpha and composite reliability > 0.70); and (2) evaluation of the structural model (inner model) including R^2, f^2, Goodness of Fit (GoF), and hypothesis testing through bootstrapping procedures with t-statistic criteria > 1.96 and p-value < 0.05. Mediation testing followed Baron & Kenny (1986) procedures and Preacher & Hayes (2008) indirect effect approach.

RESULT AND DISCUSSION

Respondent Characteristics

Of 115 respondents, the majority were female (91 people; 79.10%) compared to male (24 people; 20.90%). Based on academic qualifications, 93 people (80.86%) had D4/S1 education, 8 people (6.96%) had S2/S3, and 7 people each (6.09%) had D1-D3 and SMA education. In terms of work experience, the largest group was 5-9 years (40 people; 34.78%), followed by 10-14 years (27 people; 23.48%), so that 85.22% of respondents had served for more than five years. This composition shows an educated and experienced human resource structure, making respondents' answers credible for model testing.

Descriptive Analysis of Respondent Achievement Level (TCR)

Table 1. Research Variable TCR Recapitulation

Variable	Number of Items	Average TCR	Category	Item with Lowest TCR
Transformational Leadership (X1)	16	84,75%	Good	X1.13 individual mentoring (81.57%)
Compensation (X2)	7	76,82%	Good	X2.1 salary appropriateness with workload (69.74%)
Work Discipline (Z)	7	90,36%	Very Good	Z.1 arrival punctuality (89.04%)
Performance (Y)	25	84,83%	Good	Y.3 SMART goal formulation (81.04%)

Outer Model

1. Convergent Validity

Table 1. Pengujian Convergent Validity – Outer Loading

Statement	Transformational Leadership (X1)	Compensation (X2)	Work Discipline (Z)	Performance (Y)
S1	0,825	0,714	0,885	0,801
S2	0,829	0,844	0,975	0,858
S3	0,844	0,838	0,957	0,829
S4	0,822	0,751	0,965	0,868
S5	0,790	0,796	0,962	0,875
S6	0,880	0,594	0,946	0,825
S7	0,794	0,752	0,908	0,818
S8	0,780	-	-	0,841
S9	0,852	-	-	0,903
S10	0,826	-	-	0,831
S11	0,855	-	-	0,887
S12	0,856	-	-	0,904
D13	0,853	-	-	0,883
S14	0,847	-	-	0,919
S15	0,746	-	-	0,778
S16	0,813	-	-	0,785
S17	-	-	-	0,836
S18	-	-	-	0,785
S19	-	-	-	0,797
S20	-	-	-	0,795
S21	-	-	-	0,769
S22	-	-	-	0,891
S23	-	-	-	0,778
S24	-	-	-	0,827
S25	-	-	-	0,898

All 16 transformational leadership indicators had outer loadings ranging from 0.746-0.880; all 7 work discipline indicators ranged from 0.885-0.975; and all 25 teacher performance indicators ranged from 0.769-0.919. Thus, all these indicators met convergent validity criteria (> 0.70). For the compensation variable, six indicators were above 0.70, while one indicator (K.6 = guarantees/supporting facilities) recorded a loading of 0.594. Referring to Hair et al. (2021), indicators with loadings of 0.50-0.70 do not need to be eliminated if the construct AVE value has met requirements. Since compensation AVE was 0.577 (> 0.50), indicator K.6 was retained to maintain the content validity integrity of the indirect compensation dimension.

2. Construct Validity and Reliability

Table 2. Construct Validity and Reliability Test Results

Variabel Laten	Cronbach's Alpha	Composite Reliability	AVE	Keterangan
Transformational Leadership (X1)	0,970	0,972	0,683	Valid & Reliable
Compensation (X2)	0,879	0,904	0,577	Valid & Reliable
Work Discipline (Z)	0,979	0,983	0,889	Valid & Reliable
Performance (Y)	0,983	0,984	0,706	Valid & Reliable

All Cronbach's alpha and composite reliability values were far above 0.70, and all AVE exceeded 0.50, indicating the instrument has very strong internal consistency and convergent validity (Hair et al., 2021).

Inner Model

1. Coefficient of Determination (R^2)

Table 3. Coefficient of Determination (R^2)

Variabel Endogen	R-Square	R-Square Adjusted	Kategori
Work Discipline (Z)	0,077	0,060	Weak
Performance (Y)	0,626	0,615	Moderate to strong

The model can explain 62.6% of teacher performance variation, while only 7.7% of work discipline variation. The low R^2 for work discipline indicates that 92.3% of its variation is formed by factors outside the model, such as intrinsic motivation, school sanction enforcement, professional ethics, and organizational commitment.

2. Effect Size (f^2)

Table 4. Effect Size (f^2)

Relationship Path	f-Square	Category
Work Discipline (Z) → Performance (Y)	1,549	Large
Compensation (X2) → Work Discipline (Z)	0,077	Small
Transformational Leadership (X1) → Performance (Y)	0,026	Small
Compensation (X2) → Performance (Y)	0,007	Small
Transformational Leadership (X1) → Work Discipline (Z)	0,001	Small

Based on the predictive relevance test results (Q^2) for the usage decision variable, a Q^2 value of 0.474 was obtained. This value indicates that the research model has good predictive ability because Q^2 is greater than 0.00. The higher the Q^2 value, the stronger the model's ability to predict endogenous variables. Thus, these results prove that the constructs of perceived ease of use, perceived usefulness, perceived trust, and their moderating interactions can explain and predict the decision to use the Wondr by BNI application relevantly.

3. Goodness of Fit (GoF)

Table 5. Goodness of Fit (GoF) Calculation

Variable	AVE	R-Square
Work Discipline	0,889	0,077
Transformational Leadership	0,683	–
Performance	0,706	0,626
Compensation	0,577	–
Average	0,71375	0,3515

GoF = √(0.71375 × 0.3515) = 0.501. This value far exceeds the large category threshold (0.36), so global model fit is declared very strong.

5. Hypothesis Testing

Table 6. Hypothesis Testing Results (Bootstrapping)

Relationship Path	Original Sample (O)	T-Statistics	P-Values	Conclusion
H1: Transformational Leadership (X1) → Performance (Y)	0,106	1,332	0,183	Rejected
H2: Compensation (X2) → Performance (Y)	−0,058	0,921	0,357	Rejected
H3: Transformational Leadership (X1) → Work Discipline (Z)	−0,028	0,167	0,867	Rejected
H4: Compensation (X2) → Work Discipline (Z)	0,286	2,871	0,004	Accepted
H5: Work Discipline (Z) → Teacher Performance (Y)	0,793	19,297	0,000	Accepted
H6: X1 → Z → Y	−0,022	0,164	0,870	Rejected
H7: X2 → Z → Y	0,227	2,742	0,006	Accepted

Analysis Results:

Effect of Transformational Leadership on Teacher Performance and Work Discipline (H1 and H3 rejected).

The insignificance of both paths indicates that principals' vision articulation, moral role modeling, and intellectual stimulation have not yet been converted into improvements in teachers' technical-pedagogical performance or daily rule compliance. These findings align with Della Lisna (2024) and Mootalu et al. (2019), but differ from Oktaviani (2023) and Syafniyenti et al. (2025). Theoretically, this condition can be explained through contextual boundary conditions in Transformational Leadership Theory (Bass & Riggio, 2006). In the SIT ecosystem under foundation governance with strict SOPs, standardized curriculum, and rigid working hours, the leader's role is more perceived as a spiritual value culture builder and institutional guardian, while teaching effectiveness is more determined by individual technical competence and schedule compliance. TCR analysis reinforces this explanation: the individualized consideration indicator (X1.13) was actually the lowest achievement (81.57%), indicating that the individualized consideration dimension has not been optimally addressed.

Effect of Compensation on Teacher Performance (H2 rejected).

The negative but insignificant coefficient (−0.058; p = 0.357) shows that the magnitude of financial rewards or facility completeness does not directly correlate with teacher performance quality. These findings support Suherman (2021) and Arifin et al. (2023), and confirm Two-Factor Theory (Herzberg et al., 1959) and Equity Theory (Adams, 1965): compensation functions as a hygiene factor that eliminates dissatisfaction and maintains teacher retention, but is not a motivator that automatically drives pedagogical excellence. TCR data show that the most crucial weak point is actually the appropriateness of base salary with workload (69.74%, adequate category), while health insurance reaches 88.17% (very good)—a pattern consistent with compensation's character as a dissatisfaction preventer.

Effect of Compensation on Work Discipline (H4 accepted).

The coefficient of 0.286 (t = 2.871; p = 0.004) proves that compensation perceived as fair and decent actually increases teachers' compliance with time rules, SOPs, and school regulations. These findings are consistent with Wide Ivano (2023), Putra Eka (2022), and Pratama Asiyah (2025). Theoretically, this reinforces Social Exchange Theory (Blau, 1964) and Expectancy Theory (Vroom, 1964): commensurate rewards trigger norms of reciprocity manifested by teachers through increased work discipline.

Effect of Work Discipline on Teacher Performance (H5 accepted).

With a coefficient of 0.793 (t = 19.297) and f^2 = 1.549, work discipline is the most dominant determinant in the model. These findings confirm Fikri et al. (2024), Kusumasari (2022), Utari & Rasto (2019), and Yusuf & Suci (2018), and reinforce Behavioral Management Theory (Skinner, 1953) and Performance Theory (Campbell et al., 1990): it is discipline that converts teachers' academic potential into actual classroom action. The work discipline TCR value of 90.36% (very good) shows that compliance has been internalized into organizational culture.

Mediating Role of Work Discipline (H6 rejected; H7 accepted).

The non-significance of H6 is a logical consequence of the insignificant initial path X1 → Z, so the gradual mediation mechanism does not form (no mediation). These findings align with Alexander (2023) and Erniyati & Suryani (2026). Conversely, H7 was accepted with an indirect coefficient of 0.227 (t = 2.742; p = 0.006). Most importantly to note, when this result is juxtaposed with the rejection of H2, the type of mediation occurring is full mediation (indirect-only mediation) according to Baron & Kenny (1986) and Preacher & Hayes (2008) frameworks. The theoretical implication is crucial: compensation cannot increase teacher performance directly, but must first be converted into work discipline improvement. These findings elegantly resolve previous literature inconsistencies (Arifin et al., 2023; Suherman, 2021) by showing that work discipline is a mandatory bridge, while also reinforcing the findings of Putri Wahyuni et al. (2025) and Paramata Rohli (2024).

CONCLUSION, LIMITATIONS, AND SUGGESTIONS

Transformational leadership and compensation did not significantly directly affect teacher performance at SIT Izzuddin Palembang. Transformational leadership also did not significantly affect work discipline. However, compensation was proven to positively and significantly affect work discipline, and work discipline was the strongest predictor of teacher performance (f^2 = 1.549). Work discipline did not mediate the effect of transformational leadership on teacher performance, but fully mediated the effect of compensation on teacher performance. The research model had good explanatory power (R^2 performance = 0.626) and very strong global fit (GoF = 0.501).

This research is limited to one educational institution in Palembang City, so generalization of findings needs to be done carefully. The cross-sectional design only captures perceptions at one point in time. The low work discipline R^2 value (0.077) indicates that most discipline determinants are outside the model. Additionally, all variables were measured through self-report, potentially containing bias.

For school and foundation management: (1) given that compensation was proven to drive work discipline, salary scale restructuring is needed to be proportional to workload and adjusted to Palembang UMK, accompanied by transparent additional task incentive formulas; (2) given that work discipline is the main performance determinant, strengthening digital attendance systems, periodic academic supervision, and transparent regulation enforcement must be maintained; (3) principals need to strengthen the individualized consideration dimension through scheduled personal coaching and mentoring programs; and (4) workshops on SMART learning objective formulation and facilitation of continuous professional development for teachers need to be organized.

For future research: it is recommended to expand the sample to several Islamic Integrated Schools across regions and add other moderating or antecedent variables such as organizational culture, religious intrinsic motivation, organizational commitment, or school climate to explain the remaining work discipline variation not yet explained in this model.

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