

TRANSFORMATIONAL LEADERSHIP IN INDONESIAN DIVERSIFIED-CULTURAL SME SECTOR: AN INVESTIGATION OF THE SETTLEMENT CRITERIA OF JOB PERFORMANCE

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Transformational Leadership in Indonesian Diversified-Cultural SME Sector: An Investigation of the Settlement Criteria of Job Performance

Abstract: The main goals of the study were to examine how transformational leadership affected organizational citizenship behavior, worker productivity, and employee job satisfaction in Indonesian Small- and Medium-Sized Enterprise (SME) settings. The study used a quantitative technique and included 295 people as samples. Since Indonesia is a multi-cultural nation, responses were gathered from employees in multiple cities. Data was gathered via online and print surveys and was then analyzed using SPSS 23 and Smart PLS Software. The findings of this study point to a clear, positive, and substantial relationship between transformational leadership and worker job satisfaction, organizational citizenship behavior, and work performance. Additionally, to job satisfaction and organizational citizenship, it has been shown that employee job performance is somewhat mediated by employee behavior. This is the first paper in the setting of Indonesian SMEs that looks at the impact of transformational leadership on employee job performance after job satisfaction and organizational citizenship behavior.

Keywords: Transformational Leadership; Job Satisfaction; Job Performance; Organizational Citizenship Behavior; Indonesia SME.

JEL Codes: M10, M51.

1. Introduction

Micro-Small and Medium Enterprises (SMEs) have a highly substantial role in the Indonesian economy (Curatman, Suroso & Suliyanto, 2022). Indonesia's Small Medium Enterprise (SME) sector is responsible for attaining 59.8% of the GDP range, which seems impossible for some firms due to "improper business management, hierarchical performance, helpless business executives, and lack of employee innovation intention". (Berry, Rodriguez, & Sandee, 2001; Koerniawan, Samiha, Fatimah, Terminanto & Irviani, 2020). Among all South-Asian countries, Indonesia represents well-built heterogeneous multi-culture ethnic groups such as "Javanese (45%), Sudanese (14%), Madurese (7.5%), Coastal Malays (7.5%), and another ethnic group (26%)". The country has an intermixture of cultures influenced by civilizations like Hinduism, Buddhism, and Arabic. (Rachmania, Rakhmaniar, & Setyaningsih, 2012). In the Indonesian Context, transformational leadership is more popular than transactional leadership and previous studies showed ethnic differences in leadership style between Padang and Javanese and between Padang and Chinese. (Passakonjaras & Hartijasti, 2019). Modern business and societal studies concentrate a lot of attention on culture; thus, leaders must constantly be on the lookout for ways to better manage subordinates' performance and keep them committed to and content with the organization. (Crede, Jong, & Harms 2019; Dickson, Castano, Magomaeva, & Den Hartog, 2012).

Prior Research studies highlighted transformational leadership's effects on employees' trust, championship behavior, and followers' attitudes during

Islam, S., Hari, P., Sulyanto, S., Setyanto, R., Suroso, A., Bahauddin, K.M., Iftakhar, N., (2024)

Transformational Leadership in Indonesian Diversified-Cultural SME Sector: An Investigation of the Settlement Criteria of Job Performance

organizational change. (Agote, Aramburu, & Lines, 2016; Bakari, Hunjra, & Niazi, 2017; Faupel & Süß, 2019; Herscovitch & Meyer, 2002; Islam, Furuoka, & Idris, 2021). Focusing on Southeast Paternalism and Collectivism Culture, a Study conducted In Indonesia, China, and India demonstrated transformational leadership's importance in culture-specific values management, team performance, team satisfaction, and fostering employee pro-social behavior. At the same time, a survey corner stoning Indonesian Islamic Culture conducted in Mosque-based Islamic Cooperatives shares the transformational leadership's direction to employee's job performance. (Adriani, 2019; Sendjaya, 2019). In both vertical and horizontal interactions within the business, people naturally want to improve and advance, and to do that, they require guidance in carrying out their responsibilities. In addition, modern research in the Organization Psychology and Organization Behavior field has also addressed the prominent leadership's contribution to employee job motivation, job performance and job satisfaction, commitment, creativity, and long-term loyalty. (Bastari, Eliyana, & Wijayanti, 2020; Dvir, Eden, Avolio, & Shamir, 2002).

However, though, transformational leadership cultivates a systematic approach to boost employees' job satisfaction, organizational commitment and retention rate, the comprehensive study of its application and investigation of its effectiveness remains unresearched and under-implemented among academicians, administrators of development, production, hospitality sector. (Abouria & Othman, 2017). Nonetheless, In Indonesia, SMEs contribute a great portion to the country's economy and employ a diversified workforce but there is still a gap regarding identifying leadership contribution in a mixed cultural environment to employees' Job Satisfaction, Job Performance and Organizational Citizenship Behavior context. The purpose of this study is to fill the gap in previous research by examining the effectiveness of transformational leadership in the small and medium business context of Indonesia. It also seeks to determine whether other outcomes are valuable for the development of leadership styles and the advancement of literature.

As per our knowledge, In the Indonesian SME sector, no research has been conducted focusing on transformational leadership and correlating all three aspects of followers' job behavior, satisfaction, and performance until now. Certainly, This Study will enrich transformational leadership theory by integrating its implication in a national cultural context and co-attaching the factors of employee performance, satisfaction, and overall organizational citizenship behavior practice.

2. Theoretical Background and Hypothesis Development

2.1. Transformational Leadership (TL)

According to, House (1977) Charismatic Leadership is one of the most popular leadership approaches representing a leader's "personal characteristics, self-confidence, strong moral conviction, influence capabilities, impression management behaviors," which later on develop components of Transformational Leadership that cause a change in the individual, the social system and promotes employee's engagement towards productivity, problem-solving, creativity and leader's visionary communications, optimism, and enthusiasm". (Fernandes & Awamleh, 2011). Back the past two decades, in organizational behavior studies, leadership scholars stressed advanced charismatic leadership to develop an individualistic leadership approach to help followers utilize their full potential, and generate productivity for the organization's goals through the leader's inspirational motivation and intellectual stimulation which titles as "Visionary" "transformational leadership". (Bass & Avolio, 1990); Dvir, Eden, Avolio, & Shamir, 2002). Bernard M. Bass, (1997), Brown & Arendt, (2011); referred to the four areas of transformational leadership "idealized influence, inspirational motivation, intellectual stimulation and individualized consideration". Also, Nahavandi et al., 2015; Perfetkif (2009, pp. 103) following the previous discussion, suggested 3 transformational leadership factors "intellectual simulation to generate new ideas and empowerment, empowerment to overcome resistance to change, individual's incentive and consideration to motivate and encourage the follower". Munir, Rahman, Malik, & Ma'amor (2012, pp. 886) in their study again explain the characteristics of transformational leadership similarly. They demonstrate 'Idealized Influence' as a "collective sense of mission and values, as well as acting upon those values". 'Inspirational Motivation' is a "leader's motivation and inspiration towards followers by giving meaning to task and offer challenges to followers". 'Intellectual Stimulation' refers to a leader's effort to engage followers in innovative and creative tasks, solving problems, assessing previous problems, reformation, and assumptions. 'Individualized Consideration' involves the leader's concern, attention, and role as a mentor to the individual's distinct needs and achievements. The 5 key pillars of transformational leadership identified by them are "vision, inspiration, stimulation coaching, and team-building".

2.2. Job Satisfaction

The popular Theory of Job Satisfaction by Locke in 1969, explained that "Job Satisfaction is a pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating the achievement of one's job value". (Heimerl, Haid, Benedikt, & Scholl- Grisseemann, 2020, pp. 2). They report "employee-supervisor relationship, adherence to the duty roster, personal development opportunities" as

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Transformational Leadership in Indonesian Diversified-Cultural SME Sector: An Investigation of the Settlement Criteria of Job Performance

core factors of job satisfaction. Job satisfaction or dissatisfaction is generated by the discrepancy between one's want from their job and one's perception regarding job offering and job entailment. Many studies relate employee job satisfaction with their effort to engage in creative and innovative tasks, higher resiliency in a company's market-changing situation, and building the reputation of the company. (Haralayya, 2021; Heimerl, Haid, Benedikt, & Scholl- Grisseemann, 2020), Identified Factors affecting employee job satisfaction are "working conditions, financial rewards, relationship with subordinates, culture, safe and healthy organization environment, safety and workload, personal development, infrastructure availability, remuneration, task portfolio". The concept of Job Satisfaction is connected to Maslow's Theory (1954) which deals with human satisfaction, self-satisfaction, psychological needs, self-love, self-protection, and achievement and Herzberg's Theory (1968) which append job satisfaction construction with two determinants as motivators factors (stimulator) and hygiene factors (external or high work context). More specifically, a study following motivational factor claim that the satisfying condition of an employee's job is related to compensation contentment and supervisor's support which is related to employee turnover intention. (Tnay, Othman, Siong, & Lim, 2013).

2.3. Job Performance

"Job Performance is characterized as the behavior that can be measured and rated, and work performance is also the employee's contribution to the organizational objective". (Bozdogan & Aksoy, 2020, pp. 57). By providing quality job performance according to task-specified job needs and job descriptions, employees ensure the organization's objective meeting. It is related to the action an employee needs to conduct in a particular job and also includes "activity outcome, evaluation, recruitment, termination, appraisal, auditing, attain employee's desire, individual's growth, self-fulfillment, and overall individual and organizational goals fulfillment". The condition and relationship between employee job engagement and job performance are also advanced in previous studies. Pourbarkhordari, Zhou, & Pourkarimi (2016), found that employee engagement in work is related to their perception of leadership thus Individual-Focused Transformational leadership become popular to enhance employee job performance through positive participation in the job. Common antecedents that drive employee job performance are "organization policies, working conditions, training and development, relations and employee's job satisfaction". (Omar, Rafie, & Ahmad Selo, 2020). The area of Job Performance includes "employee's extra roles or contextual performance such as discretionary behavior to improve the organization's effectiveness. It measures employees' effort, investment of time and energy to get any job done, and overall, their contribution towards organizational performance and organizational

Islam, S., Hari, P., Suliyanto, S., Setyanto, R., Suroso, A., Bahauddin, K.M., Iftakhar, N., (2024)
Transformational Leadership in Indonesian Diversified-Cultural SME Sector: An Investigation of the Settlement Criteria of Job Performance

achievement. (Bakker, Demerouti, & Brummelhuis, 2012; Pourbarkhordari, Zhou, & Pourkarimi, 2016).

2.4. Organizational Citizenship Behavior

Organizational citizenship behavior/performance is described as non-obligatory, voluntary behavior by an employee, which exceeds the employee's normal work duties and is not associated with any type of organizational reward system". Organizational citizenship behavior plays an antecedent in affecting employee's job performance. Organ (1990) in (Sadeghi et al., 2002, pp. 7). By looking at previous research on organizational behavior, Podsakoff, MacKenzie, Paine, & Bachrach (2000, pp. 516) in his study mention seven common dimensions of organizational behavior: "Helping Behavior, Sportsmanship, Organizational Loyalty, Organizational Compliance, Individual Initiative, civic virtue, and Self Development". 'Helping behavior refers' to voluntarily helping each other and avoiding conflict that hurts each other. "The first part of this definition (helping others with work-related problems) includes Organ's altruism, peacemaking, and cheerleading dimensions" stated Organ, 1988, 1990b. Again, the second section includes the aspects of 'courtesy' which involves helping others by taking steps to prevent the problems of co-workers. 'Sportsmanship' refers to an individual's tolerance level and willingness to accept workplace inconvenience without showing a counter-attitude. 'Organizational Loyalty' includes promoting and preserving an organization's goodwill, encountering a threat, and supporting the organization's progress. 'Organizational compliance' refers to an employee's obligation and acceptability of the organization's rules, regulations, procedures, and outcomes even without any formal bindings or monitoring. 'Individual Initiative' includes voluntary participation in creativity and innovation design in the organization, improving self-performance, taking responsibility for extra roles, and showing enthusiasm. 'Civic Virtue' represents "macro-level interest in or commitment to the organization". Individuals attend civic virtue apart of self-interest even paying the costs and actively participating in governance, participation, and engagement in organizational affairs, managing the organization's threats, and looking best at the organization's interest. Lastly, 'Self-Development' includes voluntary behavior employee perform that enrich their knowledge, experience skills, and abilities by attending different training, workshop, and field experience and seeking opportunities for self-building.

2.5. Transformational Leadership Relationship to Employee's Job Satisfaction

An interesting investigation by Braun, Peus, Weisweiler, & Frey (2013) reported that employees' perceptions of the supervisor's transformational leadership practice and their job satisfaction. A study claims general satisfaction job satisfaction is a different concept influenced by the identification of sources and recognition of nature. (Jędrzejczak-Gas & Wyrwa, 2020). Most of the research showed a significant

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Transformational Leadership in Indonesian Diversified-Cultural SME Sector: An Investigation of the Settlement Criteria of Job Performance

and direct relationship between the supervisor's transformational leadership approach and employee job satisfaction and organizational commitment. (Ali Shurbagi, 2014; Lee & Hong, 2017; Srivastava, 2013). As cultural differentiation is a concern among modern organizations, a study explored comparatively, Kenyan and U.S. financial firms and reported that organizational commitment and satisfaction with work are built through transformational leadership even in distinct cultural interaction. (Walumbwa, Orwa, Wang, & Lawler, 2005). Alternatively, Puni, Mohammed, & Asamoah (2018) proposed a different relationship between transformational leadership and job satisfaction which is substituted and moderated by contingent rewards, a dimension of transactional leadership. Among the three aspects of transformational leadership, a study concluded that intellectual stimulation is highly related to employee job satisfaction whereas individualistic consideration is negatively related to employee job satisfaction. (R. M. Hanaysha et al., 2012). This differentiation under the same leadership approach left the question of investigating further which dimension is related to employee job satisfaction significantly. Thus, based on this, the study formulated its H1 as:

H1: Transformational Leadership Has a Positive Relationship with Employee's Job Satisfaction.

2.6. Transformational Leadership Relationship to Employee's Job Performance

Empirically, a study was conducted among employees of PT. Kereta Api Indonesia manifested that, transformational leadership has a significant effect on employee's job performance thus intervening with job motivation. (Bastari, Eliyana, & Wijayanti, 2020). Again, the fact of culture, leadership practice, and their effects on employee job satisfaction remain no longer separated in the research context of organizational behavior. Tsai, Wang, & Yuan's (2015), study was conducted in the Taiwanese SME sector following the Asian culture-confirmed relationship between employee job performance, organizational commitment, and transformational leadership. As an employee's job performance becomes cooperative to their retention rate in the organization, Altman (2003) demonstrated that besides any leadership approach, the Leader-Member Exchange Relationship (LMX) contributes highly towards an employee's motivational process and job resources (career advancement opportunities, job engagement, and social support) play roles as a mediator between leadership and employee's performance. Pourbarkhordari, Zhou, Pourkarimi (2016) asserted that Transformational Leadership positively contributes to individual effectiveness and that leaders drive employees' performance and competency to perform at the maximum level. Moreover, Bozdogan & Aksoy (2020) concluded that "transformational leadership can perform a role in setting the table for the success of

important management processes such as performance management". Thus Hypothesis 2 in this study has been formulated as:

H2: Transformational Leadership Has a Positive Relationship to Employee's Job Performance.

2.7. Transformational Leadership Relationship to Employee's Organizational Citizenship Behavior

Transformational Leadership Relationship to Employee's Organizational Citizenship Behavior Contemporary evidenced-based research conducted in Asia identifies paternalism culture as a setting-specific process by which transformational leadership promotes civic behavior. It recommended transformational leadership unrivaled and superlative in terms of leveraging a strong familiar environment to develop employee citizenship behavior with a paternalism approach, authoritative guidance, and compassion. (Sendjaya, 2019). A great deal of research has shown both the direct and indirect effect of transformational citizenship behavior affects employees' citizenship, innovation, and job behavior (Afsar, F. Badir, & Bin Saeed, 2014; Jiang, Zhao, & Ni, 2017; Piccolo & Colquitt, 2006). Sadeghi et al., (2002) claimed both contradictory and supportive statements regarding the relationship between transformational leadership and organizational citizenship behavior. Though he found the influence of organization and personal behavior on transformational leadership prior research showed it more strongly and claimed transformational leadership impacts certain characteristics related to the follower such as "empowerment, commitment, self-efficacy, beliefs, job satisfaction, trust, and motivation". Again, the interdependence and interrelatedness between transformational leadership and organizational citizenship behavior have been evidenced exclusively by Boerner, Eisenbeiss, & Griesser (2007) as he suggested that, the relationship between transformative leadership and follower performance is somewhat mediated by followers' organizational citizenship behavior. Thus, based on previous findings and theoretical claims Hypothesis 3 in this study developed as: *H3: Transformational Leadership Has a Positive Relationship to Employee's Organizational Citizenship Behavior.*

2.8. Employee's Job Satisfaction Effects on Employee's Organizational Citizenship Behavior

The impact of job satisfaction on organizational citizenship behaviour is evidenced positively in previous empirical research also theory predicts that when employees are satisfied with their jobs they will behave beyond the formal demands and perform the extra role to enhance organizational performance. Job satisfaction is related to employees' psychological satisfaction and motivation which drive their intention to behave extra as per company needs. (Soelton, 2020). Different dimension of job satisfaction "salary, work, colleagues, leader, promotion, work environment,

Islam, S., Hari, P., Suliyanto, S., Setyanto, R., Suroso, A., Bahauddin, K.M., Iftakhar, N., (2024)

Transformational Leadership in Indonesian Diversified-Cultural SME Sector: An Investigation of the Settlement Criteria of Job Performance

achievement, appreciation, and development opportunities" affect an individual's job experience and feelings in the work environment thus satisfaction make sense for an employee's working worthiness and attitude towards the organization. (Fitrio, Apriansyah, Utami, & Yaspita, 2019).

H4: Job Satisfaction Has Positive Effect on Employee's Organizational Citizenship Behavior.

2.9. Employee's Job Satisfaction Effect on Job Performance

In turn to the Social Exchange Theory, employees who have had their psychological contracts violated are more inclined to refrain from actions that would typically benefit their coworkers more directly than those that would help the firm as a whole. Likewise, people are more inclined to act in a way that is beneficial to the company as a whole when they believe that the organization has gone above and beyond the psychological contract by offering more than it was required to. (Turnley, 2003). An empirical study among 400 factory workers by Ahvaz (Naami, 2009) reported that job satisfaction and the two facets of satisfaction the job itself and the employee's relationship with the supervisor significantly affect the employee's job performance. But contradictorily proposed that an individual's feelings of satisfaction and action of performance could be different. An individual could be satisfied with job conditions that don't lead to their qualitative or quantitative performance thus the balance varies from person to person. (Organ & Lingl, 1995).

H5: Job Satisfaction Has a Positive Effect on Employee's Job Performance.

2.10. Employee's Organizational Citizenship Behavior Effect on Job Performance

Supporting the maximum previous empirical results, a study conducted in Indian Healthcare Industries reported that, employees show voluntary social participation and civic behavior that helps to create a social network and improve their interpersonal relationships consequently enhancing their performance at work. Employees' professionalism and performance depend on the information, support, and cooperation from their network thus resources assist them to cope with an emergency on the job. (Basu, Pradhan, & Tewari, 2017). Focusing on every dimension of organizational citizenship behavior HR practice as moderators, Mallick, Pradhan, Tewari, & Jena (2014) found that, there is a positive association between organizational citizenship behavior and job performance. In detail, the altruistic dimension of organizational citizenship behavior reported the highest strong relationship with job performance whereas civic virtue reported the lowest relationship.

H6: Organizational Citizenship Behavior Has a Positive Effect on Employee's Job Performance.

2.11. The Mediating Role of Job Satisfaction in a Relationship Between Transformational Leadership and Job Performance

An investigation into the food industry in Malang revealed that Job satisfaction can mediate the effects of transformational leadership on worker productivity. Leadership has a bigger impact on motivating individuals to increase their performance the more satisfied they are at work. They also confirm the similarities with other studies. (Arrindell, Meeuwesen, & Huyse, 1991; Chang, 2017; Prabowo et al., 2018; Roz, 2019). Similarly, another study in the Indonesian context in PT Perkebunan Nusantara V Riau (PTPN V) by Phillips, Edwards, Stone, & Lovejoy (2012) concluded that Transformative leadership must be able to comprehend the many needs of people. Employee job satisfaction at PTPN V Riau is influenced by how closely work-related factors align with personal preferences. The leader tends to be approachable, casual, and close to his or her subordinates and treats them equally while offering guidance, assistance, and support for personal growth. (Maskurochman, Nugroho, & Riyadi, 2020). The Positive feelings that arise from the behavior of work feelings and behavior are the meaning of job satisfaction. (Dwiantoro, Suliyanto, & Tabrani, 2022.). Thus, based on previous study findings, it could be claimed as a hypothesis that:

H7: Job Satisfaction Has a Significant Positive Influence Between Transformational Leadership and Employee Performance.

2.12. The Mediating Role of Job Satisfaction in a Relationship Between Transformational Leadership and Job Performance

Because OCB gives employees the chance to develop their work competencies while fostering teamwork, it plays a particularly important mediating role in the interaction between transformational leadership and task-sustainable performance. A fraction of the impact of transformational leadership on sustained employee relations and performance has been mediated by OCB. In actuality, OCB and interpersonal effectiveness are inextricably linked. Additionally, OCB fosters harmony within the workplace, which motivates coworkers to act more rationally and cooperatively. (Jiang, Zhao, & Ni, 2017). According to study results, Qalati, Zafar, Fan, Sánchez Limón, & Khaskheli (2022) suggested, that SMEs receive support in their pursuit of volunteer work and performance goals through the leadership style (Idealized influence attribute, Idealized influence conduct, inspiring motivation, intellectual motivation, and individualized attention). The mediating role of organizational citizenship between transformational leadership and employee performance has also been found in a good number of previous studies. (Budur & Demir, 2022; Tian et al., 2020). Thus, the last Hypothesis of this study has been developed as

H8: Organizational citizenship Behavior has a Significant Positive Influence Between Transformational Leadership and Employee Performance.

3. Methodology and empirical data

3.1. Sampling

The population of this study was Staff of Small and Medium Enterprise businesses located in Different regions of Indonesia. The author used the primary research method and employees were selected based on the "random sampling method". Among 295, a total number of 220 response was collected online and 75 by pencil-based survey. According to the purpose of the research, the data collection and analysis were at the individual level.

3.2. Measurements

The Questionnaire was tailored into 5 parts; part one was to access the demographic information of the respondents, part two was information about job satisfaction, part three was job performance, part four was organizational citizenship behavior, and part five was transformational leadership. Four variables included in the analysis were measured using the perpetual self-report approach with a "5-point Likert Scale (1-Strongly Disagree To 5-Strongly Agree)". To evaluate someone's response or reaction to a social object Five Likert scales are used in the construct measurement scale because they are straightforward and user-friendly. All instruments were translated into the Indonesian Language by a local assistant following the translation and back-translation procedure.

Job Performance variable was measured by using One Category of "The Individual Work Performance Questionnaire (IWPQ) used to identify employee's behaviour or actions that are relevant to the goals of the organization". (Campbell, 1990; Carlos & Rodrigues, 2016; Koopmans et al., 2016; Koopmans et al., 2012; Koopmans et al. 2014). From IWPQ we choose one category "Task performance" and 5 questions following five Likert scale scores ranging between 1 to 5, with a higher score reflecting higher job performance status and a lower score for lower job performance level.

Job Satisfaction was measured by using factors administered by Abdullah et al., (2013) with 9 factors and following five scale Likert Scale scores ranging between 1 to 5.

The measurements of the Questionnaire on OCB are followed by Organ & Lingl's (1995) five-dimensional scale with 22 questions. The scale was taken from where four items were included under every construct describing specific behavior relevant to each subconstruct. It was adapted by Bell & Menguc (2002) to understand critical links between employee-organization relationships and customers' perception of service quality.

Transformational leadership was measured based on the Multifactor Leadership Questionnaire developed by Bass and his colleagues (Avolio & Bass, 2004) and later examined by Fred (2010). A total number of 36 items were measured where in

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Transformational Leadership in Indonesian Diversified-Cultural SME Sector: An Investigation of the Settlement Criteria of Job Performance

Idealized Influence construct there were 10 items, Inspirational Motivation 10 items, Intellectual Simulation 10 Items and in Individualized Consideration, 6 items were measured following 5 Likert Scale ranging from "Strongly Disagree" to "Strongly Agree".

3.3. Procedures and Models of the Study

Using the partial least square (PLS) bootstrapping technique, relationships between components were evaluated as hypotheses. Testing of measurement and testing of the structural model are the first two steps in assessing and interpreting the PLS model (Chin, 1998; Hulland, 1999). Fig:1 represents a conceptual model, comprised of variable integration and interaction based on previous literature.

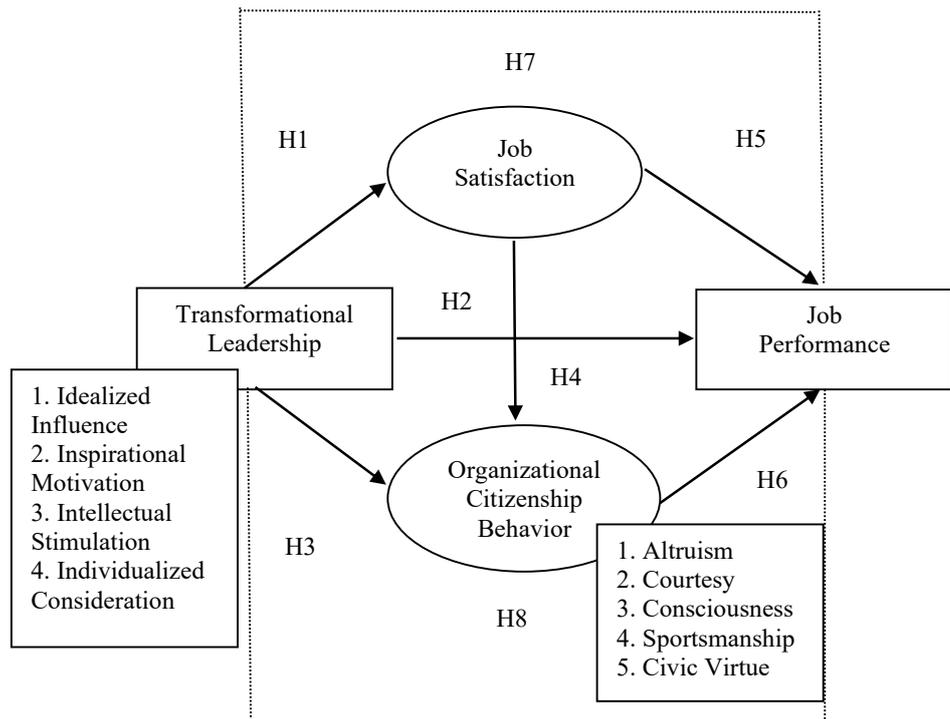


Figure 1 Direct and Indirect Relationship Between the Dimension of Transformational Leadership and Employee Job Performance

Note: Dotted Lines Represent Mediating Relationship

Source: Author's View

4. Empirical results

4.1. Demographic Analysis

Table 1 represents the demographic statistics of the studied population. There were 6 Demographic Data (Age, Gender, Job Experience, Education Level, Organization Name, and Name of the region). According to the participation status, most of the population held a Bachelor's Degree 53.3 percent and the attendance of High School and Vocational, Diploma Degrees is approximately close to 20 percent Most of the employees reported short-term job experience period of 36.3 percent, which evidenced the nature of the job is mostly contractual. Only, a few numbers of employees 12 per cent have reported continuance in the SME sector for more than 10 years. The respondents who answered the most questionnaires were aged 20-30 years at 77 percent, then ≤ 40 years at 6 percent, and the rest ≥ 40 years at 14 percent.

Table 1 Demographic Background of the Participants

Education Level	Percent age	Age	Percent age	Experien ce	Percenta ge	Gender	Percent age
High School	21.1%	20-30 years	77.3%	Less Than One Year	36.3%	Male	58.2%
Bachelor Degree	53.3%	31-40 years	14.9%	1-5 years	28.8%	Female	41.8%
Vocational or Diploma Degree	18.2%	41-50 years	5.6%	6-10 years	22.2%		
Masters and Others	8.0%	51-60 years	0.2%	11-15 years	11.4%		
		Above 60 years	0.0%	16+ years	1.3%		

Source: Data Prepared from SPSS Software

The employee from a higher degree background in the SME sector of Indonesia is lower than 8 per cent than expected though many organizations are operating with complex structures and management. Male employee participation is higher in the study though Indonesian Females in modern times are comparatively highly engaged in entrepreneurship. For Further details see Table 1.

4.2. Reliability and Validity Analysis

If The results of Cronbach's Alpha are > 0.6 and the Composite Reliability > 0.7 , it could be concluded that all the variables are reliable. (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014). In Table 2, the majority of the indicators in composite

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Transformational Leadership in Indonesian Diversified-Cultural SME Sector: An Investigation of the Settlement Criteria of Job Performance

reliability range ≥ 0.9 level and Cronbach's Alpha range more than ≥ 0.9 level which demonstrates entire reliability.

Table 2 Construct Reliability

Dimension	Indicators	Cronbach's Alpha	rho_A	Composite Reliability
Transformational Leadership	Individualized Consideration	0.842	0.845	0.884
	Idealized Influence	0.895	0.898	0.915
	Inspirational Motivation	0.904	0.905	0.921
	Intellectual Stimulation	0.897	0.901	0.916
Organizational Citizenship Behavior	Altruism	0.823	0.829	0.883
	Courtesy	0.747	0.760	0.840
	Consciousness	0.650	0.691	0.791
	Civic Virtue	0.738	0.741	0.835
	Sportsmanship	0.944	0.948	0.960
Job Performance		0.902	0.904	0.927
Job Satisfaction		0.903	0.905	0.921

Source: Data prepared from Smart PLS Software

Table 3 Discriminant and Convergent Validity

	CR	AVE	Transformational Leadership	Organizational Citizenship Behavior	Job Satisfaction	Job Performance
Transformational Leadership	0.963	0.656	0.656			
Organizational Citizenship Behavior	0.892	0.594	0.555	0.549		
Job Satisfaction	0.921	0.752	0.722	0.608	0.752	
Job Performance	0.927	0.848	0.489	0.572	0.492	0.848

Source: Data prepared from Smart PLS Software

Discriminant validity measures the adequacy of separation between any dimension and others to express the singularity of the relevant variable. Additionally, significant item correlation is a requirement for convergent validity. (Khine, 2013). When the squared root of the average variance that is retrieved for each variance is greater than the correlation coefficient of the other dimensions, discriminant validity is proven. Additionally, convergent validity is acceptable if the composite reliability values are

Islam, S., Hari, P., Suliyanto, S., Setyanto, R., Suroso, A., Bahauddin, K.M., Iftakhar, N., (2024)
Transformational Leadership in Indonesian Diversified-Cultural SME Sector: An Investigation of the Settlement Criteria of Job Performance

above 0.7 and the average variance derived from each dimension is above 0.5. (Fornell, C., & Larcker, 1981). According to Table 3, the average variance retrieved for each dimension has been greater than the correlations among the other dimensions, confirming the convergent validity. Additionally, all of the composite dependability scores were higher than 0.7. As a result, it may be said that both the discriminant and convergent validities are supported. Given that the correlations between the variables did not significantly surpass 0.7, it should be highlighted that there was no plausible possibility of multicollinearity. Consequently, the constructs might be considered reliable and accurate for assessing the model hypotheses.

Table 4 R-Square, R-Adjusted and Q-Square

Variable	R-Squares	R Adjusted	Q-Square= 1-(1-R1^2)
Job Performance	0.2604	0.2562	
Job Satisfaction	0.3618	0.3611	
Organizational Citizenship Behavior	0.2763	0.2763	
			0.6584

Source: Data prepared from Smart PLS Software

According to, (Falk & Miller, 1992) for an endogenous construct's variance to be declared satisfactorily explained, R2 values must be equal to or higher than 0.10. Besides, (Cohen, 1988) further suggested that if the R2 value for endogenous construct is 0.26, it is substantial. And if the value is 0.13 and 0.02, it should be considered as moderate and weak respectively. Thus, an outlook of this study results evidenced all R2 range is more than 0.26 which meets all the criteria of variance explanation condition. The Goodness of Fit Model test was used in the Q-Square Predictive Relevance. It determines if a model is predictively relevant to the endogenous construct, and a value > 0 is desirable. When the value is more than 0, it represents that the model has adequate predictive relevance. (Chin, 1998). Table 3 shows the Q-square value of 0.658 greater than 33% so it falls into the medium category. (Chin, 1998).

4.3. Hypothesis Testing

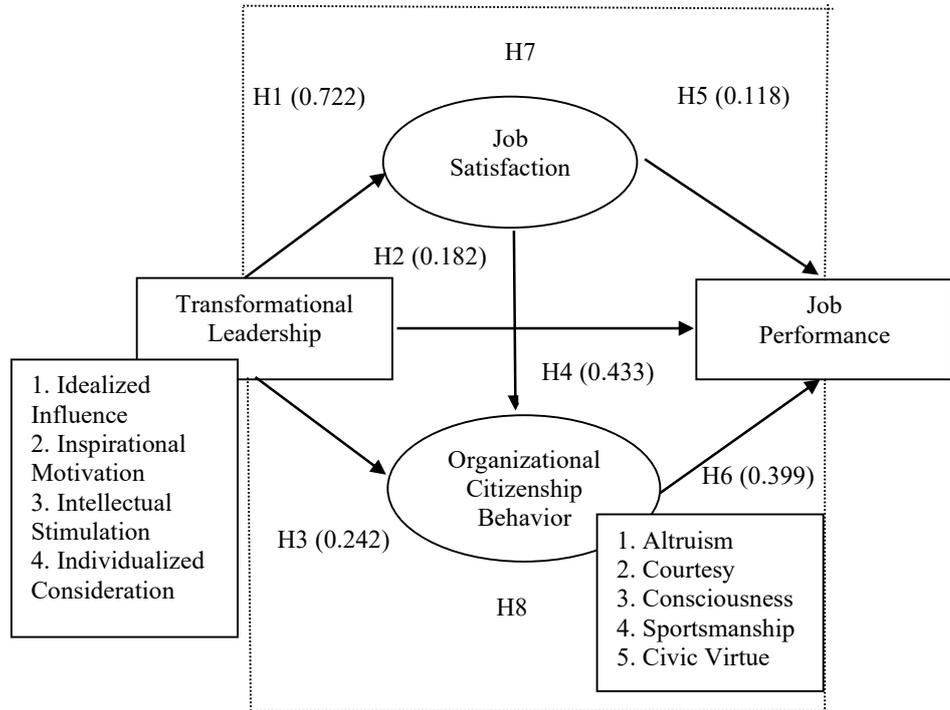


Figure 2 Structural Model

Source: Own Processing

Table 5 Results of Model

Path Co-Efficient (Bootstrapping)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics (O/STDEV)	P Values	Results
Transformational Leadership -> Job Satisfaction (H1)	0.722	0.723	0.034	21.219	0.000<0.05	Supported
Transformational Leadership -> Job Performance (H2)	0.183	0.192	0.084	2.168	0.031<0.05	Supported

Islam, S., Hari, P., Suliyanto, S., Setyanto, R., Suroso, A., Bahauddin, K.M., Iftakhar, N., (2024)

Transformational Leadership in Indonesian Diversified-Cultural SME Sector: An Investigation of the Settlement Criteria of Job Performance

Transformational Leadership-> Organizational Citizenship Behavior (H3)	0.242	0.243	0.103	2.361	0.019<0.05	Supported
Job Satisfaction-> Organizational citizenship Behavior (H4)	0.433	0.434	0.086	5.013	0.000<0.05	Supported
Job Satisfaction->Job Performance (H5)	0.118	0.121	0.086	1.375	0.170>0.05	Not supported
Organizational citizenship Behavior-> Job Performance (H6)	0.399	0.390	0.077	5.182	0.000<0.05	Supported
Transformational Leadership->Job Satisfaction->Job Performance (H7)						Partially Supported
Transformational Leadership->Organizational Citizenship Behavior->Job Performance (H8)						Partially Supported

Source: Data prepared from Smart PLS Software

The study's primary goals included determining the influence of Transformational Leadership on employees' Job Performance. To assess the direct and indirect effect of Transformational leadership, Job satisfaction, and organizational citizenship behavior on employee Job performance, SMART PLS software has been used to understand the influence of the t-statistic test in the most squared partial analysis model (PLS). Fig 2 portrays the results of the structural model analysis developed based on the Hypothesis. According to the model, transformational leadership has a positive significant effect on all the employee's job satisfaction ($\beta = 0.722$), job performance ($\beta = 0.182$), and organizational citizenship behavior ($\beta = 0.242$). Also, organizational citizenship behavior influences job performance ($\beta = 0.399$) and is thus influenced by Job satisfaction ($\beta = 0.433$). The results of H1 show a t-statistics value ($21.219 > 1.96$) and a p-value ($0.000 < 0.05$) means the hypothesis is significant and accepted. Next H2 shows a t-statistics value ($2.168 > 1.96$) and a p-value ($0.031 < 0.05$) means the hypothesis is significant and accepted. In the H3 t-statistics value ($2.361 > 1.96$) and p-value ($0.019 < 0.05$) the hypothesis is significant and

accepted. Moving forward, in H4 t-statistics value ($5.013 > 1.96$) and p-value ($0.000 < 0.05$) means the hypothesis is significant and accepted. Next, in H5 t-statistics value ($1.375 > 1.96$) and p-value ($0.170 > 0.05$) means the hypothesis is not significant and thus we are rejecting it. The last direct effect in H6 showing t-statistics value ($5.182 > 1.96$) and p-value ($0.000 < 0.05$) means the hypothesis is significant and accepted. The Mediation Effect of H7 and H8 has been analyzed based on VAF (Variation Action For) results. Hypothesis 7 = 0,318 and Hypothesis 8 = 0,346 there partially mediated. (Preacher & Hayes, 2008),

5. Conclusions

This study looked at the connections between organizational citizenship behavior, job performance, and transformational leadership. The very first findings of this study evidenced and accepted the assumption of H1, H2, and H3 as they showed the direct influence of transformational leadership on employee job satisfaction, job performance, and organizational citizenship behavior. Additionally, Organizational citizenship behavior is also reported as a driver toward Job Performance and turns H6 as accepted. Besides, according to the results Job Satisfaction doesn't Influence Employee Job Performance so, H5 is not accepted in this study. Moreover, Job Satisfaction and Organizational citizenship also have a positive relationship which confirms H4 acceptance. Lastly, regarding the mediation relationship the study showed that both Organizational Citizenship behavior and Job Satisfaction partially mediate the relationship between Transformational Leadership and Job Performance. As a result, the study accepts H7 and H8 as positive role of influential factors.

In particular, the study implied that transformational leadership style is highly influential in enhancing employee job performance. The result is similar to other previous studies (Irshad & Hashmi, 2014; Nam & Park, 2019; Singh, Giudice, Chierici, & Graziano, 2020). Moreover, previous literature investigated the relationship between transformational leadership and job performance directly also indirectly by organizing mediating and moderator relationship which aligns with our results and proved that transformational leadership have a high impact on employees' job performance. (Abelha, Carneiro, Da, Cavazotte, & De, 2018; Imran, Shabbir, & Mahmood, 2020; Lai, Tang, Lu, Lee, & Lin, 2020; Walumbwa, Peterson, Avolio, & Hartnell, 2010). A current similar study among other 30 SME organizations in Indonesia reported that organizational citizenship behavior is an important factor for employee job performance and is directed by transformational leadership. A most important insight of AI-event (2018) claimed that, if the organization wants to take advantage of transformational leadership's positive influence on organizational citizenship behavior, it should give attention to improving aspects of "LMX or

Islam, S., Hari, P., Suliyanto, S., Setyanto, R., Suroso, A., Bahauddin, K.M., Iftakhar, N., (2024)

Transformational Leadership in Indonesian Diversified-Cultural SME Sector: An Investigation of the Settlement Criteria of Job Performance

dyadic Leader-Follower Relationship" such as "Trust". A study by Jiang, Zhao, & Ni (2017) in China also proved similar results that organizational citizenship's behavior moderation in the relationship between transformational leadership and employee job performance. Though, cross results have been found in the study of Ekowati, Troena, & Noermijati (2013) who claim transformational leadership doesn't have any influence on OCB and OCB doesn't mediate relationship, but, transformational leadership affect job performance directly. According to Bass (1990), transformational leadership brings more sense of meaningfulness, significance, devotion, organization-concerned mindset, and volunteer behavior among employees which was later evidenced by thousands of empirical investigations including this study result. (Purvanova, Bono, & Dzieweczynski, 2006). As per expectation and previous studies' findings, the absoluteness of transformational leadership is conjunct and dominates employee job satisfaction status concerning any position level. (Arsawan, Sanjaya, Sukarta, Putra, & Sanjaya, 2019; Aydogmus, Metin Camgoz, Ergeneli, & Tayfur Ekmekci, 2018; Kammerhoff et al., 2019; Lee & Hong, 2017; Muterera et al., 2018; Siswanto & Yuliana, 2022). Balancing the previous literature support, Al-event (2018) from the Jordanian Telcom Sector study decided that, intriguingly, leaders are actively supporting the development of innovation and services, particularly through Job satisfaction. Likewise, another key fact has been established by as excellence of transformational leadership to organizational performance could be affected by job satisfaction and job satisfaction is a strong mediator factor in connecting leadership effort towards performance. (Hilton, Madilo, Awaah, & Arkorful, 2023). In contrast, another study in the hospitality sector showed that internal employees job satisfaction is not a matter of individualized consideration but outsourced workers give high priority to all four dimensions of transformational leadership to meet satisfaction levels. (Escortell, Baquero, & Delgado, 2020). While our results in the SME sector of Indonesia show no significant effect of job satisfaction on employee job performance, there a similar study in the Package industry in Indonesia showed that, job satisfaction is important in enhancing transformational leadership practice and knowledge management and that both directly and indirectly affect employee's job performance. (Singih et al., 2021).

In summary, this recent study confirms that transformative leadership improves workers' job performance. It also shows the partial mediate relationship in placing Job Satisfaction and Organizational citizenship behavior as a conciliator. The study further evidenced the strength of transformational leadership in developing direct and indirect relationships with employee performance. However, this study adds a point of debate and future discussion area to understand if job satisfaction affects employee performance directly in SMEs and other sectors of different countries.

Islam, S., Hari, P., Suliyanto, S., Setyanto, R., Suroso, A., Bahauddin, K.M., Iftakhar, N., (2024)

Transformational Leadership in Indonesian Diversified-Cultural SME Sector: An Investigation of the Settlement Criteria of Job Performance

The findings of this study have significant theoretical and practical ramifications for researchers and practitioners in the HR field. This study approximately confirmed Bass's (1985,1997) contemplated the potential of the transformative theoretical leadership paradigm being universal across societies. In the same vein 'The Leader-Member Exchange theory' and 'Social Exchange theory' also argue employee voluntary behavior in an organization is important for success and leaders need to create that feeling of voluntarism so employees become motivated to sacrifice for the company and stay committed. Thus, employees perceived a high obligation to reciprocate behavior with leaders who perform jobs beyond requirements, and formalities and maintain a good quality leader-member relationship. (Golden & Veiga, 2008; Jyoti & Bhau, 2015; Li & Hung, 2009).

Practically, the results of this study will create a new sense of transformational leadership style and its practice among SME sector managers in Indonesia. It will help them to motivate employees towards executing citizenship behavior in the organization and fulfill employees' needs and demands to meet the highest level of job satisfaction. Besides, a thorough idea of how the leadership practice is influencing job performance will help them to drive employees towards organizational goals and attend to maximum performance criteria.

Firstly, this study has been undertaken among only the SME sector of Indonesia which tends to have fewer employees and family members involved in business and replicate job roles which makes the response partially biased as per our assumptions. Therefore, we suggest further research to extend our conceptual framework and ideas and analyze other macro industries, larger organizations and vast populations in the SME sector to have broadened ideas about transformational leadership's importance. Secondly, this study didn't develop any moderated intervention variables in the framework which could have changed the status of the indirect relationship between employees' job performance and transformational leadership style which can be drawn by future researchers. Thirdly, we assumed that, as per modern organizational culture practice and based on previous research most of the SMEs in Indonesia practice transformational leadership though to consolidate the assumption further research could investigate the context with another leadership style. Fourthly, as Indonesia is known as a multi-diversified cultural country, and as per time limitation we couldn't collect data from every region, further research could reach other regions to establish the generalizability of the findings. Fifthly, our research didn't address any personal and cognitive variables that could affect employees' job performance, satisfaction, and behavior in the organization apart from any leadership style practice. Lastly, The study analysis of transformational leadership, organizational citizenship behavior based on total dimension count, and individual effect of all dimensions to direct or indirect relationship has not been found. So, the next research

Islam, S., Hari, P., Suliyanto, S., Setyanto, R., Suroso, A., Bahauddin, K.M., Iftakhar, N., (2024)

Transformational Leadership in Indonesian Diversified-Cultural SME Sector: An Investigation of the Settlement Criteria of Job Performance

could carry out the further study by modifying the current model and developing additional hypotheses to deeply investigate how each dimension of transformational leadership and organizational citizenship behavior plays a role in the context. Additionally, even though job satisfaction is irrelevant in terms of job performance results, organizational citizenship behavior is crucial for delivering quality performance. It should be noted that, besides leadership style, job satisfaction also has a direct effect on organizational citizenship behavior and thus indirectly affects the job performance level. So, the critical finding is though the transformational leadership impact on Job performance is clear and significant, it does not provide an indirect impact through job satisfaction. Also, a further re-look and understanding are needed towards factor matters to SME employees' Job satisfaction which could better add performance consistency. Further consideration should realize that Indonesian different regions have strong cultures and traditional practices in which one pattern of leadership style understanding and its effect on employee behavior, job satisfaction, and commitment might not be highly reliable.

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Author Contributions

Research content and conception were handled by Shainima Islam and Parmono Hari. Suliyanto participated in every step of the data analysis process, from software use to validation to reliability checks and other required research. Refius Pradipta and Agus Suroso were in charge of assisting in the data-collecting process throughout several Indonesian cities. Khalid Bahauddin has completed the review and interpretation of the article.

Disclosure statement

There are no conflicting financial, professional, or personal interests of other parties that the authors are aware of.

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Transformational Leadership in Indonesian Diversified-Cultural SME Sector: An Investigation of the Settlement Criteria of Job Performance

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