AMAR (Andalas Management Review)
Vol. 7, No. 2 (2023) Halaman
The Management Institute, Faculty of Economics, Universitas Andalas
ISSN (Print) 2476-9282 | ISSN (Online) 2548-155X

Measuring Job Satisfaction Between Transformational Leadership and Organizational Citizenship Behavior (OCB) in the Banking Sector

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Abstract

Organisational Citizenship Behaviour (OCB) is essential for promoting teamwork, excellent customer service, and organizational performance in the banking industry. Its relationship to transformational leadership styles fosters a culture of trust, innovation, and job satisfaction in addition to motivating staff to go above and beyond the call of duty, enhancing overall performance and experience. This research focuses on the role of job satisfaction in mediating the effect of transformational leadership on organizational citizenship behavior (OCB) in the employees of the banking sector in Malang City, East Java. Using a questionnaire as a research instrument, 118 responses were analyzed using partial least square (PLS) software. The result of this study revealed that transformational leadership and job satisfaction have a significant effect on OCB. Job satisfaction has a significant effect on OCB both directly and indirectly and can be mediating the effect of transformational leadership on organizational citizenship behavior (OCB).

Keywords: transformational leadership, job satisfaction, organizational citizenship behavior

1. INTRODUCTION

Rapid economic development necessitates quick reactions from several sectors, including the financial industry. Non-banking businesses, such as securities and insurance services, are one of the financial activities in the banking industry. Focusing on the banking business in financial services such as securities and insurance is one of the responding measures for the banking zone. Things have gotten more challenging, especially with the post-Covid-19 outbreak, and more effort is required to ensure that staff accept them and desire to work outside of their typical working hours. Because of the complexity of the goods they have, clients are often puzzled by product innovations offered by banks to fulfill customer needs such as securities, insurance, and other financial products. As a result, human resources with recognized skills in assisting consumers with financial management are required. Employees in the non-banking sector have a higher aim and are expected to be able to give clients after-sales care.

Organizational citizenship behavior (OCB) or prosocial behavior is the term for this type of after-sales service. Since its publication in 1980, the literature on organizational citizenship behavior (OCB) has received a lot of attention. OCB is defined as discretionary individual behavior that improves the effective operation of an organization but is not directly or openly recognized by a formal reward system (Organ, 1988). This self-motivated activity is linked to leadership behaviors and job satisfaction. Both organizational and leadership elements, as well as employee-related ones, impact organizational citizenship behavior and employee job satisfaction.

Organisational Citizenship Behaviour (OCB) is a cornerstone for promoting an outstanding and customer-centric culture in the ever-changing banking industry. When an employee engages in over-and-above work (OCB), they voluntarily go above and beyond the requirements of their formal job description. They do this by helping their coworkers, offering great customer service, or coming up with new ideas for processes that improve the organization as a whole. This conduct improves customer happiness and loyalty as well as teamwork and collaboration—all important components in the competitive banking sector. Furthermore, OCB and transformational leadership are strongly related (Hackett et al., 2018; Lin, 2014; Maharani & Troena, 2013; Novianti, 2021). In transformational leadership, teams are inspired and motivated by visionary leaders to go beyond individual interests and work towards shared objectives. Through encouragement, empowerment, and setting high standards, transformational leaders cultivate a work environment conducive to OCB, driving innovation, and adaptability. As a result, workers feel more satisfied with their jobs and are involved in fulfilling work, which eventually boosts output and benefits the company. Thus, OCB is an important variable to consider by the manager, especially in the banking sector if they want to create a service excellent to their customer.

The key to generating good organizational outcomes is transformational leadership (Mañas-Rodríguez et al., 2020; Rodrigues & Ferreira, 2015). Transformational leadership is defined as a process through which a leader can motivate and inspire subordinates to achieve higher levels of job satisfaction, and OCB (Alsheikh & Sobihah, 2019; Han et al., 2019). The purpose of this study was to look at the impact of transformational leadership mediated by job satisfaction on organizational citizenship behavior in non-banking service salespeople especially during the Covid-19 pandemic that spread around the globe, no exception in Indonesia. Leadership and organizational characteristics, as well as those on employee job satisfaction, have an impact on organizational and citizenship behavior.

OCB is a volunteer behavior in which employees go above and beyond for the success of their company. Altruism, civic virtue, civility, conscientiousness, and sportsmanship are the five dimensions of OCB (Organ, 1988). To force this OCB conduct on their staff, a leader is required. For the transformative leader on OCB, there must be trust between leaders and employees (Nohe & Hertel, 2017). Transformational leaders provide a unique perspective that can influence their subordinates' ambition, insight, value, and expectations (Bass, 1985). According to previous research, transformational leadership has a good link with OCB (Hassi, 2019; Mañas-Rodríguez et al., 2020; Novianti, 2021; Randy-Cofie, 2018; Rodrigues & Ferreira, 2015; Sarwar et al., 2015; Tian et al., 2020). As a result, the following is the proposed hypothesis:

H1: transformational leadership has significant effects on job satisfaction

H2: transformational leadership has significant effects on OCB

Job satisfaction reflects a person's feelings towards his job. This can be seen in the positive attitude of employees towards work and everything that is faced in the work environment. When comparing the satisfaction and productivity of the entire organization, it can be seen that organizations or corporations with high levels of job satisfaction are more effective than those with low levels of job satisfaction (Roz, 2019). Various elements connected to individual, social, cultural, organizational, and environmental aspects influence job satisfaction. Personality, education and qualifications, intelligence and ability, age, marital status, and work orientation are all individual aspects. Relationships with coworkers, workgroups, and customs, opportunities for contact, and informal organization are all social elements. Underlying attitudes, ideas, and values are cultural elements. Organizational elements include the nature and scale of the organization, its formal structure, human resource (HR) managers' policies and procedures, employee interactions, the nature of work, technology, organizational work, supervision, and so on. Through work satisfaction mediation, researchers discovered that transformational leadership style affects organizational citizenship behavior (OCB) (Gonzaga et al., 2015). Therefore, the proposed hypotheses were:

H3: job satisfaction has significant effects on OCB

H4: transformational leadership has significant effects on OCB mediated by job satisfaction

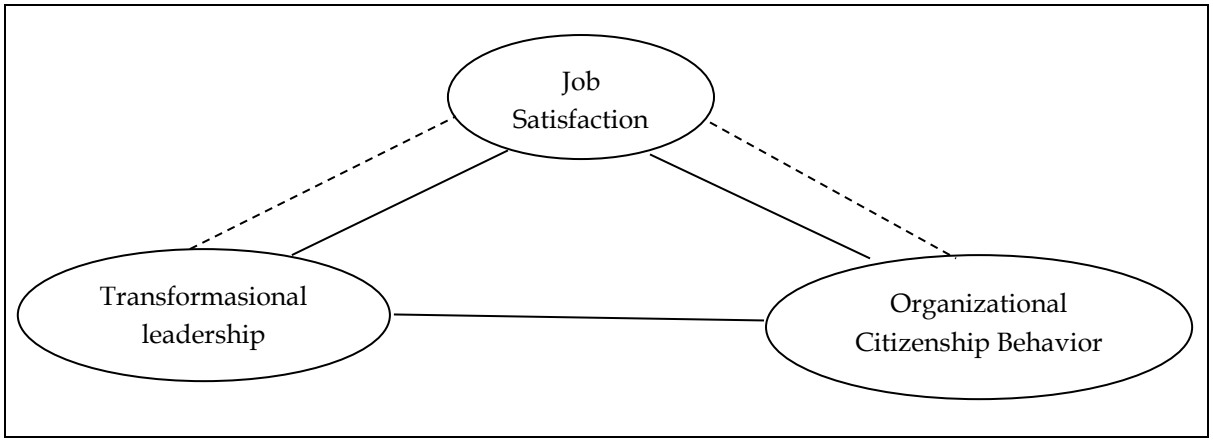


Figure 1. Conceptual Framework

2. METHOD

The relationship between the factors investigated, namely transformational leadership on organizational citizenship behavior mediated by job satisfaction, is described using a quantitative approach in this study. Employees of the banking sector in Malang, East Java, who provide insurance and investment services, made up the population of this study. The number of minimal samples based on tested factors was determined using a non-probability sampling of an undetermined number of people (Cooper & Schindler, 2014). According to Hair et al., (2014) the minimum sample size for variable 5 should be 100 or above. The total number of respondents in this study was 118. A questionnaire divided into two sections was used to collect data. The first component collects demographic information from respondents, while the second piece assesses study variables such as transformational leadership, job satisfaction, and organizational citizenship behavior. This study employed a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) (strongly agree).

Bass (1985) developed the Multifactor Leadership Questionnaire (MLQ), which consisted of 16 questions based on four variables and was used to assess transformational leadership (idealized influence, inspirational motivation, intellectual stimulation, and individual consideration). Job satisfaction using a 5-item scale representing global job satisfaction by Pond & Geyer (1991). The indicator is the employee's general effective reaction to the job (pay, co-workers), intrinsic job satisfaction, and organization control. Organizational citizenship behavior was assessed using five indicators and 15 items modified from Williams & Anderson (1991) which are altruism, courtesy, conscientiousness, civic virtue, and sportsmanship. The data was analyzed using Partial Least Squares (PLS). The data were analyzed in three parts (outside model evaluation, inner model evaluation, and hypotheses test). The purpose of Sobel's experiment was to see if job satisfaction had a mediating impact.

3. RESULTS AND DISCUSSION

According to Table 1, 54 percent of respondents are male and 46 percent are female, majority are on the ages of 26 and 35, and the majority of their work experience is between one and three years.

Table 1
Respondents Demographic

Particulars	Items	Frequency (N=118)	Percentage
Gender	Male	64	54.3%
	Female	54	45.7%
Age	20 – 25	26	22.1%
	26 – 30	28	23.7%
	31 -35	18	15.2%
	36 – 40	12	10.3%
	41 -45	24	20.3%
Tenure (years)	1 -3	58	49.2%
	4-6	32	28%
	7 – 10	28	22.8%

Table 2 shows the results of the outer model evaluation using convergent validity and uni-dimensionality. The ideal loading score is more than 0.7 (Chin, 2010), but scores between 0.5 and 0.7 are acceptable (Hair et al., 2014). The results of this investigation revealed that no variables had outer loadings of less than 0.5, indicating that there was no convergent validity issue. Composite dependability was used to investigate unidimensionality. Each variable's composite reliability value must be greater than 0.7. Since the score is more than 0.9, there is no difficulty with unidimensionality.

Table 2
Outer Loading and Composite reliability

Variable	Cronbach's Alpha	AVE	Composite Reliability
Transformational leadership	0.948	0.867	0.963
Job Satisfaction	1.000	1.000	1.000
Organizational Citizenship Behavior	0.891	0.692	0.918

The value of cross loading was compared to the score of outer loading to determine discriminant validity. The outer loading score must be higher than the cross-loading score.

The PLS analysis revealed that each variable's outer loading is greater than its cross-loading value. As indicated in summary Table 3, there is no discriminant validity difficulty.

Table 3
Summary of Outer Model Evaluation

Construct	TL	OCB	JS
Transformational leadership	1.000		
Job Satisfaction	0.573	0.832	
Organizational Citizenship Behavior	0.403	0.584	0.931

The structural model was tested when the calculated model passed the criteria for convergent validity, discriminant validity, and composite reliability. With goodness-of-fit, the structural model testing on PLS can be seen. The value of predictive relevance (Q2) can be calculated as follows:

$$Q^2 = 1 - (1 - R_1^2)(1 - R_2^2)$$

$$Q^2 = 1 - (1 - 0.163)(1 - 0.477)$$

$$Q^2 = 1 - 0.437$$

$$Q^2 = 0.563$$

The calculation shows a high value of 0.563 so the model deserves to be declared to have a predictive-relevance value. The result of 56.3% describes the diversity of data that can be explained by the PLS model or the information contained in the data can be explained by the model. While 43.7% is explained by other variables. Four hypotheses are proposed in this research. Table 4 summarizes the hypotheses test of the direct and indirect effects of each variable. It can be seen that H1, H2, H3, and H4 have positive significant effects. It means that transformational leadership has a significant effect on job satisfaction and organizational citizenship behavior both directly and indirectly.

Table 4
Research Hypotheses Test (Direct & Indirect Effect)

Hypotheses	Path	Inner Weight	T-stat	P-Value	Results
H1	TL→JS	0.403	3.870	0.000	Significant
H2	TL→OCB	0.403	6.369	0.000	Significant
H3	JS→OCB	0.421	6.399	0.000	Significant
H4	TL→JS→OCB	0.163	3.157	0.000	Significant

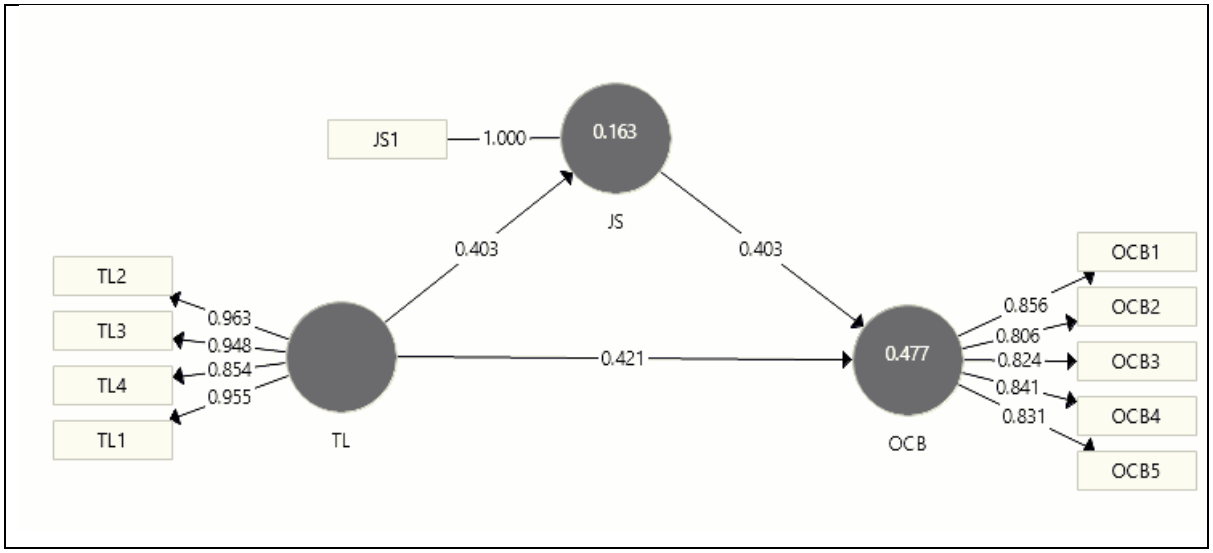


Figure 2. Result of PLS Software

The study's findings suggest that transformational leadership has a significant effect on job satisfaction, this finding supported a previous study by Gonzaga et al., (2015). In practice, this study suggests that a leader must be trusted by his or her subordinates. This can be evident in leaders' behavior, who are constantly praising and recognizing superior staff achievements or performance. In addition to the leadership's ability to provide a fresh perspective on each work and to aid employees in resolving challenges.

Transformational leadership has a major impact on OCB. This suggests that leaders have a significant impact on an employee's willingness to perform extra work for their company. Leaders can give tangible examples of how to complete tasks allocated to staff based on applicable operational standards, rather than just delivering directives. Furthermore, leaders are courageous and willing to act as a shield for their staff when they are confronted with issues from outside sources. This affects employees who feel safe and that their presence is valued not only as a subordinate but also as a partner or family member of the organization. (Hassi, 2019; Novianti, 2021; Randy-Cofie, 2018; Sarwar et al., 2015; Tian et al., 2020) all corroborate this finding. Job satisfaction has a significant effect on organizational citizenship behavior in the banking sector. Employee organizational citizenship behavior in the form of responsibility, readiness to work outside of working hours, and not expressing fatigue in completing assigned duties for the benefit of the company's success is higher than the level of job satisfaction felt by employees. Employees who can give extra time and are willing to sacrifice themselves for the good of the firm experience this type of job satisfaction.

Transformational leadership has a significant impact on OCB mediated by job satisfaction. The findings of this study confirm prior research by Gonzaga et al. (2015) who

discovered that job satisfaction acts as a mediator between leadership style and organizational citizenship behavior. Furthermore, the findings of this research suggest that job satisfaction can help bridge the gap between leadership style and corporate citizenship behavior. This demonstrates that job satisfaction has had a favorable impact on employees at work, resulting in a positive and mutually beneficial relationship between coworkers, leaders, and the organization. As a result, satisfied employees are more inclined to participate in OCB, such as lending help to coworkers, offering first-rate customer service, or making improvement suggestions, since they feel appreciated and committed to the success of the company. In the future, managers ought to place a high priority on cultivating and advancing transformational leadership traits within their teams. Managers may establish an atmosphere that is favorable for OCB to develop, which will ultimately lead to improved organizational performance and success, by promoting transformational leadership and placing a high priority on employee job satisfaction.

4. CONCLUSION AND IMPLICATIONS

The variable of job satisfaction has been shown to have favorable effects on some organizational citizenship behavior in earlier studies. The validation and explanation of this instance through this study strengthen the existing idea of transformational leadership on organizational citizenship behavior through the mediating role of job satisfaction, especially post-pandemic. For salespeople in the banking industry, job satisfaction has a direct or indirect effect on organizational citizenship behavior. Upon the completion of this study, some contributions are provided. First, this study proposed a conceptual model explaining the relationship between transformational leadership, job satisfaction, and organizational citizenship behavior (OCB) which is rarely studied (especially post-pandemic in Indonesia).

The second contribution is about validating the previous study about the effect of transformational leadership and job satisfaction directly and indirectly on organizational citizenship behavior (OCB). This study's samples from salespeople banking services in Malang, East Java, have limited generalizability. Consequently, not all of the salesforce is represented in the sample. Future research can duplicate this concept in other domains. For the next research on employee organizational citizenship behavior, which might impact employee satisfaction and loyalty, we implore a different kind of leadership style to be developed.

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