THE MEDIATING EFFECT OF TEAM CLIMATE ON THE RELATIONSHIP BETWEEN LEADERSHIP STYLES AND EMPLOYEE PERFORMANCE: CASE STUDY OF CHEVRON PACIFIC INDONESIA

HAZWARI HASAN

DOCTOR OF PHILOSOPHY
UNIVERSITI UTARA MALAYSIA
October 2014

THE MEDIATING EFFECT OF TEAM CLIMATE ON THE RELATIONSHIP BETWEEN LEADERSHIP STYLES AND EMPLOYEE PERFORMANCE : CASE STUDY OF CHEVRON PACIFIC PACIFIC INDONESIA

By

HAZWARI HASAN

Thesis Submitted to
Othman Yeop Abdullah Graduate School of Business,
University Utara Malaysia,
in Fulfillment of the Requirement for the Degree of Doctor of Philosophy

Kolej Perniagaan
(College of Business)
Universiti Utara Malaysia

PERAKUAN KERJA TESIS / DISERTASI
(Certification of thesis / dissertation)

Kami, yang bertandatangan, memperakukan bahawa
(We, the undersigned, certify that)

HAZWARI HASAN

calon untuk Ijazah **DOCTOR OF PHILOSOPHY**
(candidate for the degree of)

telah mengemukakan tesis / disertasi yang bertajuk:
(has presented his/her thesis / dissertation of the following title):

THE MEDIATING EFFECT OF TEAM CLIMATE ON THE RELATIONSHIP BETWEEN LEADERSHIP STYLES AND EMPLOYEE PERFORMANCE: CASE STUDY OF CHEVRON PACIFIC INDONESIA

seperti yang tercatat di muka surat tajuk dan kulit tesis / disertasi.
(as it appears on the title page and front cover of the thesis / dissertation).

Bahawa tesis/disertasi tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan, sebagaimana yang ditunjukkan oleh calon dalam ujian lisan yang diadakan pada:
23 Oktober 2014.
(That the said thesis/dissertation is acceptable in form and content and displays a satisfactory knowledge of the field of study as demonstrated by the candidate through an oral examination held on:
23 October 2014).

Pengerusi Viva *(Chairman for Viva)*	: **Prof. Dr. Jauhari bin Dahalan**	Tandatangan *(Signature)*	
Pemeriksa Luar *(External Examiner)*	: **Prof. Dr. Mohamad Khan bin Jamal Khan**	Tandatangan *(Signature)*	
Pemeriksa Dalam *(Internal Examiner)*	: **Dr. Fais bin Ahmad**	Tandatangan *(Signature)*	

Tarikh: **23 Oktober 2014**
(Date)

Nama Pelajar (Name of Student)	:	**Hazwari Hasan**
Tajuk Tesis / Disertasi *(Title of the Thesis / Dissertation)*	:	**The Mediating Effect of Team Climate on the Relationship between Leadership Styles and Employee Performance: Case Study of Chevron Pacific Indonesia**
Program Pengajian *(Programme of Study)*	:	**Doctor of Philosophy**
Nama Penyelia/Penyelia-penyelia *(Name of Supervisor/Supervisors)*	:	**Assoc. Prof. Dr. Mohmad Yazam bin Sharif**

Tandatangan

PERMISSION TO USE

In presenting this thesis in fulfillment of the requirements for a Post Graduate degree from the University Utara Malaysia (UUM), I agree that the Library of this university may make it freely available for inspection. I further agree that permission for copying this thesis in any manner, in whole or in part, for scholarly purposes may be granted by my supervisors or in their absence, by the Dean of Othman Yeop Abdullah Graduate School of Business where I did my thesis. It is understood that any copying or publication or use of this thesis or parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the University Utara Malaysia (UUM) in any scholarly use which may be made of any material in my thesis.

Request for permission to copy or to make other use of materials in this thesis in whole or in part should be addressed to:

Dean of Othman Yeop Abdullah Graduate School of Business
University Utara Malaysia
06010 UUM Sintok
Kedah Darul Aman

ABSTRACT

The purpose of this study is to investigate the potential mediating role of team climate between transformational leadership styles,transactional leadership styles and employee performance in the context of Indonesia's oil and gas sector. This study adopted the case study research design to investigate a phenomenon in a single large organization. The specific context of study was Chevron Indonesia, an American-based multinational corporation (MNC). The respondents of this research were individual front line leaders and members. Seven hypotheses were formulated. Generally, the results were found to support the hypotheses. The team climate was seen to mediate between leadership and employee performance. The findings of this study imply that the managers of the oil and gas organisations in Indonesia (and other similar contexts) need to pay greater attention to the work team climate factor as it can be used to motivate and nurture their employees in achieving organisational goals. Managers can create a positive work team climate by developing individual leaders' capacities to lead the team members in their respective work units or departments.

Keywords: team climate, transformational leadership style, transactional leadership style, employee performance, oil and gas industry, Indonesia.

ABSTRAK

Tujuan kajian ini adalah untuk mengkaji potensi peranan perantara iklim pasukan di antara gaya kepimpinan transformasi, gaya kepemimpinan transaksional dan prestasi pekerja dalam konteks sektor minyak dan gas di Indonesia. Kajian ini telah menggunakan rekabentuk kajian kes bagi meneliti sesuatu fenomena dalam sebuah organisasi besar. Konteks pengkhususan kajian ini ialah di Chevron Indonesia, sebuah syarikat multinasional (MNC) yang berpusat di Amerika Syarikat. Responden kajian ini adalah terdiri daripada pemimpin barisan hadapan dan ahli-ahli unitnya. Tujuh hipotesis telah dibentuk dalam tesis ini. Secara umumnya, dapatan yang diperoleh dalam kajian ini telah menyokong hipotesis-hipotesis yang dibentuk. Iklim pasukan pula didapati bertindak sebagai pengantara di antara kepimpinan dan prestasi pekerja. Hasil kajian ini menunjukkan bahawa pengurus organisasi minyak dan gas di Indonesia (dan dalam konteks yang berlainan) perlu memberi perhatian yang lebih terhadap faktor iklim pasukan kerana dapat digunakan untuk memotivasikan dan membimbing kakitangan untuk mencapai matlamat organisasi. Para pengurus boleh mewujudkan suatu iklim pasukan kerja yang positif dengan membangunkan keupayaan kepimpinan individu untuk memimpin ahli-ahli pasukan dalam unit kerja atau jabatan masing-masing.

Kata Kunci: pasukan iklim, gaya kepimpinan transformasi, gaya kepimpinan transaksional, prestasi pekerja, industriminyak dan gas, Indonesia.

ACKNOWLEDGEMENT

In the name of Allah, the most gracious and most merciful.

"Alhamdulillah", praise and gratitude to Allah SWT. which has made it easier for me to be able to finish this dissertation.

Firstly and foremost, I would like to express my deepest thank to my supervisor, Associate Professor Dr. Mohmad Yazam Sharif, for his earnest guidance and advice during the construction of this dissertation as well as his tolerance. Without his advice, guidance and enduring support, this dissertation will not become a reality.

My appreciation is also addressed to Prof. Dr. Detri Karya, MA., Rector of the Islamic University of Riau, for his support for me to finish this Ph.D. program.

I will never forget my beloved wife Hamida and all my children Eisi, Febi, Ilham and Risya. You all, has given moral support and spirit to me for a long journey, and finally this Ph.D. program can be completed successfully.

Last but not least, I wish to thank to all who help me directly or indirectly to finish this dissertation.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE
INTRODUCTION

1.1 Introduction

In this chapter, the background of this research study is presented, followed by the statement of problem, the research questions, the research objectives, scope of the study, significance of the research, assumption and limitation of the study, the definitions of key terms and the organization of the thesis chapters.

1.2 Background of the Study

The issue of job performance is important to all organizations including organizations in the capital-intensive industries such as the oil and gas industry in which the research is be conducted. This is a strategic human resource management issue, i.e. an issue of tremendous importance that can affect the survival of an organization in an industry (Harness, 2009; Armstrong, 2006; Massey, 1994).

In most countries, the issue of organizational performance is basically the same as managers strive for excellence of performance so that the organization can compete globally (Gudergan, Devinney, Richter & Ellis, 2012; Mitsuhashi & Greve, 2009, Terziovski, 2002). The organizational success can be identified by its performance (Tung, 2012). As the organization's performance is the accumulated results starting from employees' performance which then moves to the work unit, followed by the

system business unit and finally to the operating company (Bourne, Franco & Wilkes, 2003; Folan & Browne, J., 2005; Brudan, 2010), organization's management should always continue to look for new ways to make their employees able to achieve higher level of performance.

The classic example on performance was discussed by Douglas McGregor in 1960 where in his book "The Human Side of Enterprise" he expressed that the performance as a function of motivation is multiplied with the ability. With the incentive in place provided by the firm and combined with the employee's capacity to learn to perform the task required would encourage employees to perform well. A person's performance depends on the interaction of the person's motivation, skill knowledge & abilities, and environment (Blanchard & Thacker, 1999). In addition, operating an organization can be compared to conducting a symphony orchestra, even more like jazz that need improvisation (Bennis, 1998a; 1998b). It means that the company is not enough to provide good compensation and benefit, or having a good training for the employees in order the employees perform their task better. Even the organization's management has to use a blended human resource factors that get the superior performance of the employees. The research by Corporate Leadership Council (2007) on "Driving and Retention through Engagement" found that there are rational commitment and emotional commitment impact on employee. The emotional commitment tends to leverage the employee discretionary effort on employee performance. The emotional commitment is influenced by actions of the immediate supervisor, and the organizational acknowledgement in terms of giving respect, recognition, and coaching (Xiangmin, 2010; Detert, 2010; Janssen, 2005;

Wimbush & Shepard, 1994; Chacko, 1990). The point is that supervisors had been seen to play a crucial role in building and sustaining a high performance organization: Virtually everything a leader does affects performance in some way.

It has been generally known that leadership has become an interesting topic to be studied by many academics and practitioners who devote themselves in the field of leadership, especially to the study of the influence of leadership style on organizational performance ((Cannella & Rowe, 1995; Giambatista, 2004; Rowe *et al.*, 2005) (cited in Jing and Avery, 2008)), and the reason for this interest is due to the belief that leadership influence was instrumental in achieving organizational performance (Rowe *et al.*, 2005). Moreover, some researchers consider to adopt the style of leadership (e.g. Awamleh, 1999; Conger, 1999; Dubinsky, Yammarino, Jolson & Spangler, 1995; Yammarino, Spangler & Bass, 1993) becomes very essential in achieving organizational objectives, as well as to raise the performance of subordinates (Barling, Salter & Kelloway, 1996; Berson, Shamir, Avolio & Popper, 2001; Zacharatos, Barling & Kelloway, 2000).

In addition, the efforts to encourage positive workplace climate as well as create a strong result in work teams can be controlled through the practice of leadership and management of a leader, if the organizational climate is not optimal (Bourne *et al.*, 2003). Regardless of a person's leadership position in the organization, there is a strong relationship between a leader attempts to improve teamwork climate with a good team result. Encouraging working environment has been recognized in various workplaces as a driver of performance. Some literatures mention that the existence of

a relationship between climate with the performance, and between climate and financial results. Leaders have an important function for the workforce to shaping the people performance. It is inline with statement quoted from "What the boss of a work group does is the most important determinant of climate, the boss's behavior drives climate, which arouses motivation, and aroused motivation is a major driver of bottom-line performance" (Stringer 2002, p. 99).

Apart from the leaders, followers also play important roles in achieving the organizational planned target. One of the important components of being effective followers is their attitudes towards their leaders (Hooy & Tee, 2009; Ishak & Ahmad, 2011; Norhayati, 2009).

As such, this study examined the styles of leadership, team climate and employee performances (i.e. organizational employees) in Indonesia.

1.2.1 Leaders and their Leadership Styles

According to Byrne and Bradley (2007), Koene, Vogelaar and Soeters (2002) and Arnold, Palmatier, Grewal and Sharma (2009), prior studies on effective styles on leadership has focused on competitive advantage and leadership as an important element to followers (Cassiday, 2005), the importance of effective communication as a mixture of various factors (Church, Katigbak, Reyes, Salanga, Miramontes & Adams, 2008) rather than looking at a single variable in defining a confusing concept (Ligon, Hunter & Mumford, 2008; Mello, 1999).

Leadership is a process, and it is an ongoing interaction process between organisational managers and their team members whereby a manager often tries to influence the behaviour of their team members to obtain objectives as set by the organisation (Yukl, 2005). Earlier, leadership was identified as the basic preference of being influential (Krause, 2004). Thus, leadership is a systematic series of action by which an individual generates ideas, feelings, and actions of others. Leaders have to provide guidance, to facilitate in foreseeing upcoming events; to facilitate in recalling achievements; to motivate and to inspire their people.

The act of leadership drives followers toward the same direction and equips their common and collective efforts. It means that the leaders must have the capability to inspire their followers to perform their tasks. In addition, it is the process of supporting others toward achieving goals through enabling others to generate a collaborative and teamwork atmosphere (Jaskyte, 2004).

On the other hand, if leadership function of the leader is absent, then there is a tendency for individuals to disagree on ways of solving of problems (Kouzes & Posner, 2002). This means that organisational leaders are important in the positive transformation of societies and the business world.

For example, according to Kouzes and Posner (2002), prior studies found that US businesses claimed that leadership as a necessary tool has not been realised until that time. In order to face the era of ever demanding and evolving business conditions,

organisations need to be led by leaders who are capable enough to manage unpredictable conditions (Covey, 2006a; 2006b).

Hence, the aspect of leadership always requires leaders to show the integrity by engaging "walk the talk", to reflect between adopted values and their actual behaviours. It is also that leaders must be able lead effectively in addressing issues dictated by the modern, complex and unpredictable business climate. Moreover, the leaders must not let their own values to obstruct their judgement.

Leaders must also realise that leadership is a responsibility and not to be treated as personal gratification in an organisation's top hierarchy. Naisbitt and Aburdene (1990) agreed that leaders should demonstrate commitment and motivation throught role models with valuable traits they have such as consistency, open-mindedness and highly disciplined. Leaders who posses these valuable traits shall be a source of strength, confidence and inspiration to their followers/ subordinates.

Meanwhile, House, Hanges, Javidan, Dorfman and Gupta (2004) viewed that the search for the righteous definition term of effective leadership has been going on for a long time. Effective leadership is crucial in inspiring others to work effectively towards reaching organisational goals. Apart from that, effective leadership enhances job performance which then results in organisational success.

In promoting the effective leadership, it is a requrement for leaders to have influence over their superiors, peers and subordinates to guide and to sustain their proposals, ideas and induce them in making their own decisions (Blickle, 2003; Drouillard &

Kleiner, 1996). This means that leaders are held responsible for developing and executing strategic organisational decisions, acquiring, developing, and deploying an organisation's resources to maximise the best interest of stakeholders and to bring out the best outcome.

It has been a necessity in understanding the relationship between leadership and its effectiveness in order to identify ways to increase employee motivation levels pertaining to achievement in organisational performance (Zhu, Chew & Spangler, 2005; Jui-Chen & Silverthorne, 2005; Rowe, 2001; Silverthorne, 2000).

Leaders have to play an important role to establish high performance teams, where they are facing greater challenges than ever before nowadays. Importantly, even though leaders are in position to lead as granted by the higher authorities, their ability to lead is dictated by the perception and acceptance of others (Boseman, 2008).

1.2.2 Climate, Leadership Style and Performance

The association between climate and variety of achievement of organizational performance have been studied by previous research, such as productivity and innovation (Patterson, West, Shackleton, Dawson, Lawthom, Maitlis, Robinson & Wallace, 2005), knowledge management (Chen & Huang, 2007), or innovative performance (Bengtson & So¨lvell, 2004). Several studies have provided useful ideas on the links between climate and leadership showing a variety of organizational performance results. The study of transformational leadership style and climate as a

support for innovation, has shown that transformational leaders have a significant association with innovation-supportive climate that eventually result in innovations (Bass & Avolio, 1997). Meanwhile, the study on the direct effect of leadership on two organizational outcomes (productivity and creativity) has used the team climate as mediator (Ekvall and Ryhammar, 1998). Ekvall and Ryhammar conducted study to measure climate using the Creative Climate Questionnaire (Haakonsson, Burton, Obel, and Lauridsen, 2007), and leadership behavior was operationalized by the CPE (change-centered, production-centered, and employee-centered) leadership model developed by Ekvall & Arvonen (Haakonsson *et al.*, 2007). They concluded that the effect of employee-centered leadership style on the results of productivity and creativity was through climate. Scott and Bruce (1994) stated that there is a positive and significant relationship between leader-member exchange and support for innovation, which in turn has a relationship with innovative behavior among employees. Meanwhile Mumford and Gustafson (1988) stated that the support of the leaders is the key to creating a climate of organizational innovation, which encourages innovation to members of the organization.

In some business literatures stated that there is a positive relationship between leaders, climate and performance, as well as financial results. In addition, the working group leader is the most critical determinant of climate; due to the behavior of the leader encourages an atmosphere of motivation, and the aroused motivation is the main driver of performance (Stringer, 2002, p. 99). It is the leadership role to make sustainable performance and this might be achieved when the bosses generate

conducive climate that motivate, encourage, develop their subordinates and retain talented people in an organization.

Organisational effectiveness, competitiveness and success shall definitely have implications on managers and employees and ultimately enhancing better performance of both components in any organisational set up. The oil and gas company contribute as much as forty percent (40%) as contributor to foreign exchange for state income, and function as an important role toward Indonesian development. In relation to that condition, it is necessary to ensure that the performance of oil and gas production can be maintained and also achieved the financial target.

1.3 The Petroleum MNCs in Indonesia

1.3.1 Indonesia's Petroleum Industry – Its History and Development

Indonesia's oil or petroleum industry is said to be one of the oldest in the world (Booth, 1998). The existence of petroleum in Indonesia was revealed by Ptolemy in 954 AD. Since that time the archipelago has been known for its natural resources (Booth, 1998; Mills & Karim, 2010). Then in 1295, it was reported that Marco Polo went back to Venice, Italy to bring samples of Indonesian crude oil found in Aceh, Indonesia's most northerly province, along with the wealth of outstanding accounts which was said to be found there (Mills & Karim, 2010). Ever since, this country has continuously be sought by those who was looking for benefit from its wealth in the oil & gas and hard minerals, with local and foreign interests compete to exploit its

natural resources, each for their own maximum benefit (Dick, Houben , Lindblad & Thee, 2002).

Indonesia was a Dutch colony for almost 3.5 centuries prior to 17th August 1945 when Indonesia became independent. Commercial production of oil started during the Dutch rule (Booth, 1998; Lindblad, 1996). Oil in commercial quantities was found in northern Sumatera in 1883 leading to the establishment of the Koninklijke Nederslandsche Maatschappij tot Explotatie van Petroleum – bronnen in NederlandscIndie (Royal Dutch Company for Exploration of Petroleum Sources in the Netherlands Indies) in 1890, which was merged in 1907 with the Shell Transport and Trading Company, a British concern that had been drilling in Kalimantan (then called Borneo) since 1891, to form the Royal Dutch Shell (RDS)(Booth, 1998; Dick *et al.*, 2002). Then, the domination of colonial oil exploration by RDS was lasting more than 30 years. By 1911, the Royal Dutch Shell were operating concessions in Sumatra, Java and Kalimantan, and Indonesian oil then, was almost four percent of total world production (Dick *et al.*, 2002; Lindblad, 1996).

Indonesia's most important oil fields, the Duri and Minas fields in the central Sumatran basin, were found just prior to World War II by Caltex, a joint venture firm between the American companies, Chevron and Texaco, although production did not begin until the 1950s (Booth, 1998; Dick *et al.*, 2002; Lindblad, 1996). Until 1963, the two big oil fields, Duri and Minas at that time, have contributed for half of total Indonesia oil production (Booth, 1998).

After the Indonesian government took over Indonesia, they attempted to exert control over the oil sector (Mills & Karim, 2010). In the 1950s and the 1960s, they had increased the operations of several government-owned oil companies and had stiffened the terms of contracts with foreign oil firms or MNCs (Booth, 1998). In 1968, the government companies – the Indonesian Oil Mining Company (Pertamin), the National Oil Mining Company (Permina), and the National Oil and Gas Company (Permigan) were consolidated into a single operation called the National Oil and Gas Mining Company (Pertamina)(Lindblad, 1996). At this time, another form of contract – called 'the production sharing contract' (PSC) was initiated (Frederick and Worden, 1993). The PSC splits the total oil production between the contractor and the Indonesian government, represented by Pertamina (Booth, 1998; Tengku Nathan, 2000). This arrangement had allowed the government to assume ownership of structures and equipment used for oil exploration and production within Indonesia (Dick *et al.*, 2002; Lindblad, 1996). Indonesia's contract terms were considered as among the toughest in the world, with the government in most cases receiving 85 percent of oil produced once the foreign companies had recovered their costs (Booth, 1998; Lindblad, 1996).

1.3.2 The Role of the Petroleum MNC in the 21st Century Indonesia

Todate there are several MNCs which are still actively operating in Indonesia and thus continue to contribute to Indonesia's economic development especially to its national income (Tengku Nathan, 2000). These MNCs are Total Indonesie (France), Chevron Pacific Indonesia (CPI, USA), ConocoPhillips (USA), ExxonMobil (USA),

British Petroleum (BP, UK) and China National Offshore Oil Corporation (CNOOC, China)(Business Monitor International, 2012). Chevron Pacific Indonesia is seen as the single leading oil producer in Indonesia as this company contribute around 40% of Indonesia oil production.

Yet there are critic and advocates who discuss the issues on the effects of MNCs on developing countries like Indonesia (for example the Model United Nations Far West Forum) (Booth, 1998; Phillips, 2000). Even though the crtitics of MNCs were raising the issues of exploitation of indigenous workers in some countries, the issues raised by the advocates of MNCs seem to be more constructive and deserve the attention of the researcher of this study. MNCs generate employment worldwide (including in Indonesia). The United Nations Research Institute for Research and Development (UNRISD) mentions that in developing countries such as Argentina, Indonesia, Malaysia and Sri Lanka, MNCs account for over 20 percent of all employment (Phillips, 2000). This figure can be considered as a significant level of contribution to the said countries (including Indonesia) (Dick *et al.*, 2002; Booth, 1998; Lindblad, 1996).

1.4 Problem Statement

This section aims to state the problem to be studied and make justifications for the study.

Performance issue is a central topic discussed among leaders in organizations globally because it is a measurable factor which serves as a proof for the organizational success (Hubbard, 2009; Aguinis & Pierce, 2008; Kuvaas, 2006; Wall & Wood, 2005; Hoque & James, 2000). There are many factors which contribute to the organizational performance. One of the most frequently cited reasons is that an institution always depends on the quality of its members, which is the employees (Noe, Hollenback, Gerhart, & Wright, 2009; Ivancevich, 2001). But in reality, the focus on employees has been lacking (Aquinis & Pearce, 2008; Wall & Wood, 2005). In a highly competitive business environment, organizations need to seriously empower most of the potential of their workforce (Ulrich & Brockbank, 2005; Jonker, 2005; Mayo, 2000).

However, tracking and reporting employee performance can present a huge problem for researchers even in the smallest of companies, what more if the task involves a much larger corporation like Chevron Pacific Indonesia, the intended subject (World Bank, 1995; Thomas, Kaminska-Labbe, 2005; Francesco & Zhen, 2006; Jassawalla & Sashittal, 2009; Jamali, 2010).

It has been mentioned earlier that Indonesia is regarded as one of the world's oil and gas producers. The product of such industry plays a crucial role in leveraging the economy in many countries in the world including in Indonesia. It is not just to provide the energy and fulfill the industrial raw material needed for a particular country but it also acts as an important contributor to the national income of the country concerned.

The oil and gas business sectors involve capital intensive - based organizations (Tengku Nathan, 2000). As displayed in Table 1.1, in 2006, the investments in the upstream oil and gas industry by top ten global companies alone totaled US$94, 453 billion.

Table 1.1
Top Companies
Upstream Capital Expenditures, 2006
(Billions of US dollars)

Rank	Company	Investments
1	ExxonMobil	14,470
2	Shell	12,046
3	BP	10,237
4	PetroChina	10,160
5	Total SA	10,040
6	ConocoPhillips	8,844
7	Chevron	8,389
8	Petrobras	7,194
9	EnCana	6,650
10	Statoil	6,423

Source: Energy Intelligence Research, "The Energy Intelligence Top 100: Ranking the World's Oil Companies," 2007 edition.

In relation to the nature of this business, it needs the responsibility of the stakeholders who have interests in the business of oil and gas to ensure that the performance of oil and gas production can be maintained and also achieved the financial target through the performance of the organizational members.

The well known of the essential performance measurements is employee productivity. Employee productivity in Chevron Pacific Indonesia (CPI) is relatively higher than the local companies in Indonesia before 2000 (Gudergan, Devinney, Richter & Ellis, 2012). But CPI's employee productivity has somewhat stagnated for

the last ten years (2000 – 2009) (Mills & Karim, 2010). This gave rise to some concerns in terms of CPI's future standing in Indonesia's economy.

Table 1.2 below shows the pattern of employees performance over a period of six years which is seen that the pattern of performance is not always fixed or uncertain. Thus, there is always room for improvement in term of improving the performance. Moreover, success today does not guarantee success tomorrow where business competition is getting tougher so that performance standards also change with the change of the business challenges. Hence, leaders have a crucial role to improve employee performance in order to have a sustainable performance to support the long term business of the company.

Table 1.2
Employee Performance of CPI 2005 - 2010

Performance Rank	2005	2006	2007	2008	2009	2010
1	0.04	0.04	0.03	0.04	0.03	0.03
2	0.08	0.09	0.08	0.07	0.07	0.06
3	0.80	0.81	0.82	0.83	0.81	0.83
4	0.03	0.03	0.03	0.03	0.04	0.04
5	0.05	0.03	0.04	0.03	0.05	0.04
Total	1.00	1.00	1.00	1.00	1.00	1.00

Source: CHARISMA 2011
Performance Rank from 1 (the top tier) to 5 (the lowest tier)

There are two aspects – the leaders and followers who are interrelated in terms of human resources in order to get a quality performance. By tradition, subordinate workers in organizations have been carrying out tasks as directed to them by their supervisors or leaders (Tepper & Taylor, 2003; McColl-Kennedy & Anderson, 2002; Elangovan & Jia, 2000). Over time, subordinates in organizations have learned to take responsibility for their work rather than wait for supervisors' instructions in line

with advancing technology (Mayo, 2000; Tepper & Taylor, 2003; Ulrich & Brockbank, 2005). In today's rapidly changing organizational environments, rapid adjustment is also required of the leaders as well. Therefore, the new organizational environment needs leaders who are adaptive and flexible. Adaptive leader is most likely to collaborate with their subordinates in looking for creative ideas to solve complex issues, as well as to develop themselves in order to deal with the broader leadership responsibilities (Bass, Avolio, Jung, and Berson, 2003; Bennis, 2001).

Bass *et al.* (2003) have conducted the study on the connections between transformational leadership, transactional leadership, and performance in which their testing result have provided general support on the relationship of the three components. Several studies have also pointed that there is positive correlation in the evaluations of transformational leadership with supervisory evaluations of managerial performance (Waldman, Bass & Einstein, 1987; Hater & Bass, 1988), with recommendations for promotion (Waldman, Bass & Yammarino, 1990), with research and development project team innovations (Keller, 1992), and with percentage of financial goals achieved in strategic business units (Howell & Avolio, 1993).

In Meta-analyses done by Patterson, Fuller, Kester, and Stringer (1995) and Lowe, Kroeck, and Sivasubramaniam (1996) stated that there is positive link between transformational leadership and performance. However, Bass, Jung, Avolio and Berson (2003) stated the studies included in these two meta-analyses were based on leadership and performance data collected at the same point in time, and typically

from the same source, and this study pointed that the leadership and performance was correlated positively, but the rating of leadership and performance was significantly lower as the assessment of leadership and performance was collected from different sources (Lowe *et al.*, 1996). DeGroot, Kiker, & Cross (2000) finished a third meta-analysis of the transformational and transactional leadership literature, and confirmed that there is a positive association between assessment of charismatic–transformational leadership and performance (Bass *et al*, 2003).

Geyer and Steyrer (1998) reported about the evaluation result of research on the leadership of managers at Austrian branch banks (Bass *et al*, 2003). This was a study on transformational leadership in which they found a stronger positive connection among long-versus and short-term performances. Geyer and Steyrer argued that strong association between transformational leadership and long-term performance may have been due to transformational leaders who had created a positive and cohesive environment which make people highly committed to their job and responsibility. Interaction between the leader and the followers is a trigger of emergence of transformational leadership. Such as, Bass *et al*, (2003) stated that "transformational leadership is more likely to reflect social values and to emerge in times of distress and change while transactional leadership is more likely to be observed in a well-ordered society" (p. 154).

Hence, this study had examined the effect of leadership style of transformational and transactional toward employee performance. Even though previous reserach had also examined the relationship between transformational and transactional leadership, but

the significance of mediating variables in relationship between leadership styles to performance has not completely checked (Avolio, 1999; Yukl, 1999; Bass, 1998). The leader is a very crucial to affect the climate in the work group. The behavior of the leader is the driving factor for the creation of motivational climate, which in turn are key drivers of performance (Stinger, 2002). As research conducted in 1968 at Harvard Business School stated that the team leader has a major impact on the development of team work climate and productivity in the workplace (Perry *et al.*, 2005). Furthermore, the research project has investigated the relationship between motivation and organizational climate and the impact of different leadership styles on three balanced team that worked on similar projects in the production team, and the results of this study indicate that leadership style affects both the development of team and the work climate productivity of the three teams. Thus, this study examined the relationship of transformational and transactional leadership, and also the team climate as the mediating variable between the two variables of leadership on employee performance in the context of a multinational Oil and Gas Corporation in Indonesia.

1.5 Research Questions

According to Zikmund (2003; 2000), a research question is a set of specific query which is addressed by the researcher who sets the parameters of the study and suggests appropriate methods to be used for data gathering and analysis purposes.

In general, researchers were urged to develop questions that may assist in searching for answers and to provide any possible solutions to the research problem being studied. Therefore, in this study, attempts to answer those questionnaires are actually to solve the research problem which has been identified.

The research question for this study was designed to test whether there is a relationship between individual leadership styles and team climate perceived by subordinates / employees affect the corporate members' performance. The following research questions were developed as follows:

1. Does Transformational leadership style significantly influence the employee performance?
2. Does Transactional–contingent rewards leadership style significantly influence the employee performance?
3. Does Transformational leadership styles significantly associated with the five team climates (vision, participation safety, and support for innovation, task orientation, and interaction frequency)?
4. Does Transactional–contingent rewards leadership styles significantly associated with the five team climates (vision, participation safety, and support for innovation, task orientation, and interaction frequency)?
5. Does Team climate (vision, participation safety, and support for innovation, task orientation, and interaction frequency) significantly influence the employee performance?

6. Does Team climate functions as a mediating factor in relationship between transformational leadership styles and the employee performance?
7. Does Team climate do function as a mediating factor in relationship between transactional–contingent rewards leadership styles and the employee performance?

1.6 Objectives of the Study

Based on the discussion which was previously presented, the purpose of this study then was to examine the effect of leadership style of transformational leaders and transactional leaders on employee performance, and to examine whether team climate is a mediating factor between these two leadership styles on employee performance in Chevron Pacific Indonesia (CPI), the largest oil and gas multinationals company is operating in Indonesia.

Specifically, the objectives of this study are presented as follows:

1. To examine whether Transformational leadership style significantly influence the employee performance.
2. To examine whether Transactional–contingent rewards leadership style significantly influence the employee performance.
3. To examine whether Transformational leadership styles significantly associated with the five team climates (vision, participation safety, and support for innovation, task orientation, and interaction frequency).

4. To examine whether Transactional–contingent rewards leadership styles significantly associated with the five team climates (vision, participation safety, and support for innovation, task orientation, and interaction frequency).
5. To examine whether Team climate (vision, participation safety, and support for innovation, task orientation, and interaction frequency) significantly influence the employee performance.
6. To examine whether Team climate functions as a mediating factor in relationship between transformational leadership styles and the employee performance.
7. To examine whether Team climate do function as a mediating factor in relationship between transactional–contingent rewards leadership styles and the employee performance.

1.7 Scope of the Study

This research is conducted with regard to study the influence of leadership style of transformational, transactional and team climate toward employee performance at Chevron Pacific Indonesia (CPI). As has been said earlier, presently CPI is the biggest multinational oil and gas company which operates in Indonesia. The employees and the employee's leaders at CPI are respondents of this research. The researcher used front line leaders' level and his or her direct report for purposes this study. Therefore, the generalization aspect of this research outcome will refer only to the identified respondents. There may be a different research outcome when the

research is performed in a different context. Nevertheless, the oil and gas industry is a big industry in Indonesia which impacts on the world economy.

1.8 Significance of the Study

Theoretically, this research project provides some insight into the types of leadership styles that enhance the positive effect of work team climate and employee performance for the oil and gas companies in Indonesia. It should be noted the data on employee performance used for this study was based on a single year timeframe through employee performance management process. Thus, it seems that transactional leadership is more appropriate to be applied to establish standards of performance expectations of followers in the first meeting of the performance agreements between managers and followers, and the continued process in the performance progress review meeting. Transactional leadership could make a basic level of trust in leadership because the task performed based on what has been agreed between supervisors and subordinates. Transactional leadership can be a prerequisite for the performance of transformational leadership. Geyer and Steyrer (1998) described the results of a study on the relationship between transactional leadership and financial results, which the transactional leadership predicts short-term financial performance of the bank branch, while transformational leadership showed a strong predictor for long periods of time.

In a highly competitive business environment, an appropriate leadership style is required. The transformational leadership encourages the group to survive when

conditions are unpredictable, difficult, and stressful (Bass, 1985). For the short-term and stable business conditions, transactional leadership style is enough, while transformational leadership style is suitable for achieving long-term goals in midst of competition. Therfore, this study reviewed and provided information on the importance of maintaining and improving performance through the two leadership style, and the creation of a positive climate in the team.

1.9 Assumption and Limitation of the Study

First, this study assumes that both transformational and transactional leadership are styles that can affect employee performance. Second, this study assumes that the effective behavior of the leaders who shaped the work climate can affect the performance of employees. Third, this study assumes that large companies have a similar understanding how they see the performance, leadership and team climate even though their operations may differ and sometimes unique.

In terms of limitation, one of the first limitations of this study is that this study adopts the case study research design which is deemed by some as an appropriate design to investigate a phenomenon in a single large organization (Spatz & Kardas, 2008; Bryman & Bell, 2007; Mitchell & Jolley, 2007; Yin, 1994). The company which is used as a source of research is a single leading multinational Oil and Gas Corporation in Indonesia. The second limitation is that due to the time constraints for the researcher to conduct of this study, therefore researcher had decided to choose the front line leaders and subordinates as the research targets. The approach taken is

a subordinate judge of the superior aspect of her superior's leadership style and work team climate that is formed from the leadership style of superiors. The leaders assessed the performance of subordinates during one year period of perfomance cycle.

1.10 Definitions of Key Terms

i. Leadership Styles

Leadership styles are ways that organizational leaders use to lead and manage their followers in various organizational contexts.

ii. Transactional Leadership

This leadership style focuses on getting things done through all transactions with the followers in an organization. Every activity between a leader and a follower is treated as a transaction.

iii. Transformational Leadership

This leadership style focuses on events to transform an organization. Followers are treated as agents of change rather than instruments of business.

iv. Team Climate

This is an organizational context which is developed to create, maintain and sustain the team spirit. This climate is expected to be conducive and supportive to team members' activities.

v. Employee Performance

This element shows the outcome produced by an employee or a group of employees in an organization. There are measurements used that can compare the achievement of employees and their given standards.

1.11 Organization of the Thesis Chapters

The thesis was grouped into five chapters. Chapter One is the introduction to a discussion of the background of this research, and the following section is a statement of the problem, research questions, research objectives, scope of research, the importance of research, assumptions and limitations of the study and organization of thesis chapters. Chapter Two is the literature review for the key variables in the study. Chapter Three describes the methodology for the research. Then, Chapter Four presents the results of the survey, and an interpretation of the statistical findings. Lastly, Chapter Five presents the discussion of the results including: limitations of the measures and procedures, conclusions, and implications for future research.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter discusses the concepts with regard to the study. Beginning with a review of leadership background and leadership style, then proceed to the the team climate namely; vision, participation safety, support for innovation, task orientation and interaction frequency and later emphasizes on the performance of the organization, performance management and performance management of individuals and relationship of all variables.

2.2 Leadership Overview

Leadership has a crucial role in achieving organizational performance. This is probably what prompted the researcher to examine the phenomenon of leadership in relation to the organization's success.

Talking about leadership definition, it means different things for difference people. There are so many definitions of leadership but no final definition of the existing leadership (Yukl, 2002), yet most definitions of leadership reflects several important elements, including the group influence and destination (Bryman, 1992, at Ali, Sydow & Guleid 2013). In the history of leadership, it is known that many great leaders have been born in this world, ranging from Moses and David in the Old

Testament to Napoleon in the 1700s and Nelson Mandela and Martin Luther King in 1900 (Bass, 1997). Several studies have examined leadership from a different point of view, including the leader traits, leader behavior, and situational characteristics that influence the effectiveness of a leader.

The researchers, in the study conducted previously, have shown that there are several methods to see the leadership and understanding of the meaning of leadership (Mullins, 1999 in Hayward, 2005). In general, the term of leader refer to someone who are able to transform their beliefs and visions into reality, through the control and influence they exercise over other people (Bennis and Nanus, 1985). Many definitions of leadership is interpreted as "a person's ability to influence others to act towards the achievement of goals" (Hellriegel *et al.*, 2004:286), while Mullins (1999:253) added that leadership is "a relationship through which one person influences the behavior of others". Other term of leadership is "the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organization" (House *et al.*, 1999). Furthermore, Valenzuela (2007) defined the leadership as the persons' ability to develop and communicate a vision to a group of people in order they may transform that vision into a reality. From time to time that the leadership theories have evolved, starting from the traditional theory up to the new leadership approach.

Thus, the leadership discussion in this chapter begins with a discussion of traditional leadership to the current leadership approach. The traditional leadership concepts are discussed in terms of the trait, behavioral and situational/contingency. Furthermore, the current leadership theories, namely transactional and transformational leadership

are discussed. Then, the integrated method of "Full Range Leadership Development" is as well discussed.

2.2.1 Development of Leadership Theory

In recent decades, theories of leadership have changed to become more advanced. To understand the stages of advancement of leadership theory and its aspects, the following describes and discusses the various schools of thought, ideas and knowledge of leadership theories.

Bass (1990) argues that there are a variety of leadership theories that try to describe the factors that influence in terms of the emergence of leadership, or the leadership character, or the consequences of leadership. The discussion on the leadership concepts tried to see the style of leadership, which is a common approach in which leadership is practiced (Barling, Fullagar and Bluen, 1983).

Figure 2.1, adapted from Ristow (1998), attempts to show and explain an evolutionary approach to leadership which consists of trait, behavioral and contingency approaches, and a new approach to leadership, transactional and transformational leadership.

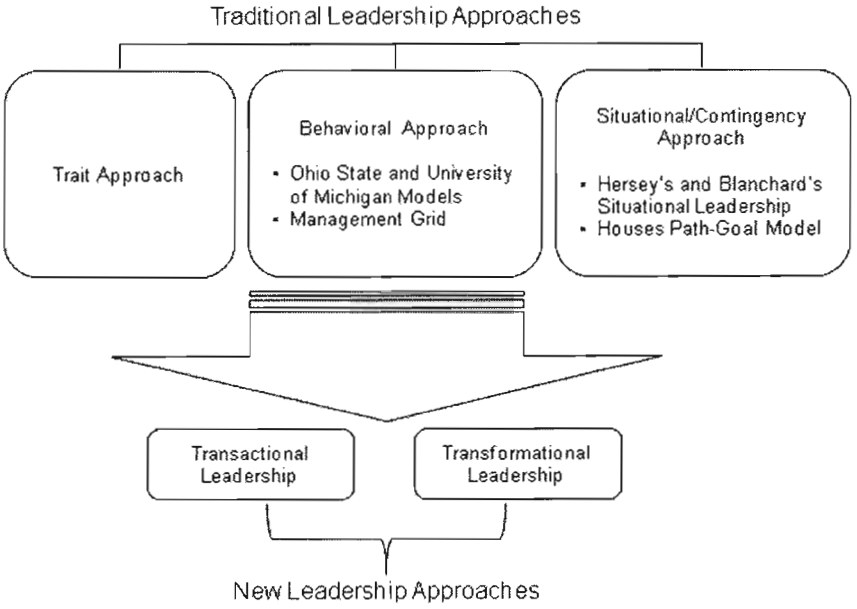

Figure 2.1
The Evolution of Leadership
Source: Ristow, 1998

2.2.2 Trait Approach

At the beginning, research on leadership has focused on recognizing a person's unique qualities or traits that appear to characterize an effective leader, which is a notion that leaders are born and not created (Swanepoel, *et al*, 2000). Such leadership traits was founded in early 1900s, with the related theories and perspectives which is the first attempt at a theoretical understanding of the nature of leadership (Hayward, 2005).

A large number of leadership studies conducted prior to 1945 recommended that specific traits are innate to all leaders and can be applied from one situation to another (Hersey and Blanchard, 1988). Thus this research more direct to recognize of

some traits that are an inborn in most leaders. Some studies conducted by Bernard (1926), Kilbourne (1935) and Stogdill (1974) examined the effect of traits on leadership research. In line with trait approach, Maude (1978) tried to make clear on the effectiveness of leadership that link to the personality and psychological traits of the leader. Furthermore, Senior (1997) added that the traits consist of emotional intelligence; possessing an extrovert personality; dominance; masculinity and conservatism and being better adjusted than non-leaders. In the reality that leaders are naturally born and developed, and the selection of a leader therefore is important in order the organization have the effective leaders, rather than just relying on factors such as training and development (Robbins, 1996). According to Gerber *et al.*, (1996) they mentioned that the trait leadership is more associated with a person's physical characteristics and personality. Lately, most of the researchers were inspired to learn about how the behavior of leaders to contribute to the success or failure of their leadership and not determined because of the characteristics of a leader (draft, 1999).

2.2.3 Behavioral Approach

Because of declining status of the trait theories, then the emergence of alternative approaches of leadership began to develop (Swanepoel, *et al.*, 2000). Draft (1999) as previously mentioned that most researchers were inspired to the study on how the behavior of leaders to contribute to the success or failure of their leadership and not determined because of the characteristics of a leader. Moving away from the concept of the traits leadership, triggering further research in which both types of leadership

is learned by observing the two leader behavior in the laboratory or by asking individuals in field settings to describe the behavior of people in positions of authority, then apply different criteria for the description of the effectiveness of these leaders. Shriberg, Lloyd and Williamson (1997) found that the concept of leadership behavior related to the behavior of the leader, not the leader's personal characteristics in influencing followers. Many studies have been conducted in the field of leadership behaviors, including the main leadership behavior study by Lewin, Lippit and White (1939), McGregor's Theory (1960), the Managerial Grid Model of Blake and Mouton (1964) and the Ohio State University of Michigan Models (Bass, 1990).

As was mentioned earlier that the disadvantages of the approach behavioral theory that It ignores situational factors on the level of leadership effectiveness. Senior (1997, in Hayward, 2005) argued whether one particular method of leading is suitable for all situations, regardless of the development stage of the organization, the business environment in which it operates, or the type of people employed by the organization. Then, Senior (1997) added that the perception of leadership evolved beyond the observation that there is just one best way to lead, but theorists began to focus on how a leader should behave in order to be effective leader.

2.2.4 Situational Approach

In the advancement of leadership theory, the dissatisfaction with the the trait and behavioral theories led to emergence of the leadership theory of situational approach / contingency. What distinguishes the concept of leadership discussed earlier is about

the application of leadership itself where research was focused on testing the leadership change from situation to situation. Situational leadership approach is related to the way the leaders apply leadership style, with a diagnosis of the situation first and then identify the perceived leadership style would be most effective to implement (Mullins, 1999; Swanepoel, *et al.*, 2000). There are several well-known theory among these theories are Fielder's Contingency Theory of leadership, the Path-Goal Theory of leader effectiveness which embodies transactional leadership, Hersey and Blanchard's Life-Cycle Theory, the Cognitive-Resource Theory, and the Decision-Process Theory (Bass, 1998). According to Mullins (1999) that the situational leadership style strongly emphasizes the importance of the situation as a dominant feature in effective leadership between leaders and followers. Thus, changes in circumstances require adjustments unique leadership style. Situational leadership style discusses the behavior of leaders and their followers in different situations (Hersey & Blanchard, 1988). Hersey and Blanchard (1988, in Hayward, 2005) say that there was no perfect leadership style and the best, but it may be associated to the best attitude of the managers. Moreover, situational leadership style is defined as an organizational leader behavior affected by the situation around the leader (Senior, 1997, in Hayward, 2005). Actually situational leadership theories have demonstrated towards a form of effective leadership, but the conceptual weaknesses limit the usefulness of this approach (Yukl, 1998). Therefore, it is difficult to take certain propositions that can be tested from this style, because the approach did not provide strong presence conclusions about the direction of causality (Yukl, 1998). However, the three traditional approaches such as those discussed so far has been questioned by other scholars. For example, Bass (1990), explicitly asked

how far the method was accurately tested in practice because it was too specific in defining leadership in terms of traits, behaviors and situations.

2.2.5 Transactional Leadership

Transactional leadership style is described as an exchange of transaction between superiors and subordinates in which subordinates agree with, accept, or obey the leader in exchange for praise, rewards, and resources or to avoid disciplinary action. Thus transactional leadership is associated with reward and recognition where recognition award is given depends on the success of the followers execute the roles and tasks (Podsakoff, Todor, & Skov, 1982). In addition, Bass and Avolio (1997) provide an overview of transactional leadership style which refers to the authority and legitimacy of traditional bureaucracy. Bass (1990) further states that transactional leadership characteristics include the ability to attract followers to perform and complete the task so as to achieve the desired results by promising them a reward for the fulfillment of the duties. There are three phases involved in the relationship between transactional leaders and subordinates are explained further (Bass, 1990). Phase one, leaders be aware of the desire of subordinates in the benefits they get from their work and ensure that they get what they want for the results of their performance satisfactory. Phase two, the rewards and promises of the rewards to reward employee effort. Third phase, leaders responds immediately to the interests of the employees if they had been able to complete their job. Senior (1997) stated that transactional leaders are the ones who carry out the structure and understanding of their employees. Bass (1985:27) shows that leaders who transactional is

"generally reflect on how to marginally improve and maintain the performance, how to replace one goal for another, how to decrease resistance to particular actions, and how to execute decisions". In addition, Bass (1985) stated that transactional leadership emphasizes the importance of clarifying the objectives, principles and standards of work, tasks and equipment. To shape the performance of the work of subordinates, transactional leaders are very focused their attention on task completion and compliance by utilizing the existing organizational rewards and punishments, and giving the reward and punishment in accordance with the tasks and roles that have been committed by subordinates which has been set by the leader (Bass and Avolio, 2000; Mester *et al*, 2003). Senior (1997) added that both rewards and disciplines by the leader to the followers are depending on the sufficiency of the performance of the follower. As mentioned by Bass (1990) that transactional leaders characterized as a leader who transform promises for vote and work within the framework of the self interests of their people. In addition, Bass (1985) explained that transactional leaders usually pay attention to the pursuit of cost-benefit, economic exchange to meet the instantaneous material and physical needs of subordinates in order to exchange a contract of service delivered by the subordinate. Transactional leaders are leaders who demonstrate a relationship based on exchange relationships with their followers (Burns, 1978; Senior, 1997). In order to motivate followers, transactional leadership style utilizes the lower order of need to satisfy (Bass, 1985). The leader's clear communication to and clarification between leader and their followers is a success key factor in transactional leadership where the leader providing help to the follower to understand precisely what the objective look like to be achieved so that they able to meet the organization's goals (Bass, 1985).

The ways of a transactional leaders cascading down the task to the followers are by defining the work and communicating the assignments clearly, how it will be performed, and stated clearly on what the rewards that they will receive for accomplishments of the agreed objectives (Burns, 1978, in Bass & Avolio, 1990a; Avolio, Waldman & Yammarino, 1991; Meyer & Botha, 2000). In addition, the transactional leadership involves a style of leadership where leaders rely on work behavior to better contribute to the followers to achieve their own goals while at the same time will contribute to the overall organizational goals (Brand, *et al.*, 2000).

Tichy and Devanna (1986) link the transactional leadership with business era and the challenges in which they agreed that the transactional leader is suitable for a stable business setting with less competition, such as the business field before the 1980s. Howell and Avolio (1993, in Hayward, 2005) stated that in a stable business environment, transactional leaders deal only with what they find and leave things as they found when they move on. More specific about transactional contingent reward leadership, leaders meet to discuss with their follower in specific terms to set up the performance agreement to set up objective to achieve, and clarifies the expectations and offers recognition when the objectives are achieved. Bass (1985) stated that the clarification of goals and objectives and provide recognition after the goals and objectives have been achieved based on the desired outcome should be attributed to the actions of individuals and groups in achieving the expected level of performance. Referring to the active management by exception which is a form of corrective transactional leadership style, the leader provide an explanation of the standards for compliance, conveying what constitutes ineffective performance, and punish

followers for being out of compliance with the standards that have been agreed upon (Bass *et al.* , 2004). Thus, the form of corrective transactional leadership style involves closely monitoring on irregularities, errors, and faults and take immediate corrective action when they occur (Bass *et al.*, 2004). While compared to the passive form known as passive-avoidance laissez-faire, leaders take action when problems arise or do not take action entirely (Bass *et al.*, 2004). Thus, what distinguishes a passive leader compared to the type of leadership as described above, is that it tends to escape from making agreement, clarifying expectations, and setting goals and standards to be achieved by the followers (Bass & Avolio, 2004, p. 96).

The result of previous study has pointed that there was a strong relationship between transactional contingent reward leadership style to followers' commitment, satisfaction and performance (Bycio, Hackett, & Allen, 1995; Hunt & Schuler, 1976; Podsakoff, Todor, Grover, & Huber, 1984, in Bass *et al.*, 2003). From the report, shown that transactional contingent rewards leadership positively related to organizational citizenship behavior and what make a distinction of transactional contingent rewards leadership was that more recognition based from that based on setting basic expectations and goals (Goodwin, Wofford, and Whittington, 2001, in Bass *et al.*, 2003). In addition, it is mentioned that the recognition-based transactional leadership, labeled with implicit contracting, was more positively correlated to followers demonstrating organizational citizenship behaviors than was a transactional leadership based on explicit contracts or a quid pro quo exchange between the leader and follower (Goodwin *et al.*, 2001, in Bass *et al.*, 2003). Yet, in the increasingly rising competition business environment, the organizations therefore

need a new style of leadership to ensure organizational survival and performance, is a transformational leadership style (Bass, 1985; Brand, *et al.*, 2000).

2.2.6 Transformational Leadership

Transformational leadership has appeared as one of the most significant leadership paradigm studied to date (Bass, 1985). Study on transformational leadership has become somewhat independent because there is a positive outcome that became clear from the effects of transformational leadership (Hater and Bass, 1988). Yukl (1989) provided definnation on transformational leadership as the process of influencing major changes in attitudes and assumptions of organizational members and building commitment for the organization's mission and objectives. Furthermore, it is mentioned that transformational leadership relates to the transformation of followers' beliefs, values, needs and capabilities (Brand, *et al.*, 2000).

Leader who transformational provide guidance to his/her followers by teaching them to become transformational leaders in their own right (Bass, 1994). In addition, the transformational leaders encourage subordinates to adopt the organizational vision as their own, through inspiration (Cacioppe, 1997), While Burns (1978) added that transformational leadership arises when people are highly engage one with other in such a way so that leaders and followers raise the level of motivation in that group of engaged people. Transformational leader communicates a vision that inspires, motivates and unleash discretionary efforts of employees to achieve beyond usual achievement. People which relate to their behavior is the most critical performance

element because by linking strategy and process and behavior together may assist to achieve business objective better, and leaders who transformational have the capability to make alignment between people and systems so there is integrity throughout the organization (Hughes, Ginnett and Curphy, 1994).

Bass (1998) furthermore stated that transformational leadership has shown advantages on various achievements of individuals and organizational outcome from time to time, at both individual performance level and organizational goals. It is also mentioned that by giving more challenging expectations and raise the standard of individual and collective success, transformational leadership style show a much higher performance in general and improvement of commitment of the employees (Yukl, 1998; Arnold, Barling & Kelloway, 2001; Hater & bass, 1988, in Hayward, 2005).

Indeed, transformational leadership could inspiring a common goal and aspirations that exceed the needs of individual followers and achieve a significant change in the effectiveness of the work, but it would be narrow-minded seeing only the transformational leader as an exclusive way in the process of exchange of the leader-follower. Transformational leadership is an extension of the transactional leadership to gain a higher level of performance of the team members and to obtain additional performance improvement can be through various methods of motivation and various types of goals and objectives (Bass, Avolio & Goodheim, 1987). The study result on the member commitment and leader behavior also reported that there is positif correlation between organizational member's commitment with the transformational leadership behaviors of the leaders (Barling *et al.*, 2000). Furthermore, the empirical

literature show a positive relationship between transformational leadership with leader effectiveness (Bass, 1998).

The study was conducted by Pruijn and Boucher (1994) stated that transformational leadership is an extension of transactional leadership; and both leadership styles is therefore not mutually exclusive because a leader may apply different leadership styles depending on the situation and conditions faced at that time (Bass, 1997; Ristow, 1998). The report of the results of the study stated that the way to identify the components of transformational leadership and transactional leadership done in various ways, including through the use of factor analysis, observations, interviews, and a description of the ideal leader follower (Bass *et al.*, 2003). There are four standard components of transformational leadership among others, the Idealized influence, Inspirational motivation, intellectual stimulation and individualized consideration (Avolio, Bass & Jung (1999) and Antonakis (2001).

2.2.7 Full Range Leadership Development Model

Bass and Avolio's (1997) in Full Range Leadership Development Model have identified the leadership factors and the development of transformational and transactional leadership styles that consist of seven factors as shown in Figure 2.2. This model describes each of these seven leadership behaviors: active, passive, effective, and ineffective. It shows the level of these behaviors put into practice in the organization. Bass and Avolio (1994) mentioned that the above leadership factors

are classified as both leadership style of transformational, transactional and laissez-faire.

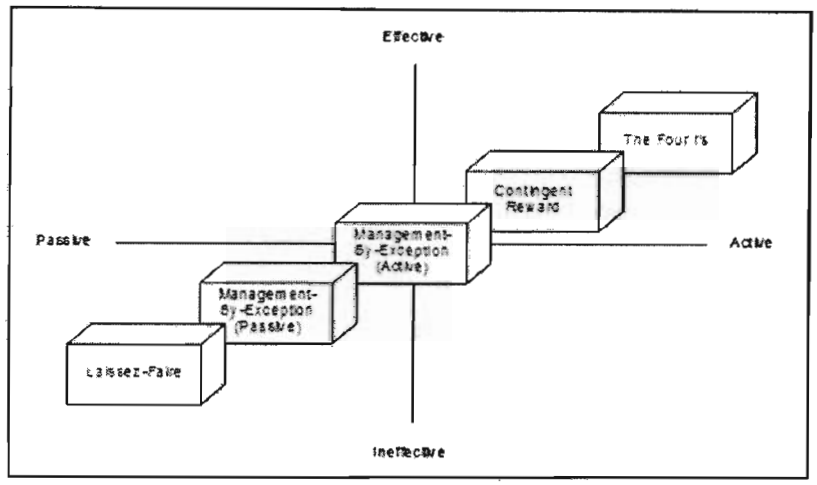

Figure 2.2
The Full Range Leadership Development Model
Source: Bass & Avolio, 1994:5

The model split the factor of transactional into two sub namely transactional contingent reward and management-by-exception. Contingent reward characterized by means of a leader interacts with followers in which leaders use rewards, promises, and praise to persuade followers to attain a level of performance of the task agreed by the leader and the followers. The model devide the transactional of Management-by-exception into active and passive. Transactional of active management-by-exception can be described as a model of leadership in which leaders monitor the performance of followers over the deviations from rules and standards, and take action to correct the irregularities performed by followers. In short, there is interference from leader to the followers when followers do not perform the task as expected of him.

Meanwhile, the transactional of passive management by exception is characterized by behaviors such as waiting for the things that went wrong happened first, and will take corrective action if the problem becomes chronic (Bass & Avolio, 1990b; Bass & Avolio, 1997).

In the model described above, transformational leadership style has been divided into four dimensions in which all dimensions of leadership behavior is considered as the most active and effective (Bass and Avolio, 1994). These dimensions consist of idealized influence, intellectual stimulation, individualized consideration and inspirational motivation, which are called as the 'Four I's' (Bass, 1990).

Yukl (1998) stated that the Idealized influence is the leader behavior that can generate strong emotion of their followers, and triggering the followers to emulate their leader. Moreover, Bass and Avolio (2000) argue that Idealized influence is a role model of leadership behavior that triggers the followers admire, respect and trust the leader. Bass (1997) describes the characteristics of inspirational motivation behavior as leaders that stimulate and encourage their followers by means of communicating high expectations and articulate the purpose by simple ways that provide meaning and challenge to their followers job. Yukl (1998), Bass and Avolio (2000) stated furthermore that the inspirational motivation stimulates personal and team spirit with eagerness and hopefulness. Meanwhile, individualized consideration is described as leader who provide mentoring, support, encouragement and coaching for followers (Yukl, 1998; Lagomarsino & Cardona, 2003, in Hayward, 2005). Morover, transformational leaders create a link between the current needs of the

individual and the organization's expectation, and creating new learning opportunities (Bass & Avolio, 2000; Mester *et al*, 2003; Hayward, 2005). Bass and Avolio (2000) have identified behavioral characteristics of intellectual stimulation, such as the involvement of leaders in an effort to stimulate their followers to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways.

In contrast to the behaviors of the transformational leadership style as discussed above, the passive-ineffective laissez-faire leadership style is identified as style of leadership behavior where no attempt is made by the leader to motivate, recognize, and satisfy individual needs of the followers. Bass and Avolio (1994) in the Full Range Leadership Development Model have acknowledged that laissez-faire or "hands-off" leadership as a non-transactional factor. Laissez-faire leadership style is characterized by leaders who avoid decision-making, and as stated furthermore that the provide of rewards and the provide of positive or negative feedback to their subordinates, with the leader clearly hand over responsibility to others (Bass & Avolio, 1997; Hartog & van Muijen, 1997; Mester *et al.*, 2003).

2.3 The Concept of Team Climate

Team climate is defined as perception of organizational policy, procedures and practices that perceived and accepted by individual in the organization (Reichers & Schneider, 1990:46). Individuals think of the organizational attributes as their values and the acceptance of this attributes assumed as recognition of their existence. The

perception of the attributes in personal level is referred to as psychological climate, but when the attribute is perceived and accepted by some of people in the certain workforce is then referred to as organizational climate.

Tagiuri (1968 p27) stated definition of organizational climate as a "relatively enduring quality of the internal environment of an organization that (a) is experienced by its members, (b) influences their behavior and (c) can be described in terms of the values of a particular set of characteristics (or attributes) of the organization." West (1998) defined climate as a set of common perceptions about the "fundamental elements" of an organization.

Climate is closely connected with the culture of the organization because climate as a part of the culture of the organization (Stringer, 2002). Culture has an effect on an organization as a whole and it is rooted value system installed in all organizations, whereas climate can be interpreted as a broad set of valid dimension. Climate may vary in a work group even in the same organization, which can be adjusted. Organizational strategy, external environment, organizational arrangements and strength of the organization's history may influence the context and environment in which the working group operates. In addition, the development of culture was influenced from the outside the workgroup and beyond direct control of the workgroup manager, while the development of the climate derived from the workgroup and under control of the workgroup manager (Perry, Nancy LeMay, Rodway and Tracy, 2005). As reported in discussion in a series of documents about the link between culture and climate on the adjustment of organizational culture

conducted at British Airways (Goodstein , Burke, 1991). It is further stated that climate change is more affordable than a change in the culture, because climate is linked to "transactional level of human behavior - the daily interaction and exchange" (Burke, 1993, p127).

It is generally accepted that the climate does not stand alone but is part of the organizational culture, and this was confirmed by Denison in which he stated that the climate is rooted in the value system of the organization, but this tends to present in the social environment in terms of relatively static or, describe them in terms of fixed and widely applicable set of dimensions (Denison, 1996, page 5).

As mentioned earlier that there was a link among culture and climate which presented in a series of papers that discuss the modification of organizational culture at British Airways (Burke, 1993, Goodstein and Burke, 1991). There is a difference between culture and climate, where leadership, mission, strategy, and organizational culture refers to the broad focus of the organization, while climate is a condition experienced by the people and created within workgroup. Leaders play significant role in affecting workforces and the environment of the workplace. Through leadership styles and managerial practices, the team structure, and the policies and procedures, they mediate the process to forming the team's climate.

In everyday life, the weather greatly influences us to indulge. Similarly, the climate is like the weather in an organization. Work environment affect the behavior of members of an organization. Positive working environment motivates employees to

improve their performance by providing the best it can exceed the expectations of their jobs, and a higher-performing work team will contribute to higher organizational performance as well, which in turn the organization will obtain better results (Perry *et al.*, 2005). While Goleman (2000:78-90) added that a positive working climate tends to increase and retain a motivation of the employees to deliver high performance by unlocking their "discretionary effort" or dedicate their extra effort levels that provide results beyond expectations of the job.

To gain an understanding of teamwork climate, Anderson and West (1998) further provide an overview of the approach with the concept of shared perceptions and organizational climate.

They explained that there are at least three conditions necessary to allow both the perception and climate together at the team level:

(1) there must be interaction among individuals;

(2) there must be one or more common goals which owned by individuals which influence them for collective action; and

(3) there must be an activity which experienced by the individuals who make them enough task interdependence to develop shared insights.

Leveraging on their significant study to team climate and innovation (Anderson and King, 1993; King and Anderson, 1995; West, 1990; West and Anderson, 1996; West and Farr, 1990) improved a four-factor theory of how team climate will encourage innovation. Firstly, vision is valuable results, a higher order goals which can motivating a team (Anderson *et al.*, In Loewen and Loo, 2004). Secondly,

participative safety refer to participation and understanding of safety, necessary to encourage all members of the team to contribute in decision-making (Anderson *et al.*, in Loewen and Loo, 2004). Thirdly, task orientation is a common concern for excellent performance. This is described by the analytical evaluation, assessing and modifying the activities of a team (Anderson *et al.*, in Loewen and Loo, 2004). Lastly, support for innovation arise when a team expect, approve and care on the introduction of a more effective team process (Anderson et al., in Loewen and Loo, 2004).

A full explanation of factors or scales and subscales associated with the climate of the team are as follows:

(1) Participative safety (Anderson *et al.*, in Loewen and Loo, 2004):

- sharing of information: the extent to which information is shared, security: the extent to which a person is willing to take risks;
- Influence: the extent to which decision making is collective, and

(2) Support for innovation (Anderson *et al.*, in Loewen and Loo, 2004):

- articulated support: the extent to which the team encourage innovative activities, and
- enacted support: the level of support that can be applied to the team.

(3) Vision (Anderson *et al.*, in Loewen and Loo, 2004):

- clarity: the level of clarity of team goals;
- perceived value: the extent to which the objectives are valued;
- sharedness: the level of agreement on team goals;
- attainability: level that the goals of the team is seen as a practical and achievable.

(4) Task orientation (Anderson *et al.*, in Loewen and Loo, 2004):

- excellence: the level of commitment to high standards;
- appraisal: the level of monitoring and critical appraisal of each other, and
- ideation: the frequency that members feel the ideas generated in the team.

(5) Interaction frequency: level of team interaction (Anderson and West, 1998)

2.4 Performance

The discussion in this section first describes the performance of organizations, and performance management. Second, it discusses the individual performance and highlights its determinants. Third, the last part of this section discus the relationship between individual performance and leadership.

2.4.1 Performance of Organizations

Successful or not successful an organization can be assessed through its performance. The term of performance therefore is widely used in every areas of management. Corvellec (1995) stated that the performance is a theory defined in some terms of reference that uses a complex set of time-based measurement that brings the outcome of future. For more than a decade, organizational environments have experienced major changes. Meanwhile, Collis and Montgomery (1995) stated that the majority of organizations have streamlined their operations caused by fierce competition in the marketplace. In such globalization era, organizations need to quickly develop a new way to adopt with new environment. Recently, the business

environment has changed rapidly and led to more competitive environment where organizations need to be sure to get the most for all assets, especially in terms of human resources. As indicated in the part of introduction, CPI Corporation is one of foreign oil and gas contractor under control of the Departmen of Energy and Mineral Resources of Indonesia. The CPI Corporation will continually operate its business is depend on their performance. The investor will invest the money to the company if they think the company will have good return, and the Government of Indonesia will extend the contract agreement if the company provides the best performance.

Not only for Chevron Pacific Indonesia, but many other organizations also find that people will be able to present organizational competitive advantages by creating distinctive competencies. People are critical for an organization, so they play a significant role for the success of an organization, and it is proved that employee performance has a substantial positive effect on organizational performance (Collis & Montgomery, 1995). Foot and Hook (1999) stated that the managers who have over self confidence for their organization are constantly running at the highest level of efficiency, or believe that they do not need feedback of their members may become a major pitfalls in an organization. Thus, the key factor of the organization's performance is impacted by how good the quality of human resources of an organization that applies to all levels in an organization. In addition, there is evidence that the human resource function is essential for obtaining a competitive advantage for an organization which has been empirically documented (Brewster, Carey, Dowling, Grobler, Holland & Wärnich 2003). Achieve one success will bring new problems and competition; therefore an organization must continually look for better ways to organize and manage its work of organizational members. There is

recognition that has been widely adopted that the main source of competitive advantage comes from the organization's human resources, but this did not always happen because the human resources were traditionally considered as an expense (Brewster, *et al.*, 2003).

But there is no doubt that people are a very important asset in an organization, so the need for performance management has become an important concern now and in the future (Bartlett & Ghoshal, 1995). Running organizations today is more and more complex, it need for managers to view performance in several areas simultaneously. Organization uses performance measurement system to measure performance of all assets and it must therefore including the performance measurement of human sides. To measure the performance of the organization in a holistic manner, the Balanced Scorecard of Kaplan and Norton (1996) has provided a mechanism for such measurements. It is a measuring tool that helps managers to get a comprehensive view of the business quickly. Besides the function of the Balance Scorecard as a measurement system, it can also be used as a management system where an organization makes it possible to create a clear vision and its strategy and turn it into real action (Kaplan & Norton, 1996). At first Balance Scorecard is used for the purpose of of strategic planning exercise in academic, but the last it has been is used widely and organized in many companies. In addition, the Balance Scorecard did not only provide financial measurements that tell the results of actions already taken, but also serves as a measure of operational steps to be a driver of future financial performance (Kaplan & Norton, 1996). Since the individual employee's performance has a big impact to the organization objectives as a whole, therefore the organization

should consistently manage the every employee's performance well. Holloway, Francis and Hinton (1999: 351) added that the performance management system is important because today's managers are under pressure as competition continues to change and change, so they work harder to improve organizational performance especially through the performance of their members. The success of an organization is measured by the level of organizational performance results where performance affects very much on the organization's existence. Therefore, it is necessary to discuss the idea of managing performance.

2.4.2 Performance Management

Performance is important to the people in organizations and the organizations themselves. The level of perfomance is not static but would increase day by day follow the competition and it is believed by many people that we can and will improve what we do and therefore we expect the same thing to others to improve what they do from time to time (Temple, 2002). It is recognized that human resources are an important asset in an organization, therefore the individuals in the organization aware of the importance of their role to create a successful organization in achieving its objectives. The achievement in an organizational context starts from a cascading process of corporate strategies and goals down to divisional level and functional level, and to individual level to execute, and the corporate result is a collective results collected from individual's performance to functional and divisional level to be corporate's achievement. Thus, the individual cumulative performance will culminate in the achievement of organizational goals.

It is mentioned that performance management is the most important part of human resources management and effective improvement of the strategies (Hellriegel *et al.*, 2004). Performance management is a continuous process and shared between subordinates and with the help of the supervisor strives to improve individual employee performance and contribution to the achievement of broader organizational goals (Hellriegel *et al.*, 2004:249). Performance management is a process for managing employee performance that begins with the process of translating the big picture of the organization's overall strategic goals into more clear objectives for each individual employee (Amos *et al.*, 2004:64). In addition, performance management is a combination of all aspects of human resource management planned for the advancement and development of the effectiveness and the efficiency of individuals and organizations (Amos *et al.*, 2004). Hendry (1995) suggests that first-class performance management begins and develops with a clear employees's understanding toward the expectations of the organization. To make a sustainable performance and improvement level, managers are responsible for seeing past performance of individuals or teams into the larger scene: performance management system (Campbell, McCloy, Oppler & Sager, 1993).

The management's support, their understanding, and also their commitment are critical for the success of a performance management system in the organization. Hendry (1995) argued that performance management systems as being a reward both for achievement and employee development. During the performance management process within an organization requires a fairness and equity for all employees across all groups. Recognition and support from management is important thing for the

employees in order to make them confidence in performing their work (Cherrington, 1994; Baird, 1986). Baird (1986) suggested that the performance management system is said to be good if it can motivate employees to perform at their best, encourage self-motivation, and developing and enhancing relationships through open communication between employees and managers.

Temple (2002) provided two most important objectives in driving performance management. First, there are business necessity reasons, which lead and control the system. Second, in term of cultural, the system can present as part of the overall driver to build a more open relationship with employees. In performance management system, alignment between organization's mission, strategic direction, and prerequisite of individual performance should be communicated clearly to employees (Armstrong & Baron, 1998; Foot & Hook, 1999). It is required a mutual participation between employees and managers to make a performance management system success, and the participation performed through effective communication to set individual performance agreement, which generates a shared understanding about the expectations (Campbell *et al.*, 1993).

A well-executed management system is a medium that can be used for managers and employees to develop an understanding of what mission success's requirements of the organization, the way in which the work is to be done, and to what extent has been achieved (Armstrong and Baron, 1998). Manager should give empowerment to employee to do their own ways, and provide support without removing any of the employee's responsibility. Temple (2002) argues that the performance of an

institution is reliant on the quality of the personnel at all levels of the institution. Therefore, next section is further discuss the theory of individual performance.

2.4.3 Individual performance

It is mentioned that the effective management of individual performance is critical to the execution of strategy of the organization in achieving its objectives (Amos *et al.*, 2004:63). Performance should be managed regularly and consistently, even though there is a natural desire of employee to conduct by own and be rewarded for it, and yet such desire needs should be accommodated, facilitated and cultivated in performance management system (Amos *et al.*, 2004). Foot and Hook (1999) mentioned that organizations enlarge themselves in a range of forms of recognition in return for this performance.

Armstrong and Baron (1998) suggested that individual performance has been an issue at this time and so many organizations strive hard to assess and manage the performance of the individuals. Following is an illustration adapted from Cummings and Schwab (1973), which shows the relationship of the determining factor individual's performance.

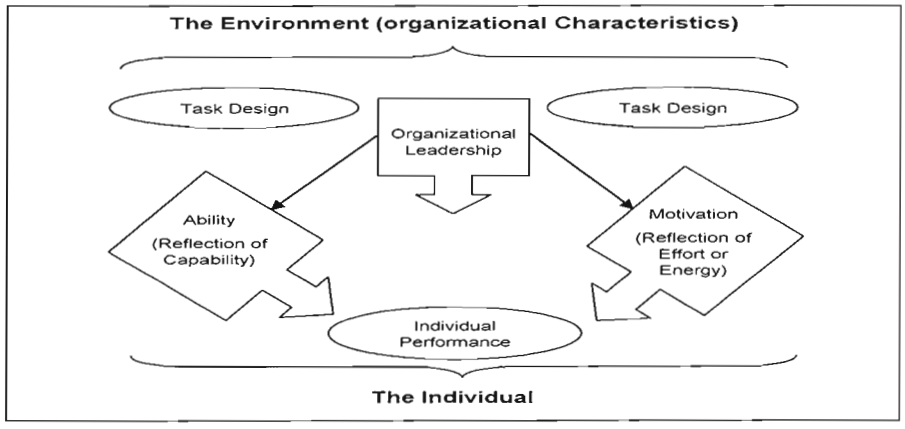

Figure 2.3
Individual Performance Determinants
Source: Cummings and Schwab, 1973

First, Figure 2.3 illustrates the ability as a reflection of the capability which is a relatively stable characteristic that allows people to behave in a certain manner. Second, Figure 2.3 shows the motivation as a reflection of the effort or energy, which is a dynamic characteristic that determines how hard the ability to employed in multiple activities (Cummings & Schwab, 1973).

To succeed in achieving performance, one needs to have the ability and motivation to some degree. Cummings and Schwab (1973) states that the ability is a key requirement for employees in order to complete the tasks given to them, regardless of how they have motivated. Likewise, with an abundance of capabilities that employee has, the successful performance will not affordable without he is motivated to perform the task adequately. The ability and willingness of people to put forth discretionary effort are factors that affect the performance of individuals within the organization (Vroom, 1964).

Thus, it can be drawn that the organizational leadership within an organization has an impact on employee performance caused by either direct or indirect influence of the presence of such leadership. In Hall's Competence Model demonstrated the existence of the organizational leadership role is critical to support competition process, and the performance is a dependance of the collective competence. Regarding collective competitive, Hall (1996) further stated that each symbolize a dimension of organizational life is shown in organizational policies, practices and procedures.

Hall (1996) stated that people who lead organizations create conditions that provide the basic character, and they can drive a process of competence so that organizations are better equipped to meet its requirement performance and demands. In short, the managerial actions create the context for competence

Although people are motivated to perform, but they did not perform because of obstacles they are facing at work. There some barriers are that include underdeveloped competencies, inappropriate performance goals, or lack of feedback about performance (Hellriegel *et al.*, 1999). In the context of organizational purposes, there are factors that affecting overall employee performance include internal and external. Internal factors are factors beyond the control of employees which only owned and controlled by the organization, such as job descriptions, selection and placement of employees. While external factors are factors beyond the control or organization has little control, for example the demands of the job grading system (Hellriegel *et al.*, 1999).

2.5 Leadership and Team Climate

Many factors such as history, culture, organizational strategy and organizational structure may be one that are beyond direct control of the leader of the group who worked at the forefront of leadership. But they are in a unique position to influence the climate in their work group because of what they do is the most important determinant of climate working group through daily interaction. Stinger (2002) argued that the behavior of the leader is the driving factor for the creation of a motivational climate which in an aroused motivation is a key driver of bottom-line performance. It is mentioned that the team or work group leader has a major impact on the development of team work climate and productivity in the workplace where these relationships was recognized in a study project made at the Harvard Business School in 1968 (Perry *et al.*, 2005). As reported further that the research project has been examined the relationship between motivation and organizational climate and the impact of different leadership styles on three balanced teams working in a similar project in the production team, and the results of this study demonstrated that leadership style affects both the development of the work climate and productivity of the three teams.

2.6 Leadership and Performance

Organizational performance is the cumulative result of individual performance. Therefore, to achieve the goals of the organization is begins with step in which each individual in the organization to set aside personal goals, at least in part based on

individual responsibility, to fight for the collective goals of the organization. In regard to the success of an organization, the ability of a leader is very important in efforts to optimize human resources within the organization (Mulan, 1999). Due to employees are the key factors in achieving an organization's goals, therefore the organization must have effective leaders who can create the full involvement of the entire workforce, and will also affect the performance of both the individual and the organization (Bass, 1997; Mullins, 1999).

A lot of opinions emerged showing that people are an important asset in an organization and if they are managed through effective leadership can create a superior organization members in achieving the organization's goals. An effective organization identified through the people who were inspired to devote their time and energy to the mission of the organization, members of the organization therefore need to be encouraged so that they can be effective; effective organization requires effective leadership (Wall, Solum & Sobol, 1992; Maritz, 1995). Moreover, Paulus, Seta and Baron (1996) argued that an effective and stimulating relationship among all level of organization's members engaged in the organization is required in order to create an effective organization.

The linkage between effective leadership and organizational performance showed a positive relationship in which an effective organization requires effective leadership otherwise organizational performance will suffer in the same proportion for ignoring the factors of effective leadership (Fiedler and House, 1988). In addition, it can be concluded that the effectiveness of each individual is dependent upon the extent of

the quality of leadership - Effective leadership behaviors facilitate the achievement of the expected performance of followers (Fiedler & House, 1988; Maritz 1995; Ristow *et al*, 1999). Preliminary studies conducted by Booysen and Van Wyk (1994, in Swanepoel *et al.*, 2000) in the context of South Africa found that exceptional leaders in terms of leadership effectiveness, which is considered to indicate a strong and direct, but the democratic leadership style and participatory, seen as a change agent and visionary that improve organizational performance.

There is agreement between Maccoby (1979) and Botha (2001) about the necessary requirements at the level of leadership skills more than ever because the company needs to thrive in a business environment full of competitiveness, technological progress, the need for adjustments to changes in government regulations and changes employee attitudes.

There is no doubt that leadership is very important in bringing the success of an organization. Bass (1997) mentioned that in the modern business environment a lot of research has been done to prove that leaders can make a difference in the performance of their subordinates, and also makes a difference which indicates whether their organizations succeed or fail. Additionally, Kotter (1988) states that organizations need to realize the importance of continuous improvement for leadership skills because there are significant changes in the business environment lately, such as changes in the intensity of competition and changes in attitudes participation of the total workforce. Thus, role of leaders who can lead change in

their organization has slowly becoming very crucial in these emerging contexts (Kotter, 1995; 2012).

Cummings and Schwab (1973) argue that leadership possibly is the largest variable studied organizational that likely has a direct effect on employee performance. Therefore, a succesful organization require a effective leadership in which the effective leaders is the one who understand what motivate the followers to do their best. There is a statement indicating about the relationship among trait leadership or leadership behavior and employee performance, but the statement does not have the empirical evidence and can therefore be debated from time to time (Cummings & Schwab, 1973; Fiedler & House, 1988).

Maritz (1995), Bass (1997) argued that a key factor in the success or failure of an organization is leadership, and to create an effective organization must begin with effective leadership, and organizational success is a reflection of their leadership. Moreover, Jones and George (2000) stated that effective leaders are those who use their influence over their subordinates that works towards attaining organizational goals.

In addition, leadership is always indicated as the most important success factor in predicting whether an organization succeeds or fails (Bass, 1990:8). Thus, leadership is the key factor to bring success to the organization, and would make a difference in the performance of the organization in an increasingly competitive global marketplace (1989 Dimma). In a study of organizational behavior in different

environments indicate that transformational leadership positively affects employee performance, and also the performance of the organization (Bass & Avolio, 1994; Ristow, 1998).

The study accomplished by Pruijn and Boucher (1994; in Bass, 1997) states that transformational leadership is an enlargement of transactional leadership. Bass and Avolio (1994) distinguishes these two models in terms of achievement where followers of transformational leadership is that followers are performing beyond expectations, while followers of transactional leadership, at best, lead to the expected performance. According to Ristaw (1998), transactional leadership were effective when the market continues to grow with little or no competition, but it would be different where the business environment continues to compete and when resources are scarce.

In the study, it was found that transformational leadership is more effective than transactional leadership, regardless of how "leadership effectiveness" has been defined (Brand *et al.*, 2000). The study result were collected from South African retail and manufacturing sectors, as well in the armed forces of the United States, Canada and Germany, have supported and confirmed that there is only a marginal impact transactional leaders have on the performance of their followers in contrast to a positive effects of transformational leaders (Brand *et al.*, 2000) (cited in Hayward, 2005).

2.7 Team climate and Performance

Although not widely found in studies of the relationship among work climate and team performance, but there are some of them mentioning that a positive working climate of the team has been identified in a variety of environments as drivers of performance. Stringer R (2002) states that the managers' behavior could drive climate, which arouses motivation, and motivation is a major driver of bottom-line performance. Research in the health fields, a study of Canadian staff nurses, supports the conclusions from the business literature that describe the relationship between empowerment, job satisfaction, and commitment where positive work climate creates an environment conducive to the development of trust and empowerment, which in turn leads to high-quality patient care (Laschinger H, Finegan J, Shamian J, 2001). Meanwhile, Goldman (2000:78-90) argues that the organizational climate is not the only driver of performance, but the climate accounted for nearly one-third of the performance results. Furthermore, research in the field of education in schools operated by the Department of Education and Employment in the United Kingdom demonstrated a significant link between classroom climate and student academic progress where to the degree that teachers can develop skills and characteristics that impacting climate, so they can hope to more effectively motivate and engage their students (Hay Group, 2000).

2.8 Conclusions

A general explanation of the leadership was presented by referring to some of the resources that support the theoretical framework of this study. So far, there are three approaches of the traditional leadership have been developed over time in which these approaches being topic discussion namely trait theories, behavioral approaches, and situational/contingency approaches. As already discussed, these three leadership methods have provided an understanding of the parts of the different leadership that describes their influence on the relationship among leaders and subordinates. In addition, the aspects of transactional and transformational leadership were also discussed in other section. Furthermore, the Full Range Leadership Development Model, pioneered by Bass and Avolio (1994) explained the process of the development of transactional leadership transformational leadership. Furthermore, the literature review of team climate is also discussed. There are five factors associated with the team climate: (1) Participative safety (Anderson *et al.*, in Loewen and Loo, 2004); (2) Support for innovation (Anderson *et al.*, in Loewen and Loo, 2004); (3) Vision (Anderson *et al.*, in Loewen and Loo, 2004); (4) Task orientation (Anderson *et al.*, in Loewen and Loo, 2004); (5) Interaction frequency (Anderson and West, 1998). Leadership drives the positip team climate, then the relationship between leadership and team climate is also discussed. This chapter has discussed about theory of performance both organizational aspect, individual performance and also theory of performance management. Since team climate is a factor indicates as a mediator to increase the job performance of the employee,

therefore the team climate and performance was discussed in this chapter. As a conclusion, this chapter gives a theoretical framework for this study purpose.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The chapter describes the methodology employed in this study. It begins with an explanation of the theoretical framework. Then, the development of hypotheses was presented to be tested which in line with the purpose of the research and study of relevant past to this study. The chapter then continues with the explanation on research design, the identification and selection of the sample, the data collection process, the measurement used for each variable, the pilot study to maintain reliability and validity of the selected instruments followed by data analyzing process. Data collection procedure makes use of three survey instruments. There are three instruments used in this study among other are the Multifactor Leadership Questionnaire (Bass & Avolio, 1997) function as factors of transformational and transactional leadership style, the Team Climate Index (TCI) designed by Anderson and West (1994) as factors of work team climate, and the last instrument is the performance measuring instrument called the Minnesota Satisfactoriness Survey (MSS) (Gibson *et al.*, 1977) function as factors of employee job performance.

3.2 Research Framework

In conducting the research project, theoretical framework is processes that are crucial as the basis of a research work before starting the next step of the research. Three

basic features that should be present so that the variables considered relevant to the research, which are: it must be clearly defined, conceptual model that describes the relationship among the variables in the model should be given, and there should be a clear explanation of why this relationship is expected to exist (Sekaran & Bougie, 2010).

The Conceptual framework as shown in **Figure 3.1,** it serves as a guide as the research questions are fine-tuned, measurement methods are selected and statistical analyses are determined.

Published research indicates that the theoretical framework is crucial in the development of scientific tools to investigate the problems of research that combines the logical one's beliefs (Arman Hadi, 2012; Sekaran, 2000). The theoretical framework shows the interrelatedness among the variables, the extent that the variables are deemed to be integral in the dynamics of the situation which are being investigated such as in this current study.

In developing such a conceptual framework, it aids the researcher to contend and run certain relationships so as to ameliorate on understanding of the dynamics of the situation. Thus, the theoretical framework in this current study is displayed in **Figure 3.1**.

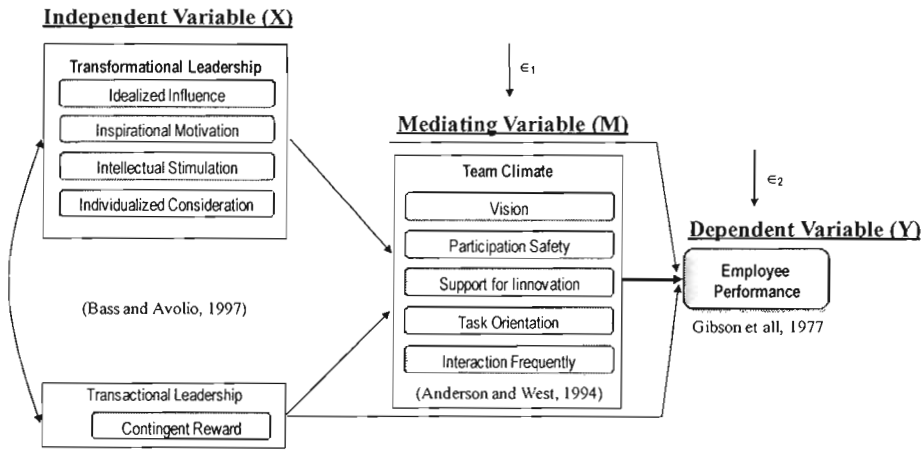

Figure 3.1
Conceptual Frameworks for Employees' Performance

Figure 3.1 above demonstrates the flow of the examination process on the relationship between the perceived style of leadership and employee performance as mediated by team climate. This current study considers a model as indicated above **(see Figure 3.1)** that proposes that some independent variable is correlated with dependent variable not only because it has a direct effect on the dependent variable, but also because it justifies changes in the dependent variable.

Mediation implies a causal hypothesis whereby an independent variable affects the mediator which affects the dependent variable as stated by Holland (1988), Sobel (1990) and Arman Hadi, (2012). The relationship between an independent variable and a dependent variable is decomposed into direct and indirect (mediated) effects as shown in figure **Figure 3.2** below

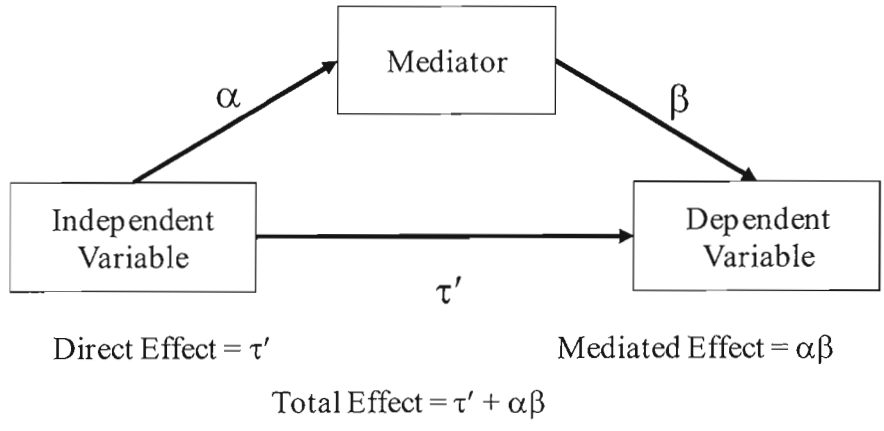

Figure 3.2
The Mediation Implies a Causal Hypothesis
Source: Holland, 1988; Sobel, 1990

In addition, MacKinnon, Lockwood, Hoffman, West and Sheets (2002) and also Arman Hadi (2012) argued that the psychologists refer to this condition as *X* → *M* → *Y* relationship known as "mediation" or "indirect effect" of *X* on *Y* through *M*. These causal relationships are shown in **Figure 3.3** below.

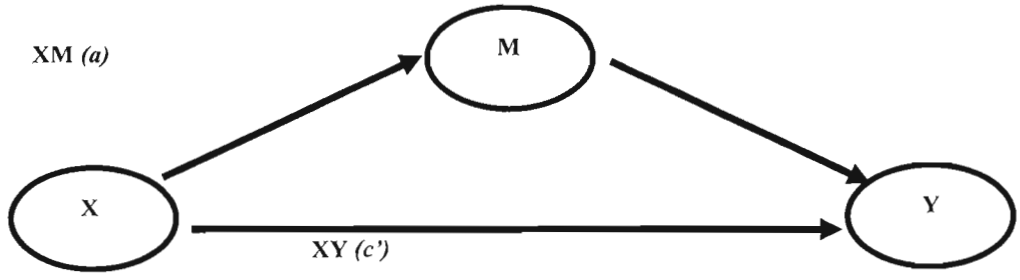

Figure 3.3
The Mediation or Indirect Effect
Source: MacKinnon *et al.* (2002)

The causal steps as described in **Figure 3.3** above is apparently descended from the scholarly work of Judd and Kenny (1981) and which is most utilized by social

science researchers. Howell (2002, p 575) summarized the criteria to undertake mediation process as follows:

a. X must be correlated with Y (Direct Effect – *c'*);
b. X must be correlated with M (Indirect Effect – *a*);
c. M must be correlated with Y, holding constant any direct effect of X on Y (Indirect Effect – *b*);
d. When the effect of M on Y is removed, X is no longer correlated with Y (full mediation) or the correlation between X and Y is reduced (partial mediation).

Figure 3.3 indicates that there is a direct effect relating X to Y and a mediated effect by which X indirectly affects Y through M. The results for this approach are discussed and illustrated in Chapter Five of this thesis. In relation to this study, one of the biggest oil and Gas Company in Indonesia was selected as target of the research, and the outcomes of employees' perceptions on their immediate superiors' style in leadership and team climate were investigated.

Next section describes the hypotheses development where it was be tested to examine whether the theory of leadership styles, team climate and employees performance as conceptualized in the theoretical framework significantly positive, and valid through the application of an appropriate and validated statistical technique and analyses in the context multi oil and gas company in Indonesia.

3.3 Hypotheses Development

The following section presents the specific hypotheses that developed for the conceptual framework. It consists of all variables as indicated in Figure 3.1, 3.2 and 3.3.

3.3.1 Research Hypotheses

The hypothesis may be described as a tentative statement about the relationship among two or more variables. A hypothesis is an official statement explaining some of the results, and an untested proposition that can be tested empirically. Through the hypotheses testing, and verification on a possible relationship, it is projected that the solution to the problem can be identified (Arman Hadi, 2012; Sekaran, 2000; Sekaran & Bougie, 2010).

On the basis of the preceding literature review on transformational leadership, transactional leadership style, team climate and employee performance (in Chapter 2), the following hypotheses were planned to be tested:

3.3.1.1 Hypotheses One

Ho1. *Transformational leadership styles are not significantly influence the employee performance.*

Ha1. Transformational leadership styles are significantly influence the employee performance.

3.3.1.2 Hypotheses Two

Ho2. *Transactional–contingent rewards leadership style is not significantly influence the employee performance.*

Ha2. Transactional–contingent rewards leadership style is significantly influence the employee performance.

3.3.1.3 Hypotheses Three

Ho3. *Transformational leadership styles are not significantly associated with the team climate.*

Ha3. Transformational leadership styles are significantly associated with the team climate.

H3.1 Transformational leadership styles are significantly associated with the vision in team climate.

H3.2 Transformational leadership styles are significantly associated with the participation safety in team climate.

H3.3 Transformational leadership styles are significantly associated with the support for innovation in team climate.

H3.4 Transformational leadership styles are significantly associated with the task orientation in team climate.

H3.5 Transformational leadership styles are significantly associated with the interaction frequency in team climate.

3.3.1.4 Hypotheses Four

Ho4. *Transactional–contingent rewards leadership style is not significantly associated with the team climate.*

Ha4. Transactional–contingent rewards leadership style is significantly associated with the team climate.

H4.1 Transactional–contingent rewards leadership style is significantly associated with the vision in team climate.

H4.2 Transactional–contingent rewards leadership style is significantly associated with the participation safety in team climate.

H4.3 Transactional–contingent rewards leadership style is significantly associated with the support for innovation in team climate.

H4.4 Transactional–contingent rewards leadership style is significantly associated with the task orientation in team climate.

H4.5 Transactional–contingent rewards leadership style is significantly associated with the interaction frequency in team climate.

3.3.1.5 Hypotheses Five

Ho5. *Team climate have no significant influence in determining the employee performance.*

Ha5. Team climate have significant influence in determining the employee performance.

3.3.1.6 Hypotheses Six

Ho6. *Team climate do not function as a mediating factor in relationship between transformational leadership styles and the employee performance.*

Ha6. Team climate do function as a mediating factor in relationship between transformational leadership styles and the employee performance.

3.3.1.7 Hypotheses Seven

Ho7. *Team climate do not function as a mediating factor in relationship between transactional–contingent rewards leadership styles and the employee performance.*

Ha7. Team climate do function as a mediating factor in relationship between transactional–contingent rewards leadership styles and the employee performance.

3.4 Research Design

This study uses quantitative methods. A quantitative research may be described as research that addresses research objectives through empirical assessment that implicate numerical measurement, and analysis methods (Zikmund *et al*, 2010).

Others defined a quantitative research as as a formal, objective, systematic process in describing and testing relationships and analyzing cause and consequence interactions between variables selected (Burns and Grove, 1993; Arman Hadi, 2012). Within the quantitative research design, one prominent design is the case study design which focuses on a single entity or organization (Bryman & Bell, 2011; Guthrie, 2010). The aim of the study is to examine one multinational oil and gas company which is one of the biggest income contributors to Indonesia's economy. Thus the quantitative case study research design adopted for this study is considered as suitable to achieve the objectives set for the research.

3.4.1 Quantitative Methods

Quantitative methods are research methods which utilize statistical data to make sense of the world (Bryman & Bell, 2011). But over the years, quantitative research, along with its epistemological and ontological foundations, has been extensively criticized for many reasons (Bryman & Bell, 2011: 167) such as follows:

- Quantitative researchers fail to distinguish people and social institutions;
- The measurement process possesses an artificial and spurious sense of precision and accuracy;
- The reliance on instruments and procedures hinders the connection between research and everyday life and
- The analysis of relationships between variables creates a static view of social life that is independent of people's lives.

But the survey method is still widely used by researchers as it still provides some usefulness in the understanding of some phenomenon in the world (Babbie, 2004; Bryman & Bell, 2011; Sekaran, 2000).

3.4.2 The Survey Method

Survey method is practical for descriptive, explanatory and exploratory research and thus it was applied in order to fit into the objective of this research study. A survey was undertaken to compile original data in explaining a population sample that is too big to exemine directly (Mouton & Marais, 1996; Mouton, 1996).

A survey helps to obtain information from a sample of people by means of a self written report, that is, the individual who response to a series of enquiries as posed by the investigator (Polit & Hungler, 1995; 1997). The information that needs to be quantified was proposed through survey questionnaires distributed personally to the subjects by the researcher himself in this research study.

A descriptive survey furnishes an accurate personification or account of the characteristics such as behavior, opinions, abilities, beliefs, and cognition of an individual, situation or group. In this quantitative study, an association between the independent variable of leadership styles, team climate serve as the mediator and the dependent variable of employee performance were put to test.

The response toward the instrument from the sample demonstrates a numerical depiction of the outcomes. Due to its practicality in order to describe various characters in a huge sample population this methodology was therefore applied. A standard amount of questionnaires are able to aid to multiply the state of measurement factors which were systematically examined in this study.

A survey method was found to be the more appropriate method in data collection process, especially in various descriptive or exploratory studies (Pettit, 1993). Thus, studies in such condition where individuals are seen as a team to be analyzed, whereby the survey method can be used, and is considered paramount in measuring attitude and to gain personal and social information including their beliefs (Arman Hadi, 2012; Babbie 1983; Kerlinger, 1986; Rossie & Freeman, 1993; 1985).

The situation of having strong dependency in this study is crucial since it proposes that similar information or data would be accumulated each time in ingeminated studies. As stated by Babbie (2004) and Arman Hadi (2012), the scale of reliability in studying survey research is typically high. The rigor or validity of this research is of great significance in assuring that what was measured is as anticipated in the measurement.

The measurements chosen in this study was found to be significant, reliable and valid. A survey is an ideal tool in order to describe the characteristics in the large population of individuals as selected (Babbie, 2004). A common accepted measuring instrument together with a chosen sample, statements or assertions could be

established on studies in Oil and Gas Company in Indonesia. The measurement was supported by applying an acknowledged or standardized instrument due to similar set of questionnaires are inquired of all participants in this research study.

Research design is an action plan or roadmap of research formed to make feasible in order to conform on research questions as possibly valid, reliable and prudent (Creswell, 2003; 2005). On the other hand, it is also known as course of action in data collection and utilization process to obtain required facts or data with adequate accuracy.

According to O'Sullivan and Rassel (1995), the kind of research design ascertains the aggregate of control a researcher has in order to perform a research process and serves as guidance in decision making as to what or whom to observe, how to observe, how to analyze the data gathered, and what kinds of statistical approach is suitable.

3.5 Data Collection

For the purposes of this study, a questionnaire survey applied as an instrument for data collection because of its ability to study a large sample of randomly. Either by interviews or questionnaires, the goal is to obtain information from the subject, but using interviews is inclined to get it less depth (Burns & Grove, 1993). Therefore, through the questionnaire process, it allows researcher to obtain great amount of information from respondents (i.e. greater breadth).

The main objective of data collection using questionnaires is to investigate the perceptions on styles of leadership practiced, team climate and employee perfoemance.

In addition, questionnaires are able to avoid or minimize the level of biasness, maintain the anonymity of respondents, suitable for immediate responses and measure perceptions compared to method of observation (Emory, 1985; Schmitt & Klimoshi, 1991).

Therefore, the reasons why the survey method was chosen were as follows:

a. They ensure a high degree of response as the questionnaires is handed over to respondents in this survey to complete and to be collected personally by the researcher;
b. They acquire less time and energy to administer;
c. They offer the possibility of anonymity because the name of the subject is not required on the completed questionnaires;
d. There will be small degree of opportunity for biasness as they will be presented in a consistent manner.

Despite the advantages which been listed above, there was also insufficiency in the method of questionnaires; for example, the issue of accuracy and validity of the question (Burns & Grove, 1993). Therefore, the respondents in this study may not reflect their true perceptions but may try to answer what they think would assist the researcher, and valuable information may be lost as answers are usually brief.

All questions in the questionnaire were closed-ended to make them more likely to be answered as well as to enhance the number of completed responses and to make data analysis more objective (Sekaran, 2002; Sekaran & Bougie, 2010). The questionnaires had been distributed to the respective respondent through sub team of Human Resources Davison of the Chevron Pacific Company since May 2012.

3.5.1 The Population and Sample

The organization chosen for the purpose of the research study was a biggest multi national oil and gas company operating in Indonesia. The company has been operating in the country for about eighty years with total production more than fifty percent of the national (Indonesia) output. The company operates under a production sharing contract with the government of Indonesia represented by SKKMIGAS (Executive Agency for Upstream Oil and Gas Business Activities). The company is also commonly known as a Production Sharing Contractor. In term of workforce, this company employs around five thousand employees. In addition, there are around sixteen thousand of workers from contractors Service Company who support day to day operational, and it is counted as the biggest workforce among others. The main reason that researcher decided to choose this organization is the accessibility factor.

The company organization structure has sub team in its human resources organization that serves for student practical or thesis completion. The researcher may depend on the sub team to get of the data for the purposes of the study.

Burn and Grove (1993) provide decription of a population as a set of a variety of elements for example individuals, objects and events that suit the criterion of the samples. Population is a set of individuals, occasions, or elements of interest that the researcher wants to examine for this study.

The sample chosen to be examined covers each team's members of the organization to get their perception on their leader's leadership practice and how they perceive their team climate. Meanwhile, direct supervisor of the team members serve as sample to provide their perception on the performance of the employee.

The sample is part of the population as stated by Zikmund, Babon, Carr, Grifffin (2010) that a sample as a subset, or some part, of a larger population with the objective to estimate an unknown characteristic of a population.

In other words, several elements of the population would be developed as a sample. The main objective for utilizing a chosen sample rather than obtaining data from the whole population is quite obvious. In the research process which involves several hundred and even thousands of elements, it is technically not possible to acquire data, to test, or to examine each of the elements. A convenient sample comprises of particular subjects that need to be considered in this study due to the fact that they happen to be in the particular place at the particular time (Arman Hadi, 2012; Polit & Hungler, 1995).

The study sample rather than the entire population is also sometimes possible to generate more reliable results, because fatigue is reduced and fewer errors in data collection, especially when a large number of elements involved (Sekaran & Bougie, 2010). Another major reason for sampling is that most properly seleted samples give results that are reasonably accurate, and only a small sample is necessary for the elements of population which quite smiller to accurately potray the characteristic of interst (Zikmund *et al.*, 2010).

Therefore, a convenience sample applied in the data collection process that is intended to be used in this study and were taken at chosen company in Indonesia called Chevron Pacific Indonesia (CPI). The firm was selected as it is the biggest oil and gas company operating in Indonesia.

3.5.2 Sampling

Sampling involves various groups of employees who have diverse backgrounds of responsibilities, genders, marital status, age, education, and years of services in the team. There are eighty teams used in this study where the samples in this study comprised members of the team and direct supervisor of the team members in Chevron Pacific Indonesia

3.5.2.1 Unit of Analysis

The unit of analysis refers to the specific entity or sample that is being studied in any study (Yurdusev, 1993). For this study, supervisors and team members in level of the team in the CPI organization were the unit of analysis (individuals). Hence, an established formulation by Gay's (1996) (and used byArman Hadi, 2012) was adopted in the selection process of the sample size and its guidelines are such as follows:

i. For small population ($N<100$), there is little point in sampling. Survey the entire population;
ii. If the population is around 500, 50 per cent of the population should be sampled;
iii. If the population is around 1,500, 20 per cent should be sampled;
iv. Beyond a certain point (at approximately $N=5000$), the population size is almost relevant, and a sample size of 400 will be adequate.

The team members were requested to complete the survey forms. They were used as the sources of reference in this exercise because they were in the position to perceive their leader's or superior's style in leadership on a daily basis, and also had to assess their own team climate. In addition, the leaders or the superior of the team members were requested to complete the surveys in relation to the performance of their employee.

3.5.3 Instruments Applied

For this study goal, a set of questionnaires were developed. These questionnaires solicited the perceptions of the team members of the organization toward its current team climate and leadership styles practiced. In addition, these questionnaires had obtained valuable information from the leaders of the team members with regards to the performance of the employee.

In developing the questionnaire, the researcher breaks it down into four sections. **Section A** of the questionnaire consisted of questions related to demographics. It had 5 items focusing on Gender, Maritas Status, Age, Level of Education, and Years of Services.

Section B of the questionnaire had been adapted from Bass and Avolio (1997), who examined the leadership styles namely; transformational, transactional and laissez faire. Originally, the questionnaires consist of 36 items but in order to fit the purpose of this study, the components of transformational styles and transactional-contingen rewards remained while the other components of transactional Management by Exception and laissez-faire were rejected. Thus, a revised number of items became 24. Each statement were anchored by five-point Likert scale where *1 stands for "Not at all", 2 stands for "Once in a while", 3 stands for "Sometimes", 4 stands for "Fairly often", and 5 stands for "Frequecly if not always".*

Section C of the questionnaire was adapted from Anderson and West (1994), who examined the work team climate. It contains 38 items (α= 0:96; ICC = 0:55) with five-point Likert responses (1 = Disagree Completely, 5 = Strongly Agree) grouped into five factors comprising vision (11 items); participation (8 items); task orientation (7 items); innovation (8 items), and interaction frequency (4 items).

Section D of the questionnaire comprised questions from the Minnesota Satisfactoriness Scale (MSS) adapted from Gibson, Weiss, Dawis and Lofquist (1970). The survey was distributed to the direct supervisor of the employe to collect rating of each subject employee's performance. The MSS is a 28-item questionnaire designed to be completed by an employee's supervisor. The MSS is composed of four sub-scales include the performance, compatibility, reliability, and personal adjustment. The present study used the 9 items of the performance subscale that measure the subordinate's promotability and the quality and quantity of work. Three-point Likert scale is used because it is considered suitable for this study.

Gibson and colleagues have provided evidence of adequate psychometric properties of the instrument (Gibson *et al.*, 1970). In the present study, a Cronbach's internal consistency reliability of this subscale obtained a figure of more than 0.70 where the overall reliability coefficients for the four sub-scales is considered qualified (Nunnally, 1978).

3.5.3.1 Pilot Study

A pilot study refers to a small study designed to determine the logistics and data gathering problems prior to an actual study, in order to improve the quality and efficiency of the study. A pilot study is a tool to identify any difficulty pertaining to wordings and level of understanding upon the questionnaires (Arman Hadi, 2012; Salant & Dillman, 1994).

A pilot test was conducted in April 2012 to help reveal flaws in the study design or the proposed procedure in order to anticipate for further larger-scale studies.

The selected instruments in a form of survey questionnaires were applied to test and were distributed personally to a group of 20 with a minimal five years of work experience from various sub team of Human Recourses Division in Riau province in Indonesia.

In the process, the participants were asked to identify whether any ambiguity or redundancy realized in the questionnaires. This exercise gave a chance to the researcher to detect unforeseen problems in the process of administering, coding and analysis, as well as to examine the instrument for any misleading questions. The questionnaires were returned within two weeks time through and the feedbacks were positive and the questionnaires were maintained.

3.5.4 Data Collection Process

Data collection procedure used is three survey instruments. This study used three instruments include the Multifactor Leadership Questionnaire (Bass & Avolio, 1997), the Team Climate Index (TCI) which was designed by Anderson and West (1994), and the last last instrument used is the performance of the Minnesota Satisfactoriness Survey (MSS) (Gibson *et al.*, 1977).

The "Full Range Leadership Development Model" is a theoretical construct of leadership that is considered appropriate for this study (Bass & Avolio, 1997). Having done extensive research on the topic of transformational and transactional leadership, appropriate instruments have been identified, called the MLQ (Bass & Avolio, 1997). The questionnaire consists of 36 statements that identify and measure the important aspects of leadership behavior, and each statement in the questionnaire is related to the factor of transactional leadership, and transformational leadership. Respondents were asked to assess how often the behavior described in the statement shown in the questionnaire. The team members requested to complete a questionnaire regarding the leadership style of their direct leader. The components and as sample item from the MLQ-Form 5X were as follows: Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individual Consideration. In terms of transactional leadership, there was one component used in this study that was contingent reward.

The survey instrument for team climate employed was the TCI which developed by Anderson and West (1994). It contains 38 items (α= 0:96; ICC = 0:55) with five-point Likert responses (1 = Strongly Disagree, 5 = Strongly Agree) grouped into four factors comprising objectives (11 items, α = 0:93); participation (12 items, α = 0:94); task orientation (7 items, αa ¼ 0:84); and innovation (8 items α = 0:82, ICC = 0:53). The team members requested to complete a questionnaire of the TCI.

The last survey instrument employed was the Minnesota Satisfactoriness Scale (MSS) (Gibson, Weiss, Dawis & Lofquist, 1970). The MSS is a 28-item questionnaire designed to be completed by an employee's supervisor. The 28-item questionnaire use a 3-point Likert scale. The four subscales of the MSS are performance, conformance, dependability, and personal adjustment. The present study used 9 items of the performance subscale that measure the subordinate's promotability and the quality and quantity of work. The direct supervisor of the team members was requested to complete the survey to assess the performance of the employee who report to them.

In line with data collection, it is made in cooperation with the sub team of the company human resources division. Sampling involves various groups of employees who have diverse backgrounds of responsibilities, genders, marital status, age, education, and years of services in the team. The samples in this study comprised members of the team and direct supervisor of the team members. For the effectiveness of the collection process, all survey questionnaires were returned to the office address of the appointed person in Human Resources department of targeted

organization. Then, the researcher collected the questionnaires for further use in this study.

3.5.5 Ethical Considerations

In conducting a research, expertise and diligence are required, but also honesty and integrity. It is important in the research work that aims to recognize and protect the copyright of of others. This means that the right of self-determination, anonymity, confidentiality and informed consent should be considered to conduct a full study of ethics.

3.5.5.1 Informed Consent

The researcher obtained the written permission to conduct the research study from Division of Public and Government Relation of targeted organization (Chevron Pacific Indonesia). The subjects' consents were obtained before they had completed the questionnaires. According to Burns and Grove (1993:776) that informed consent as prospective subject's concurrence to participate voluntarily in the study, which is reached after assimilating important information regarding the study.

The subject clearly informs the informed consent regarding rights to approve or refuse voluntarily to participate in this study, and to decline their participation at any time without penalty. The subjects were informed about the purpose of the study, the

procedures that would be used to collect the data, and were assured that there would be no potential risks or costs involved.

3.5.5.2 Anonymity and Confidentiality

Anonymity and confidentiality were maintained throughout the study. Burns and Grove (1993) explains that the anonymity such as when the subject could not be connected, even by researchers, with its individual response. In this study, anonymity was ensured by not revealing the respondent's name and personal particulars.

Refer to Polit and Hungler (1995) states that when the subjects were promised confidentiality it meant that the information they had provided would not be publicly reported in a way which would identify them. In this study, confidentiality is retained by protecting the data collected confidential and by not disclosing the subject's identities when publishing the study (Burns & Grove, 1993).

3.5.5.3 Voluntary Participation

The ethical principle of self-determination was also maintained. Communication with the subjects conducted openly by informing them about the study and allows them to choose to participate in the study or not.

Therefore, voluntary participation in any given research meant that these individuals were not coerced into it. Ethical procedures held that researchers were not supposed

to position any participant into a harmful condition as a result of their voluntary participation.

3.6 Data Analysis and Interpretation

The data was gathered and analyzed using common statistical analysis techniques such as bivariate correlation, linear and multiple regression analyses in order to determine the strength of relationships among interval or ratio variables.

In most types, one variable is usually taken to be a response or dependent variable that is a variable to be predicted from other variables, while other variables are chosen as predictors or independent variables (Arman Hadi 2012; Kleinbaum, Kupper, Nizam & Muller, 2008). In addition to this, Pearson product moment coefficients (*p*-value) were applied in order to justify relationship between independent and dependent variables. The regression model was also applied to determine the attributions of the independent variable to the outcomes.

Further, through these analyses they provide most informative results in explaining the independent variables as variance to the dependent variables, and also disclose the quantity of the explained variance and marginal contribution of each independent variable.

Operationalisation of the independent variables is suggested by the hypotheses themselves. Confirmation and rejection of each hypothesis is claimed to be interesting and useful. A null hypotheses was introduced by Fisher R.A. in 1959 and

was considered in every statistical hypothesis for possible rejection under the assumption that it is true ($Ho = 0$) (Killeen, 2005).

To ensure that the data has been pretty well tested and guaranteed quality, the preparations of data should be conducted at an early stage before the hypothesis be tested. The steps conducted in early stage are making the data ready to analyzed, by cleaning and screening the data (Sekaran, 2003, p.301). Data entry processing is then performed and the data processed using the Statistical Package for Social Sciences (SPSS) version 19.

3.6.1 Preparation for Data Analysis

Most of the questionnaires were returned by the end of June 2012. They were carefully screened and checked for any incompleteness or damaged using SPSS 19.

To perform the data cleaning and screening prior to the main analysis conduct is time consuming and sometimes tedious, but careful consideration and resolution of these issues before the main analysis is fundamental to ensure an honest analysis of the data (Tabachnick and Fidell, 1996, p. 57). In response to the statement, the process consumed two months where the incomplete or damaged questionnaires are excluded from the study.

3.6.2 Data Analysis Process

As stated by Sekaran (2003, p.306), three main objectives of data analysis are to get a feel of the data, test the goodness of data and test the hypotheses developed for the study. These objectives were employed in this study and were described in of each sub-section below.

3.6.2.1 Data Analysis Technique

In this study, the researcher analyze the collected data (N=122 from direct member of the supervisor) and (N=80 from direct leader of the member) by applying descriptive statistics and inferential statistics.

3.6.2.2 Descriptive Statistics

Descriptive statistics refers to the analysis of measurement and percentage of frequency among selected respondents on the basis of their characteristics/ demographic backgrounds such as gender, age, marital status, education and so forth. This process involves the determination of mean and standard deviation and normality distribution in justifying the variables selected.

3.6.2.3 Inferential Statistics

This particular process applied the Pearson Correlation (r-value) and the multiple regression analysis. Pearson correlation is utilized to determine the percentage rate or strength of the relationship between variables and its dimensions. Table 3.1 exhibits the level of strength in a relationship.

Table 3.1
Level of Strength in Correlation

r-value	***Strength***
± 0.70 or more	Very high
±0.50 to ±0.69	High
±0.30 to ±0.49	Fair
±0.10 to ±0.29	Low
0.01 to 0.09	Very low
0.00	No relation

Source: Davis (1971), Arman Hadi (2012)

3.6.2.4 Multiple Linear Regressions

Multiple regressions refer to flexibility in the quantitative data analysis process (dependent variable) in order to determine its relation to other factors (independent variables). The correlations between variables could be nonlinear, independent variables could be quantitative or qualitative, and the effect could be tested on a single or multiple variables with or without effects of others (Cohen, Cohen, West & Aiken, 2003).

However, before multiple regression analyses takes place, there are several assumptions underlying multivariate analysis must be obtained. The assumptions are such as follows:

3.6.2.4.1 Linearity Assumption

The statistical data that are computed in this study are generally assumed that the relationships between variables are linear (transformational leadership, transactional leadership, team climate and performance of the employee). Standard multiple regression analyses have the capability to justify the linearity in nature on the relationship between independent and dependent variables.

Hence, some of the important steps to examine the linearity are to check for the *non-linear* trends in the residuals plots against each explanatory variable to see if there are any transformations that can be found to delete the non-linearities (Berry & Feldman, 1985; Cohen & Cohen, 1983; Pedhazur, 1997). This process needs to be made in order to confirm that no trends remain.

Non-linearity occurs both in the plot were observed compared to the predicted value or residual plot against predicted values, which are part of the results in a standard regression.The points should be symmetrically distributed within a diagonal line of the former plot or horizontal line in the latter plot. The points must be symmetrically spread in a diagonal line from the former plot or horizontal line in the next plot.

3.6.2.4.2 Heteroscedasticity Assumption

This term refers to the variance of errors that has same finite variance across all independent variable. Reversely, heteroscedasticity occurred when variance of errors are unequal in values for independent variable. This process can be done by performing visual inspection of residual in the scatter plot. Slight Heteroscedasticity will cause minor effects on tests of significance and if it is a multiple, it can cause severe deviations of findings (Berry & Feldman, 1985; Tabachnick & Fidell, 1996).

Thus, in order to ensure that the variables concerned are considered as homoscedasticity, the residuals ideally should scattered around the horizontal line, to provide even distribution. It can be justified by testing the plots of the residuals versus time and residuals versus predicted value, and to precaution for any evidence of residuals that are increasing (i.e. more spread-out) either as a function or as a function of the predicted value.

3.6.2.4.3 Normality Assumption

Regression analyses are valid only for normally distributed results. Violation of normality assumption can lead investigators to make inferential statements are not accurate (Jarque & Bera, 1980, p. 255). Non-normally distributed variables condition such as highly skewed or kurtosis variables or variables with substantial outliers could interrupt relationships and significance tests. There is some useful information to the researcher to examine this assumption (Osborne & Waters, 2002) by visual

inspection of data plots, skew kurtosis, and *P-P* plots provide researchers information on normality condition, and Kolmogorov-Smirnov tests deliver inferential statistics on normality. Furthermore, outliers can be determined either by visual inspection of the histogram and the frequency distribution

3.6.2.4.4 Multicollinearity Assumption

Cheng, Hossain and Law (2001, p. 82) states the importance of assumption for underlying the multiple regression analysis; no exact collinearity that exists between the two independent variables, and this is known as multicollinearity. They further explain that this problem may affect the result of the model tested, as it will be difficult to accurately estimate the coefficient of the true model (Cheng *et al.*, 2001, p. 82).

Based on the above statements, the data must be put to test to identify the presence of multicollinearity condition. This is very important as it can cause a researcher to get wrong signs of regression coefficient, insignificant *t*-ratios, high *R squared* but few significant *t*- ratios and high *pair-wise* correlation among regressors (Cheng *et al.*, 2001, p.83); (Greene, 2003, p.270); (Gujarati, 2003, p.359).

Therfore, in this study the data is inspected for any multicollinearity problem. Econometrics references suggest several methods to identify whether multicollinearity exists between the independent variables. The common mean to identify collinearity is through examining the correlation matrix for the independent

variables. A correlation above 0.90 indicates a serious problem (Hair *et al.*, 1998; Pallant, 2001, p. 137). The problem can be solved by dropping one of the collinear variables (Wooldrige, 2003, p. 99).

3.7 Mediation Analysis

Mediation analysis refers to the situation when independent and mediator variable are correlated, as well as the independent and the dependent variables are correlated, and when there is an indirect causal function that links between the three variables. Mediation is a process of influence relationships between variables, where the influence of the independent variable on the dependent variable is transmitted through the mediator variable, called the mediating variable (Edwards & Lambert, 2007, p.1). A system known as path analysis (Alwin & Hauser, 1975) refers to an indirect condition of an independent on a dependent variable that moves over through a mediator variable (Shrout & Bolger, 2002).

Baron and Kenny (1986) and Judd and Kenny (1981) discussed on the four steps to test mediation analysis whereby the association among X, Y, and the mediator variable known as *M* are regressed as follows:

a) To indicate the independent variable (IV) is correlated with the dependent variable (DV) : X → Y

b) To indicate the independent variable (IV) is correlated with the mediator *(M):* X → M

c) To indicate the mediator (M) influence on the dependent variable (DV): X, *M* → Y

d) To establish that the mediator *(M)* mediates the X-Y relationship.

Based on the four steps to calculate mediation described above, it means that multiple hierarchical regression analysis is conducted in order to determine the mediated effects of Denison cultural traits on the relationship between transformational leadership styles, transactional leadership style and performance of the employee.

3.8 Feel of the Data

This crucial step was conducted through data exploration. Among others, the data is examined by scatter plot, stem leaf and box-plot (box and whisker) for its normality distribution. Normality may be measured to some extent by obtaining skewness and kurtosis values of the variables (Pallant, 2001, p. 54). The feel of the data helps the researcher to decide on the technique to be used in the study, as well as provide preliminary ideas of the goodness of the scales, coding and data entry process (Sekaran, 2003).

3.8.1 Goodness of the Data

This procedure is able to give credibility of the data to be analyzed. It involves measurement by testing its degree of reliability and validity.

3.8.1.1 Reliability Test

Reliability refers to the consistency scores obtained by re-examination process of the similar test on different incidents, or with different set equivalent items (Anastasi, 1990). Reliability is imminent due to its direct relation with validity. Reliability sets a higher limit to validity and is required for an efficacious measurement.

Therefore, it is important to understand the reliability of this current research whereby the same data would be collected each time in the review. Hence, validation in this study is given high priority in ensuring that what is to be measured is expected and that needs to be measured.

The reliability of measurement happens when one measures a similar set of objects repeatedly together with the same or different instrument and that would result in the same or similar findings (Bingham & Felbinger, 2002). Reliability is compatibility in measurement or to the degree where an instrument evaluates the same action each time it is utilized under similar condition on the similar subjects. In other words, the measurement process can be repeated.

The Coefficient alpha is applied in this research study in order to measure the internal consistency of the selected instrument or to assess the reliability level of the constructs. Cronbach's alpha *(α)* is a reliability coefficient that specifies how sufficient the items in a set are positively complemented to one another (Sekaran &

Bougie, 2010). This proves that cronbach's alpha was computed to ensure the reliability of all measurement scales.

The nearer the alpha value to $p = 0.01$, the stronger its reliability. A result indicates a value of $p = 0.00$ is considered as unreliable measurement and a value of $p = 1.00$ acts as an absolute reliable measurement (Bingham and Felbinger, 2002). In addition, the value of 0.70 is the minimum standard and acceptable for Cronbach's alpha (Nunnally, 1978; Field, 2005). To indicate the reliability of measurement, the Cronbach's Alpha was used, and the inter-item consistency reliability of the dependent and independent variable is obtained. Reabilities are less than 0.60 are considered poor, those in the 0.7 range are acceptable, and those over 0.8 are good (Cavana *et al.*, 2001).

The table 3.2 below is Cronbach's Alpha result by using SPSS 19 program both for dependent, independent, and mediation variable. The statistical result on the table 3.2 was indicating that the Cronbach's Alpha is above 0.7.

Table 3.2
Cronbach's Alpha

Dimensions	**No. of items**	**Cronbach's Alpha**
Transformational leadership: Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized consideration	20	0.922
Transactional leadership: Contingent	12	0.706
Team Climate	38	0.976
Employee performance	9	0.850

3.8.1.2 Exploratory Factor Analysis

Validity makes a concept measurable (Sekaran, 2000; Sekaran & Bougie, 2010) and it refers to a process of producing the desired results, the act of deriving logical conclusions from premises known or inferences also in a proposal in deriving into conclusions. In a more formal manner, it was defined as the "best available approximation to the truth or falsity of a given inference, proposition or conclusion" (Cook & Campbell, 1979; Manel and Salah, 2011).

Joppe (2000, p.1, in Golafshani, 2003) explains of what validity in quantitative research:

> "Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. In other words, does the research instrument allow you to hit "the bull's eye" of your research project? Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others".

3.9 Variable Definition and Measurement

Measurement which has been utilized in this current study was for the independent, dependent variables and the mediator were based on validated measurement scales. A variable is any kind of element that can take on dissimilarities or to undergo changes in such ways of characteristics or attributes. The characteristics or attributes

are changeable with regards to the diverse kinds of objects or persons (Sekaran, 1992). Therefore, variables functions as the attributes of event since the occurrence of attributes vary in their statistical scores.

3.9.1 Independent, Mediating and Dependent Variables

Independent, mediating and dependent variables serve as the key function in this current study. Academically, dependent variable refers to the outcome variable based on predictions or assumptions made. The term of independent variables is sometimes described as predictor or explanatory of variable. It functions as the factorial of variation of explanation or causes of dependent variables. On the other hand, a mediator or mediating variable is known as a component that usually gets affected by independent variable and affects the dependent variable as well.

The independent variable anticipated element in transformational leadership style, transactional leadrship and the mediating variable known as team climate. As for a dependent variable, it reflects on supervisor asssemnet on employee perforemance.

Table 3.3 presents a summary of the investigation questions related to transformational leadership style, transactional-contingent reward leadership style, team climate and employee performance is be called the Instruments Development Matrix.

Table 3.3

The Instruments Development Matrix

Variable / **Leadership Factors**	**Indicator**	**Instrument item number**										
Transformational	Idealized Attributes	3	9	15	22							
Transformational	Idealized Behaviors	6	12	14	16							
Transformational	Inspirational Motivation	5	8	17	24							
Transformational	Intellectual Stimulation	2	4	19	21							
Transformational	Individualized Consideration	10	13	18	20							
Transactional	Contingent Reward	1	7	11	23							
Team Climate	Vision	1	2	3	4	5	6	7	8	9	10	11
	Participation Safety	12	13	14	15	16	17	18	19			
	Support for Innovation	20	21	22	23	24	25	26	27			
	Task Orientation	28	29	30	31	32	33	34				
	Interaction Frequency	35	36	37	38							
Employee Performance	Acceptance and adaptability of job	1	2	3								
	Promotability	6	7	8								
	Quantity, quality of work, and competency	4	5	9								

3.10 Summary

This chapter outline has described the research methodology, the research design, the research framework, the population and sampling, the data collection and measurement. It also explained about treatment of data, hypotheses, instrument for data collection, and data analysis.

The research framework would be used to test the relationship between the leadership styles of the organization leaders and the performance of employees in

Chevron Pacific Indonesia (CPI). To conduct this test, a quantitative measurement was applied by using reliable and validated scales used in previous studies. The survey questionnaires were distributed to the CPI accompanied by a cover letter that stated the main objective of the study. The discussion on the main sample study is further discussed in Chapter 4.

CHAPTER FOUR
DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter aims to present the data obtained after the analysis of the field work based on the hypothesis of the study, and it begins with the introduction as the first section. The second section features a description of respondent information. In the third part of of this chapter will discuss on the results of hypothesis testing that shows the relationship between the variables transactional and transformational leadership style on the employee performance, and identify the role of team climate as a mediating variablel. Further in the fourth section shows the results of hypothesis testing, and as the closing of this chapter, the fifth section presents the conclusion.

4.2 Descriptive Statistics of Respondent

This study used two kinds of respondents who participated, the superiors and subordinates. There were 200 supervisors invited to participate in this study. The number of supervisors who returned the completed surveys was 80 out of the 200 set of surveys (40% of supervisor's response rate).

In addition, all direct reports of the supervisors were surveyed. Two direct reports of each supervisor were selected by their supervisor who received questionnaires of MLQ-Form 5X and TCI. The number of members who returned the complete questionnaire was 122 out of the 400 set of surveys (31% of member's response rate).

The distribution frequencies analysis provided in table below is information about personal profiles both member, and supervisor as respondent are shown in the separated table. The personal profile attribute of the respondent is provided consist of gender, age, education, and tenure in the team.

4.2.1 Subordinate as Respondent

Table 4.1
Statistic of the demographic of the members

		Gender	Marital Status	Age	Education	Tenure in the Team
N	Valid	122	122	122	122	122
	Missing	0	0	0	0	0

Table 4.1 presents the statistics of the overall demographic profile of members as respondents. The table shows that there is no missing value in the study. Next the section further discusses the detailed respondents' profile with regards to the gender, marital status, age, education, and tenure in the team.

Table 4.2
Classification of the members by gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Vali	Male	109	89.3	89.3	89.3
	Femal	13	10.7	10.7	100
	Total	122	100	100	

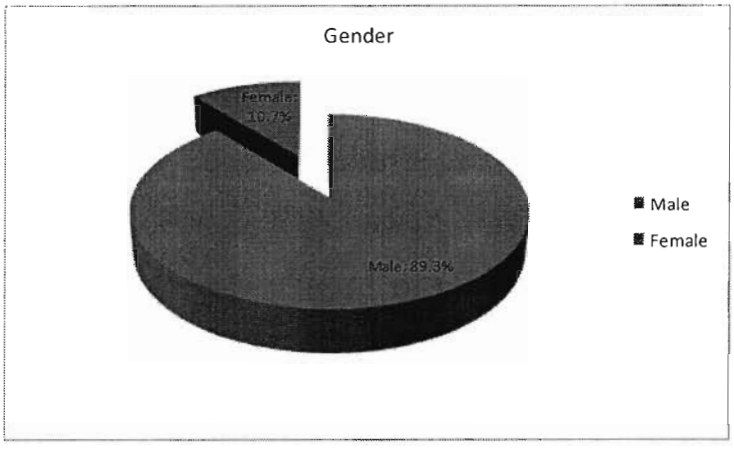

Figure 4.1
Frequency of the members by gender

Table 4.2 and figure 4.1 indicate the frequencies of the members by gender. From the data analysis, the researcher found that the total male is 83.9 percent while the female is 10.7 percent of the respondents. In terms of frequency, there were 109 males with 13 females.

Table 4.3
Classification of the members by marital status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	115	94.3	94.3	94.3
	Single	7	5.7	5.7	100
	Total	122	100	100	

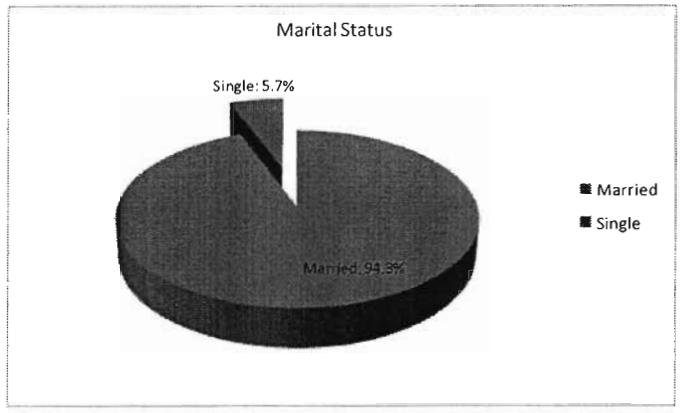

Figure 4.2

Frequency of the members by marital status

As shown in the table 4.3 and figure 4.2, the majority of respondents (94.3%) were married while 5.7% were still single. In terms of frequency, 115 were married while 7 were single.

Table 4.4

Classification of the members by age

		Frequenc y	Percen t	Valid Percent	Cumulative Percent
Vali d	21-30Yrs	11	9.0	9.0	9.0
	31-40Yrs	22	18.0	18.0	27.0
	41-50Yrs	56	45.9	45.9	73.0
	> 50 Yrs	33	27.0	27.0	100
	Total	122	100	100	

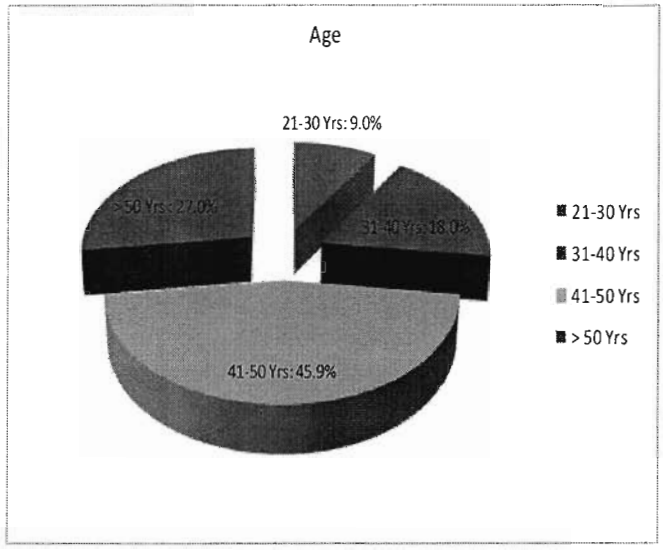

Figure 4.3
Frequency of the members by age

From the table 4.4 and figure 4.3 shows that 9% of respondents were in the age range 21-30 years, 18% of respondents aged 31-40 years, 45.9% in the age range 41-50 years, and 27% aged above 50 years old. In terms of frequency, 11 persons were in the age range 21-30 years, 22 persons were in the age range 31-40 years, 56 persons were 41-50 years, and 33 persons were above 50 years old.

Table 4.5
Classification of the members by education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sr. High	39	32	32	32
	Non-degree	29	24	24	56
	Undergraduate	40	33	33	89
	Postgraduate	14	11	11	100
	Total	122	100	100	

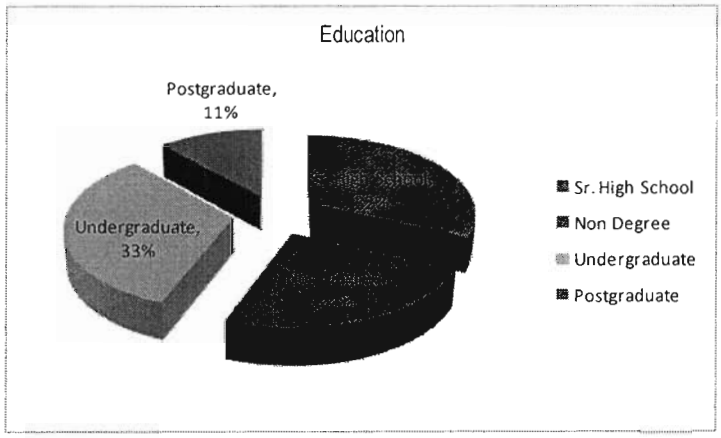

Figure 4.4
Frequency of the members by education

Table 4.5 and figure 4.4 displayed the information about the education of respondents. It shows that the majority of respondents had undergraduate degree and senior high school diplomas, i.e. 33%, and 32% respectively, while 24% were non-degree graduates and 11% had postgraduate degrees. In terms of frequency, 29 were non-graduates, 39 had senior high school diplomas, and 40 had undergraduate degrees while 14 had postgraduate degrees.

Table 4.6
Classification of the members by tenure

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	≤ 3 Yrs	18	15	15	15
	3-6 Yrs	14	11	11	26
	7-10	23	19	19	45
	>10 Yrs	67	55	55	100
	Total	122	100	100	

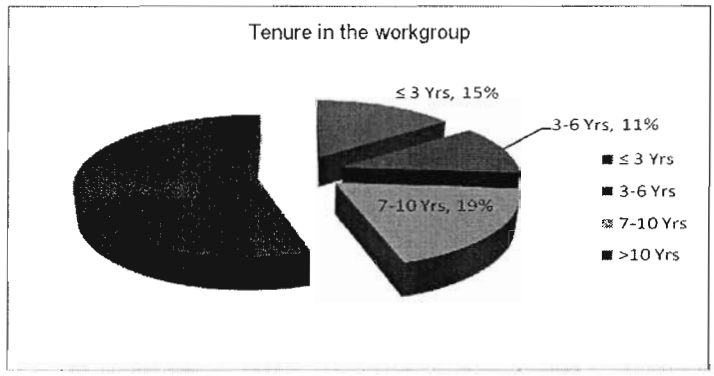

Figure 4.5
Frequency of the member by tenure

Table 4.6 and figure 4.5 displayed information about the tenure of the members in the team. It was found that most team members in the study had been working for more than 10 years. The breakdown shows that 55% respondents had been working on the team for more than 10 years; 19% had worked between 7-10 years; 11%, had been working on the team between 3-6 years; 15%, had been working on the team for less than 3 years. In terms of frequency, 18 respondents had worked less than 3 years; 14 had worked between 3 – 6 years; 23 had worked between 7 – 10 years while 67 respondents (majority) had more than 10 years working experience.

4.2.2 Supervisor as Respondent

Table 4.7
Statistic of the demographic of the supervisors

		Gender	Marital Status	Age	Education	Tenure in the Team
N	**Valid**	80	80	80	80	80
	Missing	0	0	0	0	0

Table 4.7 presented the statistics of the demographic of the supervisor respondent consist of the gender, marital status, age, education, and tenure in the team. The table shows that there is no missing value in the study.

Table 4.8
Classification of the supervisors by gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	76	98	98	98
	Female	4	2	2	100
	Total	80	100	100	

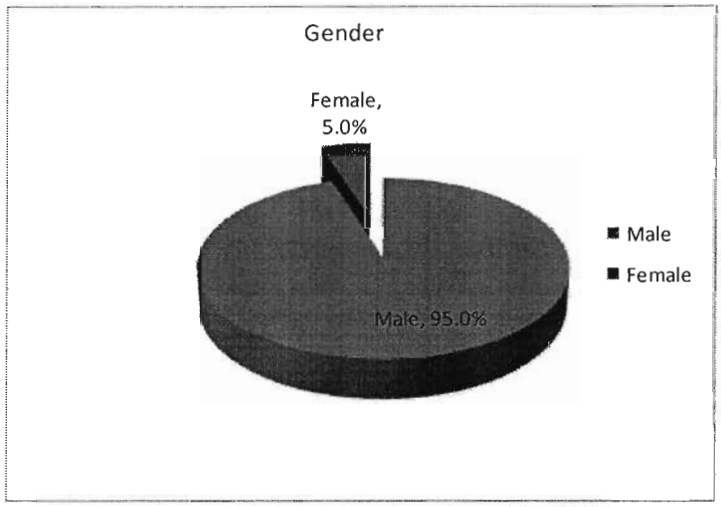

Figure 4.6
Frequency of the supervisors by gender

Table 4.8 and figure 4.6 displays the frequencies of the supervisors by gender. They show that male's respondents were the majority with 95 percent while only 5 percent were females. In frequency, there were 76 males and 5 females.

Table 4.9
Classification of the supervisors by marital status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	80	100	100	100
	Single	0	0	0	100
	Total	80	100	100	

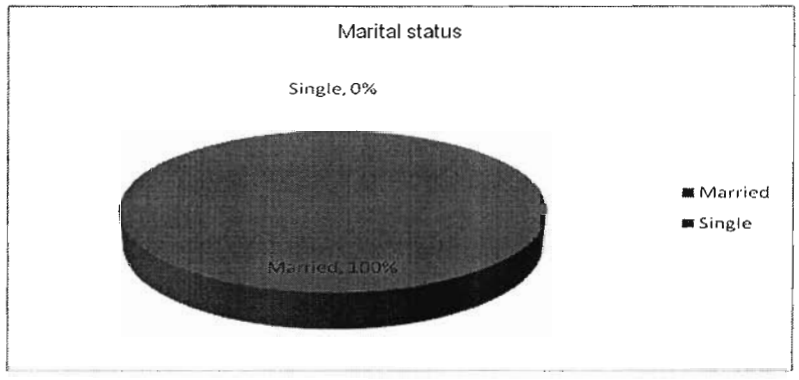

Figure 4.7
Frequency of the supervisors by marital status

Table 4.9 and figure 4.7 indicated that all respondents were married. There were no supervisors among the respondents who were still single.

Table 4.10
Classification of the supervisors by age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	≤20 Year	0	0.0	0.0	0.0
	21-30	0	0.0	0.0	0.0
	31-40	18	22.5	22.5	22.5
	41-50	40	50.0	50.0	72.5
	> 50	22	27.5	27.5	100
	Total	80	100.0	100.0	

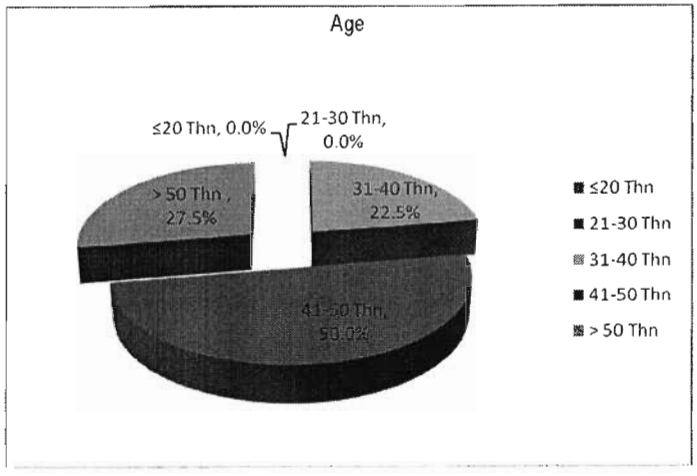

Figure 4.8
Frequency of the supervisors by age

Table 4.10 and the figure 4.8 indicated that there were no supevisor among the respondents aged below 31 years old. 50% of the respondents were between 41 – 50 years old; 27.5% were more than 50 years old and 22.5% were between 31 – 40 years old.

Table 4.11
Classification of the supervisors by education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sr. High	17	21	21	21
	Non-degree	8	10	10	31
	Undergraduate	42	53	53	84
	Postgraduate	13	16	16	100
	Total	80	100	100	

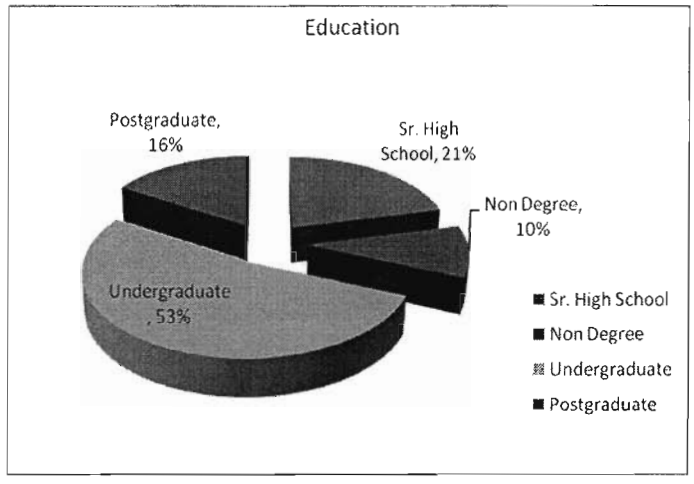

Figure 4.9
Frequency of the supervisors by education

Table 4.11 and figure 4.9 show information about the education of the respondents. It was found that 53% respondents had undergraduate degrees; 21% had senior high school diplomasl 16 had postgraduate degrees while 10% were non-graduates. In terms of frequency, 8 of the respondents were non-graduates; 13 had postgraduate degrees; 17 had senior high school diplomas while 42 respondents had undergraduate degrees.

Table 4.12
Classification of the supervisors by tenure in the team

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	≤ 3 Yrs	10	12.5	12.5	12.5
	3-6 Yrs	14	17.5	17.5	30.0
	7-10	15	18.8	18.8	48.8
	>10 Yrs	41	51.3	51.3	100
	Total	80	100	100	

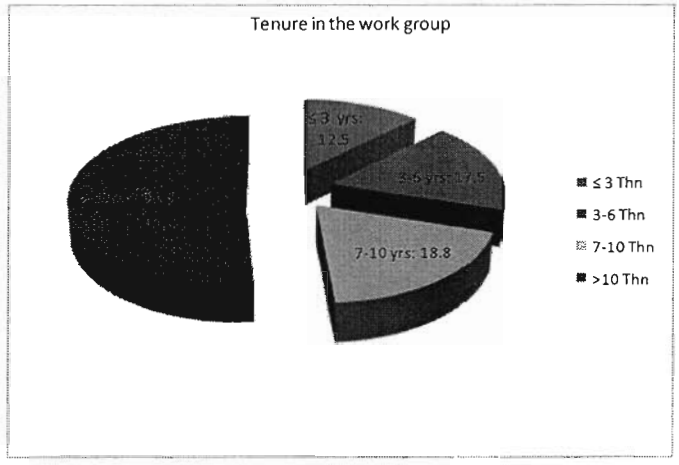

Figure 4.10
Frequency of the supervisors by tenure in team

Table 4.12 and figure 4.10 show the information about the tenureship of the supervisors in the team. It was found that 51.3 % had more than 10 years experience; 18.8% had between 7 – 10 years experience; 17.5% had between 3 – 6 years experience while 12.5% had less than 3 years experience. In terms of frequency, 41 respondents had more than 10 years experience; 15 had between 7 – 10 years; 14 had between 3 – 6 years while 10 had less than 3 years experience.

4.3 Data Analisis

All raw data collected were checked to ensure the completeness of the input data prior further use for the purpose of this study. Any single of incomplete data or damaged are not included in the statistical analysis. Tables 4.13; 4.14 and 4.15 show that there is no missing value from the data collected.

Table 4.13
Transformational and Transactional Leadership Analisys

		TF-IA	*TF-IB*	*TF-IM*	*TF-IS*	*TF-IC5*	*TS-CR*
N	Valid	122	122	122	122	122	122
	Missing	0	0	0	0	0	0

Table 4.14
Team Climate

		VISN	*SAFE*	*INOV*	*TASK*	*INTA*
N	Valid	122	122	122	122	122
	Missing	0	0	0	0	0

Table 4.15
Employee Performance

		PMC
N	Valid	80
	Missing	0

4.3.1 Test of Normality

Goodness-of-t tests play an important role in statistical applications, especially in the case of testing univariate normality, D'Agostinho and Stephens (1986, in Thadewald & Buning, 2004). In addition, an assessment of the normality of data is a requirement for many statistical tests as normal data is a fundamental assumption in parametric testing. Thadewald and Buning (2004) mentioned that there were some well known types of normality test, such as test of Jarque and Bera (1980) and furthermore the tests of Kuiper (1960) and Shapiro and Wilk (1965) as well as tests of Kolmogorov-Smirnov and Cramervon Mises type.

There are two primary approaches of assessing normality - graphically and numerically. Tabachnich and Fidell (1996, p.71) suggest that normality of variables

can be assessed by either statistical or graphical methods. Arman Hadi (2012) supports this contention. For the purpose of this study, the researcher examines the statistical tests refer to Kolmogorov-Smirnov test and Shapiro-Wilks for components of the variables that involved are Transformational leadership (TF-IA = Idealized Attributes, TF-IB = Idealized Behaviors, TF-IM = Inspirational Motivation, TF-IS = Intellectual Stimulation, TF-IC = Individualized Consideration), Transactional leadership (Contingent Reward = TS-CR), Team climate (VISN = Vision, SAFE = Participation Safety, INOV = Support for Innovation, TASK = Task Orientation, INTA = Interaction Frequency), and the outcomes (PMCE = Employee Performance) as exhibited in Table 4.16, and 4.17.

Table 4.16
Normality Results of Independent Variable

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
TF-IA	.051	122	.200*	.996	122	.988
TF-IB	.061	122	.200*	.985	122	.177
TF-IM	.065	122	.200*	.986	122	.227
TF-IS	.061	122	.200*	.991	122	.593
TF-IC	.044	122	.200*	.991	122	.607
TS-CR	.061	122	.200*	.990	122	.503
VISN	.046	122	.200*	.988	122	.382
SAFE	.048	122	.200*	.991	122	.571
INOV	.042	122	.200*	.994	122	.883
TASK	.050	122	.200*	.993	122	.813
INTA	.064	122	.200*	.983	122	.141

a. Lilliefors Significance Correction

*. This is a lower bound of the true significance.

Table 4.17
Normality Results of Dependent Variable

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
PMCE	.081	80	.200*	.973	80	.085

a. Lilliefors Significance Correction

*. This is a lower bound of the true significance.

The normality results as shown in table 4.16 and table 4.17 were tested by using SPSS version 19. The Kolmogorov-Smirnov (K-S) Test which refer to the statistics as indicated in the tables shown that all the values are significant based on the test, since the P-value is more than 0.05 ($p > 0.05$) for each component. In this scenario is seemed that Transformational leadership (TF-IA = Idealized Attributes, TF-IB = Idealized Behaviors, TF-IM = Inspirational Motivation, TF-IS = Intellectual Stimulation, TF-IC = Individualized Consideration), Transactional leadership (Contingent Reward = TS-CR), Team climate (VISN = Vision, SAFE = Participation Safety, INOV = Support for Innovation, TASK = Task Orientation, INTA = Interaction Frequency), and the outcomes (PMCE = Employee Performance) was normally distributed and accepted.

4.3.2 Test of Linearity

The importance of testing for linearity lies in the fact that many statistical methods require an assumption of linearity of data. Osborne, Jason and Waters (2002) added that standard multiple regression can only accurately estimate the relationship between dependent and independent variables if the relationships are linear in nature.

If the relationship between independent variables (IV) and the dependent variable (DV) is not linear, the results of the regression analysis will under-estimate the true relationship. Hence, this section will discuss the linearity condition for both the independent and dependent variables.

The linearity of independent (IV) and dependent (DV) variables were tested by using the scatter plot testing methods, and examining the significance of the regression line and the coefficient of linearity where *HI: Model linear regression; HO: Model not linear regression, and level significant (a=0.05)*. The reseacher use SPSS's functions to arrive at a test of linearity.

As shown in Appendix D, both variables produced linearity relationships in its graphical outputs whereby the bivariate scatter plots overlaid with a trend line. In addition, Table 4.18, 4.19, 4.20, 4.21, 4.22, 4.23, 4.24, 4.25, 4.26, 4.27, 4.28, and 4.29 demonstrated that result all sig. >a(0.05) or HI: accepted (linear relationship does exist between xi and y).

Table 4.18
*ANOVA TCAll * TF-IA*

		Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)	56846,640	82	693,252	1,711	,033
	Linearity	11994,087	1	11994,087	29,598	,000
	Deviation from Linearity	44852,553	81	553,735	1,366	,142
Within Groups		15803,958	39	405,230		
Total		72650,598	121			

Table 4.19
*ANOVA TCAll * TF-IB*

		Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)	37634,411	63	597,372	,989	,518
	Linearity	10613,135	1	10613,135	17,579	,000
	Deviation from Linearity	27021,276	62	435,827	,722	,896
Within Groups		35016,187	58	603,727		
Total		72650,598	121			

Table 4.20
*ANOVA TCAll * TF-IM*

		Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)	42257,389	47	899,093	2,189	,001
	Linearity	18222,802	1	18222,802	44,368	,000
	Deviation from Linearity	24034,587	46	522,491	1,272	,176
Within Groups		30393,209	74	410,719		
Total		72650,598	121			

Table 4.21
*ANOVA TCAll * TF-IS*

		Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)	48001,572	64	750,025	1,734	,018
	Linearity	19119,332	1	19119,332	44,213	,000
	Deviation from Linearity	28882,240	63	458,448	1,060	,413
Within Groups		24649,026	57	432,439		
Total		72650,598	121			

Table 4.22
*ANOVA TCAll * TF-IC*

		Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)	51532,681	77	669,256	1,394	,116
	Linearity	18256,161	1	18256,161	38,037	,000
	Deviation from Linearity	33276,520	76	437,849	,912	,643
Within Groups		21117,917	44	479,953		
Total		72650,598	121			

Table 4.23
*ANOVA TCAll * TS-CR*

		Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)	54770,354	66	829,854	2,553	,000
	Linearity	28014,273	1	28014,273	86,172	,000
	Deviation from Linearity	26756,081	65	411,632	1,266	,185
Within Groups		17880,244	55	325,095		
Total		72650,598	121			

Table 4.24
*ANOVA PMCE * TF-IA*

		Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)	1311,267	56	23,415	1,484	,150
	Linearity	417,716	1	417,716	26,474	,000
	Deviation from Linearity	893,550	55	16,246	1,030	,486
Within Groups		362,902	23	15,778		
Total		1674,169	79			

Table 4.25
*ANOVA PMCE * TF-IB*

		Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)	991,618	46	21,557	1,042	,456
	Linearity	196,799	1	196,799	9,515	,004
	Deviation from Linearity	794,818	45	17,663	,854	,692
Within Groups		682,551	33	20,683		
Total		1674,169	79			

Table 4.26
*ANOVA PMCE * TF-IM*

		Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)	857,080	35	24,488	1,319	,191
	Linearity	164,718	1	164,718	8,870	,005
	Deviation from Linearity	692,361	34	20,364	1,097	,383
Within Groups		817,090	44	18,570		
Total		1674,169	79			

Table 4.27
*ANOVA PMCE * TF-IS*

		Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)	1101,926	53	20,791	,945	,582
	Linearity	245,432	1	245,432	11,151	,003
	Deviation from Linearity	856,494	52	16,471	,748	,815
Within Groups		572,243	26	22,009		
Total		1674,169	79			

Table 4.28
*ANOVA PMCE * TF-IC*

		Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)	1111,975	52	21,384	1,027	,483
	Linearity	253,656	1	253,656	12,182	,002
	Deviation from Linearity	858,320	51	16,830	,808	,748
Within Groups		562,194	27	20,822		
Total		1674,169	79			

Table 4.29
*ANOVA PMCE * TS-CR*

		Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)	1242,359	50	24,847	1,669	,071
	Linearity	212,259	1	212,259	14,255	,001
	Deviation from Linearity	1030,100	49	21,022	1,412	,161
Within Groups		431,810	29	14,890		
Total		1674,169	79			

4.3.3 Test of Multicollinearity

Multicollinearity test aims to test whether the regression model found a correlation between the independent variables. If the independent variables are correlated, then these variables are not orthogonal. Orthogonal variables are variables which values the correlation between the members of the independent variable is equal to zero. Ghozali (2001) gives the steps to detect the presence or absence of multicollinearity in the regression model is the following:

1. Value of R_2 produced by an empirical regression model estimation is very high, but individually many independent variables that do not significantly affect the dependent variable.
2. Analyzing the correlation matrix of independent variables. If there is a correlation between the independent variables which quite high (generally above 0.90), then this is an indication of

multicollinearity. The lack of a high correlation between the independent variables does not mean free from multicollinearity. Multicollinearity may be due to the combined effect of two or more independent variables.

3. Multicollinearity can also be seen from the value of tolerance and variance inflation factor (VIF). Both of these measurements indicate each independent variable which is explained by the other independent variables. In simple terms, each of the independent variables to the dependent variable and regressed on the other independent variables. Tolerance measures the variability of which selected independent variables that can not be explained by other independent variables. So a low tolerance value equal to the value of high VIF values (as VIF = 1/Tolerance) and showed a high collinearity. Commonly used cutoff value was 0.10 or tolerance value equal to the value of VIF above 10.

Tables 4.30 to 4.41 show that the correlation between the independent variables concerned was present.

Table 4.30
TF & TS Leadership - VISN

Model			TS-CR	TF-IS	TF-IB	TF-IA	TF-IM	TF-IC
1	Correlations	TS-CR	1.000	-.042	-.207	-.055	-.282	-.444
		TF-IS	-.042	1.000	.022	-.052	-.271	-.289
		TF-IB	-.207	.022	1.000	-.269	-.196	.053
		TF-IA	-.055	-.052	-.269	1.000	-.213	-.310
		TF-IM	-.282	-.271	-.196	-.213	1.000	.048
		TF-IC	-.444	-.289	.053	-.310	.048	1.000
	Covariances	TS-CR	.089	-.003	-.015	-.005	-.022	-.041
		TF-IS	-.003	.075	.002	-.005	-.019	-.024
		TF-IB	-.015	.002	.062	-.022	-.013	.004
		TF-IA	-.005	-.005	-.022	.103	-.018	-.031
		TF-IM	-.022	-.019	-.013	-.018	.067	.004
		TF-IC	-.041	-.024	.004	-.031	.004	.096

a. Dependent Variable: VISN

Table 4.31

TF & TS Leadership - VISN

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	11,631	3.592		3.238	.002		
	TF-IA	,292	.321	.097	.907	.366	.503	1.989
	TF-IB	,111	.250	.043	.446	.656	.638	1.567
	TF-IM	,294	.258	.122	1.139	.257	.507	1.974
	TF-IS	,620	.274	.220	2.265	.025	.613	1.633
	TF-IC	-,355	.309	-.133	-1.146	.254	.429	2.328
	TS-CR	,875	.298	.345	2.940	.004	.420	2.382

a. Dependent Variable: VISN

Table 4.32

TF & TS Leadership - SAFE

Model			TS-CR	TF-IS	TF-IB	TF-IA	TF-IM	TF-IC
1	Correlations	TS-CR	1.000	-.042	-.207	-.055	-.282	-.444
		TF-IS	-.042	1.000	.022	-.052	-.271	-.289
		TF-IB	-.207	.022	1.000	-.269	-.196	.053
		TF-IA	-.055	-.052	-.269	1.000	-.213	-.310
		TF-IM	-.282	-.271	-.196	-.213	1.000	.048
		TF-IC	-.444	-.289	.053	-.310	.048	1.000
	Covariances	TS-CR	.047	-.002	-.008	-.003	-.011	-.022
		TF-IS	-.002	.040	.001	-.002	-.010	-.013
		TF-IB	-.008	.001	.033	-.011	-.007	.002
		TF-IA	-.003	-.002	-.011	.055	-.009	-.016
		TF-IM	-.011	-.010	-.007	-.009	.035	.002
		TF-IC	-.022	-.013	.002	-.016	.002	.051

a. Dependent Variable: SAFE

Table 4.33

TF & TS Leadership - SAFE

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.099	2.610		2.720	.008		
	TF-IA	-.112	.233	-.050	-.479	.633	.503	1.989
	TF-IB	.061	.181	.031	.335	.738	.638	1.567
	TF-IM	.077	.188	.042	.408	.684	.507	1.974
	TF-IS	.510	.199	.240	2.563	.012	.613	1.633
	TF-IC	.172	.225	.086	.766	.445	.429	2.328
	TS-CR	.727	.216	.380	3.360	.001	.420	2.382

a. Dependent Variable: SAFE

Table 4.34

TF & TS Leadership - INOV

Model			TS-CR	TF-IS	TF-IB	TF-IA	TF-IM	TF-IC
1	Correlations	TS-CR	1.000	-.042	-.207	-.055	-.282	-.444
		TF-IS	-.042	1.000	.022	-.052	-.271	-.289
		TF-IB	-.207	.022	1.000	-.269	-.196	.053
		TF-IA	-.055	-.052	-.269	1.000	-.213	-.310
		TF-IM	-.282	-.271	-.196	-.213	1.000	.048
		TF-IC	-.444	-.289	.053	-.310	.048	1.000
	Covariances	TS-CR	.042	-.002	-.007	-.003	-.010	-.020
		TF-IS	-.002	.036	.001	-.002	-.009	-.012
		TF-IB	-.007	.001	.030	-.010	-.006	.002
		TF-IA	-.003	-.002	-.010	.049	-.008	-.015
		TF-IM	-.010	-.009	-.006	-.008	.032	.002
		TF-IC	-.020	-.012	.002	-.015	.002	.046

a. Dependent Variable: INOV

Table 4.35

TF & TS Leadership - INOV

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.451	2.486		1.388	.168		
	TF-IA	-.049	.222	-.022	-.221	.825	.503	1.989
	TF-IB	-.009	.173	-.004	-.049	.961	.638	1.567
	TF-IM	.232	.179	.126	1.295	.198	.507	1.974
	TF-IS	.394	.190	.184	2.077	.040	.613	1.633
	TF-IC	.169	.214	.084	.790	.431	.429	2.328
	TS-CR	.803	.206	.417	3.897	.000	.420	2.382

a. Dependent Variable: INOV

Table 4.36

TF & TS Leadership - TASK

Model			TS-CR	TF-IS	TF-IB	TF-IA	TF-IM	TF-IC
1	Correlations	TS-CR	1.000	-.042	-.207	-.055	-.282	-.444
		TF-IS	-.042	1.000	.022	-.052	-.271	-.289
		TF-IB	-.207	.022	1.000	-.269	-.196	.053
		TF-IA	-.055	-.052	-.269	1.000	-.213	-.310
		TF-IM	-.282	-.271	-.196	-.213	1.000	.048
		TF-IC	-.444	-.289	.053	-.310	.048	1.000
	Covariances	TS-CR	.042	-.002	-.007	-.003	-.010	-.019
		TF-IS	-.002	.036	.001	-.002	-.009	-.012
		TF-IB	-.007	.001	.030	-.010	-.006	.002
		TF-IA	-.003	-.002	-.010	.049	-.008	-.015
		TF-IM	-.010	-.009	-.006	-.008	.032	.002
		TF-IC	-.019	-.012	.002	-.015	.002	.046

a. Dependent Variable: TASK

Table 4.37
TF & TS Leadership - TASK

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.195	2.477		2.905	.004		
	TF-IA	-.239	.222	-.116	-1.078	.283	.503	1.989
	TF-IB	.250	.172	.138	1.451	.150	.638	1.567
	TF-IM	.098	.178	.059	.552	.582	.507	1.974
	TF-IS	.333	.189	.172	1.762	.081	.613	1.633
	TF-IC	.295	.213	.161	1.381	.170	.429	2.328
	TS-CR	.500	.205	.286	2.434	.016	.420	2.382

a. Dependent Variable: TASK

Table 4.38
TF & TS Leadership - INTA

Model			TS-CR	TF-IS	TF-IB	TF-IA	TF-IM	TF-IC
1	Correlations	TS-CR	1.000	-.042	-.207	-.055	-.282	-.444
		TF-IS	-.042	1.000	.022	-.052	-.271	-.289
		TF-IB	-.207	.022	1.000	-.269	-.196	.053
		TF-IA	-.055	-.052	-.269	1.000	-.213	-.310
		TF-IM	-.282	-.271	-.196	-.213	1.000	.048
		TF-IC	-.444	-.289	.053	-.310	.048	1.000
	Covariances	TS-CR	.016	-.001	-.003	-.001	-.004	-.007
		TF-IS	-.001	.013	.000	-.001	-.003	-.004
		TF-IB	-.003	.000	.011	-.004	-.002	.001
		TF-IA	-.001	-.001	-.004	.018	-.003	-.005
		TF-IM	-.004	-.003	-.002	-.003	.012	.001
		TF-IC	-.007	-.004	.001	-.005	.001	.017

a. Dependent Variable: INTA

Table 4.39
TF & TS Leadership - INTA

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.962	1.514		3.277	.001		
	TF-IA	-.293	.135	-.239	-2.160	.033	.503	1.989
	TF-IB	.038	.105	.036	.363	.718	.638	1.567
	TF-IM	.126	.109	.127	1.155	.251	.507	1.974
	TF-IS	.241	.115	.210	2.092	.039	.613	1.633
	TF-IC	.125	.130	.115	.958	.340	.429	2.328
	TS-CR	.341	.125	.329	2.717	.008	.420	2.382

a. Dependent Variable: INTA

Table 4.40
TF & TS Leadership - PMCE

Model			TS-CR	TF-IB	TF-IS	TF-IM	TF-IA	TF-IC
1	Correlations	TS-CR	1.000	-.156	-.062	-.305	-.068	-.451
		TF-IB	-.156	1.000	.104	-.193	-.338	-.001
		TF-IS	-.062	.104	1.000	-.213	-.180	-.287
		TF-IM	-.305	-.193	-.213	1.000	-.236	.057
		TF-IA	-.068	-.338	-.180	-.236	1.000	-.221
		TF-IC	-.451	-.001	-.287	.057	-.221	1.000
	Covariances	TS-CR	.055	-.007	-.003	-.015	-.004	-.024
		TF-IB	-.007	.035	.004	-.008	-.017	-0.04
		TF-IS	-.003	.004	.042	-.009	-.010	-.014
		TF-IM	-.015	-.008	-.009	.044	-.013	.003
		TF-IA	-.004	-.017	-.010	-.013	.073	-.014
		TF-IC	-.024	-0.04	-.014	.003	-.014	.054

a. Dependent Variable: PMCE

Table 4.41
TF & TS Leadership - PMCE

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	17.717	2.588		6.845	.000		
	TF-IA	.650	.269	.365	2.413	.018	.432	2.314
	TF-IB	.122	.186	.085	.656	.514	.591	1.691
	TF-IM	-.122	.211	-.083	-.578	.565	.474	2.108
	TF-IS	.235	.205	.151	1.148	.255	.568	1.759
	TF-IC	.124	.231	.081	.534	.595	.425	2.354
	TS-CR	.017	.234	.012	.073	.942	.393	2.547

a. Dependent Variable: PMCE

4.3.4 Test of Heteroscedasticity

Heteroscedasticity test is required as a condition to perform regression analysis. Good data is data that does not have the heteroscedasticity, or the data should have homoscedasticity. This test can be performed using scaterplot by analyzing if the dots are perfectly spread above and below zero, it can be said that there is heteroscedasticity. But when the result forms a particular pattern, it can be said the condition did not occur heteroscedasticity.

Figures 4.11 to 4.13 show that there were heterescedasticity in the dependent variables which were analyzed.

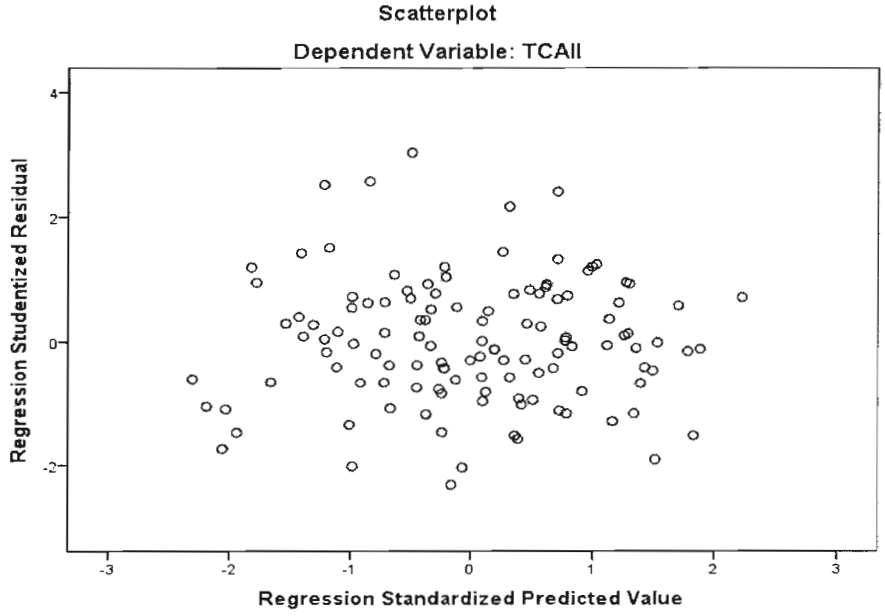

Figure 4.11
Output model Transformational & Transactional Leadership→Team Climate

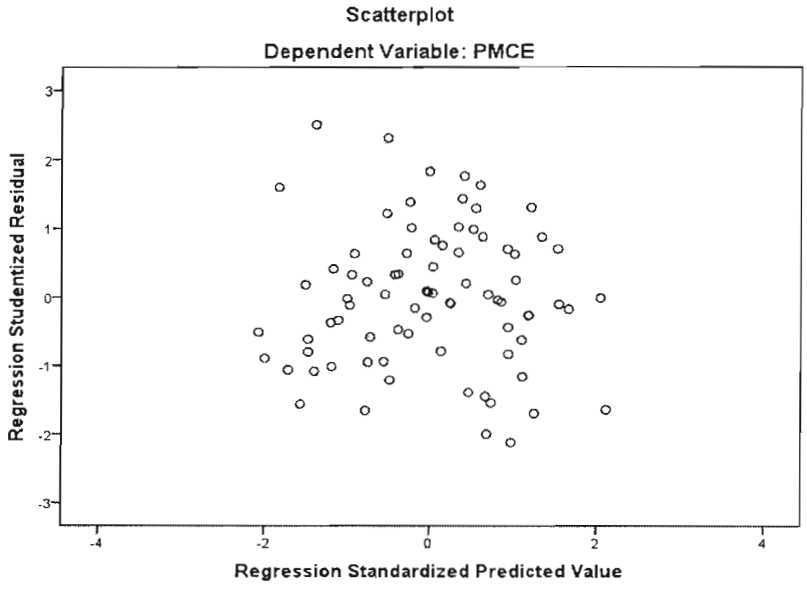

Figure 4.12
Output model Transformational & Transactional Leadership→Employee Performance

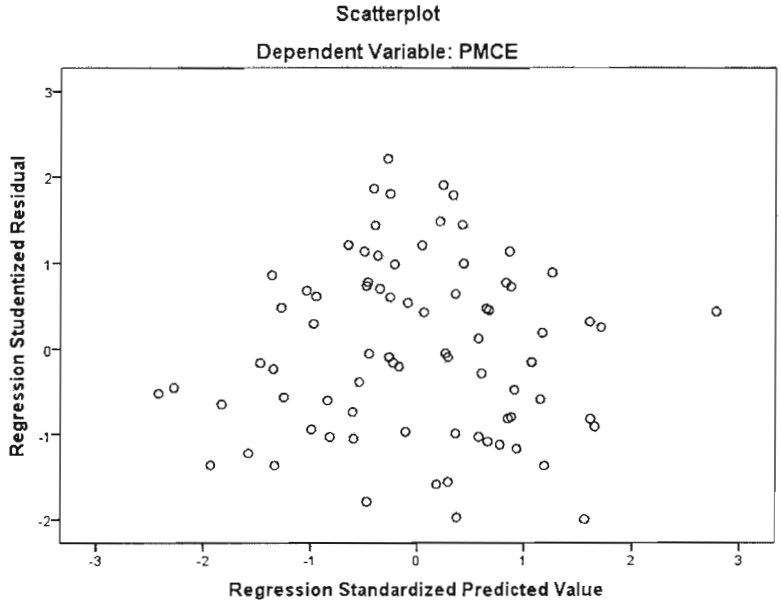

Figure 4.13
Output model Team Climate→Employee Performance

4.3.5 Test of Reliability of Data

The common use of Cronbach Alpha's *(α)* examination process for reliability of data was used in the research instrument. In order to evaluate internal consistency (reliability) of the selected measures, then the coefficient Cronbach's Alpha (Cronbach, 1951) is measured (Nunnally, 1978, Cronbach, 1951, Allen & Yen, 2002, Anderson, Gerbing & Hunter, 1987).

Therefore, the twenty statements in Section B (Tranformational Leadership Styles), four statements in Section C (Transactional-contingent reward Leadership Styles), Thirty eight statements in Section D (Team Climate), and Nine statements in Section E (Employee Performance of the research study are run for reliability test.

The results for each section indicate that a measure is considered reliable with an alpha value of 0.60 or above as suggested by Nunnally (1978) and Field (2005). The scales for Section B, C, D and E are shown in Tables 4.42, 4.43, 4.44 and 4.45.

Table 4.42
Reliability Results for Transformational Leadership

Section	***Variables***	***Main Test (α) N=122***	***No. of Items***
B	*MLQ 5X: - Idealised Influence (Attribute) -Idealised Influence (Behaviour) -Inspirational Motivation -Intellectual Stimulation -Individual Consideration	 0.608 0.791 0.875 0.709 0.758	 4 4 4 4 4
Total			20

*MLQ 5X – Multifactor Leadership Questionnaires
Source: Bass and Avolio (1997)

Table 4.43
Reliability Results for Transactional- Contingent Reward Leadership

Section	***Variables***	***Main Test (α) N=122***	***No. of Items***
C	*MLQ 5X: Transactional - contingent reward Leadership	0.822	4
Total			4

*MLQ 5X – Multifactor Leadership Questionnaires
Source: Bass and Avolio (1997)

Table 4.44
Reliability Results for Team Climate

Section	***Variables***	***Main Test (α) N=122***	***No. of Items***
D	*TCI: -Vision -Participation safety -Support for innovation -Task orientation -Interaction frequency	 0.933 0.911 0.916 0.908 0.877	 11 **8** **8** **7** 4
Total			38

*TCI – Team Climate Index
Source: Anderson and West (1994)

Table 4.45
Reliability Results for Employee Performance

Section	*Variables*	*Main Test (α) N=80*	*No. of Items*
E	*MSS: Employee Performance	0.800	9
Total			9

*MSS – Minnesota Satisfactoriness Survey
Source: Gibson *et al* (1977)

Tables 4.42, 4.43, 4.44, and 4.45 determined the value of the Cronbach's Alpha (α) for independent (Transformational and Transactional-contingent reward Leadership Style) and dependent variables (Employee Performance) as well as the mediator (Team Climate) which considered as well accepted since r is more than 0.60 ($r >$ 0.60) for each of the items of the main tests as been indicated. Base on the above, the instruments were concluded as reliable and usable for this research study.

The degree of reliability for the selected measurement indicates the level of stability and consistency. The instrument helps to measure the concept and to justify the "goodness" of the selected measurement instrument (Sekaran, 2005).

4.3.6 Test of Validity of Data

Validity establish whether the research really measures that which it was intended to measure or how truthful the research results are. In other words, does the research instrument allow us to hit "the bull's eye" of our research project? Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others (Joppe , 2000, p.1 in Golafshani, 2003). Validity makes a concept measurable (Sekaran, 2000; Sekaran and Bougie, 2010) and it refers

to a process of producing the desired results, the act of deriving logical conclusions from premises known or inferences also in a proposal in deriving into conclusions. In a more formal manner, it was defined as the "best available approximation to the truth or falsity of a given inference, proposition or conclusion" (Cook & Campbell, 1979 in Manel & Salah, 2011).

It is often being assessed along with reliability analysis. Therefore, Kaiser-Meyer-Olkin (KMO) test was calculated in order to determine the validity level of the measurements employed. The breakdowns for each of the KMO test values are shown in Tables 4.46, 4.47, 4.48, and 4.49 on the next section.

Table 4.46
Validity Results for Transformational Leadership

Section	***Variables***	***Main Test (KMO) N=122***	***No. of Items***
B1	*MLQ 5X: -Idealised Influence (Attitude)	0.625	4
	-Idealised Influence (Behaviour)	0.766	4
	-Inspirational Motivation	0.829	4
	-Intellectual Stimulation	0.630	4
	-Individual Consideration	0.703	4
Total			**20**

*MLQ 5X – Multifactor Leadership Questionnaires
Source: Bass and Avolio (1997)

Table 4.47
Validity Results for Transactional- Contingent Reward Leadership

Section	***Variables***	***Main Test (KMO) N=122***	***No. of Items***
B2	*MLQ 5X: -Transactional - contingent reward Leadership	0.798	4
Total			**4**

*MLQ 5X – Multifactor Leadership Questionnaires
Source: Bass and Avolio (1997)

Table 4.48
Validity Results for Team Climate

Section	*Variables*	*Main Test (KMO) N=122*	*No. of Items*
C	*TCI: -Vision		
	-Participation safety	0.899	11
	-Support for innovation	0.895	8
	-Task orientation	0.903	8
	-Interaction frequency	0.907	7
		0.785	4
Total			**38**

*TCI – Team Climate Index
Source: Anderson and West (1994)

Table 4.49
Validity Results for Employee Performance

Section	*Variables*	*Main Test (KMO) N=80*	*No. of Items*
D	*MSS: Employee Performance		
		0.815	9
Total			**9**

*MSS – Minnesota Satisfactoriness Survey
Source: Gibson *et al* (1977)

After the analyses were made, Tables 4.46, 4.47, 4.48, and 4.49 above confirmed that the results of the main tests (N=122, and N=80) conducted from the applied instruments have satisfied the requirement of Kaiser-Meyer-Olkin (KMO) test. Validity is claimed when the value of variables are greater than 0.05 ($p > 0.05$) (Arman Hadi, 2012; Field, 2005). The information as shown in the tables above has proven that the questionnaires are valid and accepted.

4.3.7 Descriptive Statistics on Transformational Leadership Styles

The five components of transformational leadership styles such as idealised influence (attribute) idealised influence (behaviour), inspirational motivation, individual consideration and intellectual stimulation will be further discussedin this section.

4.3.7.1 Section B (Idealized Influence - Attributes)

The questionnaire measured transformational leadership styles of organisation leaders as perceived by employees of the corporate.

Tables 4.50, 4.51, 4.52 and 4.53 reflect on the respondents' perception for the "Idealised Influence Attribute" components.

Table 4.50
Responses to the Statement "Talk about their most important values and beliefs"

Measurement	Frequency (N)	Percent (%)
Not at all	1	0.8
Once in a while	22	18.0
Sometimes	42	34.4
Fairly often	46	37.7
Frequently if not always	11	9.0
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.50 above, it can be seen that 37.7% of the respondents perceive that their leaders often talk about their most important values and beliefs at the workplace. On the other hand, 0.8% of them were not att all.

Table 4.51
Responses to the Statement "Specifies importance of having a strong sense of purpose"

Measurement	Frequency (N)	Percent (%)
Not at all	0	0.0
Once in a while	9	7.4
Sometimes	38	31.1
Fairly often	53	43.4
Frequently if not always	22	18.0
Total	122	100

Source: Data collected and analysed

In responding the behavior that the leader specifies importance of having a strong sense of purpose, in Table 4.51, shown that 43.4% of respondent percieve that the leader behavior were fairly often. In other hand, there was no response to not at all to the satatement.

Table 4.52
Responses to the Statement "Considers the moral and ethical consequences of decisions"

Measurement	Frequency (N)	Percent (%)
Not at all	1	0.8
Once in a while	12	9.8
Sometimes	43	35.2
Fairly often	47	38.5
Frequently if not always	19	15.6
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.52 above, it can be seen that 38.5% of the respondents perceive that their leaders often consider the moral and ethical consequences of decisions. On the other hand, 0.8% of them were not att all.

Table 4.53
Responses to the Statement "Emphasizes the importance of having a collective sense of mission"

Measurement	Frequency (N)	Percent (%)
Not at all	1	0.8
Once in a while	14	11.5
Sometimes	35	28.7
Fairly often	47	38.5
Frequently if not always	25	20.5
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.53 above, it can be seen that 38.5% of the respondents perceive that their leaders emphasizes the importance of having a collective sense of mission at workplace. On the other hand, 0.8% of them were not at all.

4.3.7.2 Section B (Idealized Influence - Behaviors)

The questionnaire measured transformational leadership styles of organisation leaders as perceived by employees of the corporate.

Tables 4.54, 4.55, 4.56 and 4.57 reflect on the respondents' perception for Idealized Influence Bahaviors components.

Table 4.54
Responses to the Statement "Instill pride in me for being associated with him/her"

Measurement	Frequency (N)	Percent (%)
Not at all	20	16.4
Once in a while	24	19.7
Sometimes	40	32.8
Fairly often	31	25.4
Frequently if not always	7	5.7
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.54 as shown above, it can be seen that 25.4% of the respondents perceive that their leaders/ superiors are often proud of them at the workplace. On the other hand, 16.4% are not at all on the statement provided.

Table 4.55
Responses to the Statement "Goes beyond self-interest for the good of the group"

Measurement	Frequency (N)	Percent (%)
Not at all	5	4.1
Once in a while	15	12.3
Sometimes	24	19.7
Fairly often	52	42.6
Frequently if not always	26	21.3
Total	122	100

Source: Data collected and analysed

Based on the Table 4.55 above, it can be seen that 42.6% of the respondents perceive that their leaders/ superiors go beyond self-interest for the good of the group at the workplace. On the other hand, 4.1% were not at all.

Table 4.56
Responses to the Statement "Acts in ways that build my respect"

Measurement	Frequency (N)	Percent (%)
Not at all	5	4.1
Once in a while	26	21.3
Sometimes	31	25.4
Fairly often	44	36.1
Frequently if not always	16	13.1
Total	122	100

Source: Data collected and analysed

In Table 4.56, indicated that 36.1% of respondents response for fairly often to statement that the leader acts in ways that build their respect", while only 4.1% were not at all.

Table 4.57
Responses to the Statement "Displays a sense of power and confidence"

Measurement	Frequency (N)	Percent (%)
Not at all	9	7.4
Once in a while	33	27.0
Sometimes	36	29.5
Fairly often	34	27.9
Frequently if not always	10	8.2
Total	122	100

Source: Data collected and analysed

Comparing the finding in table 4.57 indicated that 27.9% of respondent percieved that leader displays a sense of power and confidence at workplace. On other hand only 7.4 % were not at all.

4.3.7.3 Section B (Inspirational Motivation)

The questionnaire measured transformational leadership styles of organisation leaders as perceived by employees of the corporate. Tables 4.58, 4.59, 4.60 and 4.61 reflect on the respondents' perception for Inspirational Motivation components.

Table 4.58
Responses to the Statement "Talk optimistically about the future"

Measurement	Frequency (N)	Percent (%)
Not at all	2	1.6
Once in a while	12	9.8
Sometimes	40	32.8
Fairly often	48	39.3
Frequently if not always	20	16.4
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.58 above, it can be seen that 39.3% of the respondents perceive that their leaders talk optimistically about the future. On the other hand, 1.6% of them were not at all.

Table 4.59
Responses to the Statement "Talk enthusiastically about what needs to be accomplished"

Measurement	Frequency (N)	Percent (%)
Not at all	1	0.8
Once in a while	8	6.6
Sometimes	43	35.2
Fairly often	54	44.3
Frequently if not always	16	13.1
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.59 above, it can be seen that 44.3% of the respondents perceive that their leaders talk enthusiastically about what needs to be accomplished. On the other hand, 0.8% of them were not at all.

Table 4.60
Responses to the Statement "Articulates a compelling vision of the future"

Measurement	Frequency (N)	Percent (%)
Not at all	5	4.1
Once in a while	16	13.1
Sometimes	56	45.9
Fairly often	39	32.0
Frequently if not always	6	4.9
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.60 about the respondents in responding the behavior that the leader articulates a compelling vision of the future, in the table shown that 45.9% responsed for sometimes and only 4.1.0% not at all.

Table 4.61
Responses to the Statement "Expresses confidence that goals will be achieved"

Measurement	Frequency (N)	Percent (%)
Not at all	1	0.8
Once in a while	9	7.4
Sometimes	43	35.2
Fairly often	52	42.6
Frequently if not always	17	13.9
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.61 above, it can be seen that 42.6% of the respondents perceive that their leaders/ superiors expresses confidence that goals will

be achieved. On the other hand, 0.8% who were not at all on the statement provided as indicated.

4.3.7.4 Section B (Intellectual Stimulation)

The questionnaire measured transformational leadership styles of organisation leaders as perceived by corporate employees. Tables 4.62, 4.63, 4.64 and 4.65 reflect on the respondents' perception for Intellectual Stimulation components.

Table 4.62
Responses to the Statement "Re-examine critical assumptions to question whether they are appropriate"

Measurement	Frequency (N)	Percent (%)
Not at all	3	2.5
Once in a while	20	16.4
Sometimes	41	33.6
Fairly often	41	33.6
Frequently if not always	17	13.9
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.62 above, it can be seen that 33.6% of the respondents perceive that their leaders/ superiors re-examine critical assumptions to question whether they are appropriate. On the other hand, only 2.5% were totally or not at all.

Table 4.63
Responses to the Statement "Seek differing perspectives when solving problems"

Measurement	Frequency (N)	Percent (%)
Not at all	4	3.3
Once in a while	16	13.1
Sometimes	54	44.3
Fairly often	43	35.2
Frequently if not always	5	4.1
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.63 above, it can be seen that 35.2% of the respondents perceive that their leaders/ superiors seek differing perspectives when solving problems. On the other hand, 3.3% percieve not at all on the statement provided.

Table 4.64
Responses to the Statement "Gets me to look at problems from many different angles"

Measurement	Frequency (N)	Percent (%)
Not at all	1	0.8
Once in a while	22	18.0
Sometimes	37	30.3
Fairly often	51	41.8
Frequently if not always	11	9.0
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.64 above, it can be seen that 41.8% of the respondents perceive that their leaders/ superiors allow them to seek alternatives to look at problems from many different angles. On the other hand, only 0.8% had decided that they were not at all percieve with the statement about their leaders/ superiors.

Table 4.65
Responses to the Statement "Suggests new ways of looking at how to complete assignments"

Measurement	Frequency (N)	Percent (%)
Not at all	0	0.0
Once in a while	24	19.7
Sometimes	46	37.7
Fairly often	45	36.9
Frequently if not always	7	5.7
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.65 above, it can be seen that 36.9% of the respondents perceive that their leaders/ superiors often suggests new ways of looking at how to complete assignments. On the other hand, there is no expresses their leader behave not at all on the statement as provided.

4.3.7.5 Section B (Individualized Consideration)

The questionnaire measured transformational leadership styles of organisation leaders as perceived by corporate employees. Tables 4.66, 4.67, 4.68 and 4.69 below reflect the respondents' perception for Individual Consideration components.

Table 4.66
Responses to the Statement "Spend time teaching and coaching"

Measurement	Frequency (N)	Percent (%)
Not at all	8	6.6
Once in a while	35	28.7
Sometimes	36	29.5
Fairly often	33	27.0
Frequently if not always	10	8.2
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.66 above, it can be seen that 27.0% of the respondents perceive that their leaders/ superiors spend the time to provide useful guidance at the workplace. On the other hand, 6.6% were totally against on the statement provided.

Table 4.67
Responses to the Statement "Treats me as an individual rather than just as a member of a group"

Measurement	Frequency (N)	Percent (%)
Not at all	13	10.7
Once in a while	25	20.5
Sometimes	37	30.3
Fairly often	37	30.3
Frequently if not always	10	8.2
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.67 above, it can be seen that 30.3% of the respondents perceived that their leaders/ superiors treat them as an individual rather than just as a member of a group. On the other hand, 10.7% was totally against to the statement provided.

Table 4.68
Responses to the Statement "Considers me as having different needs, abilities, and aspirations from others"

Measurement	Frequency (N)	Percent (%)
Not at all	2	1.6
Once in a while	28	23.0
Sometimes	40	32.8
Fairly often	43	35.2
Frequently if not always	9	7.4
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.68 above, it can be seen that 35.2% of the respondents perceive that their leaders/ superiors considers them as having different needs, abilities, and aspirations from others. On the other hand, only 1.6% was against the statement provided.

Table 4.69
Responses to the Statement "Helps me to develop my strengths"

Measurement	Frequency (N)	Percent (%)
Not at all	4	3.3
Once in a while	22	18.0
Sometimes	40	32.8
Fairly often	43	35.2
Frequently if not always	13	10.7
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.69 above, it can be seen that 35.2% of the respondents perceive that their leaders/ superiors provide guidence to them to develop their strengths at the work place. On the other hand, only 3.3% was against the statement provided.

4.3.8 Descriptive Statistics on Transactional Leadership style

4.3.8.1 Section C (Contingent Rewards)

The questionnaire measured transformational leadership styles of organisation leaders as perceived by corporate employees. Tables 4.70, Tables 4.71, Tables 4.72 and Tables 4.73 below reflect the respondents' perception for Individual Consideration components.

Table 4.70
Responses to the Statement "Provide me with assistance in exchange for my efforts"

Measurement	Frequency (N)	Percent (%)
Not at all	6	4.9
Once in a while	34	27.9
Sometimes	40	32.8
Fairly often	35	28.7
Frequently if not always	7	5.7
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.70 above, it can be seen that 28.7% of the respondents perceive that their leaders provide them with assistance in exchange for their efforts. On the other hand, 4.9% percieved not at all on the statement provided.

Table 4.71
Responses to the Statement "Discusses in specific terms who is responsible for achieving performance targets"

Measurement	Frequency (N)	Percent (%)
Not at all	0	0.0
Once in a while	18	14.8
Sometimes	33	27.0
Fairly often	50	41.0
Frequently if not always	21	17.2
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.71 above, it can be seen that 41.0% of the respondents perceive that their leaders often discusses in specific terms who is responsible for achieving performance targets at the workplace. On the other hand, none of them were totally or not at all.

Table 4.72
Responses to the Statement "Makes clear what one can expect to receive when performance goals are achieved"

Measurement	Frequency (N)	Percent (%)
Not at all	1	0.8
Once in a while	26	21.3
Sometimes	36	29.5
Fairly often	48	39.3
Frequently if not always	11	9.0
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.72 above, it can be seen that 39.3% of the respondents perceive that their leaders often makes clear what one can expect to receive when performance goals are achieved. On the other hand, only 0.8% percieved not at all on statement.

Table 4.73
Responses to the Statement "Expresses satisfaction when I meet expectations"

Measurement	Frequency (N)	Percent (%)
Not at all	2	1.6
Once in a while	19	15.6
Sometimes	39	32.0
Fairly often	46	37.7
Frequently if not always	16	13.1
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.73 above, it can be seen that 37.7% of the respondents perceive that their leaders often expresses satisfaction when their meet expectations at the workplace. On the other hand, only 1.6% had decided that they percieved not at all with the statement about their leaders.

4.3.9 Team Climate: Section D

The questionnaire measured the team climate as perceived by corporate employees. This section is divided into five sub-categories namely; (1) vision, (2) participation safatey, (3) task orientation, (4) innovation, and (5) interaction frequency.

4.3.9.1 Vision

The questionnaire measured the team climate - Vision as perceived by corporate employees as reflected on tables from Table 4.74 to Table 4.83.

Table 4.74
Responses to the Statement "How clear are you about what your team's objectives are"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	2	1.6
Undecided	26	21.3
Agree	46	37.7
Strongly agree	48	39.3
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.74 above, it can be seen that 39.3% of the respondents perceive that they cleary know about their team's objective. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.75
Responses to the Statement "To what extent do you think they are useful and appropriate objectives"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	3	2.5
Undecided	26	21.3
Agree	58	47.5
Strongly agree	35	28.7
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.75 above, it can be seen that 47.5% of the respondents perceive with regards with the statement that objectives are useful and appropriate. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.76
Responses to the Statement "How far are you in agreement with these objectives"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	4	3.3
Undecided	17	13.9
Agree	67	54.9
Strongly agree	34	27.9
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.76 above, it can be seen that 54.9% of the respondents perceive that they agreed with their team objectives. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.77
Responses to the Statement "To what extent do you think other team members agree with these objectives"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	5	4.1
Undecided	37	30.3
Agree	59	48.4
Strongly agree	21	17.2
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.77 above, it can be seen that 48.4% of the respondents perceive that other team member agree with team objectives. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.78
Responses to the Statement "To what extent do you think your team's objectives are clearly understood by other members of the team"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	10	8.2
Undecided	44	36.1
Agree	51	41.8
Strongly agree	17	13.9
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.78 above, it can be seen that 41.8% of the respondents perceive that their team objectives were clearly understood by other members of the team. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.79
Responses to the Statement "To what extent do you think your team's objectives can actually be achieved"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	4	3.3
Undecided	31	25.4
Agree	74	60.7
Strongly agree	13	10.7
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.79 above, it can be seen that 60.7% of the respondents perceive that their team's objectives can actually be achieved. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.80
Responses to the Statement "How worthwhile do you think these objectives are to you"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	6	4.9
Undecided	20	16.4
Agree	65	53.3
Strongly agree	31	25.4
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.80 above, it can be seen that 53.3% of the respondents perceive that their team objectives were worthwhile. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.81
Responses to the Statement "How worthwhile do you think these objectives are to the organization"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	2	1.6
Undecided	14	11.5
Agree	58	47.5
Strongly agree	48	39.3
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.81 above, it can be seen that 47.5% of the respondents perceive that they thought their team objectives were worthwhile to the organization. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.82
Responses to the Statement "How worthwhile do you think these objectives are to the wider society"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	3	2.5
Undecided	16	13.1
Agree	58	47.5
Strongly agree	45	36.9
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.82 above, it can be seen that 47.5% of the respondents perceive that how worthwhile they thought of their team's objectives to the wider society. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.83
Responses to the Statement "To what extent do you think these objectives are realistic and can be attained"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	3	2.5
Undecided	42	34.4
Agree	68	55.7
Strongly agree	9	7.4
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.83 above, it can be seen that 55.7% of the respondents perceive that they thought their team's objectives were realistic and can be attained. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.84
Responses to the Statement "To what extent do you think members of your team are committed to these objectives"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	8	6.6
Undecided	50	41.0
Agree	55	45.1
Strongly agree	9	7.4
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.84 above, it can be seen that 45.1% of the respondents perceive that they thought members of their team were committed to these objectives. In contrast, there was no one who chose "disagree completely" to the statement.

4.3.9.2 Participant Safety

The questionnaire measured the team climate - Participant Safety as perceived by corporate employees as reflected on tables from Table 4.85 to Table 4.92.

Table 4.85
Responses to the Statement "We share information generally in the team rather than keeping it to ourselves"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	6	4.9
Undecided	32	26.2
Agree	58	47.5
Strongly agree	26	21.3
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.85 above, it can be seen that 47.5% of the respondents perceive that they share information generally in the team rather than keeping it to theirselves. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.86
Responses to the Statement "We have a `we are in it together' attitude"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	6	4.9
Undecided	32	26.2
Agree	51	41.8
Strongly agree	33	27.0
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.86 above, it can be seen that 41.8% of the respondents perceive that they agreed they were in it together' attitude. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.87
Responses to the Statement "We all influence each other"

Measurement	Frequency (N)	Percent (%)
Disagree completely	1	0.8
Disagree	8	6.6
Undecided	41	33.6
Agree	52	42.6
Strongly agree	20	16.4
Total	122	100

Source: Data collected and analysed

Comparing the findings of Table 4.87 shown as much as 42.6% of the respondents perceive that they all influence each other. On the other hand, 0.8% of them was against the statement provided.

Table 4.88
Responses to the Statement "People keep each other informed about work-related issues in the team"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	8	6.6
Undecided	28	23.0
Agree	65	53.3
Strongly agree	21	17.2
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.88 above, it can be seen that 53.3% of the respondents perceive that they keep each other informed about work-related issues in

the team. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.89
Responses to the Statement "People feel understood and accepted by each other"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	10	8.2
Undecided	38	31.1
Agree	61	50.0
Strongly agree	13	10.7
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.89 above, it can be seen that 50% of the respondents perceive that they felt understood and accepted by each other in the team. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.90
Responses to the Statement "Everyone's view is listened to even if it is in a minority"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	8	6.6
Undecided	40	32.8
Agree	60	49.2
Strongly agree	14	11.5
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.90 above, it can be seen that 49.2% of the respondents perceive that everyone's view was listened to even if it was in a minority In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.91
Responses to the Statement "There are real attempts to share information throughout the team"

Measurement	Frequency (N)	Percent (%)
Disagree completely	1	0.8
Disagree	8	6.6
Undecided	36	29.5
Agree	61	50.0
Strongly agree	16	13.1
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.91 above, it can be seen that 50% of the respondents perceive that there were real attempts to share information throughout the team. On the other hand, 0.8% of them againts the statement provided.

Table 4.92
Responses to the Statement "There is a lot of give and take"

Measurement	Frequency (N)	Percent (%)
Disagree completely	3	2.5
Disagree	14	11.5
Undecided	37	30.3
Agree	57	46.7
Strongly agree	11	9.0
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.92 above, it can be seen that 46.7% of the respondents perceive that there was a lot of give and take in their team. On the other hand, 2.5% of them againts the statement provided.

4.3.9.3 Support for Innovation

The questionnaire measured the team climate - Support for Innovation as perceived by corporate employees as reflected on tables from Table 4.93 to Tables 4.100.

Table 4.93
Responses to the Statement" This team is always moving toward the development of new answers"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	5	4.1
Undecided	36	29.5
Agree	61	50.0
Strongly agree	20	16.4
Total	122	100

Source: Data collected and analysed

Comparing the findings of Table 4.93 shown as much as 50% of the respondents perceive that their team was always moving toward the development of new answers. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.94
Responses to the Statement "Assistance in developing new ideas is readily available"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	10	8.2
Undecided	46	37.7
Agree	57	46.7
Strongly agree	9	7.4
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.94 above, it can be seen that 46.7% of the respondents perceive that assistance in developing new ideas was readily available in the team. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.95
Responses to the Statement "This team is open and responsive to change"

Measurement	Frequency (N)	Percent (%)
Disagree completely	1	0.8
Disagree	3	2.5
Undecided	41	33.6
Agree	58	47.5
Strongly agree	19	15.6
Total	122	100

Source: Data collected and analysed

Comparing the findings of Table 4.95 shown as much as 47.5% of the respondents perceive that their team was open and responsive to change. On the other hand, and 0.8% of them againts the statement provided.

Table 4.96
Responses to the Statement "People in this team are always searching for fresh, new ways of looking at problems"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	8	6.6
Undecided	49	40.2
Agree	56	45.9
Strongly agree	9	7.4
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.96 above, it can be seen that 45.9% of the respondents perceive that people in their team were always searching for fresh, new ways of looking at problems. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.97
Responses to the Statement "In this team we take the time needed to develop new ideas"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	17	13.9
Undecided	47	38.5
Agree	46	37.7
Strongly agree	12	9.8
Total	122	100

Source: Data collected and analysed

Comparing the findings of Table 4.97 shown as much as 37.7% of the respondents perceive that in this team they take the time needed to develop new ideas. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.98
Responses to the Statement "People in the team co-operate in order to help develop and apply new ideas"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	11	9.0
Undecided	42	34.4
Agree	60	49.2
Strongly agree	9	7.4
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.98 above, it can be seen that 49.2% of the respondents perceive that people in the team co-operate in order to help develop and apply new ideas. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.99
Responses to the Statement "Members of the team provide and share resources to help in the application of new ideas"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	13	10.7
Undecided	44	36.1
Agree	53	43.4
Strongly agree	12	9.8
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.99 above, it can be seen that 43.4% of the respondents perceive that members of the team provide and share resources to help in the application of new ideas. In contrast, there was no one who chose "disagree completely" to the statement.

Table 4.100
Responses to the Statement "Team members provide practical support for new ideas and their application"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	15	12.3
Undecided	36	29.5
Agree	60	49.2
Strongly agree	11	9.0
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.100 above, it can be seen that 49.2% of the respondents perceive that team members provide practical support for new ideas and their application. In contrast, there was no one who chose "disagree completely" to the statement.

4.3.9.4 Task Orientation

The questionnaire measured the team climate - Task Orientation as perceived by corporate employees as reflected on tables from Table 4.101 to Tables 4.107.

Table 4.101
Responses to the Statement "Do your team colleagues provide useful ideas and practical help to enable you to do the job to the best of your ability"

Measurement	Frequency (N)	Percent (%)
Disagree completely	4	3.3
Disagree	16	13.1
Undecided	44	36.1
Agree	48	39.3
Strongly agree	10	8.2
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.101 above, it can be seen that 39.3% of the respondents perceive that their team colleagues provide useful ideas and practical help to enable them to do the job to the best of their ability. On the other hand, 3.3% of them againts the statement provided.

Table 4.102
Responses to the Statement "Do you and your colleagues monitor each other so as to maintain a higher standard of work"

Measurement	Frequency (N)	Percent (%)
Disagree completely	3	2.5
Disagree	23	18.9
Undecided	44	36.1
Agree	38	31.1
Strongly agree	14	11.5
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.102 above, it can be seen that 31.1% of the respondents perceive that they and their colleagues monitor each other so as to maintain a higher standard of work. On the other hand, 2.5% of them againts the statement provided.

Table 4.103
Responses to the Statement "Are team members prepared to question the basis of what the team is doing"

Measurement	Frequency (N)	Percent (%)
Disagree completely	4	3.3
Disagree	18	14.8
Undecided	53	43.4
Agree	37	30.3
Strongly agree	10	8.2
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.103 above, it can be seen that 30.3% of the respondents perceive that team members were prepared to question the basis of what the team is doing. On the other hand, 3.3% of them againts the statement provided.

Table 4.104
Responses to the Statement "Does the team critically appraise potential weaknesses in what it is doing in order to achieve the best possible outcome"

Measurement	Frequency (N)	Percent (%)
Disagree completely	3	2.5
Disagree	21	17.2
Undecided	45	36.9
Agree	39	32.0
Strongly agree	14	11.5
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.104 above, it can be seen that 32% of the respondents perceive that the team critically appraise potential weaknesses in what it is doing in order to achieve the best possible outcome. On the other hand, 2.5% of them againts the statement provided.

Table 4.105
Responses to the Statement "Do members of the team build on each other's ideas in order to achieve the best possible outcome"

Measurement	Frequency (N)	Percent (%)
Disagree completely	1	0.8
Disagree	19	15.6
Undecided	38	31.1
Agree	53	43.4
Strongly agree	11	9.0
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.105 above, it can be seen that 43.4% of the respondents perceive that members of the team build on each other's ideas in order to achieve the best possible outcome. On the other hand, 0.8% of them againts the statement provided.

Table 4.106
Responses to the Statement "Is there a real concern among team members that the team should achieve the highest standards of performance"

Measurement	Frequency (N)	Percent (%)
Disagree completely	4	3.3
Disagree	22	18.0
Undecided	47	38.5
Agree	36	29.5
Strongly agree	13	10.7
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.106 above, it can be seen that 29.5% of the respondents perceive that there was a real concern among team members that the team should achieve the highest standards of performance. On the other hand, 38.5 % of them were in between agreed or disagreed, and 3.3% of them againts the statement provided.

Table 4.107
Responses to the Statement "Does the team have clear criteria which members try to meet in order to achieve excellence as a team"

Measurement	Frequency (N)	Percent (%)
Disagree completely	2	1.6
Disagree	16	13.1
Undecided	39	32.0
Agree	50	41.0
Strongly agree	15	12.3
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.107 above, it can be seen that 41% of the respondents perceive that the team have clear criteria which members try to meet in order to achieve excellence as a team. On the other hand, 1.6% of them againts the statement provided.

4.3.9.5 Interaction Frequency

The questionnaire measured the team climate - Interaction Frequency as perceived by corporate employees as reflected on tables from Table 4.108 to Tables 4.111.

Table 4.108
Responses to the Statement "We keep in touch with each other as a team"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	3	2.5
Undecided	28	23.0
Agree	65	53.3
Strongly agree	26	21.3
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.108 above, it can be seen that 53.3% of the respondents perceive that they kept in touch with each other as a team. On the other hand, and there was no of them againts the statement provided.

Table 4.109
Responses to the Statement "We keep in regular contact with each other"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	6	4.9
Undecided	35	28.7
Agree	65	53.3
Strongly agree	16	13.1
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.109 above, it can be seen that 53.3% of the respondents perceive that they kept in regular contact with each other. On the other hand, and there was no of them againts the statement provided.

Table 4.110
Responses to the Statement "Members of the team meet frequently to talk both formally and informally"

Measurement	Frequency (N)	Percent (%)
Disagree completely	0	0.0
Disagree	8	6.6
Undecided	50	41.0
Agree	41	33.6
Strongly agree	23	18.9
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.110 above, it can be seen that 33.6% of the respondents perceive that members of the team meet frequently to talk both formally

and informally. On the other hand, 41 % of them were in between agreed or disagreed, and there was no of them againts the statement provided.

Table 4.111
Responses to the Statement "We interact frequently"

Measurement	Frequency (N)	Percent (%)
Disagree completely	2	1.6
Disagree	14	11.5
Undecided	55	45.1
Agree	41	33.6
Strongly agree	10	8.2
Total	122	100

Source: Data collected and analysed

Comparing the findings in Table 4.111 above, it can be seen that 33.6% of the respondents perceive that they interact frequently one each other in the team. On the other hand, 45.1 % of them were in between agreed or disagreed, and 1.6% of them againts the statement provided.

4.3.10 Descriptive Statistics on Employee Performance: Section E

The questionnaire measured the Employee Performance as perceived by the supervisors of the corporate members as reflected on tables from Table 4.112 to Tables 4.120.

Table 4.112
Responses to the Statement "Accept the responsibility of his/her job"

Measurement	Frequency (N)	Percent (%)
Not as well	1	1.3
About the same	39	48.8
Better	40	50.0
Total	80	100

Source: Data collected and analysed

Comparing the findings in Table 4.112 above, it can be seen that 50% of the respondents (leader) perceive that their members accepted the responsibility of his/her job. On the other hand, 1.3% of them was against the statement provided.

Table 4.113
Responses to the Statement "Adapt to changes in procedures or methods"

Measurement	Frequency (N)	Percent (%)
Not as well	1	1.3
About the same	30	37.5
Better	49	61.3
Total	80	100

Source: Data collected and analysed

Comparing the findings in Table 4.113 above, it can be seen that 61.3% of the respondents (leader) perceive that their members adapted to changes in procedures or methods. On the other hand, 1.3% of them was against the statement provided.

Table 4.114
Responses to the Statement "Perform task requiring variety and change in methods"

Measurement	Frequency (N)	Percent (%)
Not as well	2	2.5
About the same	27	33.8
Better	51	63.8
Total	80	100

Source: Data collected and analysed

Comparing the findings in Table 4.114 above, it can be seen that 63.8% of the respondents (leader) perceive that their members performed task requiring variety and change in methods. On the other hand, 2.5% of them was against the statement provided.

Table 4.115
Responses to the Statement "How good is the quality of his/her work"

Measurement	Frequency (N)	Percent (%)
Not as good	1	1.3
About the same	29	36.3
Better	50	62.5
Total	80	100

Source: Data collected and analysed

Comparing the findings in Table 4.115 above, it can be seen that 62.5% of the respondents (leader) perceive that their members did a good quality of her work. On the other hand, 1.3% of them was against the statement provided.

Table 4.116
Responses to the Statement "How good is the quantity of his/her work"

Measurement	Frequency (N)	Percent (%)
Not as good	1	1.3
About the same	28	35.0
Better	51	63.8
Total	80	100

Source: Data collected and analysed

Comparing the findings in Table 4.116 above, it can be seen that 63.8% of the respondents (leader) perceive that their members did a good quantity of her work. On the other hand, 1.3% of them was against the statement provided.

Table 4.117
Responses to the Statement "Give him/her a pay raise"

Measurement	Frequency (N)	Percent (%)
Yes	5	6.3
Not sure	18	22.5
No	57	71.3
Total	80	100

Source: Data collected and analysed

Comparing the findings in Table 4.117 above, it can be seen that 71/3% of the respondents (leader) perceive that they would not give their members a pay raise. On the other hand, 6.3% of were agreed on the statement provided.

Table 4.118
Responses to the Statement "Transfer him/her to a job at higher level"

Measurement	Frequency (N)	Percent (%)
Yes	2	2.5
Not sure	54	67.5
No	24	30.0
Total	80	100

Source: Data collected and analysed

Comparing the findings in Table 4.118 above, it can be seen that 67.5% of the respondents (leader) perceive that they were not sure to transfer their members to a job at higher level. On the other hand, 2.5% of them were agreed on the statement provided.

Table 4.119
Responses to the Statement "Promote him/her to a position of more responsibility"

Measurement	Frequency (N)	Percent (%)
Yes	7	8.8
Not sure	57	71.3
No	16	20.0
Total	80	100

Source: Data collected and analysed

Comparing the findings in Table 4.119 above, it can be seen that 71.3% of the respondents (leader) perceive that they were in doubt to promote their member to a position of more responsibility. On the other hand, 8.8% of them were agreed on the statement provided.

Table 4.120
Responses to the Statement "Will you please consider this worker with respect to overall competence, the effectiveness of job performance, proficiency, and general overall value"

Measurement	Frequency (N)	Percent (%)
In the lowest 25%	2	2.5
In the bottom 50% but not among the lowest 25%	22	27.5
In the top 50% but not among the top 25%	48	60.0
In the top 25 %	8	10.0
Total	80	100

Source: Data collected and analysed

Comparing the findings in Table 4.120 above, it can be seen that 60% of the respondents (leader) put consideration that that their members in the rank of the top 50% but not among the top 25%. On the other hand, 2.5% of them put in the lowest 25%.

4.3.11 Results of the Theoretical Framework

After the data was screened, check the result of the assumtion required such as normality distribution, lenearity, multicollinearity, heteroscedasticity, and analysed response rate for each variables to further obtain the outcomes of the computed data. In this section, the results of the correlation and regression analyses are discussed as well as the hypotheses are tested and reported using inferential method.

4.3.11.1 Results of Correlation Analysis

This section examines the relationship between the dependant variables: Employee Performance and the independent variable: Transformational leadership styles and Transactional leadership styles, and the mediation variable: Team climate (vision, participation safety, and support for innovation, task orientation, and interaction frequency). They are measured by employing the five point-Likert scales, and the scores obtained are correlated.

Since the interval and normality assumption are reasonably obtained for each variables. Then , to determine the degree of relationship between the selected variables, a technique known as parametric correlation such as Pearson correlation was applied. The level of significance is at standard of $p = 0.05$ was utilized.

4.3.11.2 Hypothesis Testing

This section highlights on the level of significant for each hypotheses of each variables. As indicated in the tables below, it is represent the Pearson's correlation matrix for each variable examined. There are seven (7) main hypotheses and null hypotheses altogether demonstrated in this research study as followings.

4.3.11.2.1 Hypotheses One

Ho1. *Transformational leadership styles are not significantly influence the employee performance.*

Ha1. Transformational leadership styles are significantly influence the employee performance.

Table 4.121

Correlation Matrix of Each Transformational Leadership components and Employee Performance

		PMCE	TF-IA	TF-IB	TF-IM	TF-IS	TF-IC
PMCE	Pearson Correlation	1	.500**	.343**	.314**	.383**	.389**
	Sig. (2-tailed)		.000	.002	.005	.000	.000
	N	80	80	80	80	80	80
TF-IA	Pearson Correlation	.500**	1	.518**	.556**	.446**	.598**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	80	122	122	122	122	122
TF-IB	Pearson Correlation	.343**	.518**	1	.498**	.314**	.384**
	Sig. (2-tailed)	.002	.000		.000	.000	.000
	N	80	122	122	122	122	122
TF-IM	Pearson Correlation	.314**	.556**	.498**	1	.518**	.488**
	Sig. (2-tailed)	.005	.000	.000		.000	.000
	N	80	122	122	122	122	122
TF-IS	Pearson Correlation	.383**	.446**	.314**	.518**	1	.551**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	80	122	122	122	122	122
TF-IC	Pearson Correlation	.389**	.598**	.384**	.488**	.551**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	80	122	122	122	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.122

Correlation Matrix of Transformational Leadership components and Employee Performance

		PMCE	TFAll
PMCE	Pearson Correlation	1	.487**
	Sig. (2-tailed)		.000
	N	80	80
TFAll	Pearson Correlation	.487**	1
	Sig. (2-tailed)	.000	
	N	80	122

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation matrix is shown in Table 4.122. The results indicate that the correlation coefficients are significant at $p < 0.01$ level.

All variables of Transformational leadership style were positively correlated with PMC. Overall, these five components of Transformational leadership style are significantly correlated to PMC.

In addition, Table 4.122 has indicated that overall components in Transformational leadership (TFAll are highly correlated with Employee Performance (r = 0.487) and the null hypothesis is therefore rejected due to p-value is less than 0.05 (p = 0.000).

4.3.11.2.2 Hypotheses Two

Ho2. *Transactional–contingent rewards leadership styles are not significantly influence the employee performance.*

Ha2. Transactional–contingent rewards leadership styles are significantly influence the employee performance.

Table 4.123
Correlation Matrix of Transactional-continget reward Leadership components and Employee Performance

		PMCE	TS-CR
PMCE	Pearson Correlation	1	.356**
	Sig. (2-tailed)		.001
	N	80	80
TS-CR	Pearson Correlation	.356**	1
	Sig. (2-tailed)	.001	
	N	80	122

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.123 has indicated that Transactional-Contingent Reward leadership (TS-CR) are highly correlated with Employee Performance ($r = 0.356$) and the null hypothesis is therefore rejected due to p-value is less than 0.05 ($p = 0.001$).

4.3.11.2.3 Hypotheses Three

Ho3. *Transformational leadership styles are not significantly associated with the team climate.*

Ha3. Transformational leadership styles are significantly associated with the team climate.

Table 4.124
Correlation Matrix of overall Transformational Leadership Components and Team Climate (Vision)

		VISN	TFAll
VISN	Pearson Correlation	1	,518**
	Sig. (2-tailed)		,000
	N	122	122
TFAll	Pearson Correlation	,518**	1
	Sig. (2-tailed)	,000	
	N	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

In Table 4.124 above, the results indicate that the correlation coefficients matrix between overall Transformational leadership style toward Vision in Team climate is significant at $p < 0.01$ level. For overall Transformational leadership was found that $r = 0.518$ is positively correlated to VISN (Vision).

Next, a correlation matrix is given in Table 4.125 below. The results indicate that the correlation coefficients of overall Transformational Leadership components is significant at $p < 0.01$ level, $r = 0.539$ to SAFE (Participation Safety).

Table 4.125
Correlation Matrix of overall Transformational Leadership Components and Team Climate (Participation Safety)

		SAFE	TFAll
SAFE	Pearson Correlation	1	,539**
	Sig. (2-tailed)		,000
TFAll	Pearson Correlation	,539**	1
	Sig. (2-tailed)	,000	
	N	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation matrix is shown in Table 4.126 below. The results indicate that the correlation coefficients of of overall Transformational Leadership components is significant at $p < 0.01$ level, $r = 0.590$ to INOV (Support for Innovation). For the overall components of Transformational Leadership found is positive to INOV (Support for Innovation).

This means that the more the leaders demonstrated the Transformational Leadership, and the more the corporate team members provide support for the innovative activities.

Table 4.126

Correlation Matrix of overall Transformational Leadership Components and Team Climate (Support for Innovation)

		INOV	TFAll
INOV	Pearson Correlation	1	,590**
	Sig. (2-tailed)		,000
TFAll	Pearson Correlation	,590**	1
	Sig. (2-tailed)	,000	
	N	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.127

Correlation Matrix of overall Transformational Leadership Components and Team Climate (Task Orientation)

		TASK	TFAll
TASK	Pearson Correlation	1	,516**
	Sig. (2-tailed)		,000
TFAll	Pearson Correlation	,516**	1
	Sig. (2-tailed)	,000	
	N	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.127 above indicate that the correlation coefficients of overall Transformational leadership is significant at $p < 0.01$ level, r = 516 to TASK (Task Orientation).

Next, a correlation matrix is shown in Table 4.128 below. The results indicate that the correlation coefficients is significant at $p < 0.01$ level. For overall Transformational leadership was found that r = 0.422 is positively correlated to INTA (Interaction Frequency).

Table 4.128

Correlation Matrix of overall Transformational Leadership Components and Team Climate (Interaction Frequency)

		INTA	TFAll
INTA	Pearson Correlation	1	,422**
	Sig. (2-tailed)		,000
	N	122	122
TFAll	Pearson Correlation	,422**	1
	Sig. (2-tailed)	,000	
	N	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

As the correlation matrix is provided in Table 4.129 below indicate the overall results of all components in Transformational leadership with Team climates for the correlation process is highly correlated (r=0.602) and thus, the null hypothesis is rejected due to *p*-value is less than 0.01 ($p = 0.000$).

Table 4.129
Correlation Matrix of Overall Transformational Leadership and Team Climates

		TCAll	TFAll
TCAll	Pearson Correlation	1	.602**
	Sig. (2-tailed)		.000
	N	122	122
TFAll	Pearson Correlation	.602**	1
	Sig. (2-tailed)	.000	
	N	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

4.3.11.2.4 Hypotheses Four

Ho4. *Transactional–contingent rewards leadership styles are not significantly associated with the team climate.*

Ha4. Transactional–contingent rewards leadership styles are significantly associated with the team climate.

Table 4.130
Correlation Matrix of Transactional–contingent rewards Leadership and Time Climate (Vision)

		VISN	TS-CR
VISN	Pearson Correlation	1	.511**
	Sig. (2-tailed)		.000
	N	122	122
TS-CR	Pearson Correlation	.511**	1
	Sig. (2-tailed)	.000	
	N	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.131
Correlation Matrix of Transactional–contingent rewards Leadership and Time Climate (Participation Safety)

		SAFE	TS-CR
SAFE	Pearson Correlation	1	.567**
	Sig. (2-tailed)		.000
	N	122	122
TS-CR	Pearson Correlation	.567**	1
	Sig. (2-tailed)	.000	
	N	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.132
Correlation Matrix of Transactional–contingent rewards Leadership and Time Climate (Support for Innovation)

		INOV	TS-CR
INOV	Pearson Correlation	1	.625**
	Sig. (2-tailed)		.000
	N	122	122
TS-CR	Pearson Correlation	.625**	1
	Sig. (2-tailed)	.000	
	N	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.133
Correlation Matrix of Transactional–contingent rewards Leadership and Time Climate (Task Orientation)

		TASK	TS-CR
TASK	Pearson Correlation	1	.518**
	Sig. (2-tailed)		.000
	N	122	122
TS-CR	Pearson Correlation	.518**	1
	Sig. (2-tailed)	.000	
	N	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.134
Correlation Matrix of Transactional–contingent rewards Leadership and Time Climate (Interaction Frequency)

		INTA	TS-CR
INTA	Pearson Correlation	1	.469**
	Sig. (2-tailed)		.000
	N	122	122
TS-CR	Pearson Correlation	.469**	1
	Sig. (2-tailed)	.000	
	N	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation matrix for Transactional–contingent rewards Leadership with each component of team climate (Vision, Participation Safety, Support for Innovation,

Task Orientation, and Interaction Frequency) is presented in Table 4.130, Table 4.131, Table 4.132, Table 4.133 and Table 4.134 above indicates the Transactional–contingent rewards Leadership style (TCAll) with each component of Team Climate are significantly correlated in which the the p-value is less than 0.05.

Table 4.135
Correlation Matrix of Transactional–contingent rewards Leadership and Overall Team Climate

		TCAll	TS-CR
TCAll	Pearson Correlation	1	.621**
	Sig. (2-tailed)		.000
	N	122	122
TS-CR	Pearson Correlation	.621**	1
	Sig. (2-tailed)	.000	
	N	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.135 above indicates that overall, the components in Transactional–contingent rewards Leadership style are significantly correlated to TCAll (Team Climate: r = 0.621). Therefore, the null hypothesis is rejected due to the p-value is less than 0.05 (p = 0.000).

4.3.11.2.5 Hypotheses Five

Ho5. *Team climate have no significant influence in determining the employee performance.*

Ha5. Team climate have significant influence in determining the employee performance.

Table 4.136

Correlation Matrix of Team Climate and Employee Performance

		PMCE	VISN	SAFE	INOV	TASK	INTA
PMCE	Pearson Correlation	1	.398**	.444**	.444**	.400**	.275*
	Sig. (2-tailed)		.000	.000	.000	.000	.013
	N	80	80	80	80	80	80
VISN	Pearson Correlation	.398**	1	.720**	.722**	.668**	.546**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	80	122	122	122	122	122
SAFE	Pearson Correlation	.444**	.720**	1	.795**	.706**	.683**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	80	122	122	122	122	122
INOV	Pearson Correlation	.444**	.722**	.795**	1	.780**	.677**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	80	122	122	122	122	122
TASK	Pearson Correlation	.400**	.668**	.706**	.780**	1	.609**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	80	122	122	122	122	122
INTA	Pearson Correlation	.275*	.546**	.683**	.677**	.609**	1
	Sig. (2-tailed)	.013	.000	.000	.000	.000	
	N	80	122	122	122	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed)

Table 4.137

Correlation Matrix of Overall Team Climate and Employee Performance

		PMCE	TCAll
PMCE	Pearson Correlation	1	.455**
	Sig. (2-tailed)		.000
	N	80	80
TCAll	Pearson Correlation	.455**	1
	Sig. (2-tailed)	.000	
	N	80	122

**. Correlation is significant at the 0.01 level (2-tailed).

In reference to Table 4.136 above, each component in team climate significantly correlates with employee performance (VISN: r= 0.398, SAFE: r = 0.444, INOV: r = 0.444, TASK: r = 0.400 and INTA: r = 0.275) with positive relation. As presented in Table 4.137, overall, the team climate indicate r= 0.455, p < 0.01 with strong in relation and thus, the null hypothesis is rejected.

4.3.11.2.6 Hypotheses Six

Ho6. *Team climate do not function as a mediator in relationship between transformational leadership styles and the employee performance.*

Ha6. Team climate do function as a mediator in relationship between transformational leadership styles and the employee performance.

Table 4.138
Correlation Matrix of Transformational Leadership, Team Climate and Employee Performance

		PMCE	TCAll	TFAll
PMCE	Pearson Correlation	1	.455**	.487**
	Sig. (2-tailed)		.000	.000
	N	80	80	80
TCAll	Pearson Correlation	.455**	1	.602**
	Sig. (2-tailed)	.000		.000
	N	80	122	122
TFAll	Pearson Correlation	.487**	.602**	1
	Sig. (2-tailed)	.000	.000	
	N	80	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

In reference to Table 4.138, it indicates significant positive relations between overall transformational leadership styles, team climate on employee performance (PMCE) ($r = 0.455$, $r = 0.487$, $p < 0.01$).

The result of the analyses has shown that all variables are significantly correlated to each other.

4.3.11.2.7 Hypotheses Seven

Ho7. *Team climate do not function as a mediator in relationship between transactional–contingent rewards leadership styles and the employee performance.*

Ha7. Team climate do function as a mediator in relationship between transactional–contingent rewards leadership styles and the employee performance.

Table 4.139
Correlation Matrix of Transactional–Contingent Rewards Leadership, Team Climate and Employee Performance – reposition

		PMCE	TCAll	TS-CR
PMCE	Pearson Correlation	1	.455**	.356**
	Sig. (2-tailed)		.000	.001
	N	80	80	80
TCAll	Pearson Correlation	.455**	1	.621**
	Sig. (2-tailed)	.000		.000
	N	80	122	122
TS-CR	Pearson Correlation	.356**	.621**	1
	Sig. (2-tailed)	.001	.000	
	N	80	122	122

**. Correlation is significant at the 0.01 level (2-tailed).

Lastly, in reference to Table 4.139, it shows positive relations between Transactional–Contingent Rewards Leadership styles, team climate on employee performance (PMCE) ($r = 0.455$, $r = 0.356$, $p < 0.01$).

Thus, the results of the findings of the analysis showed that all variables are significantly correlated to each other.

4.4 Results for Regression Analysis

This section highlights on the data sets that have been regressed using enter method which is commonly used in SPSS Verson 19.

4.4.1 Model 1A: Transformational Leadership Styles and Employee Performance

In this section, the outcome of the computed data is presented in Table 4.140. The relationship between independent and dependent variables was determined through linear regression.

Table 4.140
Model 1A

Variables	Model 1
TRANSFORMATIONAL	EMPLOYEE PERFORMANCE
R	.487a
R-squared	.237
Adjusted R-squared	.227
F-statistics	24.214
P-value	.000[a]

Note: TRANSFORMATIONAL (TF-IA, TF-IB, TF-IM, TF-IS, TF-IC)

Model 1A hypothesized that the overall five components in transformational leadership have significant relationship to Employee Performance in workplace. In reference to Table 4.140, it reports on the linear regression for Hypothesis 1 (Ha1).

The results support Ha1, since the *p*-values are significant. The *R-squared* for Employee Performance is 0.237 (23.7%), and is considered high in the relations between independent and dependent variables.

Further, the *p*-value for variable in Model 1 is truly significant ($p < 0.05$, $p = 0.000$), indicating that the regression model for this section fits the data and there is a linear relationship between the predictor and the outcomes while the percentage of *R-squared* is relatively high. The additional tables of analysis and graphical representations for Model 1A are presented in **Appendix F**.

4.4.2 Model 1B: Transactional Leadership Styles and Employee Performance

In this section, the data are computed in order to determine the relationship between independent and dependent variables through linear regression analysis. The result is presented in Table 4.141.

Table 4.141
Model 1B

Variables	Model 1
TRANSACTIONAL	EMPLOYEE PERFORMANCE
R	.356a
R-squared	.127
Adjusted R-squared	.116
F-statistics	11.325
P-value	.001a

Note: TRANSACTIONAL (Contingent Reward)

Model 1B hypothesized that transactional leadership style has significant relationship to Employee Performance in workplace. In reference to Table 4.141, it reports on the linear regression for Hypothesis 2 (Ha2).

The results support Ha2, since the *p*-values are significant. The *R-squared* for Employee Performance is 0.127 (12.7%), and is considered low in the relations between independent and dependent variables.

Further, the *p*-value for variable in Model 1B is significant ($p < 0.05$, $p = 0.001$), indicating that the regression model for this section fits the data and there is a linear relationship between the predictor and the outcomes while the percentage of *R-squared* is relatively low. The additional tables of analysis and graphical representations for Model 1B are presented in **Appendix F.**

4.4.3 Model 2A: Transformational Leadership Styles and Team Climate

In this section, the data are computed in order to determine the relationship between independent and mediator through a series of linear regression analyses. The result is presented in Table 4.142.

Table 4.142
Model 2A

Variables	Model 2					
TRANSFORMORMATIONAL	VISN	SAFE	INOV	TASK	INTA	TCAll
R	.532[a]	.567[a]	.611[a]	.546[a]	.497[a]	.621[a]
R-squared	.283	.321	.373	.298	.247	.386
Adjusted R-squared	.252	.292	.346	.267	.215	.359
F-statistics	9.168	10.985	13.801	9.834	7.615	14.572
P-value	.000[a]	.000[a]	.000[a]	.000[a]	.000[a]	.000[a]

Note: *TRANSFORMATIONAL* (TF-IA, TF-IB, TF-IM, TF-IS, TF-IC)

Likewise, Model 2A hypothesized that the overall five components in transformational leadership have significant relationship to team climate namely; vision (VISN), participation safety (SAFE), support for innovation (INOV), task orientation (TASK) and interaction frequency (INTA) and finally an overall team climate (TCAll). In reference to Table 4.142, it reports on the linear regression for Hypothesis 3 (Ha3) and its sub-hypotheses (Ha3.1, Ha3.2, Ha3.3, Ha3.4, and Ha3.5). The results support Ha3.1, Ha3.2, Ha3.3, Ha3.4, and Ha3.5 since the *p*-values are significant in each component. The adjusted R-squared for VISN is 0.252 (25.2%), SAFE is 0.292 (29.2%), INOV is 0.346 (34.6%), TASK is 0.267 (26.7%), INTA is 0.215 (21.5%), and TCAll is 0.359 (35.9%) are considered as strong in the relationship between independent variables and the mediator.

Further, the *p*-value for each outcome in Model 2A is truly significant ($p < 0.05$), indicating that the regression model for this section fits the data and there is a linear relationship between the overall predictor and the mediator even though the percentage of *R-squared* is relatively high. The additional tables of analysis and graphical representations for Model 2A are presented in **Appendix F.**

4.4.4 Model 2B: Transactional-Contingent Reward Leadership Styles and Team Climate

In this section, the data are computed in order to determine the relationship between independent and mediator through a series of linear regression analyses. The result is presented in Table 4.143.

Table 4.143
Model 2B

Variables	Model 2					
TRANSACTIONAL	VISN	SAFE	INOV	TASK	INTA	TCAll
R	.511[a]	.567[a]	.625[a]	.518[a]	.469[a]	.621[a]
R-squared	.261	.322	.390	.269	.220	.386
Adjusted R-squared	.255	.316	.385	.263	.213	.380
F-statistics	42.320	56.991	76.855	44.087	33.832	75.313
P-value	.000[a]	.000[a]	.000[a]	.000[a]	.000[a]	.000

Note: *TRANSFORMATIONAL* (TF-IA, TF-IB, TF-IM, TF-IS, TF-IC)

Simirarly, Model 2B hypothesized that transactional leadership have significant relationship to team climate namely; vision (VISN), participation safety (SAFE), support for innovation (INOV), task orientation (TASK) and interaction frequency (INTA) and finally an overall team climate (TCAll). In reference to Table 4.143, it reports on the linear regression for Hypothesis 4 (Ha4) and its sub-hypotheses (Ha4.1, Ha4.2, Ha4.3, Ha4.4, and Ha4.5).

The results support Ha4.1, Ha4.2, Ha4.3, Ha4.4, and Ha4.5 since the *p*-values are significant in each component. The adjusted R-squared for VISN is 0.255 (25.5%), SAFE is 0.316 (31.6%), INOV is 0.385 (38.5%), TASK is 0.263 (26.3%), INTA is 0.213 (21.3%), and TCAll is 0.380 (38.0%) are considered as strong in the relationship between independent variables and the mediator.

Further, the *p*-value for each outcome in Model 2B is truly significant ($p < 0.05$), indicating that the regression model for this section fits the data and there is a linear relationship between the overall predictor and the mediator with the percentage of *R-squared* is relatively high. The additional tables of analysis and graphical representations for Model 2B are presented in **Appendix F.**

4.4.5 Model 3: Team Climate and Employee Performance

In this section, the data are computed in order to determine the relationship between mediator and dependent variables through linear regression analysis. The result is presented in Table 4.144.

Table 4.144
Model 3

Variables	Model 3
TEAM CLIMATE	EMPLOYEE PERFORMANCE
R	.501[a]
R-squared	.251
Adjusted R-squared	.201
F-statistics	4.963
P-value	.001[a]

Note: *TEAM CLIMATE* (VISN, SAFE, INOV, TASK, INTA, TCAll)

In reference to Table 4.144, Model 3 hypothesized that the five team climates have significant relationship to employee's performance. Thus, Table 4.144 reports on the linear regression for Hypothesis 5 (Ha5).

The results support on Ha5 since the *p*-values are significant in each component. The *R-squared* for employee performance is 0.251 (25.1%) and is acceptable relationship between dependent variables and the mediator.

Further, the *p*-value for each outcome in Model 3 is significant ($p < 0.05$), indicating that the regression model for this section fits the data and there is a linear relationship between the predictor and the mediator. The additional tables of analysis and graphical representations for Model 3 are presented in **Appendix F.**

4.5 Results of Multiple Regression Analysis

In this section, **hypothesis six (Ha6)** is put to test. Since the correlation coefficient *(r)* indicates the strength of relationship between two variables, it provides a doubt of the percentage of the variance in the dependent variable can be explained when several independent variables are theorised to simultaneously influence it. In order to furnish the objective of this study, multiple regression analysis seems to be viable to determine on how much of the variance in the dependent variable is explained by a set of predictors (IV). The result of the analysis is presented in Table 4.145.

Table 4.145
ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	463.215	2	231.607	14.727	.000[a]
	Residual	1210.954	77	15.727		
	Total	1674.169	79			

a. Predictors: (Constant), TFAll, TCAll
b. Dependent Variable: PMCE

Based on Table 4.145 above, it shows that the *F* value is significant at the 0.05 level. This result represents that the overall model have a quite good fit. The *R-squared* = 0.277 (27.7%, $p = 0.000$) shown in Table 4.146 explains that the variation in TFAll and TCAll, accounted for 27.7 % of the variance in the dependent variable (Employee Performance). Therefore, team climate play a significant function in bridging the relationships between transformational leadership and employees' performance.

Table 4.146
Model Summary of Multiple Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,526[a]	,277	,258	3,9656878	,277	14,727	2	77	,000	1,728

a. Predictors: (Constant), TFAll, TCAll
b. Dependent Variable: PMCE

Table 4.147
The Coefficients of Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	16,248	2,614		6,216	,000					
	TCAll	,045	,022	,252	2,058	,043	,455	,228	,199	,627	1,595
	TFAll	,131	,048	,333	2,720	,008	,487	,296	,264	,627	1,595

a. Dependent Variable: PMCE

From the regression equation above, the findings conclude that employees' performace is evident that it is related to transformational leadership and team climate in this study **(Refer Appendix F).** The overall components of Transformational leadership (TFAll) and Team climate (TCAll) are well accepted due to their significant values are less than 0.05 ($p < 0.05$).

Similarly, in this section, **hypothesis seven (Ha7)** is put to test. Again, the multiple regression analysis is used to determine on how much of the variance in the dependent variable is explained by a set of predictors (IV). The result of the analysis is presented in Table 4.5.2.

Table 4.148
ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	363,138	2	181,569	10,664	,000[a]
	Residual	1311,031	77	17,026		
	Total	1674,169	79			

a. Predictors: (Constant), TS-CR, TCAll
b. Dependent Variable: PMCE

As shown on Table 4.148 above, it shows that the F value is significant at the 0.05 level. This result represents that the overall model have a quite good fit. The R-squared = 0.217 (21.7%, p = 0.000) shown in Table 4.6.1 explains that the variation in TS-CR and TCAll, accounted for 21.7 % of the variance in the dependent variable (Employee Performance). Therefore, team climate play a significant function in bridging the relationships between transactional leadership and employees' performance.

Table 4.149
Model Summary of Multiple Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.466[a]	.217	.197	4.1263035	.217	10.664	2	77	.000	1.829

a. Predictors: (Constant), TS-CR, TCAll
b. Dependent Variable: PMCE

Table 4.150
The Coefficients of Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	19.619	2.344		8.370	.000					
	TCAll	.067	.023	.379	2.977	.004	.455	.321	.300	.627	1.595
	TS-CR	.184	.188	.125	.978	.331	.356	.111	.099	.627	1.595

a. Dependent Variable: PMCE

From the regression equation above, the findings conclude that employees' performace is evident that it is related to transactional leadership and team climate in this study **(Refer Appendix F).** The Transactional leadership-Contingent reward (TS-CR) and Team climate (TCAll) are well accepted due to their significant values are less than 0.05 ($p < 0.05$).

4.6 Results of Mediation Analysis: Ha6

This section represents the outcomes of the mediation analysis using findings in multiple regressions to determine that Team climate will play a role as a mediator to strengthen the relationship between Transformational leadership styles and employees' performance.

As suggested by Judd and Kenny (1981) in calculating mediation, there are three regression steps needed: (1) to regress the mediator on the independent variable; (2) to regress the dependent variable on the independent variable; and (3) to regress the dependent variable on both independent and mediator variables.

In this section the results obtained from the hierarchical multiple regression analysis is adapted to determine the role of team climate as a mediator on the relationship between transformational leadership styles and employees' performance. In this response, Table 4.151 indicates the mediation role of cultural traits.

Table 4.151
Mediation Role of Cultural Traits

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin - Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.487[a]	.237	.227	4.0471062	.237	24.214	1	78	.000	
2	.602[a]	.362	.357	19.6556582	.362	68.046	1	120	.000	1.988

a. Predictors: (Constant), TFAll
b. Predictors: (Constant), TFAll, TCAll
c. Dependent Variable: PMCE

Table 4.152
Path Analysis of the Variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	17.746	2.562		6.927	.000					
	TFAll	.192	.039	.487	4.921	.000	.487	.487	.487	1.000	1.000
2	(Constant)	16.248	2.614		6.216	.000					
	TFAll	.131	.048	.333	2.720	.008	.487	.296	.264	.627	1.595
	TCAll	.045	.022	.252	2.058	.043	.455	.228	.199	.627	1.595

a. Dependent Variable: PMCE

In reference to Table 4.152, it indicates that the results of the path analysis for the variables in Row 1 (TFAll -> PMCE). Transformational leadership styles (IV) accounted for significant variance in the Employee performance (DV), whereby the *R-squared* is 0.237 (23.7 %), F is 24.214, and the coefficient for IV was significant ($p < 0.05, \beta = 0.487$).

In Row 2 (TFAll, TCAll -> PMCE), the team climate function as the mediator (M) and transformational leadership (IV) contributed to the value of significance to the variance accounted for in the job satisfaction (DV). For Row 2, the *R-squared* is 0.362 (36.2%), F is 68.046, $p < 0.05$, and $\beta = 0.333$for TFAll and $\beta = 0.252$ for TCAll **(see Appendix F).**

Tables 4.153, 4.154, 4.155 and 4.156 below describe the process in the path analyses to determine the mediation by conducting four Steps as suggested by Baron and Kenny (1986) and Judd and Kenney (1981) as follows:

Table 4.153
Step One (Direct Effect)

Variable (IV → DV)	***Employee Performace***	
	β	p
Transformational Leadership Styles	0.487	0.000***
Adjusted R-squared	0.227	
F-value	24.214	
Df	1,78	

Note: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$

Table 4.154
Step Two (Indirect Effect)

Variable (IV → M)	***Team Climate***	
	β	*p*
Transformational Leadership Styles	0.602	0.000***
Adjusted R-squared	0.357	
F-value	68.046	
Df	1,120	

Note: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$

Table 4.155
Step Three (Indirect Effect)

Variable (M → DV)	***Employee Performance***	
	β	*p*
Team Climate	0.455	0.000***
Adjusted R-squared	0.197	
F-value	20.382	
Df	1,78	

Note: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$

Table 4.156
Step Four

Variables (IV, M → DV)	*Employee Performance*		
	Model 1	Model 2	Model 3
Transformational Leadership Style	**0.487 (0.000***)**	-	**0.333 (0.008**)**
Team Climate	-	0.455 (0.000***)	0.252 (0.043*)
Adjusted R-squared	0.227	0.197	0.357
F-value	24.214	20.382	68.046
Df	(1,78)	(1, 78)	(1, 120)

Note: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$

To test hypothesis (Ha6), a regression analysis is undertaken to examine whether team climate (TCAll) is a mediator between transformational leadership (TFAll) and employee performance (PMC) as shown in the Tables above.

In Step 1 of the mediation model, PMC on TFAll, ignoring the mediator, was significant. The results indicate that employee performance is significantly related to transformational leadership style ($\beta = 0.487$, $t = 4{,}921$, $p < 0.001$) (See Table 4.153). Step 2 has demonstrated that the regression of TFAll scores on the mediator (TCAll) scores was also significant. The result shows that TFAll ($\beta = 0.602$, $t = 8{,}249$, $p < 0.001$) (See Table 4.154) is significantly related to TCAll.

Step 3 of the mediation process illustrated that the mediator, TCAll controlling on PMC scores kept level of significant. The results indicates that team climate ($\beta = 0.455$, $t = 4{,}515$, $p < 0.001$) (See Table 4.155).

Step 4 of the analyses revealed that, TCAll adds to TFAll and regress with PMC has proven to be a significant predictor in these relationships. The results indicate that the scores for TFAll ($\beta = 0.333$, $p < 0.01$) is still significantly related to employee performance but the beta (β) value is smaller after the inclusion of the mediator, TCAll (See Table 4.156).

Accordingly, the mediation model (with standardized path coefficients) is as illustrated in Figure 4.14 below.

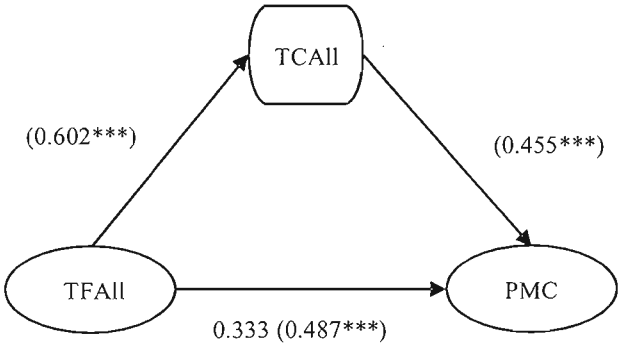

Figure 4.14
Partial Mediation

In reference to Figure 4.14 above, where βa = 0.602 (the standardized beta coefficient of the IV → M (with all controls in the equation); βb = 0.455 (the standardized beta of the M → DV (with IV and controls in the equation); βc = 0.333 (the coefficient of the IV when the mediator and controls are in the equation); and $\beta c'$ = 0.487 (the coefficient for the IV when the controls are in the equation but the mediator has not been entered). Usually each coefficient is marked * to indicate $p <$ .05, ** for $p < .01$, and *** for $p < 0.001$.

Complete mediation is the case in which variable X no longer affects Y after M has been controlled and so path c' is zero, while partial mediation is the case in which the path from X to Y is reduced in absolute size but is still different from zero when the mediator is introduced, Kenny (2012). Based on the illustration and values computed, it has resulted in *X* remains significant (whereby both *X* and *M* are both significantly predict *Y*), and the finding support partial mediation. Therefore, hypothesis null four (Ho6) is rejected and hypothesis six (Ha6) is supported.

4.7 Results of Mediation Analysis: Ha7

This section represents the outcomes of the mediation analysis using findings in multiple regressions to determine that Team climate will play a role as a mediator to strengthen the relationship between Transactional-contingent reward leadership styles and employees' performance.

Similarly, Judd and Kenny's (1981) steps in calculating mediation is used. In this section the results obtained from the hierarchical multiple regression analysis is adapted to determine the role of team climate as a mediator on the relationship between transactional-contingent reward leadership styles and employees' performance. In this response, Table 4.157 indicates the mediation role of team climate.

Table 4.157
Mediation Role of Team Climate

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin - Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.356[a]	.127	.116	4.3292539	.127	11.325	1	78	.001	
2	.466[a]	.217	.197	4.1263035	.217	10.664	2	77	.000	1.829

a. Predictors: (Constant), TS-CR
b. Predictors: (Constant), TS-CR, TCAll
c. Dependent Variable: PMCE

Table 4.158

Path Analysis of the Variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	23.356	2.077		11.246	.000					
	TS-CR	.526	.156	.356	3.365	.001	.356	.356	.356	1.000	1.000
2	(Constant)	19.619	2.344		8.370	.000					
	TS-CR	.184	.188	.125	.978	.331	.356	.111	.099	.627	1.595
	TCAll	.067	.023	.379	2.977	.004	.455	.321	.300	.627	1.595

a. Dependent Variable: PMCE

In reference to Table 4.158, it indicates that the results of the path analysis for the variables in Row 1 (TS-CRl -> PMCE). Transformational leadership styles (IV) accounted for significant variance in the Employee performance (DV), whereby the *R-squared* is 0.127 (12.7 %), F is 11.325, and the coefficient for IV was significant ($p < 0.05, \beta = 0.356$).

In Row 2 (TS-CR, TCAll -> PMCE), the team climate function as the mediator (M) and transactional-continget reward leadership (IV) contributed to the value of significance to the variance accounted for in the employee performance (DV). For Row 2, the *R-squared* is 0.217 (21.7%), F is 10.664, $p < 0.05$, and $\beta = 0.125$ for TS-CR and $\beta = 0.379$ for TCAll **(see Appendix F).**

Tables 4.159, 4.160, 4.161 and 4.162 below describe the process in the path analyses to determine the mediation by conducting four Steps as suggested by Baron and Kenny (1986) and Judd and Kenney (1981) as follows:

Table 4.159

Step One (Direct Effect)

Variable (IV → DV)	***Employee Performace***	
	β	*p*
Transactional Leadership Styles	0.356	0.000***
Adjusted R-squared	0.116	
F-value	11.325	
Df	1,78	

Note: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$

Table 4.160

Step Two (Indirect Effect)

Variable (IV → M)	***Team Climate***	
	β	*p*
Transactional Leadership Styles	0.621	0.000***
Adjusted R-squared	0.380	
F-value	75.313	
Df	1,120	

Note: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$

Table 4.161

Step Three (Indirect Effect)

Variable (M → DV)	***Employee Performance***	
	β	*p*
Team Climate	0.455	0.000***
Adjusted R-squared	0.197	
F-value	20.382	
Df	1,78	

Note: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$

Table 4.162

Step Four

Variables (IV, M → DV)	*Employee Performance*		
	Model 1	Model 2	Model 3
Transactional Leadership Style	**0.356 (0.000***)**	-	**0.125 (0.331)**
Team Climate	-	0.455 (0.000***)	0.379 (0.004**)
Adjusted R-squared	0.116	0.197	0.197
F-value	11.325	20.382	10.664
Df	(1,78)	(1, 78)	(2, 77)

Note: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$

To test hypothesis (Ha7), a regression analysis is undertaken to examine whether team climate (TCAll) is a mediator between t Transactional-continget reward leadership (TS-CR) and employee performance (PMC) as shown in the Tables above.

In Step 1 of the mediation model, PMC on TS-CR, ignoring the mediator, was significant. The results indicate that employee performance is significantly related to Transactional-continget reward leadership style ($\beta = 0.356$, $t = 3.365$, $p < 0.001$) (See Table 4.159).

Step 2 has demonstrated that the regression of TS-CR scores on the mediator (TCAll) scores was also significant. The result shows that TS-CR ($\beta = 0.621$, $t = 8.678$, $p < 0.001$) (See Table 4.160) is significantly related to TCAll.

Step 3 of the mediation process illustrated that the mediator, TCAll controlling on PMC scores kept level of significant. The results indicates that team climate ($\beta = 0.455$, $t = 4,515$, $p < 0.001$) (See Table 4.161).

Step 4 of the analyses revealed that, TCAll adds to TS-CR and regress with PMC has proven to be a significant predictor in these relationships. The results indicate that the scores for TS-CR ($\beta = 0.125$, $p > 0.05$) is notl significantly related to employee performance but the beta (β) value is smaller after the inclusion of the mediator, TCAll (See Table 4.162).

Accordingly, the mediation model (with standardized path coefficients) is as illustrated in **Figure 4.15** below.

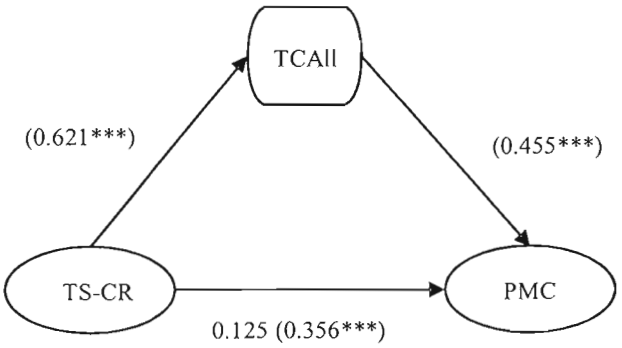

Figure 4.15
Partial Mediation

In reference to Figure 4.15 above, where βa = 0. 0.621 (the standardized beta coefficient of the IV → M (with all controls in the equation); βb = 0.455 (the standardized beta of the M → DV (with IV and controls in the equation); βc = 0.333 (the coefficient of the IV when the mediator and controls are in the equation); and $\beta c'$ = 0.356 (the coefficient for the IV when the controls are in the equation but the mediator has not been entered) where each coefficient is marked * to indicate p <0.05, ** for p < 0.01, and *** for $p < 0.001$.

Full mediation is a case where the variable X no longer affects Y after M has been controlled so that the path c 'is zero, whereas partial mediation is a case in which the path from X to Y is reduced absolute size but still different from zero when the mediator is introduced (Kenny, 2012). Again, based on the illustration and values computed, it has resulted in *X* remains significant (whereby both *X* and *M* are both

significantly predict *Y*), and the finding support partial mediation. Therefore, hypothesis null four (Ho7) is rejected and hypothesis six (Ha7) is supported.

4.8 Conclusion

Discussion of methodology and data analysis for this study have been described in chapter three above. All data were analyzed by using SPSS program version 19. The demographic factor was presented in this chapter. The relatioship between variables was analyzed in Pearson Correlation, and the hypothesis was tested in partial and multiple regression.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

After introducing the data analysis and findings in Chapter Four, the general review of the research objective and the discussion of the research results are now discussed in this section. This chapter also describes the discussion of the limitations of the study as well as its implications. Hereinafter, this section concludes with recommendations for further research and conclusions.

5.2 General Review of the Research Objective

Doing business as usual in the era of global competition is a relic of the past. In order an organization remain competitive, it requires a different way of doing business with more effective manner and efficient. To face the era of ever demanding and evolving business conditions, organisations need also to be led by leaders who are capable enough to manage unpredictable conditions. In an increasingly global competencies, organizations are expected to not only predict behavior in a variety of tasks and settings, but it also provides the core set of competencies that differentiate the company from others, such as how the business operated and treat employees (Goldstein & Ford, 2002).

In addition, the business environment constantly changing rapidly, organizations must necessarily empower all the potential of their workforce. The corporate members performance can present a huge problem for even the smallest of companies, what more for the much larger corporations like Chevron Pacific Indonesia (CPI) as the biggest oil producer operating in Indonesia. Therefore, it needs leaders who are adaptive, flexible leader.

Thus, the main objective of this research is to examine the potential mediating role of team climate on the impact of Transformational leadership styles and Transactional leadership styles on employee performance in the context of Indonesia corporate members in the selected Oil and Gas Company under the Productiona Sharing Contractor in Indonesia.

5.2.1 Summary of research questions

There are seven main research questions which reflect the objective of this study:

1. Does Transformational leadership style significantly influence the employee performance? As previously discussed in chapter four, the correlation results are summarised in **Tables 4.121, 4.122.** The regression analyses are summarised in **Table 4.140.**
2. Does Transactional–contingent rewards leadership style significantly influence the employee performance? As previously discussed in chapter four, the correlation results are summarised in **Table 4.123.** The regression analyses are summarised in **Table 4.141.**

3. Does Transformational leadership styles significantly associated with the five team climates (vision, participation safety, support for innovation, task orientation, and interaction frequency)? As previously discussed in chapter four, the correlation results are summarised in **Table 4.124, 4.125, 4.126, 4.127, 4.128, and 4.129.** The regression analyses are summarised in **Table 4.142**.
4. Does Transactional–contingent rewards leadership styles significantly associated with the five team climates (vision, participation safety, and support for innovation, task orientation, and interaction frequency)? As previously discussed in chapter four, the correlation results are summarised in **Tables 4.130, 4.131, 4.132, 4.133, 4.134, 4.135**. The regression analyses are summarised in **Table 4.143.**
5. Does Team climate (vision, participation safety, and support for innovation, task orientation, and interaction frequency) significantly influence the employee performance? As previously discussed in chapter four, the correlation results are summarised in **Tables 4.136,** and **4.137**. The regression analyses are summarised in **Table 4.144.**
6. Does Team climate functions as a mediating factor in relationship between transformational leadership styles and the employee performance? As previously discussed in chapter four, the correlation results are summarised in **Tables 4.138**. The regression analyses are summarised in **Tables 4.145, 4.146, 4.147, and 4.151, 4.152**. The mediation analysis are summarised in **Tables, 4.153, 4.154, 4.155**, and **4.156**.
7. Does Team climate do function as a mediating factor in relationship between transactional–contingent rewards leadership styles and the employee

performance? As previously discussed in chapter four, the correlation results are summarised in **Tables 4.139**. The regression analyses are summarised in **Tables 4.148, 4.149, 4.150, and 4.157, 4.158**. The mediation analysis are summarised in **Tables 4.159, 4.160, 4.161**, and **4.162**.

Based on the statistical findings that have been discussed in chapter four, it showed that the outcomes of correlations and regressions support the seven research questions and reject the null hypotheses. Next, an overview of the selection of instruments applied in the study is discussed on the following section.

5.2.2 The Methodology Applied

There are three reliable and validated instruments applied in this research. Firstly, the instrument from Bass and Avolio (1997) were used to measure the transformational styles, and transactional-continger rewards. Originally, the questionnaires consist of 36 items but in order to fit the purpose of this study, the components of transformational styles (20 items) and transactional-contingent rewards (4 items) remained while the other components of transactional Management by Exception and laissez-faire were declined. Thus, a revised number of items became 24. Each statement were anchored by five-point Likert scale in which *1 stands for "Not at all", 2 stands for "Once in a while", 3 stands for "Sometimes", 4 stands for "Fairly often", and 5 stands for "Frequently if not always".*

Scondly, the questionnaire was adapted from Anderson and West (1994), to measeure respondent's team climate. It consist of 38 items with five-point Likert responses (1 = Disagree Completely, 5 = Strongly Agree) clustered into five factors including vision (11 items); participation (8 items); task orientation (7 items); innovation (8 items), and interaction frequency (4 items).

Finally, the questionnaire of the Minnesota Satisfactoriness Scale (MSS) adapted from Gibson, Weiss, Dawis, & Lofquist (1970) were used to measure respondents' employee performance. The survey was distributed to the direct supervisor of the employe to collect rating of each subject employee's performance. The MSS 28-item questionnaire is intended to be completed by an employee's supervisor. The study uses the subscales of the MSS which consist of performance, conformance, dependability, and personal adjustment. For the purposes of this study, it only uses the 9 items of performance's subscale to measure the subordinate's promotability and the quality and quantity of work. The items are spread into a 3-point Likert scale. There was a provided evidence of adequate psychometric properties of the instrument (Gibson et al., 1970).

5.2.3 The Statistical Tests

In this research, the Statistical Package for Social Science (SPSS) Version 19 is used to analyze the data. In order to get the participated respondents' biographical information, then descriptive statistics is used in this study.

The Pearson product moment coefficients (p-value) were adapted to justify the relationship between independent and dependent variables and the mediating variables. The bivariate correlations and linear regression analyses were applied in an attempt to describe the benefactions of the independent variables with regard to employee performance scores which is the dependent variable.

The four-step hierarchical multiple regression analysis (Baron and Kenny, 1986; Judd & Kenny, 1981; MacKinnon, Lockwood, Hoffman, West & Sheets, 2002; MacKinnon, 2008) was applied to specify if team climate mediates the relationship between independent variables (transformational leadership styles and transactional leadership styles) on employee performance.

It is mentioned that the majority statistical tests depend on specific assumptions about the variables applied in the analysis (Jason and Waters, 2002). Thus, the four common assumptions of multiple regressions tested are (1) Linearity of independent and dependent variables; (2) Heteroscedasticity; (3) Normal distribution and (4) Multicollinearity. It was found that the variables selected fairly fit into the criteria's for each of the assumptions mentioned.

Overall, a probability of 0.05 ($p < 0.05$) was obtained and the null hypotheses ($Ho = 0$) were rejected for all seven hypotheses.

5.3 Discussion of the Research Results

Next section presents and discusses the Hypotheses findings. The relationship between independent variables (transformational leadership styles and transactional leadership styles) and dependence variable (employee performance), the relationship between independent variables (transformational leadership styles and transactional leadership styles) and team climate, team climate and employee performance were analysed separately before they were combined. This is to specify the mediation function of the team climates in the relationship between independent variables (transformational leadership styles and transactional leadership styles) and employee performance as proposed in this study.

5.3.1 Summary of Hypothesis Testing

The overall findings based on the hypotheses in this research are illustrated in Table 5.1 below.

Table 5.1
Hypothesis Results

	Hypothesis	***Decision***
Ho1.	*Transformational leadership styles are not significantly influence the employee performance.*	**Rejected**
Ha1.	Transformational leadership styles are significantly influence the employee performance.	**Accepted**
Ho2.	*Transactional–contingent rewards leadership styles are not significantly influence the employee performance.*	**Rejected**
Ha2.	Transactional–contingent rewards leadership styles are significantly influence the employee performance.	**Accepted**
Ho3.	*Transformational leadership styles are not significantly associated with the team climate.*	**Rejected**
Ha3.	Transformational leadership styles are significantly associated with the team climate.	**Accepted**
Ho4.	*Transactional–contingent rewards leadership styles are not significantly associated with the team climate.*	**Rejected**
Ha4.	Transactional–contingent rewards leadership styles are significantly associated with the team climate.	**Accepted**
Ho5.	*Team climate have no significant influence in determining the employee performance.*	**Rejected**
Ha5.	Team climate have significant influence in determining the employee performance.	**Accepted**
Ho6.	*Team climate do not function as a mediating factor in relationship between transformational leadership styles and the employee performance.*	**Rejected**
Ha6.	Team climate do function as a mediating factor in relationship between transformational leadership styles and the employee performance.	**Accepted**
Ho7.	*Team climate do not function as a mediating factor in relationship between transactional–contingent rewards leadership styles and the employee performance.*	**Rejected**
Ha7.	Team climate do function as a mediating factor in relationship between transactional–contingent rewards leadership styles and the employee performance.	**Accepted**

The following sections provide a description on the findings of all the main models based on the hypotheses.

5.3.1.1 Hypothesis One

Ho1. *Transformational leadership styles are not significantly influence the employee performance.*

Ha1. Transformational leadership styles are significantly influence the employee performance.

Hypothesis one provides an overview of the correlation and regression analyses computed on the relationship between transformational leadership styles and the employee performance. There are five components altogether in transformational leadership styles such as (1) idealised influence (attribute); (2) idealised influence (behaviour); (3) inspirational motivation; (4) intellectual stimulation, and (5) individual consideration. These components were coded into a single variable as TFAll and were correlated with employee performance that was coded into PMCE.

The independent (TFAll) and dependent variable (PMCE) was computed to specify the power of relationship among the two variables. The results showed a relationship between TFAll and PMCE with the positive coefficient of $r = 0.487$ and significant ($p = 0.000$). The results in this study is strengthened by the statement of the previous research on testing the concept of transformational leadership that has provided general support for the hypothesized relationship among the transformational leadership, transactional leadership, and performance (Avolio, 1999; Bass, 1998). The general support are include such as, ratings of transformational leadership have a positive correlation with supervisory evaluations of managerial performance (Hater

& Bass, 1988); (Waldman, Bass, & Einstein, 1987), recommendations for promotion (Waldman, Bass, & Yammarino, 1990), research and development project team innovations (Keller, 1992), and percentage of financial goals achieved in strategic business units (Howell & Avolio, 1993).

The regression results of employee performance (PMCE) has indicated a significant relationship with transformational leadership styles (TFAll), with the $R^2 = 0.237$, $F = 24.214$, $\beta = 0.487$ and $p < 0.05$.

5.3.1.2 Hypotheses Two

Ho2. *Transactional–contingent rewards leadership styles are not significantly influence the employee performance.*

Ha2. Transactional–contingent rewards leadership styles are significantly influence the employee performance.

Hypothesis two provides an overview of the correlation and regression analyses computed on the relationship between transactional – contingent reward leadership styles and the employee performance. This variable was coded as TS-CR and was correlated with employee performance (PMCE).

The independent (TS-CR) and dependent variable (PMCE) was computed to specify on the power of relationship among the two variables. The results showed a relationship between TS-CR and PMCE with the positive coefficient of $r = 0.356$ and

significant (p = 0.001). The result in this study supported by same the statement provided in the hypothesis one above. In addition, the earlier study has demonstrated transactional contingent reward style leadership to be positively correlated with the commitment of the members of the organization, their satisfaction and performance (Bycio, Hackett, & Allen, 1995; Hunt & Schuler, 1976; Podsakoff, Todor, Grover, & Huber, 1984). Goodwin, Wofford, and Whittington (2001, in Bass *et al.*, 2003) stated a positive relation between transactional contingent reward leadership and organizational citizen behavior; differentiating transactional leadership is in terms of recognition of the base standard setting expectations and goals.

The regression results of employee performance (PMCE) has indicated a significant relationship with transactional – contingent reward leadership styles (TS-CR), with the $R^{2=}$ 0.127, F = 11,325, β = 0.356 and $p < 0.05$.

5.3.1.3 Hypotheses Three

Ho3. *Transformational leadership styles are not significantly associated with the team climate.*

Ha3. Transformational leadership styles are significantly associated with the team climate.

Hypothesis three provides an overview of the correlation and regression analyses computed on the relationship between transformational leadership styles and the team climate.

The results of the correlation analyses demonstrated that statistically significant correlations existed between overall transformational leadership and team climate variables, and the scores showed a positive and significant (TFAll→TCAll: r = 0.602, p = 0.000). However, the output supports hypothesis two (Ha.3) of this current study and null hypothesis was rejected.

Transformational leadership is coded as TFAll represented by: (1) idealised influence (attitude); (2) idealised influence (behaviour); (3) inspirational motivation; (4) intellectual stimulation, and (5) individual consideration. These components were correlated with team climate coded as TCAll consisting of (1) Vision (VISN), (2) Participation Safety (SAFE), (3) Support for Innovation (INOV), (4) Task Orientation (TASK) and (5) Interaction Frequency (INTA). The result in this study supported the report made by Lewin (Lewin *et al.*, 1939) in his classic study that he examined that varying leadership styles induced experimentally (authoritarian, democratic and laissez faire) influenced perceptions of climate and the behavioural responses of subjects. Litwin and Stringer (1968, in Gil, Rico, Alcover, Barrasa, 2005), who created organisations directed by leaders demonstrating styles (bureaucratic, cooperative and productivity-oriented), obtained similar results. Kozlowski and Doherty (1989, in Gil *at al.*, 2005) show that the relationships among the leader and the subordinate had a large impact on perceptions of climate. Analisys on leader-member relations in primary healthcare teams, confirming the positive relationship between leadership styles focusing on people or tasks and perceptions of climate in various dimensions (support, goals, innovation and rules) (Gonza´lez-Navarro *et al.*, 1993)

5.3.1.3.1 Hypotheses Three – sub 1

H3.1 Transformational leadership styles are significantly associated with the vision in team climate.

This section demonstrates on the relationship between transformational leadership styles and its components and the element of vision. The independent and dependent variables are computed (TFAll → VISN) to specify the strength among the two variables. The output of the testing computed on the overall relationship between these two variables showed that the value of $r = 0.518$, $p < 0.001$ which indicate the existence of positive in relationship between the two variables.

5.3.1.3.2 Hypotheses Three – sub hypothesis 2

H3.2 Transformational leadership styles are significantly associated with the participation safety in team climate.

This section demonstrates on the relationship between transformational leadership styles and its components and the element of Participation Safety. The independent and dependent variables are computed (TFAll → SAFE) to determine the strength between the two variables.

The output of the test computed on the overall relationship between these two variables (TFAll → SAFE) showed that the value of $r = 0.539$, $p < 0.001$ which

indicate the existence of both positive and significant in relationship of this current study.

5.3.1.3.3 Hypotheses Three – sub hypothesis 3

H3.3 Transformational leadership styles are significantly associated with the support for innovation in team climate.

This section demonstrates on the relation between transformational leadership styles and the element of support for innovation. The independent and dependent variables are computed (TFALL → INOV) to specify the strength among the two variables. The output of the testing computed on the overall relationship between these two variables (TFALL → INOV) showed that the value of $r = 0.590$, $p < 0.05$ which indicate the existence of positive and significant in relationship of this current study.

5.3.1.3.4 Hypotheses Three – sub hypothesis 4

H3.4 Transformational leadership styles are significantly associated with the task orientation in team climate.

This section demonstrates on the relation between transformational leadership styles and the element of task orientation. The independent and dependent variables are computed (TFALL → TASK) to specify the strength among the two variables. The output of the testing computed on the overall relationship between these two

variables (TFALL → TASK) showed that the value of r = 0.516, p < 0.05 which indicate the existence of positive and significant in relationship of this current study.

5.3.1.3.5 Hypotheses Three – sub hypothesis 5

H3.5 Transformational leadership styles are significantly associated with the interaction frequency in team climate.

This section demonstrates on the relationship between transformational leadership styles and the element of interaction frequency. The independent and dependent variables are computed (TFALL → INTA) to specify the strength among the two variables. The output of the testing computed on the overall relationship between these two variables (TFALL → INTA) showed that the value of r = 0.422, p < 0.05 which indicate the existence of positive and significant in relationship of this current study, but less than other elemenet of team climate in its relationship.

5.3.1.4 Hypotheses Four

Ho4. *Transactional–contingent rewards leadership styles are not significantly associated with the team climate.*

Ha4. Transactional–contingent rewards leadership styles are significantly associated with the team climate.

Hypothesis four provides an overview of the correlation and regression analyses computed on the relationship between Transactional–contingent rewards leadership styles and the team climate.

The results of the correlation analyses demonstrated that statistically significant correlations existed between Transactional–contingent rewards leadership styles and team climate variables, and the scores showed a positive and significant (TS-CR→TCAll: $r = 0.621$, $p = 0.000$). However, the output supports hypothesis two (Ha.3) of this current study and null hypothesis was rejected.

Transactional–contingent rewards leadership styles is coded as TS-CR wascorrelated with team climate coded as TCAll consisting of (1) Vision (VISN), (2) Participation Safety (SAFE), (3) Support for Innovation (INOV), (4) Task Orientation (TASK) and (5) Interaction Frequency (INTA). Likewise, the result in this study was supported by the same statement as provided in the hypothesis three as above.

5.3.1.4.1 Hypotheses Four – sub hypothesis 1

H4.1 Transactional–contingent rewards leadership styles are significantly associated with the vision in team climate.

This section demonstrates on the relationship between Transactional–contingent rewards leadership and the element of vision. The independent and dependent variables are computed (TS-CR → VISN) to specify the strength among the two

variables. The output of the testing computed on the overall relationship between these two variables (TS-CR → VISN) showed that the value of $r = 0.511$, $p < 0.01$ which indicate the existence of positive in relationship.

5.3.1.4.2 Hypotheses Four – sub hypothesis 2

H4.2 Transactional–contingent rewards leadership styles are significantly associated with the participation safety in team climate.

This section demonstrates on the relationship between Transactional–contingent rewards leadership and the element of participation safety. The independent and dependent variables are computed (TS-CR → SAFE) to specify the strength among the two variables. The output of the testing computed on the overall relationship between these two variables (TS-CR → SAFE) showed that the value of $r = 0.567$, $p < 0.01$ which indicate the existence of positive in relationship.

5.3.1.4.3 Hypotheses Four – sub hypothesis 3

H4.3 Transactional–contingent rewards leadership styles are significantly associated with the support for innovation in team climate.

This section demonstrates on the relationship between Transactional–contingent rewards leadership and the element of support for innovation. The independent and dependent variables are computed (TS-CR → INOV) to specify the strength among

the two variables. The output of the testing computed on the overall relationship between these two variables (TS-CR → INOV) showed that the value of $r = 0.625$, $p < 0.01$ which indicate the existence of positive in relationship.

5.3.1.4.4 Hypotheses Four – sub hypothesis 4

H4.4 Transactional–contingent rewards leadership styles are significantly associated with the task orientation in team climate.

This section demonstrates on the relationship between Transactional–contingent rewards leadership and the element of task orientation. The independent and dependent variables are computed (TS-CR → TASK) to determine the strength between the two variables. The output of the test computed on the overall relationship between these two variables (TS-CR → TASK) showed that the value of $r = 0.518$, $p < 0.01$ which indicate the existence of positive in relationship.

5.3.1.4.5 Hypotheses Four – sub hypothesis 5

H4.5 Transactional–contingent rewards leadership styles are significantly associated with the interaction frequency in team climate.

This section demonstrates on the relationship among Transactional–contingent rewards leadership and the element of interaction frequency. The independent and dependent variables are computed (TS-CR → INTA) to specify the strength among

the two variables. The output of the test computed on the overall relationship between these two variables (TS-CR → INTA) showed that the value of $r = 0.469$, $p < 0.01$ which indicate the existence of positive in relationship.

5.3.1.5 Hypotheses Five

Ho5. *Team climate have no significant influence in determining the employee performance.*

Ha5. Team climate have significant influence in determining the employee performance.

This section discusses on the relationship between overall Team climate and and employee performance. Overall Team climate were coded as TCAll consisting of (1) Vision (VISN), (2) Participation Safety (SAFE), (3) Support for Innovation (INOV), (4) Task Orientation (TASK) and (5) Interaction Frequency (INTA). The strength of the relationship of these two variavels were obtained by conducting the test of correlation on the independent and dependent variables (TCAll→PMCE). The result showed that the value of $r = 0\ 455$, $p < 0.01$ which indicate the existence of positive, strong coefficient in relationship and significant in this current study.

The overall results as indicated in Chapter 4 is concluded that team climate promote a significant and strong relationship toward employee performance (TCAll→PMCE) with the $R^2 = 0.207$, F= 20,382, $\beta = 0.455$ *and* $p = 0.000$.

Therefore, the results of this study suggest that team climate have a significantly positive influence on employee performance. This result is consistent with the previous studies conducted by others researcher on work-team climate (Perry *et al.*, 2005) for example stated that a positive work-team climate motivates employees to improve their performance by going above and beyond job expectations, and better performing work teams contribute to better organizational performance, which in turn leads to better results. Golemen (2000:78-90) adds that a positive work climate leads to and sustains employee motivation and high performance by liberating "discretionary effort," or the level of extra effort that employees exert above and beyond job expectations.

5.3.1.6 Hypotheses Six

Ho6. *Team climate do not function as a mediator in relationship between transformational leadership styles and the employee performance.*

Ha6. Team climate do function as a mediator in relationship between transformational leadership styles and the employee performance.

Hypothesis six provides an overview of the correlation and regression analyses computed on the relationship among transformational leadership styles and the employees' performance with team climate as the mediator.

There are five components altogether in transformational leadership styles such as (1) idealised influence (attitude); (2) idealised influence (behaviour); (3) inspirational motivation; (4) intellectual stimulation, and (5) individual consideration.

This section demonstrates the correlation analysis results between the three variables. The correlation strength between these variables is satisfactory with Pearson correlations of (*r)* is 0.487 and 0.455 and are significant ($p < 0.01$). This is evident that the hypothesis for this section is well supported in this study, therefore it is accepted.

The multiple regression analysis was also computed in order to determine whether team climate (TCAll) mediates the relationship between TFAll and PMCE. In reference to the overall results as indicated in Chapter 4, it confirms that team climate function as a mediator in this hypothesis with the $R^{2} = 0.277$, F= 14,727and $p < 0.001$.

5.3.1.7 Hypotheses Seven

Ho7. *Team climate do not function as a mediating factor in relationship between transactional–contingent rewards leadership styles and the employee performance.*

Ha7. Team climate do function as a mediating factor in relationship between transactional–contingent rewards leadership styles and the employee performance.

Hypothesis seven provides an overview of the correlation and regression analyses computed on the relationship between transactional–contingent rewards leadership styles (TS-CR) and employees' performance (PMCE) with team climate (TCAll) as the mediator.

This section demonstrates the correlation analysis results between the three variables. The correlation strength between these variables is satisfactory with Pearson correlations of (*r)* is 0.356 and 0.455 and are significant ($p < 0.01$). This is evident that the hypothesis for this section is well supported in this study, therefore it is accepted.

The multiple regression analysis was also computed in order to specify if team climate (TCAll) mediates the relationship among TS-CR and PMCE. In reference to the overall results as indicated in Chapter 4, it confirms that cultural traits function as a mediator in this hypothesis with the $R^2 = 0.217$, F= 10.664 and $p < 0.001$.

Based on the discussion on hypotheses that has been provided above, it was found that the team climate partially mediate the relationship between transformational leadership styles and employee performance, and team climate partially mediate the relationship between transactional leadership styles and employee performance (refer Table 5.2) as illustrated below.

Table 5.2
Summary of Mediation Results

	Hypothesis	Decision	*Mediation*
Ho6.	*Team climate do not function as a mediator in relationship between transformational leadership styles and the employee performance.*	**Rejected**	-
Ha6.	Team climate do function as a mediator in relationship between transformational leadership styles and the employee performance.	**Accepted**	***Partial*** *0.333 (0.487)* *P = 0.008*
Ho7.	*Team climate do not function as a mediator in relationship between transactional–contingent rewards leadership styles and the employee performance.*	**Rejected**	-
Ha7.	Team climate do function as a mediator in relationship between transactional–contingent rewards leadership styles and the employee performance.	**Accepted**	***Partial*** *0.125 (0.356)* *P= 0.333*

The hypotheses have proven that team climate function as a mediating factor in bridging the link between leadership and employee performance. This is indicated through the smaller value of the statistical results after the inclusion of team climate components on the effect of leadership and employee performance.

5.4 Limiations of the Research

This research explores the impact of Transformational leadership styles and Transactional-contingent reward leadership styles, team climate, and employee performance in the context of Indonesia.

This research adopts a case study research design of which is deemed by some as Appropriate Researchers to investigate a phenomenon in a single large organization

(Bryman & Bell, 2007; Mitchell & Jolley, 2007; Spatz & Kardas, 2008; Yin, 1994). Thus, source of research target is single leading multi-national Oil and Gas Corporation in Indonesia.

Due to limited time and access for researchers into the object of this study, the researchers chose the front line leaders and their subordinates as a research target.

The approach taken in data collection is that a subordinate judge of the superior aspect of her superior's leadership style and work team climate that is affected by the leadership style of superiors. Furthermore, the leaders assessed the performance of their subordinates. There were two type of survey instruments in this study, the survey of leadership and team climate aspect intended to members (subordinates) and job performance for leaders (superiors). Those who participated have responded to an English language survey of this current research study. Previous studies have suggested that response patterns are different when respondents complete research questionnaires in a non-native language (Bennett, 1977; Marin, Triandis, Betancourt & Kashima, 1983).

Although the quantative method of research is preferred in this present study due to its systematic investigation of social phenomena to develop the hypotheses, models and theories; selection of instruments and measurements; collection, analysis and evaluation of the data analysed in accessing larger sample and the research to generalise effectively. The qualitative method is also being used to gain much larger understanding of the description of the background of the organisation.

This study focussed on the oil and gas industry operating in Indonesia to test the mediating effects of team climate on the relationships among transformational leadership style, transactional-contingent reward leadership style and employee performance. Implications of the research might only represent the situation in Indonesia.

5.5 Implications of the Research

In this research, the seven hyphoteses have been tested in which the the study focused on the link between leadership (transformational and transactional style), team climate and employee performance within the oil and gas industry in Indonesia. The implication through the findings provided by the present study is that it serves as a strong understanding in the area of concentration as mentioned earlier in this study, and it could be applied into organisational practices, education, and research. In particular, these findings are ready to applied to the oil and gas industry in Indonesia and in general for other type's organizations.

5.5.1 Teoretical Implication

The result of the research demonstrated that the relationship between independent variables and dependent variable, independent variables and mediating variables and dependent variable is significant and positive. Transformational leadership style and transactional-contingent reward leadership style have a significant effect on employee performance. These leadership styles also showed a significant effect both

on team climate and employee performance. Moreover, team climate has a significant influence on employee performance.

Theoretically, this research project provides some insight into the types of leadership styles that enhance the positive effect of work team climate and employee performance for the oil and gas companies in Indonesia.

Refer to previous studies as cited in Arman Hadi (2012), mostly the reseachers have examined independently, on the relationship between (1) leadership and performance (e.g. Nicholls, 1988; Quick, 1992; Simms, 1997; Howell & Avolio, 1993; Bycio, Hackett & Allen, 1995);(2) between culture and performance (Scholz, 1987; Denison, 1990; Krefting & Frost, 1985; Lewis, 1994; Lim, 1995; Perry *et al.*, 2005; Golemen, 2000; Bismas & Varma, 2007), and (3) leadership and organizational culture (e.g. Schein, 1992; Bass, 1985; Brown, 1992; Bass & Avolio, 1993).

For example, Bass (1985) argues that transformational leadership encouraged the group to survive when conditions are changeable, and complex, and stress. Geyer and Steyrer (1998) adds that transactional leadership may create a basic level of trust in leadership because it reliably performed what has been agreed, and it also can being transformational leadership performance prediction; and refer to their study in the various branches of the bank that the transactional leadership can predicting the short-term financial results, while transformational leadership is described as a strong predictor for a longer period of time. There is a strong association between positive work climate in a team with the motivation of employees for the purpose of

improving performance; working in a conducive environment make them work even harder to exceed the expectations of their job, and being a high performing team may provide better result for organization (Perry *et al.*, 2005), while Golemen (2000:78-90) adds that conducive working environment can motivate and sustain high performance of employees in a way they give all their effort to work beyond the expectations of their job.

Thus, the focuss of this current study is investigate the nature of the relationship among the four components: transformational leadership styles and transactional-contingent reward leadership styles, team climate and employee performance in oil and gas industry in Indonesia.

The results of this current study significantly contributes to the new theory due to the associations between transformational leadership styles; transactional-contingent reward leadership styles and employees performance are partially mediated by team climate as presented in chapter four Tables 4.7.1.1.4, and 4.9.1.1.4.

Undoubtedly that the previous researchs have approved that importance of leadership styles in relation to employee performance but the current study somewhat to prove that team climate do emerged as a filter and result as stronger predictor to the employee performance compared to direct link between leadership to employee performance.

The coefficient of multiple determinations (R-squared) for the multiple regression and regression analyses has proved for this study in area of oil and gas industry in Indonesia. The findings may be arise differently compared to the studies made by previous studies in terms of cultural, business environment, gender, developed or developing country, education background and job experiences.

Refer to the fact finding of this research as previously discussed, it seems that the role of team climate consist of vision, participation safety, support for innovation, task orientation, and interaction frequency indicated equally important and function as a mediating factor in bridging and strengthening the relationship between transformational leadership styles, transactional-contingent reward leadership styles and employee performance in the oil and gas industry in Indonesia.

As widely agreeable by many people and also captured in this study that employees are the most important asset in any organisations and thus, this organisation need to have individual leaders who are in the capacity to lead, motivate and nurture their employees in achieving organisational goals and build positive work team climate through the understanding, creating and practicing these team climate.

5.5.2 Practical implication

Transformative leaders that would give an influence on employee performance, and they tends to leverage the employee discretionary effort of employee performance. As mentioned by Stinger (2002) that leader's behavior can be directed in creating

conducive working environment, which will raise the motivation of subordinates, in which an aroused motivation is a key driver of individual performance.

Leaders can exert effort to ensure that they establish a team climate that induces follower commitment, participation, and innovativeness. To make useful leader action, it would advisable to identify current leader's leadership style, existing work team climate, and improve the desired the leader's leadership style and work-team climate. There are many way to modify and improve leaders' leadership style and work team climate, for instant by using team building activities, leadership training, mentor-mentee coaching session by providing and giving feedback.

Specifically, this study result would investigate the role and contribution to the aspects of leadership in shaping the employee performance through team climate as mediator for multinational Oil and Gas Company in Indonesia. It would be of information for the company's management to know on leadership development program strategy in achieving the business goal by unlocking the employee effort to provide their discreationary performance.

5.6 Recommendation for Future Research

Findings from this study indicate that there should be an additional process in relation with factors of the employee's performance and team climate and the leadership style. The study is essential as there is fact finding indicate about a

positive and strong relationship among transformational leadership and transactional leadership style toward team climate, and so does on employee performance.

However, replication of this result from different organizations and different level of leadership function would be very useful. Thus sampling of more leaders of other organizations and different level of leadership function would increase the potential generalization of the findings to other industries and also would probably lead to new insights that can be used to enhance the organization's leadership development activities and consistency of leadership, and the development of team climate as bridging between leadership styles and employee performance.

5.7 Conclusion

The main objective of the reseach is to examine a potential mediating role of team climate on the impact of Transformational leadership styles and Transactional leadership styles on employee performance in the context of Indonesia corporate membership in multinational corporations of petroleum under Production Sharing Contract agreement in Indonesia.

This study used the available instruments in the form of a questionnaire that utilized by many researchers. First, the questionnaires was adapted from Bass and Avolio (1997), which examined the leadership styles namely; transformational, transactional and laissez faire. Originally, the questionnaires consist of 36 items but in order to fit the purpose of this study, the components of transformational styles and

transactional-continger rewards remained while the other components of transactional Management by Exception and laissez-faire were rejected. Thus, a revised number of items became 24. Each statement were anchored by five-point Likert scale where *1 stands for "Not at all", 2 stands for "Once in a while", 3 stands for "Sometimes", 4 stands for "Fairly often", and 5 stands for "Frequently if not always".*

Second, the questionnaire from Anderson and West (1994) was used to examine the work team climate. It contains 38 items (α= 0:96; ICC = 0:55) with five-point Likert responses (1 = Disagree Completely, 5 = Strongly Agree) grouped into five factors comprising vision (11 items); participation (8 items); task orientation (7 items); innovation (8 items), and interaction frequency (4 items).

The last, the study used the questionnaire of the Minnesota Satisfactoriness Scale (MSS) adapted from Gibson, Weiss, Dawis and Lofquist (1970). The survey was distributed to the direct supervisor of the employe to collect rating of each subject employee's performance. MSS has four subscales which consist of performance, conformance, dependability, and personal adjustment.The leaders of the subordinate are requested to fill in and complete the MSS questionnaire. In accordance with the objectives of this research, only 9 questions of MSS- performance subscale used to measure promotability, quality and quantity of the work of subordinates where each use 3-point Likert scale. In general, the value of Cronbach's internal consistency reliability of the subscales which used, obtained a figure of more than 0.70 so that the

reliability coefficient for the the overall were considered satisfactory (Nunnally, 1978).

In this study, the SPSS version 19 was utilized to analyze data. The study utilizes the Pearson's correlation to find out correlations among variables. Meanwhile the regression analysis and multiple regressions utilized to find out affect of one to other variable.

The reseach conclude about the role of team climate which consists of vision, participation safety, support for innovation, task orientation, and interaction frequency indicates equally important and function in mediating and strengthening the link among transformational leadership styles with employee performance, and transactional-contingent reward leadership styles with employee performance in the oil and gas industry in Indonesia.

REFERENCES

Alban-Metcalfe, R.J. and Alimo-Metcalfe, B. (2000). The transformational leadership questionnaire: a convergent and discriminant validation study. *Leadership & Organizational Development Journal*, 21(6), 280-296.

Ambos, T.C. and Ambos, B. (2008). The impact of distance on knowledge transfer effectiveness in multinational corporations. *Journal of International Management*, 15(1), 1-14.

Arman Hadi, A.M. (2012). The Mediating Effects of Organizational Cultural Traits on the Relationjships between Transformational Leadership Style and Corporate Members' Attitudinal Outcomes: A Study of Government-linked Companies in Malaysia. An Unpublished PhD thesis, Asia-E University, Kuala Lumpur, Malaysia.

Armstrong, M. and Baron, A. (1998). *Performance Management – The New Realities*. London: IPD.

Hayward, Brett Anthony (2005). Relationship between employee performances, leadership and emotional intelligence in a South african parastatal organization. An Unpublished Master of Comerce thesis, Rhodes University, South Africa.

Armstrong, M. (2006). *Strategic Human Resource Management: A Guide to Action* (3rd ed.). London: Kogan Page.

Arnold, K.A., Barling, J. and Kelloway, E.K. (2001). Transformational Leadership or the Iron Cage: What Predicts Trust, Commitment and Team Efficacy. *Leadership and Organization Development Journal*, 22(7), 315-320.

Aryee, S., Zhen, X.C. and Budhwar, P.S. (20040. Exchange fairness and employee performance: An examination of the relationship between organizational plotics and procedural justice. *Organizational Behvior and Human Decision Processes*, 94(1), 1-14.

Ascher, W. (1998). From Oil to Timber: The Political Economy of Off Budget Development Financing in Indonesia. *Indonesia*, 65, April, 37-61.

Aswicahyono, H., Bird, K. and Hill, H. (2009). Making Economic Policy in Weak, Democratic, Post-crisis States: An Indonesian Case Study. *World Development*, 37(2), 354-372.

Avery, G.C. (2004) *Understanding Leadership: Paradigms and Cases*. London: Sage.

Avey, J.B., Nimnicht, J.L. and Pigeon, N.G. (2010), Two field studies examining the association between positive psychological capital and employee performance. *Leadership & Organization Development Journal*, 31(5), 384 – 401.

Avolio, B. (1996). Leadership most critical issue in business today. *Human Resource Management, Yearbook*: 10-14.

Avolio, B.J. (1999) *Full Leadership Development: Building the Vital Forces in Organizations.* Thousand Oaks, CA: Sage.

Avolio, B.J., Waldman, D.A. and Yammarino, F.J. (1991). Leading in the 1990's: The Four I's of Transformational Leadership. *Journal of European Industrial Training*, 15, 1-8.

Awamleh, R. and Gardner, W.L. (1999). Perceptions of leader charisma & effectiveness: The effects of vision content, delivery & organizational performance. *The Leadership Quarterly*, 10: 345-373.

Baptiste, N.R. (2008). Tightening the link between employee wellbeing at work and performance: A new dimension for HRM. *Management Decision*, 46(2), 284-309.

Barling, J., Weber, T. and Kelloway, E.K. (1996) Effects of transformational leadership training on attitudinal & financial outcomes: A field experiment. *Journal of Applied Psychology,* 81(6): 827-832.

Barling, J., Salter, F., and Kelloway, E.K. (2000). Transformational leadership and EI: an exploratory study. *Leadership & Organizational Development Journal*, 21(3), 157-161. 118

Barry, J.M. (1997). "Performance Management: A Case Study", *Journal of Environmental Health,* 60(4),12-38.

Bass, B.M. (1985a). *Leadership & Performance Beyond Expectations*. New York, NY: Free Press.

Bass, B. M. (1985b). Leadership: Good, Better, Best. *Organizational Dynamics*, 13(3), 26 – 40.

Bass, B.M. (1990). *Bass and Stogdill's handbook of leadership: Theory, Research and Managerial applications*. New York: Free Press.

Bass, B.M. (1998). *Transformational Leadership: Industrial, Military, and Educationa Impact.* Mahwah, New Jersey: Lawrence Erlbaum and Associates.

Bass, B.M. and Avolio, B.J. (1990a). Developing Transformational Leadership: 1992 and Beyond. *Journal of European Industrial Training*, 14(5), 21-27.

Bass, B.M. and Avolio, B.J. (1990b). *Transformational Leadership Development:Manual for MLQ*. Palo Alto: Consulting Psychologist Press.

Bass, B.M. and Avolio, B.J. (1994). *Improving Organizational Effectiveness: Through Transformational Leadership*. Thousand Oaks: Sage Publications Inc.

Bass, B.M. and Avolio, B.J. (2000). *Multifactor Leadership Questionnaire*. Redwood City: Mind Garden Inc. 119

Bass, B.M., Avolio, B.J. and Goodheim, L. (1987). Biography and the Assessment of Transformational Leadership at a World Class Level. *Journal of Management*, 13(2), 7-19.

Bass, B. M., Avolio, B. J., Jung, D.I. and Berson, Y. (2003). Predeicting unit performance by assessing transformational and transactional leadership. *Journal of Applied Psychology*, 88(2), 207-218.

Bass, B.M., Waldman, D.A., Avolio, B.J. and Bebb, M. (1987). Transformational Leadership and the Falling Dominoes Effect. *Group Organization Management*, 12(1), 73-87.

Batra, R.N. (1986). A General Equilibrium Model of Multinational Corporations in Developing Economies. *Oxford Economic Papers New Series*, 38(2), 342-353.

Bennett, J. (2002). Multinational Corporations, Social Responsibility and Conflict. *Journal of International Affairs*, 55(2), 393-411.

Bennis, W. G. (1998a). *On Becoming a Leader*. London: Arrow Books.

Bennis, W. (1998b) Rethinking leadership. *Executive Excellence*, 15(2),7-8.

Berson, Y. and Linston, J.D. (2005). An examination of the relationship between leadership style, quality and employee satisfaction in R & D versus administrative environments. *R & D Management*, 35(1), 51-60.

Bishop, J. (1987). The Recognition and Reward of Employee Performance. *Journal of Labor Economics*, 5(4), S36-S56.

Birkinshaw, J. (1997). Entrepreneurship in multinational corporations: The Characteristics of Subsidiary Initiatives. *Strategic Management Journal*, 18(3), 207-229.

Birkinshaw, J., Hood, N. and Jonsson, S. (1998). Building firm specific advantages in multinational corporations: The Role of Subsidiary Initiatives. *Strategic Management Journal*, 19, 221-241.

Bjorkman, I. and Lervik, J.E. (2007). Transferring Human Resource practices within Multinational Corporations. *Human Resource Management Journal*, 17(4), 320-335.

Blomstrom, M. and Kokko, A. (1998). Multinational corporations and Spillovers. *Journal of Economic Surveys*, 12, 247-257.

Boselle, P., Dietz, G. and Boon, C. (2005). Commonalities and contradictions in Human Resource Management and performance research. *Human Resource Management Journal*, 15(3), 67-94.

Brayfield, A.H. and Crockett, W.H. (1955). Employee attitudes and employee performance. *Psychological Bulletin*, 52(5), 396-424.

Bryman, A. (1992). Charisma & Leadership in Organizations. London: Sage.

Bryman, A. and Bell, E. (2007). *Business Research Methods* (2nd ed.). Oxford: Oxford University Press.

Bryman, A. and Bell, E. (2011). *Business Research Methods* (3rd ed.). Oxford: Oxford University Press.

Bryman, A., Collinson, D., Grint, K., Jackson, B. and Uhl-Bien, M. (eds.) (2011). *The SAGE Handbook of Leadership*. London: Sage.

Burns, J.M. (1978). *Leadership*. New York: Harper and Row Publishers.

Burns, J.O. (1980). Transfer Pricing Decisions in US multinational corporations. *Journal of International Business Studies*, 11(2), 23-38.

Business Monitor International (2012). *Indonesia Oil & Gas Report 2012*. London: Business Monitor International.

Bycio, P., Hacket, R.D. and Allen, J. (1995). Further Assessment of Bass's (1985) Conceptualization of Transactional and Transformational Leadership. *Journal of Applied Psychology*, 80(4), 468-478.

Cacioppe, R. (1997). Leadership Moment by Moment. *Leadership and Organizational Development Journal*, 18(7): 335-345.

Campbell, J., McCLoy, R., Oppler, S. and Sager, C. (1993). *The Theory of Performance*. New York: Jossey-Bass.

Castilla, E. J. (2005). Social Networks and Employee Performance in a Call Center. *American Journal of Psychology*, 110(5), 1243-1283.

Che Jui-Chen and Silverthorne Colin, Leadership effectiveness, (2005), Leadership Style and Employee Readiness. *Leadership & Organization Development Journal*, 26(4), 280-288.

Chevron (2008). Experience Supervisor Workshop-People Leadership one. Chevron Training Materials.

Cho, K.R. (1990). Foreign banking presence and banking market concentration: The case of Indonesia. Journal of Development Studies, 27(1), 98-110.

Cohen, M.D. and March, J.G. (1986). *Leadership and ambiguity* (2nd ed.). Boston: Harvard Business School.

Collingsworth, T., Goold, J.W. and Harvey, P.J. (1994). Time for a Global New Deal. *Foreign Affairs,* 73(1), 8-13.

Conger, J.A. (1999). Charismatic & transformational leadership in organizations: An insider's perspective on these developing streams of research. *The Leadership Quarterly*, 10(2), 45-169.

Conger, J.A. and Kanungo, R.N. (1987). Toward a behavioral theory of charismatic leadership in organizational settings. *Academy of Management Review*, 12(4), 637-647.

Cummings, L.L. and Schwab, D.P. (1973). *Performance in Organizations: determinants and appraisal.* Glenview: Scott, Foresman and Company.

Cummings, G.G., MacGregor, T., Davey, M., Lee, H., Wong, C.A., Lo, E., Muise, M. and Stafford, E, (2010). Leadership styles and outcome patterns for the nursing workforce and work environment: A systematic review. *International Journal of Nursing Studies*, 47(3), 363-385.

Dale, T.A., Grahek, M., Phillips, R.E. and Fay, C.L.(2008). The Search for Worthy Leadership. *Consulting Psychology Journal: Practice and Research*, 60(4), 366–382.

Deluga, R.J. (1988). Relationship of Transformational and Transactional Leadership with Employee Influencing Strategies. *Group Organization Management*, 13(4), 456-467.

Den Hartog, DN, Van Muijen, J.J. and Koopman, P.L. (1997). Transactional versus transformational leadership: An analysis of the MLQ. *Journal of Occupational & Organizational Psychology*, 70, 19-34.

De Ruyter, K., Wtzel, M. and Feinberg, R. (2001). Role stress in call center: Its effects on employee performance and satisfaction. *Journal of Interactive Marketing*, 15(2), 23-35.

Dorrenbacher, C. and Geppert, M. (2009). A micro-political perspective on subsidiary initiative-taking: Evidence from German-owned subdiaries in France. *Europena Management Journal*, 27(2), 100-112.

Eagly, A.H., Johannesen-Schmidt, M.C. and van Engen, M.L. (2003). Transformational, transactional and laissez-faire leadership styles: A meta-analysis comparing women and men. *Psychological Bulletin*, 129(4), 569-591.

Edstrom, A. and Lorange, P. (1984). Matching Strategy and Human Resources in Multinational Corporations. *Journal of International Business Studies*, 15(2), 125-137.

Egri, C.P. and Herman, S. (2000). Leadership in the North American Environmental Sector: Values, Leadership Styles and Contexts of Environmental Leaders and their Organizations. *The Academy of Management Journal,* 43(4), 571-604.

Eisenbach, R., Watson, K. and Pillai, R. (1999). Transformational leadership in the context of organizational change. *Journal of Organizational Change Management*, 12(2), 80-89.

Emery, C.R.. and Barker, K.J. (2007). The Effect of Transactional and Transformational Leadership Styles on the Organizational Commitment and Job Satisfaction of Customer Contact Personnel. *Journal of Organizational Culture, Communication and Conflict*, 11(1), 77-90.

Failla, K.R. and Stichler, J.F. (2008). Manager and Staff Perceptions of the Managers' leadership styles. *Journal of Nursing Administration*, 38(11), 480-487.

Fairchild, A.J. and MacKinnon, D.P. (2009). A General Model for Testing Mediation and Moderating Effects. *Prevention Science*, 10(2), 87-99.

Fairchild, A.J. and McQuillin, S.D. (2010). Evaluating mediation and moderating effects in school psychology: A presentation of methods and review of current practice. *Journal of School Psychology*, 48(1), 53-84.

Fairchild, A.J., MacKinnon, D.P., Taborga, M.P. and Tayor, A.B. (2009). R2 Effect size measures for mediation analysis. *Behavioral Research Methods*, 41(2), 486-498.

Ferris, K.R. (1982). Perceived environmental uncertainty, organizational adaptation and employee performance: A longitudinal study in professional accounting firms. *Accounting, Organizations and Society*, 7(1), 13-25.

Fiedler, F.E. and House, R.J. (1988). Leadership Theory and Research: A Report of Progress", *International Review of Industrial and Organizational Psychology*, 19(88): 73-91.

Finoza, Teuku. (2010), Laporan Kerja Praktek, Pemakaian *Demulsifier* Untuk Pemisahan Emulsi *Water in Oil* Field Minas PT. Chevron Pacific Indonesia, Jurusan Teknik Kimia Universitas Syiah Kuala Banda Aceh.

Fitzgerald, S. and Schutte, N.S. (2010). Increasing transformational leadership through enhancing self-efficacy. *Journal of Management*, 29(5), 495-505.

Francesco, A.M. and Zhen, X.C. (2004). Collectivism in Action: Its Moderating Effects on the Relationship between Organizational Commitment and Employee Performance in China. *Group Organization Management*, 29(4), 425-441.

Gberevbie, D. E., (2010). Organizational retention strategies and employee performance of Zenith Bank in Nigeria. *African Journal of Economic and Management Studies*, 1(1), 61 – 74.

Ghee, S. L. and Daft, R. L. (2009). *Leadership Experience in Asia*. Singapore: Thomson.

Gelade, G.A. and Ivery, M. (2003). The impact of Human Resource Management and work climate on organizational performance. *Personnel Psychology*, 56(2), 383-404.

Ghoshal, S.and Bartlett, C.A. (1990). The multinational corporation as an interorganizational network. *Academy of Management Review*, 15, 603-625.

Goleman, D. (2000). Leadership that gets results,. *Harvard Business Review*, March–April.

Goleman, D. (2001). An EI-Based theory of performance. In G. Cherniss & D. Goleman (eds). *The Emotionally Intelligent Workplace*, San Francisco: Jossey-Bass.

Griffin, R.W., Welsh, A. and Moorhead, G. (1981). Perceived Task Characteristics and Employee Performance: A Literature Review. *The Academy of Management Review*, 6(4), 655-664.

Gupta, A.K. and Govindarajan, V. (2000). Knowledge Flows Within Multinational Corporations. *Strategic Management Journal*, 21, 473-491.

Guzzo, R.A. and Dickson, M.W. (1996). Teams in organizations: Recent research on performance & effectiveness. *Annual Review of Psychology*, 47(1):307-338.

Harness, T. (2009). Research methods for the empirical study of strategic human resource management. *Qualitative Market Research: An International Journal*, 12 (3): 321-336.

Hater, J.J. and Bass, B.M. (1988). Superiors evaluations and subordinates perceptions of transformational and transactional leadership. *Journal of Applied Psychology*, 20(1): 695-702.

Hayes, A.F. (2009). Beyond Baron and Kenny: Statistical Mediation Analysis in the New Millenium. *Communication Monograph*, 76(4), 408-420.

Heneman, H.G. and Schwab, D.P. (1972). Evaluation of research on expectancy theory predictions of employee performance. *Psychological Bulletin*, 78(1), 1-9.

Heneman, R.L., Greenberger, D.B. and Anonyuo, C. (1989). Attributions and Exchanges: The Effects of Interpersonal Factors on the Diagnosis of Employee Performance. *The Academy of Management Journal,* 32(2), 466-476.

Hersey, P. and Blanchard, K.H. (1988). *Management of Organizational Behavior: Utilizing Human Resources* (5th Edition). Englewood Cliffs: Prentice-Hall.

Hippert, C. (2002). Multinational corporations, the Politics of World Economy and their Effects on Woemn's Health in the Developing World: A Review. *Health Care for Women International*, 23(8).

Holloway, J., Francis, G. and Hinton, M. (1999). A vehicle for change? A case study of performance improvement in the "new" public sector". *The International Journal of Public Sector Management,* 12(4): 351-365.

Hoogh, A.H.B. de, Hartog, D.N. den, Koopman, P.L., Berg, H.T., Berg, P.T. van den, Weide, J.G. van der and Wilderom, C.P.M. (2004). Charismatic leadership, environmental dynamism & performance. *European Journal of Work and Organizational Psychology*, 13(4): 447-471.

House, R.J. (1977). A 1976 theory of charismatic leadership, in J.G. Hunt and L.L. Larson (eds), *Leadership: The cutting edge*. Carbondale, IL: Southern Illinois Press.

Howell, J.M. and Avolio, B.J. (1993). Transformational Leadership, Transactional Leadership, Locus of Control and Support for Innovation: Key Predictors of Consolidated Business Performance", *Journal of Applied Psychology*, 78(1): 891-902.

Hutchings, K. (1996). Workplace Practices of Japanese and Australian Multinational Corporations Operating in Singapore, Malaysia and Indonesia. *Human Resource Management Journal,* 6(2), 58-71.

Ivancevich, J. M. (2010). *Human Resource Management* (11th ed.). Boston: McGraw-Hill.

Jain, H.C., Lawler, J.J. and Morishima, M. (1998). Multinational Corporations, Human Resource Management and Host-country nationals. *The International Journal of Human Resource Management*, 9(4), 553-566.

Jensen, N.M. (2003). Democratic Governance and Multinational Corporations: Political Regimes and Inflows of Foreign Direct Investment. *International Organization*, 57, 587-616.

Jing, F.F. and Avery, G.C., (2008a). Missing Links in Understanding The Relationship Between Leadership And Organizational Performance. *International Business & Economics Research Journal*, 7(5), Volume 7, Number 5.

Jing, F.F. and Avery, G.C., (2008b). Where have the Mediating Variables in Leadership-Performance Research Gone? *Journal of Business & Economics Research*, 6(10), ???

Jones, G.R. and Georga, J.M. (2000). *Essentials of Managing Organizational Behavior*. Upper Saddle River: Prentice-Hall.

Johnson, S. & Rodway, G. (2002), Creating a Work Climate that Motivates Staff and Improves Performance., *The Manager,* 11(3), page number?

Judge, T.A. and Piccolo, R.F. (2004). Transformational & transactional leadership: A meta-analytic test of their relative validity. *Journal of Applied Psychology*, 89(5): 755-768.

Kaplan, R.S. and Norton, D.P. (1996). *The Balance Scorecard*. Boston: The Harvard Business School Press.

Keller, R.T. (2006). Transformational leadership, initiating structure & substitutes for leadership: A longitudinal study of research & development project team performance. *Journal of Applied Psychology*, 91(1): 202-210.

Kelley, R. and Caplan, J. (1993). How Bell Labs creates star performers. *Harvard Business Review*, 3(2):100-103.

Kent, A. and Chelladurai, P. (2001). Perceived Transformational Leadership, Organizational Commitment, and Citizenship Behavior: A Case Study in Intercollegiate Athletics. *The Journal of Sport Management*, 15: 135-159.

Kilbourne, C.E. (1935). The Elements of Leadership. *Coats Artillary Journal*, 11(1), 437-439.

Koene, B.A.S.; Vogelaar, A.L.W. and Soeters, J.L. (2002) Leadership effects on organizational climate & financial performance: Local leadership effect in chian organizations. *The Leadership Quarterly*, 13: 193-215.

Kostova, T. and Roth, K. (2002). Adoption of an organization practice by subsidiaries of multinational corporations: Institutional and Related Effects. *The Academy of Management Journal*, 45(1), 215-233.

Kostova, T., Roth, K. and Dacin, M.T. (2008). Institutional Theory in the Study of Multinational corporations: A Critique and new Directions. *The Academy of Management Review*, 33(4), 994-1006.

Kotter, J.P. (1988). *The Leadership Factor*. New York: The Free Press.

Kuenzil, M. and Schminke, M. (2009). Assembling Fragments into a Lens: A Review, Critique and Proposed Research Agenda for the Organizational Work Climate Literature. *Journal of Management*, 35(3), 634-717.

Lam, S.S.K., Xiao-Ping, C. and Schaubroeck, J. (2002). Participative Decision Making and Employee Performance in Different Cultures: The Moderating Effects of Allocentrism/Idiocentrism and Efficacy. *The Academy of Management Journal*, 45(5), 905-914.

Leedy, P.D. (1993). *Practical research planning and design*. Englewood Cliffs: Prentice-Hall.

Levy, O., Beechler, S., Taylor, S. and Boyacigiller, N. A. (2007). What we talk about when we talk about 'global mindset': Managerial cognition in multinational corporations. *Journal of International Business Studies,* 38, 231-258.

Lim, B. and Ployhart, R.E. (2004). Transformational leadership: Relations to the five-factor model & team performance in typical and maximum contexts. *Journal of Applied Psychology*, 89(4): 610-621.

Lippstreu, M. (2010). Revisiting fundamental concepts of transformational leadership theory: a closer look at follower development processes. Unpublished PhD dissertation, Georgia Institute of Technology, USA.

Luthans, F., Norman, S.M., Avolio, B.J. and Avey, J.B. (2008). The mediating role of psychologicsl capital in the supportive organizational climate-employee performance relationship. *Journal of Organizational Behavior*, 29(2), 219-238.

Lowe, K.B., Kroeck, K.G. and Sivasubramaniam, N. (1996). Effectiveness of correlates of transformational & transactional leadership: A meta-analytic review of the MLQ literature. *Leadership Quarterly*, 7, 385-425.

MacKinnon, D.P. and Luecken, L.J. (2008). How and for whom? Mediation and moderation in health psychology. *Health Psychology*, 27(2), S99-S100.

MacKinnon, D.P. and Fairchild, A.J. (2009). Current Directions in Mediation Analysis. *Current Directions in Psychological Science*, 18(1), 16-20.

MacKinnon, D.P., Fairchild, A.J. and Fritz, M.S. (2007). Mediation Analysis. *Annual Review of Psychology,* 58, 593-614.

Madlock, P.E. (2008). The Link between Leadership Style, Communicator Competence and Employee Satisfaction. *Journal of Business Communication*, 45(1), 61-78.

Mahn, H.Y., Beatty, S.E. and Suh, J. (2001). The effect of work climate on critical employee and customer outcomes: An employee-level analysis. *International Journal of Service Industry Management,* 12(5), 500-521.

Massey, R. (1994). Taking a Strategic Approach to Human Resource Management. *Health Manpower Management*, 20 (5): 27-30.

McColl-Kennedy, J.R. and Anderson,R.D. (2002). Impact of leadership style and emotions on subordinate performance. *The Leadership Quarterly*, 13(5), 545-559.

McGuire, E. and Kennedy, S.M. (2006). Nurse managers as transformational and transactional leaders. *Nursing Economics*.

McShane, S.L. and Von Glinow, M.A. (2000). Organizational Behavior. Burr Ridge, IL: Irwin/McGraw-Hill.

Mehra, A., Smith, B.R., Dixon, A.L. and Robertson, B. (2006) Distributed leadership in teams: The networks of leadership perceptions & team performance. *The Leadership Quarterly*, 17(3), 232-245.

Mester, C., Visser, D. and Roodt, G. (2003). "Leadership Style and its Relation to Employee Attitudes and Behaviour", *SA Journal of Industrial Psychology*, 29(2), 72-80.

Michel, A. and Shaked, I. (1986). Multinational corporations versus Domestic Corporations: Financial Performance and Characteristics. *Journal of International Business Studies*, 17(3), 89-100.

Mills, K. and Karim, M.A. (2010). Disputes in the oil and gas sector: Indonesia. *Journal of World Energy Law Business,* 3(1), 44-70.

Minbaeva, D.B. (2007). Knowledge transfer in multinational corporations. *Management International Review*, 47(4), 567-593.

Mitchell, M. L. and Jolley, J. M. (2007). *Research Design Explained* (6th ed.). Belmont: Thomson.

Monteiro, L.F., Arvidsson, N. and Birkinshaw, J. (2008). Knowledge Flows Within Multinational Corporations: Explaining Subsidiary Isolation and Its Performance Implications. *Organization Science,* 19(1), 90-107.

Moorhead, G. and Griffin, R. (1998). *Organizational Behavior: Managing People and Organization* (5th ed.). Boston: Houghton-Mifflin.

Moran, T.H. (1978). Multinational Corporations and dependency: a dialogue. *International Organization*, 32(1), 79-100.

Mosadegh Rad, A.M. and Yarmohammadian, M.H. (2006). A study of relationship between manager's leadership style and employee's job satisfaction. *Leadership in Health Services*, 19(2), 11-28.

Mullins, L. (1999). *Management and Organisational Behaviour*. London: Pitman Publishing.

Nadler, D.A. and Tuschman, M.L. (1990). Beyond the charismatic leader: Leadership & organizational change. *California Management Review*, 32(2), 77-97.

Naceur, J. (2005). Transformational leadership and service quality in UAE hospitals. *Managing Service Quality*, 15(1), 70 – 81.

Neely, A., Gregory, M. and Platts, K. (1995). "Performance Measurement System Design", *International Journal of Operational and Production Management*, 15(4), 80-116.

Nelson, R.R. and Winter, S.G. (1982). *An Evolutionary Theory of Economic Change*. Cambridge: Belknap Press.

Nobel, R. and Birkinshaw, J. (1998). Innovation in multinational corporations: Control and Communication Patterns in International R&D Operations. *Strategic Management Journal*, 19, 479-496.

Noe, R. A., Hollenbeck, J. H., Gerhart, B. & Wright, P. M. (2009). *Fundamentals of Human Resource Management* (3rd ed.). Boston: McGraw-Hill.

Ozcelik, H., Langton, N. and Aldrich, H., (2008). The relationship between leadership practices that facilitate a positive emotional climate and organizational performance. *Journal of Managerial Psychology*, 23(2), 186-203.

Panagopoulos, N. (2009). Transformational leadership as a mediator of the relationship between behavior-based control and salespeople's key outcomes: An initial investigation. *European Journal of Marketing*, 43(7/8), 1008-1031.

Pastor, J.C. and Mayo, M.C. (2008). Transformational leadership among Spanish upper echelons: The role of managerial values and goal orientation. *Leadership and Organizational Development Journal,* 29(4), 340-358.

Perry, C., LeMay, N., Rodway, G., Tracy, A., Galer, J. (2005). Validating a work group climate assessment tool for improving the performance of public health organizations. *Human Resources for Health*, 3 (10) http://dx.doi.org/10.1186/1478-4491-3-10.

Phelps, C., Heidl, R. and Wadhwa, A. (2012). Knowledge, Networks and Knowledge Networks: A Review and Research Agenda. *Journal of Management*, 38(4), 1115-1166.

Philiips, E. (2000). Responsibility of Multinational Corporations in Developing Countries, Paper presented at the Model United Nations Far West (MUNFW) Forum, New York.

Pillai, R., and Williams, E. A., (2004). Transformational leadership, self-efficacy, group cohesiveness, commitment, and performance. *Journal of Organizational Change Management*, 17(2), 144-159.

Poynter, T.A. (1982). Government intervention in Less Developed Countries: The Experience of Multinational Corporations. *Journal of International Business Studies*, 13(1), 9-25.

Prahalad, C.K. and Lieberthal, K. (1998). The End of Corporate Imperialism. *Harvard Business Review*, August, 109-117.

Pruijn, G.H.J. and Boucher, R.L. (1994). The Relationship of Transactional and Transformational Leadership to the Organizational Effectiveness of the Dutch National Sports Organizations. *European Journal of Sports Management*, 1, 72-87.

Qin, Y., Ram, M. and Meyer, K.E. (2008). Conventional and Reverse Knowledge Flows in Multinational Corporations. *Journal of Management*, 34(5), 882-902.

Rangga, D. F. (2012). Indonesia's oil production falls further. *The Island*, 3 February.

Rodwell, J. J., Kienzle, R. and Shadur, M.A. (1998). The relationship among work-related perceptions, employee attitudes and employee performance: The integral role of communications. *Human Resource Management*, 37(3/4), 277-293.

Rothschild, J. and Whitt, J.A. (1986). *The Cooperative Work Place: Potentials & Dilemmas of Organizational Democracy & Participation*. Cambridge: Cambridge University Press.

Salanova, M., Agut, S. and Peiro, J.M. (2005). Linking Organizational Resources and Work Engagement to Employee Performance and Customer Loyalty. *Journal of Applied Psychology*, 90(6), 1217-12227.

Sarwono, J. (2007). Analisa Jalur untuk Riset Bisnis dengan SPSS. C.V ANDI OFFSET.

Schollhammer, H. (1971). Organization Structures of Multinational Corporations. *The Academy of Management Journal*, 14(3), 345-365.

Schuler, R.S., Fulkerson, J.R. and Dowling, P.J. (1991). Strategic performance measurement and management in multinational corporations. *Human Resource Management*, 30(3), 365-392.

Schwab, D.P. and Cummings, L.L. (1976). A Theoretical Analysis of the Impact of Task Scope on Employee Performance. The Academy of Management Review, 1(2), 23-35.

Sekaran, U. (1992). *Research Methods for Business: a skills building approach* (2nd Edition). New York: John Wiley & Sons.

Sekaran, U. (2000). *Research Methods for Business* (3rd Edition). New York: Hermitage Publishing Services.

Sekaran, U. and Bougie, R. (2009). *Research Methods for Business*. Chichester: John Wiley & Sons.

Sellgren, S., Ekvall, G. and Tomson, G. (2006). Leadership styles in nrsing management: preferred and perceived. *Journal of Nursing Management*, 14(5), 348-355.

Sellgren, S., Ekvall, G. and Tomson, G. (2008). Leadership behavior of nurse managers in relation to job satisfaction and work climate. Journal of Nursing Management, 16(5), 578-587.

Selznik, D. (1957; 1984). *Leadership in Administration: A Sociological Interpretation*. Berkeley: University of California Press.

Senior, B. (1997). *Organizational Change*. London: Pitman Publishing.

Sharkie, R., (2009). Trust in leadership is vital for employee performance. *Management Research News*, 32(5), 491 – 498.

Shea, C.M., (1999). The Effect of Leadership Style on Performance Improvement on a Manufacturing Task. *Journal of Business*, 72(3), ???

Shriberg, A., Lloyd, C., Shriberg, D.L. and Williamson, M.L. (1997). *Practicing Leadership: Principles and Applications*. New York: John Wiley & Sons.

Snow, J. (2002). Enhancing Work Climate to Improve Performance and Retain Valued Employees. *Journal of Nursing Administration*, 32(7/8), 393-397.

Spatz, C. and Kardas, E. (2008). *Research Methods: Ideas, Techniques and Reports*. New York: McGraw-Hill.

Steers, R.M. and Porter, L.W. (1974). The role of task-goal attributes in employee performance. *Psychological Bull*etin, 81(7), 434-452.

Stewart, I. (2006). Transformational leadership: An Evolving Concepts Examined through the Works of Burns, Bass, Avolio and Leithwood. *Canadian Journal of Educational Administration and Policy*, 54, 1-29.

Stringer R. (2002). *Leadership and Organizational Climate*. Upper Saddle River, New Jersey: Prentice Hall.

Sugiyono, (2004). Metode Penelitian Bisnis, Alfabeta CV

Suliman Abubakr M.T, (2002). The Mediating role of organizational commitment in work climate-performance relationship. *Journal of Management Development*, 21(3), 170-183.

Sun, J. (2012). A Review of Transformational Leadership Research: A Meta-analytic Approach. An Unpublished PhD thesis, University of Toronto, Canada.

Sy, T., Tram, S. and O'Hara, L.A.(2006). Relation of employee and manager emotional intelligence to job satisfaction and performance. *Journal of Vocational Behavior*, 68(3), 461-473.

Tengku Nathan, M. (2000). *The Indonesian Production Sharing Contract: An Investor's* Perspective. Hague: Kluwer Law International.

Tepper, B.J. and Percy, P.M. (1994). Structural Validity of the Multifactor Leadership Questionnaire. *Educational and Psychological Measurement*, 54(3), 734-744.

Tichy, N.M and Devanna, M.A. (1986). *The Transformational Leader* New York: John Wiley and Sons.

Wang, G., In-Sue, O., Courtright, S.H. and Colbert, A.E. (2011). Transformational leadership and Performance Across Criteria and Levels: A Meta-Analytic Review of 25 Years of Research. *Group Organization Management*, 36(2), 223-270.

Watkin, C. (2000). The leadership program for serving headteachers: probably the world's largest leadership development initiative." *The Leadership and Organization Development Journal*, 21(1), ???

Whitelaw, P.A. (2001). Reliability and Validity: The Terrible Twins of Good Research.[On-line]. http://www.mlq.com.au/Research/Articles/Reliability_Validity_Article_Paul_Whitelaw.pdf

Vigoda-Gadot, E. (2007). Leadership atylw, organizational politics and employees' performance: An empirical examination of two competing models. *Personnel Review*, 36(5), 661-683.

Wing, L.S., (2005). Leadership in high-performance teams: a model for superior eam performance. *Team Performance Management*, 11(1/2), 4-11.

World Bank (1995). *World Development Report*. Oxford: Oxford University Press.

Yammarino, F.J. and Bass, B.M. (1990). Transformational Leadership and Multiple Levels of Analysis. *Human Relations*, 43(10), 975-995.

Yammarino, F.J., Spangler, W.D. and Bass, B.M. (1993). Transformational leadership & performance: A longitudinal investigation. *The Leadership Quarterly*, 4(1), 81-102.

Yaping, G., Jia-Chi, H. and Jiing-Lin, F. (2009). Employee Learning Orientation, Transformational Leadership and Employee Creativity: The Mediating Role of Employee Creative Self-Efficacy. *The Academy of Management Journal*, 52(4), 765-778.

Yukl, G. (1998). *Leadership in Organisations*. Englewood Cliffs: Prentice-Hall.

Yukl, G. (1999). An evaluative essay on current conceptions of effective leadership. *European Journal of Work & Organizational Psychology*, 8(1): 33-48.

Yukl, G. (2002). *Leadership in organizations* (5th edn). Englewood Cliffs, NJ: Prentice-Hall.

Yukl, G.A. and Latham, G.P. (1975). Consequences of reinforcement schedules and incentive magnitudes for employee performance: problems encountered in an industrial setting. *Journal of Applied Psychology*, 60(3), 294-298.

Zeira, Y. (1976). Overlooked personnel problems of multinational corporations. *The International Executive,* 18(1), 7-9.

Zhen, X.C. and Francesco, A.M. (2003). The relationship between the three components of commitment and employee performance in China. *Journal of Vocational Behavior*, 62(3), 490-510.

Zhu, W., Chew, I.K.H. and Spangler, W.D. (2005). CEO transformational leadership & organizational outcomes: The mediating role of human-capital-enhancing human resource management. *The Leadership Quarterly*, 16(1), 39-52.

Zigmund, W.G., Babin, B.J., Carr, J.C., and Griffin, M., (2010). *Business Research Methods*, South-Western Cengage Learning

Jeroen P.J. de Jong and Deanne N. Den Hartog (2007). How leaders influence employees' innovative behavior, *European Journal of Innovation Management, Vol. 10 No. 1, pp. 41-64.*

Bass, Bernard M and Jung, Dong I (2003), Predicting Unit Performance by Assessing Transformational and Transactional Leadership, *Journal of Applied Psychology, Vol. 88, No. 2, 207–21.*

Biswas, S and Varma, A (2007), Psychological climate and individual performance in India: test of a mediated model. *Employee Relations, Vol. 29 No. 6, pp. 664-676.*