

The Influence of Transformational Leadership on Employee Performance Through Work Climate and Organizational Commitment

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ABSTRACT

The purpose of this paper is to examine the influence of transformational leadership on employee performance with work climate and organizational commitment as mediating variables. The research is conducted in the Ministry of Education of Timor-Leste. The population of this study was 765 employees in the Ministry of Education. The hypothesis testing is conducted using Smart-PLS 3.0. The results showed that transformational leadership had no effect on employee performance. The results showed that the work climate and organizational commitment play a full role in mediating the effect of transformational leadership on employee performance. This research is based on the inconsistency result of the previous studies on the effect of transformational leadership on employee performance. The inconsistency of the results of previous studies is a gap in this study. This research will integrate the work climate and organizational commitment as a mediating role in the influence of transformational leadership on employee performance.

Keywords: Transformational leadership, work climate, organizational commitment and employee performance.

1. Introduction

Employee performance today has become a serious concern for researchers because employee performance plays an important role in determining the success of organizational goals (Kharis, 2015; Thao and Hwang 2015; (Mangkunegara and Miftahuddin, 2016); Yusuf *et al.*, 2014). Employee performance is one of the key factors in an organization's success in winning competition, achieving goals, and getting profits (Zafar *et al.*, 2017; Ayu Putu Widani Sugianingrat *et al.*, 2019; Piedade *et al.*, 2019). It also plays an important role in determining the success of organizational goals both profit and non-profit (Abu-jarad *et al.*, 2010). It involves output quality and quantity, attendance at work, accommodative nature and output timeliness (Shahzadi *et al.*, 2014; Sihombing *et al.*, 2018). It is indicated that the effectiveness of employee's can contribute to achieve the organizational goals (Iqbal *et al.*, 2015).

Factors that influence employee performance are transformational leadership. Therefore, transformational leadership can motivate, guide and directing subordinates (Bass 1996:1; Avolio and Bass, 2002) to improve individual performance and ultimately improve organizational performance (García-Morales *et al.*, 2008). Employee performance also influences by several factors, such as working hour, training, communication barriers, stress and financial reward (Iqbal *et al.*, 2015) individual abilities, efforts spent and organizational support (Mathis and Jackson, 2011), motivation, commitment, expertise and thinking abilities (Sembiring, 2014:83-84).

Several previous studies indicate that transformational leadership had a positive and significant influence on employee performance (Tucunan *et al.*, 2014; Andreani *et al.* 2016;

Pawirosumarto *et al.*, 2017, Musa *et al.*, 2018; Naeen and Khanzada, 2018; Manzoor *et al.*, 2019) since a transformational leader provides spirit, motivation and energy (Griffin and Moorhead, 2010) and improves staffs' abilities, potential, ethics and trust (Naeem and Khanzada 2018). Nevertheless, there are also empirical studies that indicate that transformational leadership had no significant influence on employee performance (Koh, Steers and Terborg, 1995; Brown and Arendt, 2011; Tambalean, 2014; Jiang *et al.*, 2017; Kertiriasih *et al.*, 2018).

The inconsistency of these results leaves a research gap for further exploration to improve employee performance. In the current research, work climate and organizational commitment could play an important role in improving employee performance. A leader develops a good work climate by knowing and establishing good working relationship with employees (Galer *et al.*, 2005), simplifying, having strong relationship with commitment and monitoring employee in facing challenges could improve employee performance (Ariñez *et al.*, 2002; Suliman and Harethi 2013) (Yoon *et al.*, 2001; Suliman and Harethi, 2013; Pawirosumarto *et al.*, 2016; Rahsel, 2016; Abdullah Mohamed and Gaballah, 2018). Organizational commitment has influence on performance (Rubel *et al.*, 2017). Likewise, work motivation could improve employee performance (Pritchard and Ashwood 2008; Danish *et al.*, 2014; Skripak *et al.*, 2016; Kinicki and Fugate; 2016).

Nevertheless, relationship between transformational leadership, work climate and organizational commitment needs to be empirically examined. It is important to fill the existing empirical gap as well as help leaders in organizations to improve employee performance through work climate and organizational commitment. Hence, the research is important to be conducted to test the influence of transformational leadership on employee

performance and work climate and organizational commitment as a mediating role.

2. Theoretical Framework and Hypothesis Development

Transformational leadership is that a leader changes and inspires subordinates to work beyond expectation and interest for the good of the organization (Avolio *et al.*, 2009). Transformational leadership provides trust and arouse employees' admiration, loyalty, respect, motivation and creativity to perform their work beyond the target (Avolio and Bass, 2002; Yulk, 2010; Vessey *et al.*, 2014; Carmeli, *et al.*, 2014) and improve efficiency (Mackenzi *et al.*, 2001) that has implications on employee performance improvement (Buil *et al.*, 2018). A transformational leader has influence on team work climate (Makaske, 2015; Imran, 2011), develops a healthy work climate (Pourbarkhordari *et al.*, 2016), creates a flexible organizational climate and is focus so that it influences an innovative work behavior (Imran, 2011).

2.1. Transformational Leadership and Employee Performance

Transformational leadership at work place is important for employee performance (Elgelal and Noermijati, (2014). Leaders' roles are important to improve employee performance in directing and managing the employees to achieve organizational goals (Andreani and Petrik, 2016). Transformational leadership could motivate and inspire employees to perform their jobs. A transformational leader could become a good connector between superiors and subordinates; therefore, it creates a cooperative and transformational atmosphere that gives benefit to improve a sustainable performance (Jiang *et al.*, 2017). Transformational leadership could influence employee performance directly as well as indirectly through motivation and work satisfaction. It means that improving employee performance will be effective if leaders could develop new ideas to facilitate work completion for employees (Elgelal and Noermijati, 2014). Some empirical studies indicate that there is a positive and significant influence between transformational leadership and employee performance (Risambessy *et al.*, 2012; Tucunan *et al.*, 2014; Andreani and Petrik, 2016; Pawirosumarto *et al.*, 2017; Jiang *et al.*, (2017; Musa *et al.*, 2018; Khanzada *et al.*, 2018). According to the above description, a hypothesis could be formulated as follows. Hypothesis 1: Transformational leadership has a positive and significant influence on employee performance.

2.2. Transformational Leadership, Work Climate and Employee Performance

The most important thing to be done by a leader is to create a positive work climate by knowing their employees and establishing good work relationship with them (Galer *et al.*, 2005). Leaders must understand that set aside time and efforts to manage work climate is important since it will result in planned and expected work performance (Suliman and Harethi, 2013b). The reason is that positive work climate will improve

extra effort by employees beyond the expectation (Ariñes *et al.*, 2002; (Abdullah and Gaballah, 2018). Conducive and productive work climate and kinship are important to strengthen and maintain a bond between organization and employees and it reflects positive work result. Positive work climate allows employees to be more creative, productive and cooperative so that it could prevent obstacles in employee performance to achieve the expected goals (Galer *et al.*, 2005:52). Work climate and positive encouragement could motivate employees to improve performance (Suliman and Harethi, 2013b), stimulate staff motivation to pursue their personal goals and in the end, they could fight to achieve the organizational goals (Bennis and Schein 1966). Work environment that provides safety and employees to work optimally could affect employee emotion. If the employees could enjoy their work environment, they will enjoy their time at work, use their working hour effectively and optimally; thus, it has implications for their performance improvement. Empirical studies indicate that work climate had a significant influence on and direct contribution to efforts and work performance (Yoon *et al.*, 2001; Suliman and Harethi, 2013; Pawirosumarto *et al.*, 2016; Rahsel, 2016). According to the above description, a hypothesis could be formulated as follows:

Hypothesis 2: Transformational leadership has a positive and significant influence on work climate

Hypothesis 3: Work climate has a positive and significant influence on employee performance

Hypothesis 4: Work climate could mediate the influence of transformational leadership on employee performance

2.3. Transformational Leadership, Commitment Organizational and Employee Performance

Transformational leadership has a strong positive relationship with employee commitment since it gives optimism and builds win-win solution between employees and organization (Danish *et al.*, 2014). Transformational leadership style could increase employee commitment to organization; thus, employees work beyond targets set by organization (Amin *et al.*, 2018). A transformational leader promotes values related to achievement and relationship between employee efforts and goal achievement and creates bigger personal commitment level to work to achieve organizational vision, mission and goals (Shamir *et al.*, 1998; Batool, 2013).

Organizational commitment is an important factor to understand organizational behavior and a predictor of good employees to stay at their work (Bahrami *et al.*, 2016). It is an emotional bond feeling of employees to their organization and work. In an organization, emotional bond is a form of loyalty that involves individual feeling to share the same values with other group members (Chowdhury, 2014). Employee commitment is crucial so as organization needs to keep the best employees and maintain employee commitment to achieve organizational goals (Sattigeri, 2016).

Commitment as a psychological mechanism connects organizational efforts to apply planned changes and employee behavior (Jaros, 2010). It is also a strong standard for turnover behavior, tendency to resign and organizational behavior

(Sinclair *et al.*, 2005). It reflects one's level to recognize and bond to organizational goals so that it encourages them to stay loyal and keep working hard to achieve the goals (Kreitner and Kinicki, 2014). Previous studies indicate that transformational leadership has a positive and significant effect on employee commitment (Danish *et al.*, 2014; Han *et al.*, 2016; Allen, Attah and Gong, 2017; Jiang *et al.*, 2017; Dlamini, Garg and Muchie, 2017; Waris *et al.*, 2018; Amin *et al.*, 2018). The research results also suggest that employee commitment had a positive impact on employee performance (Chen and Francesco, 2003; Dost and Tariq, 2012; Atmojo, 2012; Hafiz, 2017) since a committed

employee will be loyal, work hard and has strong desire to achieve organizational goals (Herold *et al.*, 2008). According to the above description, a hypothesis could be formulated as follows.

Hypothesis 5: Transformational leadership has a positive and significant influence on organizational commitment

Hypothesis 6: Organizational commitment has a positive and significant influence on employee performance

Hypothesis 7: Organizational commitment could mediate the influence of transformational leadership on employee performance.

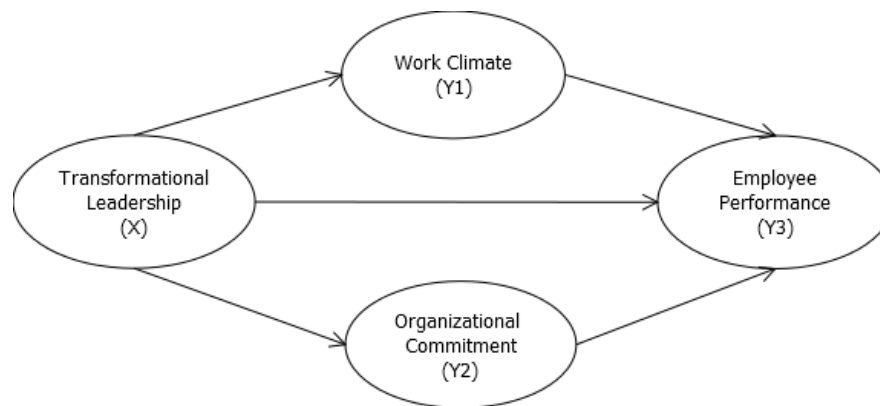


Figure 1. Conceptual Framework

3. Research Method

3.1. Population and Sample

The research population target was civil servants in the national as well as district levels of the Ministry of Education of Timor-Leste. In collecting the necessary data from statistics using stratify random sampling. Based on the geographical area, it is divided into 4 regions and autonomous regions (region I, Region II, Region III, Region IV, and RAEOA-Oecuse). In addition, the sample is determined based on the position; top management, middle management, and lower level management. After preparing a list of employees based on region and position, 263 respondents were selected from 765 employees using the Slovin's formula with an accuracy level of 5%. From 263 respondents were selected through simple random sampling. After that, 263 questionnaires were distributed and all were filled out properly and could be used for analysis (Gray *et al.*, 2007:110; Creswell 2013:220; Cowles and Nelson 2015:22). The number of sample was statistically usable since according to Wolf *et al.*, (2013) the minimum sample is between 30 to 460 respondents if using *Smart-Partial Least Square* (SmartPLS 3.0) analysis. It is supported by Hair *et al.* (2014) stated that the minimum sample for Smart-PLS is 30. The data were processed using, Microsoft excel, and analyzed using SMART-PLS 3.0.

3.2 Data Analysis Techniques

Data collected were analyzed using *Smart-PLS* 3.0 (Ringle *et al.*, 2015) that has several advantages, namely: it does not require classic assumption tests and it can be used for small size sample, reflective and formative indicators (Hair *et al.*, 2014; Aguirre-urreta 2015; Henseler *et al.* 2016). PLS is an established technique to calculate path coefficient. It could predict construct, analyzes multi-variance data, develops and tests relationship between variables based on theories and is a method that riches in management and strategy researches (Hair *et al.*, 2014; Valaei and Jiroudi, 2016). The outer model (*reliability and validity*) test and hypothesis testing used PLS with parameters from Hair *et al.* (2014), and (Henseler, Ringle and Sarstedt, 2015).

3.3 Measurement

In this research, transformational leadership was measured using four dimensions consisted of 12 indicators (Ashikali and Groeneveld, 2015). Work climate was measured using indicators developed by Management Sciences for Health (MSH's) (Galer *et al.*, 2005). Work motivation was measured by indicators adapted from Chang and Chen (2008) cited by (Shahzadi *et al.*, 2014), and employee performance was measured by indicators adapted from (Koopmans, 2014). Whereas, the mediation role testing was conducted to determine indirect influence between the variables, transformational leadership, work climate, organizational commitment and

employee performance. The test is basically conducted to find out whether or not the mediating variables fully mediate, partially mediate or do not mediate the variables (Baron and Kenny, 1986) cited by Sholihin and Ratmono (2013). Memon *et al.*, 2018 stated that Baron and Kenny's approach is widely recognized and it is still a good reference and one the most read papers to understand the mediation theory.

4. Result Analysis

4.1. Outer Model Evaluation

Reliability test used parameters of outer loadings, Composite Reliability (CR), and Average Variance Extracted (AVE) (Hair *et al.*, 2014).

The test results indicated that all outer loading indicators were above 0.6 (Table III) (Hair 2006) cited by (Wardana *et al.*, 2019), the minimum *Composite Reliability* (CR) value was

0.757 and the *Average Variance Extracted* (AVE) minimum value was 0.5 (Table I). The results suggested that all constructs had good internal consistency to be used in analyzing relationship between variables where the CR value was greater than 0.70 (Hair *et al.*, 2014).

The construct validity test used Discriminant Validity with Fornell Larcker Criterion (Hair *et al.*, 2014), heterotrait-monotrait (HTMT₉₀) by Henseler *et al.*, 2015, and cross loadings (Hair *et al.*, 2011; Hair *et al.*, 2014)). The result of *discriminant validity* test with *Fornell-Larcker Criterion* values (Table II) indicated that all latent variables had good discriminant validity. Heterotrait-monotrait HTMT₉₀ (Table III) showed that the highest value was 0.9 and cross loadings (Table IV) suggested that each indicator from one variable was greater than other cross loadings. Therefore, all construct were valid to be used as they met the requirements (Hair *et al.*, 2011; Hair *et al.*, 2014; Henseler *et al.*, 2015).

Table 1. Construct Validity

Notation	Variable	Composite reliability	Average Variance Extracted (AVE)
X	Transformational Leadership	0.896	0.619
Y1	Work Climate	0.757	0.509
Y2	Organizational Commitment	0.863	0.591
Y3	Employee Performance	0.861	0.511

Table 2. Discriminant Validity – *Fornell-Larcker Criterion*

Model	X	X1	X2	X3	X4	Y1	Y2	Y2.1	Y2.2	Y2.3	Y3	Y3.1	Y3.2
X	0.650												
X1	0.791	0.775											
X2	0.822	0.589	0.784										
X3	0.833	0.493	0.552	0.816									
X4	0.858	0.562	0.585	0.678	0.772								
Y1	0.227	0.173	0.276	0.087	0.219	0.713							
Y2	0.526	0.486	0.342	0.454	0.448	0.263	0.625						
Y2.1	0.402	0.319	0.286	0.341	0.374	0.367	0.709	0.758					
Y2.2	0.453	0.436	0.276	0.385	0.394	0.178	0.894	0.474	0.764				
Y2.3	0.417	0.409	0.273	0.377	0.318	0.127	0.798	0.350	0.585	0.783			
Y3	0.257	0.204	0.301	0.136	0.211	0.505	0.360	0.386	0.220	0.308	0.640		
Y3.1	0.234	0.204	0.287	0.097	0.190	0.440	0.299	0.280	0.185	0.287	0.909	0.699	
Y3.2	0.225	0.157	0.248	0.148	0.186	0.467	0.347	0.419	0.208	0.262	0.883	0.607	0.731

Table 3. Cross Loadings

Dimension/ Indicator	X1	X2	X3	X4	Y1	Y2.1	Y2.2	Y2.3	Y3.1	Y3.2
X11	0.724	0.401	0.392	0.432	0.087	0.328	0.518	0.447	0.126	0.066
X12	0.812	0.479	0.380	0.390	0.143	0.178	0.252	0.275	0.149	0.152
X13	0.787	0.487	0.376	0.484	0.170	0.240	0.254	0.238	0.196	0.144
X21	0.414	0.757	0.377	0.358	0.193	0.138	0.071	0.086	0.159	0.107
X22	0.444	0.816	0.435	0.523	0.287	0.300	0.252	0.157	0.301	0.275
X23	0.522	0.779	0.481	0.481	0.168	0.224	0.304	0.378	0.206	0.190
X31	0.459	0.499	0.815	0.605	0.037	0.286	0.333	0.344	0.071	0.105
X32	0.356	0.429	0.810	0.503	0.146	0.246	0.289	0.243	0.062	0.162
X33	0.385	0.419	0.822	0.545	0.034	0.301	0.317	0.329	0.103	0.099
X41	0.322	0.329	0.326	0.610	0.219	0.346	0.308	0.146	0.226	0.274
X42	0.495	0.505	0.576	0.819	0.094	0.200	0.264	0.279	0.144	0.052
X43	0.465	0.497	0.622	0.862	0.217	0.349	0.354	0.289	0.104	0.153
Y11	0.108	0.205	0.034	0.135	0.721	0.202	0.028	0.030	0.333	0.307
Y12	0.128	0.197	0.061	0.198	0.712	0.211	0.160	0.162	0.309	0.340
Y13	0.135	0.189	0.090	0.117	0.707	0.373	0.191	0.077	0.300	0.351
Y2.11	0.252	0.181	0.315	0.331	0.215	0.808	0.367	0.314	0.229	0.304
Y2.12	0.280	0.222	0.317	0.314	0.261	0.811	0.410	0.308	0.190	0.309
Y2.13	0.183	0.268	0.109	0.186	0.400	0.644	0.289	0.148	0.229	0.360
Y2.21	0.365	0.239	0.319	0.328	0.206	0.448	0.769	0.429	0.164	0.198
Y2.22	0.410	0.266	0.339	0.337	0.082	0.361	0.833	0.513	0.126	0.153
Y2.23	0.255	0.118	0.338	0.292	0.100	0.320	0.735	0.386	0.085	0.105
Y2.24	0.287	0.210	0.174	0.242	0.157	0.312	0.713	0.455	0.192	0.177
Y2.31	0.318	0.184	0.274	0.266	0.076	0.337	0.522	0.808	0.194	0.199
Y2.32	0.362	0.262	0.237	0.209	0.210	0.288	0.436	0.780	0.354	0.312
Y2.33	0.278	0.198	0.387	0.274	0.006	0.182	0.407	0.760	0.120	0.097
Y3.11	0.155	0.185	0.077	0.147	0.338	0.189	0.048	0.246	0.710	0.449
Y3.12	0.159	0.214	0.046	0.106	0.359	0.162	0.125	0.164	0.696	0.438
Y3.13	0.173	0.226	0.086	0.152	0.325	0.191	0.062	0.115	0.674	0.382
Y3.14	0.113	0.200	0.012	0.080	0.260	0.254	0.260	0.235	0.723	0.447
Y3.15	0.114	0.179	0.122	0.184	0.253	0.181	0.146	0.236	0.688	0.400
Y3.21	0.092	0.152	0.111	0.160	0.362	0.326	0.215	0.201	0.500	0.775
Y3.22	0.064	0.149	0.022	0.070	0.357	0.253	0.075	0.128	0.505	0.783
Y3.23	0.241	0.274	0.288	0.261	0.264	0.396	0.295	0.330	0.331	0.658
Y3.24	0.089	0.176	0.049	0.077	0.376	0.271	0.045	0.137	0.137	0.701

Table 4. Discriminant Validity - HTMT

Dimension/ Indicators	X	X1	X2	X3	X4	Y1	Y2	Y2.1	Y2.2	Y2.3	Y3	Y3.1	Y3.2
X													
X1	0.845												
X2	0.829	0.864											
X3	0.815	0.695	0.761										
X4	0.812	0.841	0.850	0.901									
Y1	0.352	0.293	0.461	0.169	0.393								
Y2	0.622	0.658	0.452	0.575	0.619	0.459							
Y2.1	0.538	0.488	0.441	0.473	0.593	0.675	0.807						
Y2.2	0.555	0.613	0.372	0.506	0.567	0.310	0.802	0.675					
Y2.3	0.537	0.609	0.386	0.530	0.461	0.275	0.797	0.511	0.802				
Y3	0.322	0.288	0.400	0.185	0.326	0.775	0.455	0.550	0.285	0.412			
Y3.1	0.299	0.290	0.398	0.132	0.302	0.712	0.389	0.418	0.246	0.398	0.896		
Y3.2	0.314	0.255	0.360	0.230	0.321	0.767	0.486	0.652	0.302	0.385	0.817	0.829	

Table 5. R-Square

Variable	R Square	R Square Adjusted
Work Climate (Y1)	0.052	0.048
Organizational Commitment (Y2)	0.277	0.274
Employee performance (Y3)	0.311	0.304

Inner model evaluation generally uses such parameters as coefficient of determinant (R^2), Inner model predictive relevance (Q^2), goodness of fit (GoF), and Effect size (f^2) (Hair et al., 2014). The result of *coefficient of determinant* (R^2) test can be seen in Table 5. Q^2 could be determined based on the R^2 value. The Q^2 calculation resulted in a value of 0.527; thus, the model was a strong model as a whole (Razak, Rahman and Borhan, 2016). Goodness of fit (GoF) calculation obtained a value of 0.345; hence, the model was very fit as a whole (Tenenhaus, 2004) cited by Wardana *et al.*, 2018; Kumar and Banerjee, 2014).

4.3 Hypothesis Testing

The result of hypothesis testing is illustrated in Figure 2 and the value of path coefficients and probabilities are presented in Table 6. The testing results suggested that path coefficient estimation value of indirect influence of transformational leadership on employee performance was 0.041 with t-statistics of 0.675 < 1.96 and probability value (p-value) of 0.500, which was insignificant in confidence level of 95%. The testing results

could not prove the occurred realities so that Hypothesis 1 (H_1) stating that transformational leadership has a significant influence on employee performance was rejected. However, based on the positive sign of the path coefficient the relationship between transformational leadership and employee performance was linear. The results indicated that the better the transformational leadership the higher the employee performance, although the linear relationship was insignificant.

The result of estimation value test of the influence of transformational leadership on work climate was 0.227 with t-statistics of 3.667 > 1.96 and probability value (p-value) of 0.000, which was significant at the confidence level of 95%. The results brought enough evidence to accept hypothesis 2 (H_2) stating that the better the transformational leadership the better the work climate. The linear relationship suggested that transformational leadership was capable of improving work climate.

The result of estimation value test of the influence of work climate on employee performance was 0.437 with t-statistics of 8.036 > 1.96 and probability value (p-value) of 0.000, which was significant at the confidence level of 95%. The results suggested sufficient proof to accept hypothesis 3 (H_3) stating that the better the work climate the higher the employee performance. The

linear relationship indicated that work climate was able to improve employee performance.

The result of estimation value test of the influence of transformational leadership on organizational commitment was 0.526 with t-statistics of $10.770 > 1.96$ and probability value (p-value) of 0.000, which was significant at the confidence level of 95%. It means there was sufficient proof to accept Hypothesis 4 (H_4) stating that the better the transformational leadership the higher the organizational commitment. The linear relationship suggested that transformational leadership was capable of improving organizational commitment.

The result of estimation value test of the influence of organizational commitment on employee performance was 0.224 with t-statistics of $3.947 > 1.96$ and probability value (p-value) of 0.000, which was significant at the confidence level of 95%. It means there was sufficient proof to accept Hypothesis 5 (H_5) stating that the better the organizational commitment the higher the employee performance. The linear relationship suggested that organizational commitment was able to improve employee performance.

The result of path coefficient evaluation on the direct influence of transformational leadership on employee performance (c) obtained a value of 0.325 with t-statistics of $5.288 > 1.96$ and probability value of 0.000, which was significant at the confidence level of 95% in the first step. The path coefficient test of indirect influence of transformational leadership on work climate (a) was 0.227 with t-statistics of

$3.667 > 1.96$ and probability value of 0.000. The path coefficient value of the influence of work climate on employee performance (b) was 0.437 with t-statistics of $8.036 > 1.96$ and probability value of 0.000 indicating that both variables were significant. The path coefficient value of the influence of transformational leadership on employee performance (c'') was smaller (decreased) of 0.041 with t-statistics of $0.675 < 1.96$ and probability value of 0.500 and became insignificant in the second stage. The results suggested that a and b values were significant but c'' was insignificant; therefore, work climate variable in the research model was a perfect mediating variable (full mediation). Thus, the hypothesis 6 was accepted.

Moreover, the coefficient of the influence of transformational leadership on organizational commitment (a) was 0.526 with t-statistics of $10.770 > 1.96$ and probability value of 0.000. The path coefficient value of the influence of organizational commitment on employee performance (b) was 0.224 with t-statistics of $3.947 > 1.96$ and probability value of 0.000 indicating that both variables were significant. The path coefficient value of the influence of transformational leadership on employee performance (c'') was smaller (decreased) of 0.041 with t-statistics of $0.675 < 1.96$ and probability value of 0.500 and became insignificant in the second stage. The results suggested that a and b values were significant but c'' was insignificant; therefore, organizational commitment variable in the research model was a perfect mediating variable (full mediation). Thus, the hypothesis 7 was accepted.

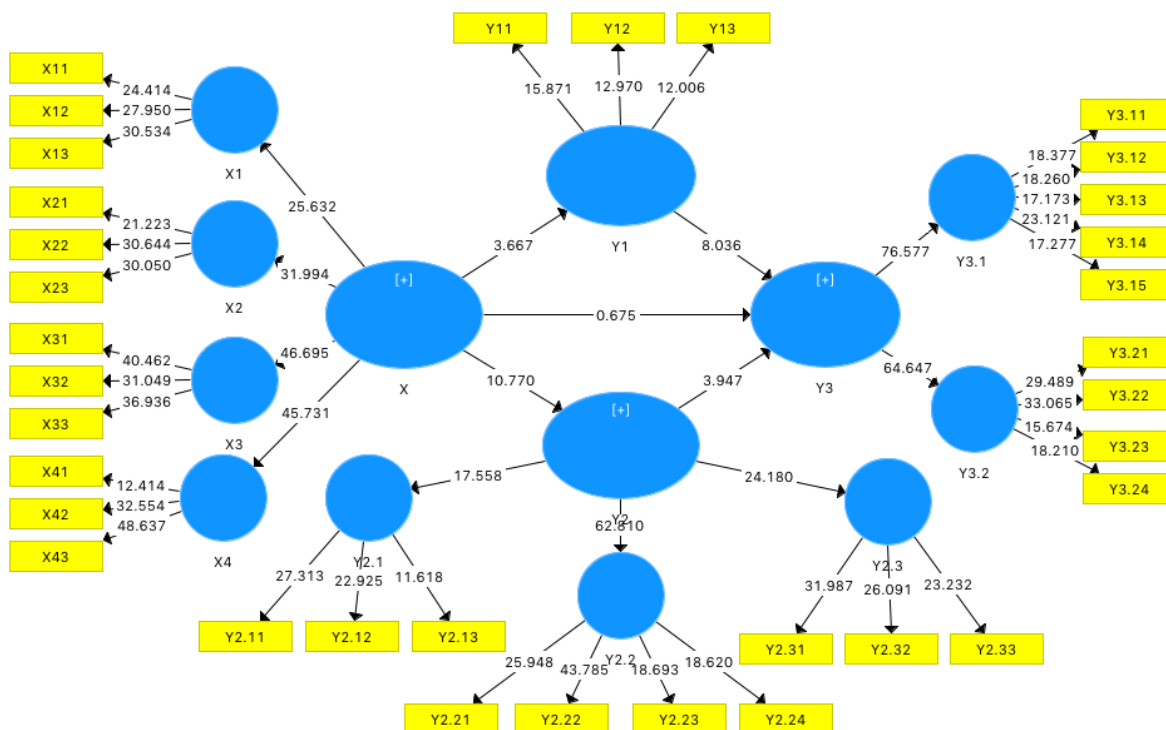


Figure 2. Path Coefficient Indirect Effect

5. Discussion

5.1. Relationship Between Transformational Leadership and Employee Performance

The research aimed to test the influence of transformational leadership on employee performance. The research results indicated that transformational leadership had no influence on employee performance. One factor causing the transformational leadership to have no influence on performance was related to turnover of leaders that often occurred. As a consequence, the leadership did not have sufficient time to implement transformational leadership values in improving employee performance to achieve organizational mission and vision. The research results confirmed previous research by (Koh et al., 1995) stated that transformational leadership had no influence on employee performance due to the lack of work time and intellectual stimulation. Factors causing the lack of relationship between transformational leadership and employee performance might be related to respondents who were less consistent in giving a rank, afraid of revenge possibility, bias, less commitment or no relationship (Brown and Arendt, 2011). Nevertheless, the research results indicated a positive sign in path coefficient suggesting that the relationship between transformational leadership and employee performance was linear. It implied that the better the transformational leadership the higher the employee performance despite the insignificant relationship.

The research results were symmetric to previous research results stating that transformational leadership had no positive and significant influence on performance (Koh et al., 1995; Brown and Arendt, 2011; Tambalean, 2014; Jiang et al., 2017; Kertiriasih et al., 2018; Prabowo et al., 2018; Vipraprastha et al., 2018). On the contrary, the research results contradicted several previous empirical studies indicating that transformational leadership had positive and significant influence on employee performance (Mathisen, Einarsen and Mykletun, 2012; Cavazotte, 2013; Ekaningsih, 2014; İscan et al., 2014; Abas and Advani, 2015; Ng, 2016; Andreani and Petrik, 2016; Asrar-ul-haq and Kuchinke, 2016; Al-Amin, 2017; Naeem and Khanzada, 2018; Altunoğlu et al., 2018; Buil, Martínez and Matute, 2019).

5.2. Relationship Between Transformational Leadership and Work Climate

The research results indicated that transformational leadership had a positive and significant influence on work climate. The application of transformational leadership values would improve work climate since the most important thing must be done by a leader is creating positive work climate by knowing his/her employees and establishing good work relationship with them (Galer et al., 2005). In addition, it is important to manage work climate appropriately since it will result in planned and expected work performance (Suliman and Harethi, 2013). Moreover, the research results indicated that work climate had a positive and significant influence on employee performance. Good work climate would motivate

employees to improve their performance optimally. In this condition, the employees would feel that they are in a situation where they fight towards their and organizational goals (Benis and Schein, 1966; Galer et al., 2005).

5.3. Relationship Between Work Climate and Employee Performance

The research results indicated that a hypothesis stating that work climate has a positive and significant influence on employee performance was proven. Positive work climate would provide a condition for employee to be creative and productive since a cooperative work place could prevent things that could hinder employee performance to achieve the expected goals (Galer et al., 2005; Suliman and Harethi, 2013). Good work climate will affect employee behavior (Al-Omari and Okasheh, 2017). Therefore, work climate is an important factor for organizational members' behavior so that it requires attention from leaders since it will influence employee behavior (Hasanah et al., 2010). The research results confirmed several previous researches stating that work climate had a positive and significant influence on employee performance (Pawirosumarto et al., 2016; Rahsel, 2016; Latief, 2017; Alzghoul et al., 2018). Hence, work climate is an important factor that must be considered by leaders in an organization.

5.4. The Roles of Work Climate in Mediating the Influence of Transformational Leadership on Employee Performance

The research results indicated that a hypothesis stating that work climate could mediate transformational leadership in employee performance was proven. Schulte *et al.*, (2009) stated that climate plays an important role in understanding employee attitude. Conducive and productive work climate as well as kinship is important to strengthen and maintain a bond between organization and employees and it reflects productive work result (Galer et al., 2005). Therefore, work climate is a psychological process that mediates a relationship between work environment, attitude and behavior (Tesluk, Fara and Klein, 1997) that has implication for productivity improvement (Nair, 2006). For that reason, organization obliges to create good work climate to help leaders in behaving since work climate influences leaders' vision and the way they work as well as influence the way employees work to think more creative and innovative in performing their jobs to improve employee performance. Empirical studies indicate that transformational leadership had a positive influence on work climate (Arinez et al., 2002; Galer et al., 2005; Orabi, 2016). Additionally, several empirical studies also indicate that work climate had a positive and significant influence on employee performance (Yoon et al., 2001, Suliman and Harethi 2013; Latief, 2017; Alzghoul et al., 2018). Therefore, work climate plays an important role in mediating transformational leadership and employee performance to achieve organizational performance.

5.5. Relationship Between Transformational Leadership and Organizational Commitment

The research results indicated that a hypothesis stating that transformational leadership has a positive and significant influence on organizational commitment was proven. It was shown by transformational leadership that had a positive and strong relationship with employee commitment (Danish et al., 2014). Shamir et al., (1998) stated that employee commitment could be improved through transformational leadership. The research results confirmed previous research stating that there was a positive and significant influence between employee commitment level and organization and transformational leadership style (Amin *et al.*, 2018), (Fajrin, Saragih and Indratjahjo, 2018), (Gathungu, Iravo and Namusonge, 2015). By appropriately applying transformational leadership values will improve organizational commitment to achieve organizational performance.

5.6. Relationship Between Organizational Commitment and Employee Performance

The research result indicated that a hypothesis stating that organizational commitment has a positive and significant influence on employee performance was proven. It was due to organizational commitment that was an important factor and as a predictor that employees remain in their work (Bahrani et al., 2016). If an employee are increasingly committed then the lower their desire to leave the organization. In the context of change, Herold et al. (2008) stated that commitment is not only a positive attitude but it goes along with intention to support and a willingness to work hard to achieve success. Khan and Zia-ud-Din (2010) also stated that organizational commitment is closely related to employee work performance. The research results confirmed the results of previous researches stating that organizational commitment had a positive influence on employee performance (Chen and Francesco, 2003; (Atmojo, 2012); (Dost and Tariq, 2012); (Bandula and Jayatilake, 2016); (Fajrin, Saragih and Indratjahjo, 2018). Therefore, organizational commitment is an important factor in determining employee performance to achieve organizational goals.

5.7. The Roles of Organizational Commitment in Mediating the Influence of Transformational Leadership on Employee Performance

The research results indicated that a hypothesis stating that organizational commitment has a positive and significant influence on employee performance was proven. Boxall and Macky (2007) stated that when an employee has high commitment to organization it has implication for employee performance improvement and organizational performance as a whole (Owoyemi *et al.*, 2011). In addition, (Chen and A. Francesco, 2003) stated that employees who have high effective commitment they will do their job more than what assigned to them. Empirical studies suggested that transformational

leadership had an influence on employee performance. Likewise, organizational commitment had an influence on employee performance. The research results indicated that the relationship between transformational leadership, organizational commitment and employee performance was in line to theoretical studies. The results suggested that organizational commitment played a role in the relationship between transformational leadership and employee performance.

6. Conclusions and Implication

The research results indicated that transformational leadership had no significant influence on employee performance. It was due to leader's turnover that often occurred. As a consequence, leadership did not have sufficient time to implement transformational leadership values in improving employee performance to achieve organizational mission and vision. The research results confirmed previous researches by (Koh et al., 1995; Brown and Arendt, 2011; Tambalean, 2014; Jiang et al., 2017; Kertiriasih et al, 2018). Work climate and organizational commitment played a full role in mediating the influence of transformational leadership on employee performance. The reason was that by applying transformational leadership values it could improve and raise work climate and organizational commitment that leads to employee performance improvement (Bass, 1995; Geijsel *et al.*, 2003; Amin *et al.*, 2018). Therefore, transformational leadership had an indirect and significant influence on employee performance through mediating roles. The research results indicated that the relationship between transformational leadership, organizational commitment and employee performance was in line with the theoretical studies.

The research contributes to leadership theory, especially transformational leadership as well as organizational behavior that is related to the mediating role of work climate and organizational commitment in improving employee performance. This, in turn, could lead to the achievement of organizational goals. In practical level, the research could contribute to organization managers to create organizational climate and encourage commitment to improve employee performance as a condition to improve organizational performance.

7. Limitations and Further Research

The research had been conducted maximally; however, due to the wide scope of discussion, the research has several limitations. The research was built on an integrated model but the research finding showed that the model accuracy was only 0.527. It means that the variance of transformational leadership, work climate, organizational commitment and employee performance variables by the model was 52.7% and the remaining was explained by other variables. The result can not be generalized due the sample size only 263 respondent. Therefore, for the next research to consider to increase the sample size. Therefore, it is expected that further researchers

could add other variables that could improve employee performance.

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