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Transformational Leadership, Organizational Climate, Job Satisfaction on Team Performance over Retail Store

Yonatan Setiadi^{1,*}, Rhian Indradewa¹, Tantri Yanuar R Syah¹

¹Faculty of Economic and Business, Esa Unggul University, Bekasi, Indonesia

This study aims to analyze the role of transformational leadership and its relationship with organizational climate, job satisfaction, and team performance. Here, the empirical study was conducted with a questionnaire applied to a sample of 170 team work leaders from Indonesian companies that are members of the retail store sector. The hypothesis was tested by Structural Equation Modeling (SEM) with the Lisrel program used in this study. The results showed that transformational leadership had a positive effect on job satisfaction and organizational climate on work teams. It was also found that job satisfaction has a positive influence on organizational climate, and the two constructs positively affect team performance. This study analyzes the strategic role of transformational leadership in organizational outcomes derived from teamwork to the extent that such leadership styles promote a positive organizational climate and a high level of employee satisfaction. Organizations can improve their performance through practices that promote this leadership style in their managers. This study extends the literature on transformational leadership by presenting empirical evidence on the relationship between leadership style, organizational climate, job satisfaction, and team performance in the specific context of an emerging economy such as Indonesia.

Keywords: Transformational Leadership, Organizational Climate, Job Satisfaction, Team Performance, Retail Store

1. INTRODUCTION

The development of human resources today is so fast and causes companies to continue to grow, so competition between companies is very competitive. However, the problem faced by most organizations today is looking for a leader who can run an organization well. One of the leadership styles is transformational leadership, Transformational leadership has proven that teams that work under transformational leaders are more effective, have a higher level of satisfaction and are ready to make extra efforts for leaders [1]. Transformational leadership helps to reduce negative aspects of diversity in the personality or values of individuals, but it is not effective in influencing different attitudes towards diversity. [2] the greater the transformational leadership felt by members; the more likely that members will perform effectively. The interest for understanding the impact of transformational leadership on team performance has increased given the significance that work teams have acquired as a type of organized units within companies. Both academics and managers recognize that the way work is carried out in organizations is increasingly

focused on relationships particularly on relationship between the leader and their work team [3, 4]. Thus, this study aimed to analyze the role of transformational leadership and its relationship with outcome variables such as organizational climate, job satisfaction, and work team performance. This research was conducted using a sample of work team leaders from companies related to the Retail Store sector in Indonesia. This research study focuses on transformational leadership variables as a management style that is expected to support the achievement of business goals and improve performance and productivity for the organization. Today, the character of team works can be improving work performance than what they can do. This is easier to achieve with transformational leaders who are closer to them to better understand their needs to encourage their innovation, creativity, and communicate with organizational goals. Based on a brief interview with the leader of the company, the leader claims to be a leader who has a vision, guides, and acts on the basis of a value system (not on the basis of personal interests) in his company.

*Email Address: setiadi.yonatan@gmail.com

2. METHODOLOGY

A. Transformational Leadership

Leadership theory was first put forward then revitalized [5, 6]. The two types of political leadership, transformational leadership, and transactional leadership [6]. Transformational leadership is defined as a type of leadership where leaders change the values, beliefs, attitudes, behaviors, emotions, and demands of followers into a better orientation in the future. Transformational leadership is a type of leadership where leaders inspire followers to prioritize organizational progress over personal interests, pay great attention to the welfare of followers, and modify followers' conscience to persuade them to solve old problems with a new method [7]. It can also be said that the transformational leadership style is a type of leadership that forces followers to guard their interests, and this type of leadership is very persuasive. Followers in this context are employees of a company. Transformational leadership is characterized by four dimensions, namely ideal influence, inspirational motivation, individual consideration, and intellectual stimulation. transformational leaders must gain trust, respect, and admiration from followers [7, 8].

The first dimension used in this study is the ideal influence. In this dimension, leaders become role models for followers from whom leaders will be respected and trusted by followers. The second dimension is inspirational motivation. A leader inspires and motivates followers by giving them work challenges. The third dimension is individualized consideration, where leaders pay great attention to follower requests for achievement and development and are willing to be mentors or coaches for them [9]. The fourth dimension is intellectual stimulation. As Bass said, in this dimension, followers feel that leaders allow them to evaluate their work methods from where they seek new ways of understanding work, and complete work with new methods [10, 11].

B. Transformational Leadership and Organizational Climate

Transformational leaders develop the needs of subordinates from the level of maturity, achievement, autonomy, affiliation, and lower to higher subordinates so that they develop into leaders. Transformational leadership is determined if subordinates improve their organizations, intrinsically, or if their superiors direct them, extrinsically. When subordinates have a strong intrinsic desire to change their organization, true transformation occurs. As a result, transformational leaders build trust, respect, vision, and empowerment [12]. Maintaining a positive organizational climate for the workforce is no longer seen as an attractive choice, it is a necessity. Organizational climate has a real effect on employee motivation. [13] A good work climate improves morale, loyalty, and employee productivity. Given the importance of an appropriate organizational climate for

good employee performance, [14] designed a scale that measures the climate based on four dimensions - vision, participatory safety, task orientation, and support for innovation. The vision dimension refers to the level of agreement and understanding individuals have about organizational goals. The vision dimension refers to the level of agreement and understanding that individuals have about organizational goals. Based on such notions, the first hypothesis is proposed as follows:

(H₁): *Transformational leadership positively influences organizational climate*

C. Transformational Leadership and Job Satisfaction

Transformational leadership is created as a spectrum of direction and means to achieve goals for leaders and subordinates into a cohesive unit, which enables leaders and employee job satisfaction and motivation needed by the organization [15]. Job satisfaction has been the focus of many researchers on organizational behavior since the beginning of the 21st century. Job satisfaction is an important concern for employers because satisfied professionals are more likely to come to work and have a higher level of performance [16]. Previous research has shown that direct employee managers have the greatest influence on employee job satisfaction. Therefore, leadership practices by direct managers play an important role in determining whether an employee is satisfied with their work or not [17]. Based on these ideas, the second hypothesis is proposed as follows:

(H₂): *Transformational leadership positively influences job satisfaction.*

D. Organizational Climate and Job Satisfaction

The climate is focused on organizational attributes as a perceived by employees of an organization while job satisfaction addresses the perceptions and attitudes that employees have towards their work [18]. The organizational climate has a significant effect on job satisfaction [19]. Employees with clearer and more effective incentives and rewards for job performance have better job satisfaction, and feel higher job security. On the other hand, [20] found a direct relationship between organizational climate and employee job satisfaction and suggested that, since the dimensions of job satisfaction are components of an organization, job satisfaction is an evaluation of organizational culture. Other research studies such as the one by [21] found significant relationships between job satisfaction and organizational culture. In addition, work in organizations with a more positive climate are more likely to be satisfied with their work [22]. Thus, the positive relationship between the climate of school organizations and teacher job satisfaction [23]. The third hypothesis, based on such propositions, thus arises as:

(H₃): *Organizational Climate positively influences job satisfaction.*

E. Organizational Climate and Team Performance

A well-structured team climate encourages members to think of their work as valuable contributions, helps members find their own values, and meets members' social needs. Therefore, team members will be confident about themselves and their team. Research on pharmaceutical companies shows that employee performance is helped by strong organizational climate [24]. A culture has a direct effect on factors such as morale, employee's work engagement and work satisfaction, and that these "intermediate" factors have a direct impact on organizational effectiveness [25]. The interaction between the leader and the team climate may have an important effect on the organization's performance or lack of performance to achieve its mission. By fostering motivation and collective orientation towards group performance, transformational leaders build a work group environment supporting high performance. In this way, the workgroup climate is an essential contributor to the effectiveness, cohesion, and interdependence of work groups [26]. When people experience a high-level climate of cooperation within an organization, they are more likely to make interactive relationships with each other. Surveys show that a positive organizational climate on the one hand results in satisfaction, commitment, attachment to work, and higher performance and, on the other hand, reduces stress, a tendency to leave work, and absenteeism at work. People will also work more in such a climate. Based on these ideas, the fourth hypothesis is proposed:

(H₄): *Organizational climate positively influences team performance.*

F. Job Satisfaction and Team Performance

Motivational factors (nature of work, sense of achievement from their work, recognition, responsibilities given to them and opportunities for personal growth and progress) help employees to find their value in relation to the value given to them by the organization, increasing employee internal happiness which, in turn, will lead to satisfaction [27]. Satisfied employees may be more productive than dissatisfied employees. Employees can make the most of their potential, maintain positive feelings and attitudes about their work. In addition, collaborative efforts are more likely to occur when everyone experiences a positive attitude, and such collaborative efforts can increase organizational effectiveness [28]. The relationship between job satisfaction and organizational effectiveness through achieving company goals [29]. Their findings indicate that company goals are positively related to job

satisfaction with operational effectiveness provides employees with intrinsic motivation which, in turn, can increase their job satisfaction. Job satisfaction is an important factor that has a direct and positive impact on organizational performance [30]. Organizational effectiveness is a company's long-term ability to achieve consistently its strategic and operational goals. Three major aspects have been identified as key to evaluating organizational effectiveness: productivity, adaptability, and efficiency [31]. A significant reciprocal influence between job satisfaction and job performance on staff working in manufacturing companies in Indonesia [32]. This shows that the higher the level of job satisfaction, the higher the level of job performance. Here, job satisfaction and organizational effectiveness through company's goal achievement. Their findings indicate that a company's goal is positively related to job satisfaction such as operational effectiveness with provides an intrinsic motivation to the employee over their job satisfaction. The fifth hypothesis is posed based on these findings is as follows:

(H₅): *Job Satisfaction positively influences team performance.*

Based five hypotheses, shows the conceptual framework model in this study (see Figure 1).

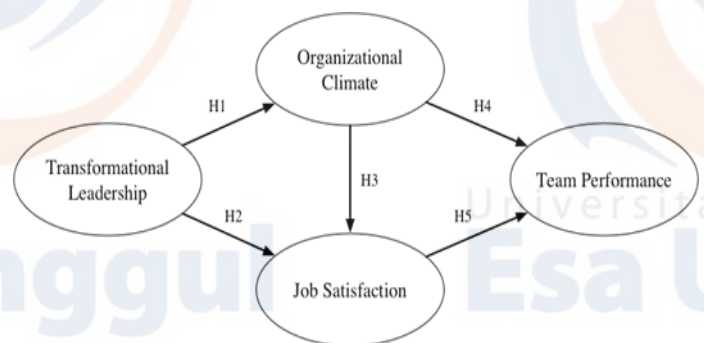


Figure 1. Conceptual Framework Model

G. Sample and Procedures

To evaluate the hypotheses, a questionnaire was initially designed based on the literature review and existing scales for the transformational leadership, organizational climate, job satisfaction and team performance constructs. Subsequently a pilot test was conducted with 30 work team leaders from companies belonging to the retail store in Indonesia to verify that the questions were clearly translated and formulated. With the adjusted scales, the virtual questionnaire was submitted to a sample of 170 work team leaders from large, medium and small companies in the Indonesia Retail Store sector (see Table 1).

Table I. Sample Characteristic

Classification variable	Categories	Percentage
Kind of Retail Store	Computer/Laptop	41.18
	Elektronik	13.73
	Food/Beverage	27.45
	Fashion	17.65
Gathering Company	Every 1 Year	50.98
	Every 2 Year	11.76
	Uncertain	27.45
	Never	9.8
Gender	Male	68.63
	Female	31.37
Age	≤ 30 Year	54.90
	30 - 39 Year	29.41
	40 - 49 Year	15.69
	≥ 50 Year	0
Last Education	SMA/SMK	35.29
	D3	15.69
	S1 (Sarjana)	39.22
	S2 (Pascasarjana)	9.8
Lengths of works	≤ 5 Year	41.18
	5 - 10 Year	43.14
	11 - 15 Year	7.84
	≥ 15 Year	7.84

3. RESULT AND DISCUSSION

Testing in this study was carried out with the help of software used for structural analysis is Lisrel 8.80 and for descriptive analysis using Statistical Package for Social Science (SPSS) version 25.00. Data collection is done by distributing questionnaires to work team leaders of the retail store. Measurement of these variables was adapted from research instruments used using five Likert scales. In this study, we conducted a pretest in two ways, namely: the validity test and the reliability test. Validity test uses product moment correlation analysis, to speed up the calculation done with the help of the SPSS program package with a significance level of 5%. This test is carried out using a small sample or data tray out of 30 respondents. Significance test is done by comparing the value of r arithmetic with r table for degree of freedom ($df = n-2$) and the significance level of Alpha (α) 5%, or r arithmetic $>$ r table. Guided by the total sample of 30 respondents can be seen the value of r table of 0.361. Based on the calculation of the correlation coefficient (r_{xy}) all have r arithmetic greater than r table (0.361) and probability $<$ 0.05. Thus, it can be concluded that all items are declared valid. Reliability testing using Cronbach's Alpha. Cronbach's Alpha value $>$ 0.5, then the instrument can be declared reliable (see Table II).

Table II. The Result of Reliability Test

Construct	Cronbach Alpha	Composite Reability	Result
Transformational Leadership	0.857	0.607	Reliable
Organizational Climate	0.721	0.545	Reliable
Job Satisfaction	0.853	0.671	Reliable
Team Performance	0.811	0.681	Reliable

The results showed validity and reliability value have a good of result where Chi Square / Degree of Freedom = $5931.36 / 522 = 11.3 < 3$ (close fit), RMSEA = $0.248 < 0.05$ (close fit.). ECVI = 0.89; 1.17 is around the EVCI Model = 1.23 (close fit). AIC Model (252.58) compared with AIC saturated (306.00) and AIC independence (2850.80). The AIC model is smaller than the AIC saturated and the difference is much greater than the AIC independence, so the smaller value indicates a good fit. CAIC model (456.05) is far from saturated CAIC (997.76) and also further from CAIC independence (2927.66), so the smaller value indicates good fit. Normed fit index (NFI) = 0.94 ($>$ 0.90) indicates good fit. Critical N (CN) = 215.23 ($>$ 200) then the model represents the sample size of the data showing good fit. Goodness of Fit Index (GFI) = 0.93, ideal value $>$ 0.90, it indicates good fit. Furthermore, this research produces a T-value diagram as shown in Figure 2.

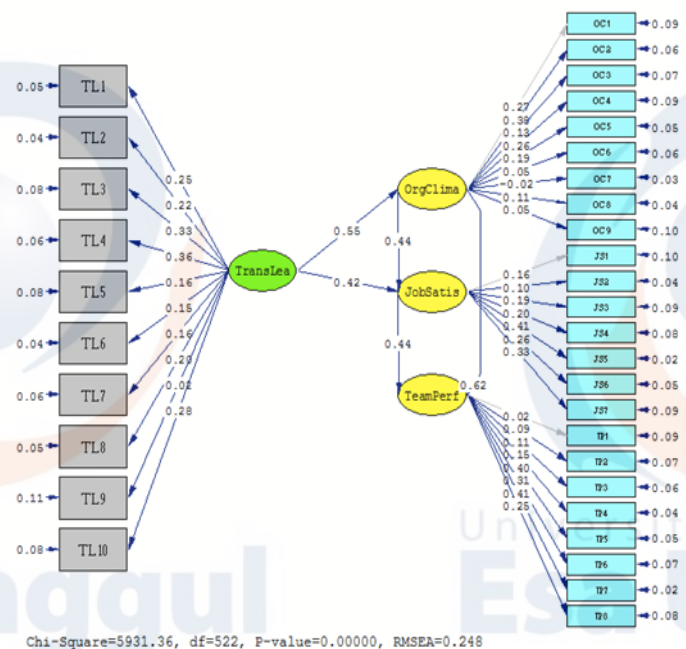


Figure 2. The result of SEM model analysis

From the analysis above, close fit is the result of a match that is almost perfect because it is close to the specified value, good fit is the result of a match that matches the required value, while marginal fit is the result of a match below the specified value. Based on the results of group one to group seven, several tests showed adequate compatibility including Chi Square, ECVI, AIC and CAIC, Critical N and Goodness of Fit Index (GFI). In this study, there are five hypotheses tested and based on the results of the test, it is concluded that the five hypotheses are supported by data (see Table III).

Table III. The Result of Hypothesis Test

	Hypotheses (path)		T-Value	Result
H1	Transformational leadership	→ Organizational Climate	5.92	Data Supports Hypotheses
H2	Transformational leadership	→ Job Satisfaction	4.07	Data Supports Hypotheses
H3	Organizational Climate	→ Job Satisfaction	3.85	Data Supports Hypotheses
H4	Organizational Climate	→ Team Performance	1.04	Data Supports Hypotheses
H5	Job Satisfaction	→ Team Performance	1.05	Data Supports Hypotheses
Chi-Square=5931.36, df=522, P-value=0.00000, RMSEA=0.248				

4. CONCLUSION

The conclusions of this study indicate a strong and positive relationship between the role of transformational leadership and its relationship with organizational climate, job satisfaction, and team performance. First, it is possible to prove how transformational leadership is the determining factor for team members to be satisfied with their work in the corporate retail store sector. Work team leaders with this leadership style will create an environment of trust, individual support, and being satisfied with the work they do. Related to the characteristics of transformational leadership, individual attention, for example, by holding activities outside the office such as walking and eating with employees. Thus, it allows leaders and employees to tell things outside of work issues, so they can identify what the individual employee needs. Likewise, it is advisable to be able to continue to train the existing work team leaders in the company and provide them with the necessary tools to develop this behavior. It also shows how transformational leadership directly affects a good organizational climate. It is important for organizations to consider the transcendence of human factors in achieving goals and implement organizational practices that result in a positive organizational climate. It is the responsibility and commitment of a leader because, having produced the right working conditions, they will have satisfied staff who will value their work positively and will be happy with it. The high efficiency and good performance of the work team in the organization has a direct relationship with the good work climate felt by employees, and with the satisfaction, they have with their workplace. This relationship is proven in this study.

Good leadership from a work team leader is key to an organization; the development of human and organizational factors is very dependent on them. Therefore, it is important to provide information and training to develop skills and competencies in leadership. In general, this study has certain limitations to consider when analyzing research results. This research is only limited to one sector, namely retail stores that are engaged in selling computers, electronics, fashion, food, and beverage. Future research could analyze transformational leadership relationships in companies from other industries and sectors.

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