JOURNAL OF BUSINESS AND SOCIAL SCIENCES
eISSN:2805-5187 | Vol.2026, Issue 2, No.5

The Influence of Transformational Leadership, Compensation System, and Performance Assessment on Marketing Strategy Performance Through Marketing Capabilities at Saromase Coffee & Resto Soppeng

Risma Ramadani[1*], Asniati[2], Nurhikma Alya Mukhbita[3], Sri Harfiani[4], Nurfadillah[5], Erianto[6], M.Aiman Fatur Rahman h[7], Puji Rahmah[8]

Management Study Program, Lamappapoleonro University, Indonesia

Email: ramadanirisma81@gmail.com[1*], niaj1759598@gmail.com[2], nurhikmaalyamukhbitaa@gmail.com[3], sriharfiani17@gmail.com[4], dillah4053@gmail.com[5] eril.erianto1790@gmail.com[6], aiman.fatur.rahma01@gmail.com[7], Pujirahmah@unipol.ac.id[8]

Abstract

This illustrative study examines the proposed relationships of transformational leadership, compensation system, and performance assessment with marketing strategy performance through marketing capabilities at Saromase Coffee & Resto Soppeng, Indonesia. A quantitative explanatory model using Partial Least Squares Structural Equation Modeling (PLS-SEM) is presented as a classroom simulation. Because no primary survey has been administered, the numerical results below are synthetic and do not represent observations from the café. In the simulated example, the five constructs are represented by reflective indicators and evaluated using outer loadings, internal-consistency reliability, average variance extracted (AVE), and discriminant-validity assessment. The illustrative structural model assumes positive paths from the three organizational practices to marketing capabilities and from marketing capabilities to marketing strategy performance. The hypothetical bootstrapping table demonstrates how direct and indirect effects, t-statistics, and p-values can be reported for ten proposed hypotheses. These values are intended solely to demonstrate academic reporting and cannot support conclusions about the actual performance of Saromase Coffee & Resto.

Keywords

Transformational Leadership; Compensation System; Performance Assessment; Marketing Capabilities; Marketing Strategy Performance; PLS-SEM.

Introduction

The food-and-beverage service sector in Indonesia operates in a competitive environment. Statistics Indonesia reported 5.28 million food-and-beverage service businesses in 2024, based on its 2025 survey publication (Badan Pusat Statistik [BPS], 2025). This national figure illustrates the scale of the sector, although it does not measure competition specifically in Soppeng. In this environment, business performance depends not only on product quality and

Submission: 10 October 2026. Revised: 30 October 2026. Acceptance: 25 November 2026 Available online: November 2026
Copyright: © 2026. All the authors listed in this paper. The distribution, reproduction, and any other usage of the content of this paper is permitted, with credit given to all the author(s) and copyright owner(s) in accordance to common academic practice. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license, as stated in the website: https://creativecommons.org/licenses/by/4.0/

service but also on the ability to understand customers, identify market opportunities, coordinate promotions, and adapt marketing strategies.

Marketing capabilities enable organizations to convert customer and competitor knowledge into coordinated market-facing activities. Duah et al. (2024) examined marketing capability and firm performance and highlighted resource orchestration as a relevant mechanism. Absah and Rini (2020), in a study of 225 Indonesian SMEs across leather, footwear, culinary, and fashion sectors using SmartPLS, reported positive and significant hypothesized path coefficients in a model linking marketing capabilities, branding, and marketing performance. These studies support the relevance of marketing capabilities, but their samples and models differ from the present café-focused framework.

Transformational leadership may foster shared goals, employee initiative, learning, and innovation. Compensation systems may encourage contribution when employees perceive rewards as fair and transparent. Performance assessment may clarify expectations and provide feedback that supports improvement. Prior empirical studies have linked transformational leadership and compensation with employee outcomes, including Hasanudin and Nugroho (2023), who analyzed 133 civil servants using SEM-PLS and reported direct relationships and mediation through motivation. However, employee performance is not identical to marketing strategy performance.

The research gap is integrative and contextual: the proposed model combines transformational leadership, compensation system, and performance assessment as antecedents of marketing capabilities, then examines marketing capabilities as a mediator of marketing strategy performance in a local café and restaurant context. The ten hypotheses are proposed for testing. In this exercise, the statistical tables are synthetic demonstrations rather than evidence about Saromase.

Methodology

Research Design

The original study proposes a quantitative explanatory survey with five constructs: transformational leadership (X1), compensation system (X2), performance assessment (X3), marketing capabilities (Z), and marketing strategy performance (Y). The proposed analysis is PLS-SEM. For this classroom version, a synthetic illustration is used to demonstrate reporting format; it is not based on a completed survey and does not constitute an actual analysis of Saromase.

Population, Measurement, and Analysis

The proposed population in the original design is employees and managers of Saromase Coffee & Resto Soppeng who have knowledge of leadership, compensation, performance assessment, and marketing activities. The actual population size, sampling frame, number of respondents, fieldwork dates, and questionnaire responses have not been provided. Therefore, no actual sample size can be reported. In a real study, the sample should be justified through an a priori power analysis and the eligible population; the 10-times rule alone is insufficient (Sim et al., 2022).

The planned instrument uses a five-point Likert scale. Transformational leadership covers idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Compensation covers fairness, adequacy, incentives, benefits, and transparency. Performance assessment covers standards, objectivity, regular evaluation,

feedback, and follow-up. Marketing capabilities cover customer understanding, market analysis, promotional execution, customer relationship management, and adaptation. Marketing strategy performance covers marketing-target achievement, customer growth, sales performance, promotional effectiveness, and competitive position.

The simulated measurement model uses four illustrative indicators per construct. A real PLS-SEM report should disclose item wording and sources, outer loadings, Cronbach's alpha, composite reliability, AVE, HTMT, VIF, path coefficients, R^2, f^2, and predictive assessment where relevant. Bootstrapping is illustrated with 5,000 resamples and a 5% significance level. PLS-SEM reporting should follow current methodological guidance (Guenther et al., 2023; Sarstedt et al., 2022).

Hypotheses

H1: Transformational leadership positively affects marketing capabilities. H2: Compensation system positively affects marketing capabilities. H3: Performance assessment positively affects marketing capabilities. H4: Marketing capabilities positively affect marketing strategy performance. H5: Marketing capabilities mediate the relationship between transformational leadership and marketing strategy performance. H6: Marketing capabilities mediate the relationship between compensation system and marketing strategy performance. H7: Marketing capabilities mediate the relationship between performance assessment and marketing strategy performance. H8: Transformational leadership positively affects marketing strategy performance. H9: Compensation system positively affects marketing strategy performance. H10: Performance assessment positively affects marketing strategy performance.

Results and Discussion

Results

Table 1 contains invented indicator statistics for demonstration only. The values are not obtained from questionnaire responses or SmartPLS. They show the format of a reflective measurement-model report.

Table 1. Measurement Model Evaluation Criteria

Construct	Indicator	Outer loading	Status
Transformational leadership (TL)	Tr1	0.82	Illustrative
Transformational leadership (TL)	Tr2	0.85	Illustrative
Transformational leadership (TL)	Tr3	0.79	Illustrative
Transformational leadership (TL)	Tr4	0.88	Illustrative
Compensation system (CS)	Co1	0.80	Illustrative
Compensation system (CS)	Co2	0.84	Illustrative
Compensation system (CS)	Co3	0.86	Illustrative

Compensation system (CS)	Co4	0.78	Illustrative
Performance assessment (PA)	Pe1	0.83	Illustrative
Performance assessment (PA)	Pe2	0.81	Illustrative
Performance assessment (PA)	Pe3	0.87	Illustrative
Performance assessment (PA)	Pe4	0.79	Illustrative
Marketing capabilities (MC)	Ma1	0.85	Illustrative
Marketing capabilities (MC)	Ma2	0.88	Illustrative
Marketing capabilities (MC)	Ma3	0.82	Illustrative
Marketing capabilities (MC)	Ma4	0.86	Illustrative
Marketing strategy performance (MSP)	Ma1	0.81	Illustrative
Marketing strategy performance (MSP)	Ma2	0.84	Illustrative
Marketing strategy performance (MSP)	Ma3	0.87	Illustrative
Marketing strategy performance (MSP)	Ma4	0.83	Illustrative
Construct	**Cronbach's α**	**Composite reliability**	**AVE**
TL	0.85	0.90	0.69
CS	0.84	0.89	0.67
PA	0.86	0.91	0.72
MC	0.88	0.92	0.74
MSP	0.85	0.90	0.69

In this synthetic example, all illustrated loadings exceed 0.70, composite reliability values exceed 0.70, and AVE values exceed 0.50. This would be consistent with commonly used screening guidance for reflective constructs. It does not establish that the real questionnaire is reliable or valid.

Illustrative Discriminant Validity and Collinearity

Construct pair	**Illustrative HTMT**
TL – CS	0.61
TL – PA	0.68
TL – MC	0.72
TL – MSP	0.70
CS – PA	0.64
CS – MC	0.69
CS – MSP	0.66

PA – MC	0.74
PA – MSP	0.71
MC – MSP	0.76

The hypothetical HTMT values are all below 0.85. Illustrative inner VIF values are TL = 1.82, CS = 1.67, PA = 1.91 for the marketing-capabilities equation, and TL = 2.05, CS = 1.88, PA = 2.11, MC = 2.32 for the marketing-strategy-performance equation. These are simulated values and cannot be cited as diagnostics from the actual business.

Illustrative Inner Model and Bootstrapping

Table 2 demonstrates a possible way to report the ten hypotheses. The path estimates, standard errors, t-statistics, and p-values below are synthetic, not extracted from the internet and not generated by SmartPLS. They are not findings about Saromase.

Hyp.	**Structural path**	**β**	**SE**	**t**	**p**	**Decision**
H1	TL → MC	0.320	0.086	3.72	<0.001	Supported*
H2	CS → MC	0.240	0.091	2.64	0.008	Supported*
H3	PA → MC	0.190	0.089	2.13	0.033	Supported*
H4	MC → MSP	0.480	0.097	4.95	<0.001	Supported*
H5	TL → MC → MSP	0.154	0.054	2.85	0.004	Supported*
H6	CS → MC → MSP	0.115	0.049	2.35	0.019	Supported*
H7	PA → MC → MSP	0.091	0.046	1.98	0.048	Supported*
H8	TL → MSP	0.180	0.086	2.10	0.036	Supported*
H9	CS → MSP	0.120	0.069	1.75	0.081	Not supported*
H10	PA → MSP	0.080	0.066	1.22	0.223	Not supported*

Decisions apply only to the synthetic classroom illustration. In a real analysis, report bootstrap confidence intervals and verify the p-values and decisions directly from the software output. The illustrative coefficients are set to demonstrate positive and non-significant paths; they are not observed or estimated empirical results.

Endogenous construct	**Illustrative R^2**	**Illustrative Q^2**
Marketing capabilities (MC)	0.52	0.34
Marketing strategy performance (MSP)	0.61	0.39

The illustrative R^2 values suggest that the predictors in the hypothetical model explain 52% of the variance in marketing capabilities and 61% of the variance in marketing strategy performance. These figures are examples only. They should not be interpreted as explanatory power for Saromase.

Discussion Based on Published Evidence and the Simulation

The synthetic pattern depicts positive relationships between transformational leadership, compensation system, and performance assessment with marketing capabilities. This pattern is conceptually consistent with the argument that supportive leadership, fair rewards, and clear

feedback can help employees coordinate customer-facing activities. However, the pattern is not evidence that these relationships occur at Saromase. Hasanudin and Nugroho (2023) reported positive relationships involving transformational leadership and compensation in a different setting, using 133 civil-servant respondents and motivation as a mediator. The difference in outcome and context must be acknowledged.

The simulated positive relationship between marketing capabilities and marketing strategy performance is consistent with the broader direction of published marketing-capability research. Absah and Rini (2020) studied 225 Indonesian SMEs and reported positive, significant hypothesized paths in a model involving marketing capabilities, branding, and marketing performance. Duah et al. (2024) also examined marketing capability in relation to firm performance. These studies support the relevance of the construct but do not provide the coefficients in Table 2 and cannot be used as substitute data for Saromase.

In the illustrative mediation results, the indirect effects are assumed significant for all three antecedents, while the direct compensation and performance-assessment paths to marketing strategy performance are assumed non-significant. Such a pattern could be discussed as evidence consistent with indirect-only mediation in this hypothetical example, subject to confidence-interval assessment. The real classification must be determined from actual direct and indirect effects. Sarstedt and Moisescu (2024) emphasize quantifying uncertainty in PLS-SEM mediation analysis.

Conclusion

This classroom simulation demonstrates how a ten-hypothesis PLS-SEM article may report reflective measurement results, discriminant validity, collinearity, explanatory power, and bootstrapped direct and indirect effects. The synthetic example assumes positive links from transformational leadership, compensation system, and performance assessment to marketing capabilities, and from marketing capabilities to marketing strategy performance. It also illustrates how mediation can be assessed through indirect effects. These are not empirical conclusions about Saromase Coffee & Resto Soppeng because no survey data have been collected. The actual study must not claim that the hypotheses were supported until respondent data are obtained and analyzed. The principal limitation of this exercise is that all numerical model outputs are simulated and cannot be used as evidence for management decisions or represented as actual SmartPLS results.

Acknowledgement

The researcher did not receive any funding for this study, and the results have not been published in any other sources.

References

Absah, Y., & Rini, E. S. (2020). Marketing capabilities, branding and marketing performance in SMEs: An empirical evidence in Medan, Indonesia. Journal of Advanced Research in Dynamical and Control Systems, 12(6), 854–861. https://doi.org/10.5373/JARDCS/V12I6/S20201102

Badan Pusat Statistik. (2025). Statistik penyediaan makanan minuman 2024. https://www.bps.go.id/id/publication/2025/12/31/e46a55af756331ede8016b91/food-and-beverage-service-activities-statistics-2024.html

Duah, F. A., Bamfo, B. A., & Marfo, J. S. (2024). Marketing capability and firm performance: The mediating role of resource orchestration capability. Cogent Social Sciences, 10(1), Article 2318880. https://doi.org/10.1080/23311886.2024.2318880

Guenther, P., Guenther, M., Ringle, C. M., Zaefarian, G., & Cartwright, S. (2023). Improving PLS-SEM use for business marketing research. Industrial Marketing Management, 111, 127–142. https://doi.org/10.1016/j.indmarman.2023.03.010

Hasanudin, H., & Nugroho, R. A. (2023). The influence of transformational leadership style, work discipline, and compensation on the performance of the state civil apparatus through motivation. Almana: Jurnal Manajemen dan Bisnis, 7(2), 276–290. https://doi.org/10.36555/almana.v7i2.2159

Sarstedt, M., & Moisescu, O.-I. (2024). Quantifying uncertainty in PLS-SEM-based mediation analyses. Journal of Marketing Analytics, 12, 87–96. https://doi.org/10.1057/s41270-023-00231-9

Sarstedt, M., Hair, J. F., Pick, M., Liengaard, B. D., Radomir, L., & Ringle, C. M. (2022). Progress in partial least squares structural equation modeling use in marketing research in the last decade. Psychology & Marketing, 39(5), 1035–1064. https://doi.org/10.1002/mar.21640

Sim, M., Kim, S.-Y., & Suh, Y. (2022). Sample size requirements for simple and complex mediation models. Educational and Psychological Measurement, 82(1), 76–106. https://doi.org/10.1177/00131644211003261

Hardiansyah, R., Fahlia, F., & Nuramaliyah, N. (2024). The impact of digital marketing and entrepreneurial capabilities on marketing performance. Indonesian Business Review, 7(2), 105–114. https://doi.org/10.21632/ibr.7.2.105-114

Hasanudin, H., & Nugroho, R. A. (2023). The influence of transformational leadership style, work discipline, and compensation on the performance of the state civil apparatus through motivation. Almana: Jurnal Manajemen dan Bisnis, 7(2), 276–290. https://doi.org/10.36555/almana.v7i2.2159

Puspitaria, I., & Hendarsjah, H. (2022). Pengaruh transformational leadership pada kinerja pegawai dengan kompensasi dan kepuasan kerja sebagai variabel mediasi. Jurnal Aplikasi Bisnis dan Manajemen, 8(2), 630. https://doi.org/10.17358/jabm.8.2.630

Sarstedt, M., & Moisescu, O.-I. (2024). Quantifying uncertainty in PLS-SEM-based mediation analyses. Journal of Marketing Analytics, 12, 87–96. https://doi.org/10.1057/s41270-023-00231-9

Sarstedt, M., Hair, J. F., Pick, M., Liengaard, B. D., Radomir, L., & Ringle, C. M. (2022). Progress in partial least squares structural equation modeling use in marketing research in the last decade. Psychology & Marketing, 39(5), 1035–1064. https://doi.org/10.1002/mar.21640

Sim, M., Kim, S.-Y., & Suh, Y. (2022). Sample size requirements for simple and complex mediation models. Educational and Psychological Measurement, 82(1), 76–106. https://doi.org/10.1177/00131644211003261

Sudirjo, F., Rukmana, A. Y., Wandan, H., & Hakim, M. L. (2023). Pengaruh kapabilitas pemasaran, digital marketing dalam meningkatkan kinerja pemasaran UMKM di Jawa Barat. Jurnal Bisnisman: Riset Bisnis dan Manajemen, 5(1). https://doi.org/10.52005/bisnisman.v5i1.134

Wu, C.-W., Botella-Carrubi, D., & Blanco-González-Tejero, C. (2024). The empirical study of digital marketing strategy and performance in small and medium-sized enterprises (SMEs). Technological Forecasting and Social Change, 200, Article 123142. https://doi.org/10.1016/j.techfore.2023.123142