

# **The Influence of Transformational Leadership on Achievement Motivation and Organizational Climate and Employee Performance**

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## **Abstract**

The purpose of this study is to determine the influence of transformational leadership on achievement motivation, organizational climate and employee satisfaction. The study population was employee's locally-owned enterprises in Bandung, West Java and the sample was taken by simple random sampling with as many as 71 people. Analysis of the data was using Structural Equation Modeling (SEM) component based. The results showed that transformational leadership influence on achievement motivation, organizational climate and employee satisfaction. However, if viewed more transformational leadership have different influences both the achievement motivation and the organizational climate. The results showed achievement motivation and organizational climate proved to mediate transformational leadership. This indicates that transformational leadership can increase achievement motivation and organizational climate on employee performance. Thus the need for the attention of leaders in the organization in order to improve the achievement motivation of employees and create more conducive organizational climate that employee performance can be improved.

Keywords: Transformational Leadership, Motivation, Organizational Climate, Performance.

## **1. Introduction**

Employee as one of the main parts of the organization will be improved performance when employees know what is expected, when employees can play a role, as well as how and when employees rated their work based on performance. The performance assessment should be conducted in a fair, impartial, and must accurately describe the actual performance. The issue is whether the worker has the competitive behavior to achieve better performance.

Performance problems is an important issue for the necessary additional efforts to improve it. One of the potential obstacles to be faced is the fact that there are many employees who lack the ability to match their field. In order to generate productive performance required a broad view that puts human beings as human capital. (Sidharta & Machmud, 2016)

The success of an organization or organizations depend heavily on the behavior of employees. (Wang, et al. 2005) And this behavior does not occur by itself, but there is motivation work

attitude.(Gong et al. 2009) And it depends on the attitude of the place where they were put to work. In other words, it can be argued that the generally positive attitude of the employees for fair treatment and proper performance of the organization against employees due to their supportive organizational climate. Accordingly to the role of human resources as the main actor and the input of the productivity in the organization need to be the role of supervisor in directing their behavior so that the leader can increase achievement motivation and organizational climate that can ultimately improve performance.

The role of a leader is very dominant in determining the achievement of employee performance, as stated by Robbins (2006) that leadership is a function that includes motivating employees, directing others choose the most effective lines of communication and resolve conflicts.

In this leadership role focuses on the extent to which a leader can improve their employees in performing basic tasks and functions in the organization, and able to lead in resolving conflicts that may reduce the productivity of the organization. (Popper & Zakkai, 1994). Individuals who use formal authority for organizing, directing, controlling employees will be responsible so that all parts of the work are coordinated in order to achieve the purpose of the organization is a leader. (Yukl, 2010) Similarly stated by Siagian (2009) that the abilities and skills of a person to influence the behavior of their employees, so that the behavior was individualistic or even selfish converted into organizational behavior in order to achieve the goals and objectives that have been established through a solid partnership so that optimal performance can be achieved.

Achievement motivation of employees also affects the process of achieving optimal performance, as stated by McClelland (Mangkunagara, 2013), that an employee who has high achievement motivation will tend to work as well as possible in order to achieve good performance in order to improve organizational performance. Similarly, the organizational climate also plays a major role in encouraging employees achieve optimal performance. Employees will feel directly the situation of the organizational climate as stated by Davis (1972) that involves all organizational climate or environment that is faced by humans in an organization where they are carrying out their work. More Davis and Newstrom (2000) states that the organizational climate can affect work performance of employees.

## **2. Literature Reviews**

### **2.1 Transformational Leadership**

Effective leadership has the ability to determine actions that should be done in order to achieve a predetermined goal. (Schein, 1992) Definition of leadership according to Robbins (2006) states that leadership is a function that includes motivating employees, directing others choose the most effective lines of communication and resolve conflicts. This suggests that leadership focuses on the role of a leader can give a boost to his subordinates in carrying out the basic tasks and functions within the organization, and can the leaders resolve conflicts that may disrupt the productivity of the organization. (Rivai, 2005) Leaders are those who use formal authority for organizing, directing, controlling the subordinates responsible so that all parts of the work are coordinated in order to achieve company goals. According to Siagian

(2009) that leadership is a person's ability and skills to influence the behavior of their employees, so that the behavior was selfish individualistic or even converted into organizational behavior in order to achieve various targets through good cooperation.

Leadership is an important part of management, as managers must plan and organize but the main role is a leader influences others to achieve goals with enthusiasm. According Kartono (1994) leadership is an attempt to influence people in interpersonal, through the communication process, to achieve one or more objectives. Meanwhile, according to Yukl (2010) that is the process to influence the other person to understand and agree with what is required and how tasks are performed effectively to achieve the objectives. Transformational leadership has a relationship to the interplay of changes to his followers. (Camps & Rodríguez, 2011) The inspiration generated by transformational leaders on their followers to accomplish goals more difficult and solve problems in new ways, and improves the ability of employees, will be directly related to the percentage of the target to be achieved by the organization. By using inspiring, charismatic, individual attention or intellectual stimulation, transformational leaders help followers have more confidence to achieve specific goals and work in accordance with the direction towards achieving higher goals in the future.

Transformational leadership is also concerned subordinate individually, sharing and treat each one as an individual. The leaders who provide intellectual stimulation changed the way subordinate to the problems that exist with the help of looking at old problems in a creative way. (Bass et al. 2006) Meanwhile, according to Yukl and Lepsinger (2004) there are six dimensions of transformational leadership, namely: Inspirational motivation, Integrity, Innovative, Impression management, Intellectual stimulation, Individualized Consideration. Transformational leaders must also be able to build relationships either corporate or individual with subordinates. Other studies such as Podsakoff, MacKenzie, Moorman, and Fetter and Yukl (2007) have developed transformational leadership and stated that transformational leadership can increase achievement motivation and organizational climate and employee performance.

H1. High transformational leadership would lead the higher achievement motivation.

H2. High transformational leadership would lead the higher organizational climate.

H3. High transformational leadership would lead the higher employee performance.

## **2.2 Achievement Motivation**

Motivation a collection of energetic force that coordinated the inside and outside of a worker that encourages work effort, in determining the direction, intensity and persistence. According Kreitner and Kinicki (2004) states that motivation is a collection of psychological processes that lead to movement, direction, and persistence of voluntary attitude that leads to the goal. Then Mangkunagara, (2013) states that motivation as a condition that drives people towards a particular goal. Meanwhile, according to McClelland's (1961, 1976), motivation theory suggests that the productivity of a person is determined by the driven needs; that motivation is a skill in directing employees and organizations in order to work successfully, so that employee expectations and company goals once achieved.

Motivation can encourage employees to work hard so as to achieve their goals. Human behavior is essentially goal-oriented, in other words that a person's behavior is generally

stimulated by the desire to achieve the goal. The basic unit of behavior is activity so that all behavior is a series of activities. This will increase the productivity of employees and therefore contributes to the achievement of organizational goals. Mc. Clelland's Achievement Motivation Theory is assumed that employees have the potential energy reserves. And how that energy is released depends on the strength of impulse-motivated person and situation as well as the opportunities available. Energy will be taken by the employee because of encouragement by: (1) The power motive and basic needs involved; (2) Expectations of success; and (3) Value incentives attached to the destination. Thus the presence of high achievement motivation of employees in a job well done and high-performance in accordance with the standards established by the company.

H4. High achievement motivation would lead the higher employee performance.

### **2.3 Organizational Climate**

Davis and Newstrom (2000) suggests the notion of organizational climate as the human environment within an organization's employees do reviews their work. That statement means that the organizational climate is an atmosphere exists within an organizational environment where employees work. In this connection clearly intended that the organizational climate is concerning all the existing environment or human face inside an organization that affects a person in performing tasks. According to Wirawan, (2007) that the climate of the organization is the quality of the organization's internal environment relatively ongoing, experienced by members of the organization, influencing their behavior and can be described in terms of a set of characteristics or nature of the organization.

Meanwhile, according to Davis and Newstorm (2000) that the organizational climate is a concept that describes the internal atmosphere of an organizational environment that is perceived by its members during the move in order to achieve organizational goals. Davis and Newstorm (2000) looked at the organizational climate as the personality of an organization that differentiates it from other organizations that lead to the perception of each member in view of the organization. So it can be concluded that the organizational climate is a series of descriptions of the organizational characteristics that distinguish one organization to another that leads to the perception of each member in view of the organization. The climate cannot be seen and touched, but the climate is there and can be felt. Climate is influenced by almost everything that happens in an organization. If an organization wants to succeed in realizing the ideals and objectives as a whole and perfect, then it takes individuals that are reliable as a resource that will control the organization ropes. In order for Human Resources in the organization can work optimally and have a high loyalty, then the organization should be able to create a good climate and pleasant. So that Human Resources has established its quality can be maintained and they have a high performance.

H5. High organizational climate would lead the higher employee performance.

### **2.4 Performance**

Experts human resource management and organizational behavior is often called the term of performance with the performance or the actual performance, which means that what has been produced by individual employees. Another term is the primary objective

performance evaluation is to assess the exact contribution of individual performance as a basis for allocation decisions rewards (Robbins & Judge, 2007). Performance by Mangkunagara (2013) that the performance is the result of the quality and quantity of work accomplished by an employee in carrying out their duties in accordance with the responsibilities given. Meanwhile, according to Gomes (2003) that the performance is defined as a record production of a specific job function or activity during a specific time period.

### **3. Methods**

The approach used in this study is the quantitative approach. A quantitative approach is the approach that is in the proposed research, process, and hypotheses, down to the field, data analysis, writing up his conclusions using aspects of measurements, calculations, formulas and numerical data certainty. This research is a correlational research, because research is conducted to explain the relationship between the variables. The author tries to measure the extent to which the relationship between variable-variables. In this study, the form of the relationship is a causal relationship, so that there are independent variables and the dependent variable as well as intervening variables. The populations in this study are employees of one of the regional-owned enterprises in Bandung city. Used sampling technique by simple random sampling as many as 71 employees.

As for data processing by using software WarpPLS5.0. Operational variables in this study include transformational leadership variable that refers to the Yukl (2010), achievement motivation refers to Mc Clelland in Mangkunagara, (2013), organizational climate variable refers to Davis and Nestrom (2000) and a variable performance refers to Gomes (2003). The research instrument using the technique Likert scale. Summated Rating Scale where every statement that has been written can be agreed upon as a statement of favorable or unfavorable statements, and the subject responded to each item statement by using the level (intensity) always or never to the statements provided and summed.

Data analysis techniques using Structural Equation Modeling (SEM), component-based Partial Least Squares (PLS). Measurement models Partial Least Squares (PLS) based on the measurement of the prediction of a non-parametric through convergent validity, where the size of the reflective individual correlated with the value of loading  $> 0,50$  (Chin, 1998) and the value discriminant validity by comparing the value of the square root of average variance extracted (AVE ) each construct with the correlation between the constructs in the model, if the value AVE is greater than the value of the correlation between the constructs models discriminant then said to have good validity or value loading  $> 0,50$  (Fornell & Larcker, 1981; Chin, 1998). While the structural models were evaluated using R-squares for the dependent constructs, Stone-Geiser Q-square test to test and t test predictive relevance and significance of structural parameters. (Knok, 2012)

### **4. Result and Discussion**

#### **4.1 Result**

Data analysis was performed by entering all the data of respondents and test the convergent validity, discriminant validity and significance tests. The result of calculation shows all indicators that meet the loading  $> 0.5$  so that all the indicators are qualified to do the testing

criteria for model testing Partial Least Squares (PLS). And calculating results Cronbachs Alpha and composite realibility and average variance extracted showed by table 1. as follows;

Tabel 1. Value of Average Variance Extracted (AVE)

	AVE
Leadership	0.623
Achievement	0.734
Climate	0.678
Performance	0.647

The calculation results are shown in Table 1 indicate that all the variables have a value above 0.6 for Cronbachs alpha and average variance extracted and composite reliability results > 0.7. While results adjusted R squares as shown in table 2 below;

Table 2 Value of R Square and Decision Making

	R Squares	R Squares adjusted	Q Squared	Tenenhaus GoF
Achievement	0.414	0.404	0.438	large
Climate	0.243	0.230	0.257	medium
Performance	0.724	0.709	0.723	large

From the calculation of regression analysis by using WarpPLS 5.0, it is obtained the results as shown in Table 2 and Figure 1 of P-values of structural model.

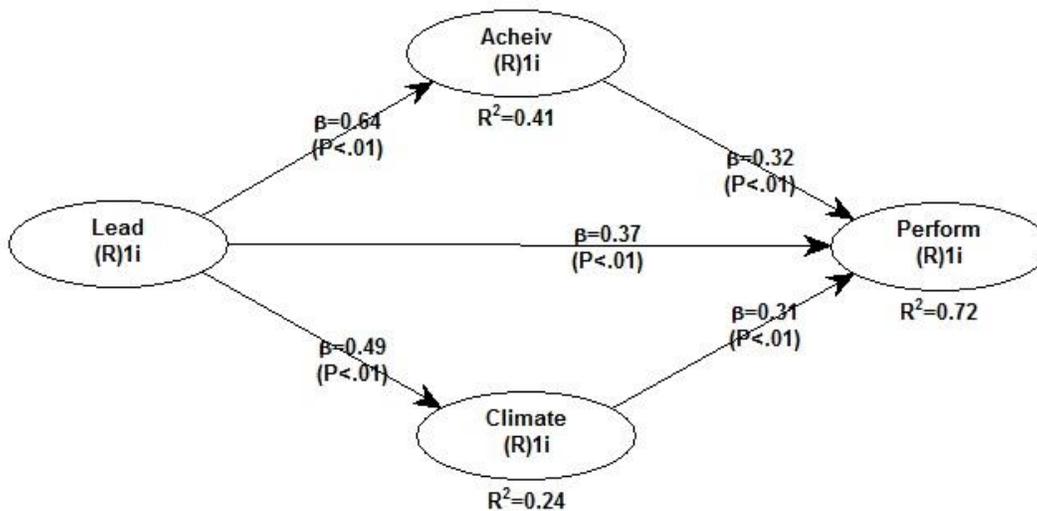


Figure 1. Result of Structural Model

The results of hypothesis testing with the p value are obtained to see the effect of the independent variables partial to the dependent variables. Meanwhile, the results of Path Coefficient and Hypothesis Testing are obtained to know the effect of the overall result of the study. The results of the research hypothesis testing are shown in Tables 2 and 3.

Table 3.  
Result of Path Coefficient and Hypothesis Testing

Variables	Path Coefficient	P-values	Description
<b>H1: Leadership → Achievement</b>	0.644	0.000	Accept
<b>H2: Leadership → Climate</b>	0.439	0.000	Accept
<b>H3: Leadership → Performance</b>	0.374	0.000	Accept
<b>H4: Achievement → Performance</b>	0.322	0.004	Accept
<b>H5: Climate → Performance</b>	0.313	0.004	Accept

In Table 3, it shows that the path coefficient of transformational leadership, achievement, organizational climate and employee performance. From the calculation, it results p-values that lower than significant level. Table 3 above shows that all the variables of the study showed a significant effect on employee performance.

Figure 1 and Table 3 shows that transformational leadership significantly influences achievement, organizational culture and employee performance. The results also support that achievement motivation and organizational climate proved to mediate transformational leadership. This shows that the more effective transformational leadership will also increase the achievement motivation, organizational climate and employee performance. This entire hypothesis proved to be acceptable, meaning that provisional estimates can be proven statistically.

#### 4.2 Discussion

Leadership is closely linked with the performance of employees in performing job duties can be either positive or negative. (Mahri & Sidharta, 2016) The strength of the relationship has a range from weak to strong. A strong relationship shows that leadership can significantly affect the other to improve employee performance. (Kreitner and Kinicki, 2004). The better a leadership function is run it will increasingly have an impact on increasing the performance of employees it is supported by Wibowo (2010) which states that the better a leader in their functions and roles, the higher the motivation of an employee that will ultimately improve their performance. In addition one of the main tasks of a leader is to motivate the personnel of the organization in order to have job satisfaction and high performance. leaders who can provide the right motivation for the personnel will produce good productivity, high performance and accountability better organization (Robbin & Judge, 2007).

The influence of organizational climate on employee performance as where it was stated by Mondy and Noe (2003) that the firm's culture has an impact on employee job satisfaction as well as on the level and quality of employee performance. According to him, the organizational climate is a system of shared values, beliefs and customs within an organization interacting with the formal structure to get the behavioral norms. Moorhead and Griffin (2013) argues that the success of a performance will be very dependent and determined some aspects of carrying out the work, among others, role clarity, competencies, environment and other factors such as the value of value, culture, preference, rewards and recognitions. Thus it appears that there is a

positive influence between organizational climate on employee performance in which the organizational climate that is conducive and running properly will result in the increase of employee performance this case illustrates that it is more conducive organizational climate in an organization then it will be better the performance of their employees.

Likert in Davis & Newstorm (2000), developed the classic instrument that focuses on leadership applied. Likert surveys include the following factors: leadership, motivation, communication, interaction influence, decision-making, setting goals, and control. The response given the option of grain instrument to indicate whether they think the organization tend to have autocratic climate, climate structured or a more participatory and human-oriented. Likert concluded that the organizational climate and human-oriented participatory produce higher levels of achievement and greater job satisfaction. Results of research conducted by Gong et al. (2009) showed that transformational leadership can enhance employee creativity. Similarly, research conducted by Boerner et al., (2007) which prove that transformational leadership significantly influences performance.

## **5. Conclusion**

The results showed that transformational leadership is proven effect on achievement motivation and organizational climate. Then the results of the study were able to show that the achievement motivation and organizational climate the mediation of employee performance. This indicates that the transformational leadership needed to encourage achievement motivation and organizational climate that employee performance can be optimized.

There are several limitations in this study that did not use a wider population and other variables which are supposed to influence the performance of employees in order to obtain a more representative picture. Thus even though the results of this study contribute to the human resource management in the context of human resource management and organizational behavior.

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