

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

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EMPLOYEE PERFORMANCE : CASE STUDY OF CHEVRON PACIFIC
PACIFIC INDONESIA**

By

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**Thesis Submitted to
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Kolej Perniagaan
(College of Business)
Universiti Utara Malaysia

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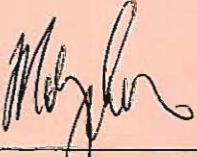
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ABSTRACT

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 kepemimpinan transaksional, prestasi pekerja, industriminyak dan gas, Indonesia.

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TABLE OF CONTENTS

TITLE PAGE	i
CERTIFICATION OF THESIS WORK	ii
PERMISSION TO USE	iv
ABSTRACT	v
ABSTRAK	vi
ACKNOWLEDGEMENT	vii
TABLE OF CONTENTS	viii
LIST OF TABLES	xii
LIST OF FIGURES	xvii
CHAPTER ONE: INTRODUCTION	
1.1 Introduction	1
1.2 Background of the Study	1
1.2.1 Leaders and their Leadership Styles	4
1.2.2 Climate, Leadership Style and Performance	7
1.3 The Petroleum MNCs in Indonesia	9
1.3.1 Indonesia's Petroleum Industry – Its History and Development	9
1.3.2 The Role of the Petroleum MNC in the 21st Century Indonesia	11
1.4 Problem Statement	12
1.5 Research Questions	18
1.6 Objectives of the Study	20
1.7 Scope of the Study	21
1.8 Significance of the Study	22
1.9 Assumption and Limitation of the Study	23
1.10 Definitions of Key Terms	24
1.11 Organization of the Thesis Chapters	25
CHAPTER TWO: LITERATURE REVIEW	
2.1 Introduction	26
2.2 Leadership Overview	26
2.2.1 Development of Leadership Theory	28
2.2.2 Trait Approach	29
2.2.3 Behavioral Approach	30
2.2.4 Situational Approach	31
2.2.5 Transactional Leadership	33
2.2.6 Transformational Leadership	37
2.2.7 Full Range Leadership Development Model	39
2.3 The Concept of Team Climate	42
2.4 Performance	47
2.4.1 Performance of Organizations	47
2.4.2 Performance Management	50

2.4.3	Individual performance	53
2.5	Leadership and Team Climate	56
2.6	Leadership and Performance	56
2.7	Team climate and Performance	61
2.8	Conclusions	62

CHAPTER THREE: RESEARCH METHOD AND DESIGN

3.1	Introduction	64
3.2	Research Framework	64
3.3	Hypotheses Development	69
3.3.1	Research Hypotheses	69
3.3.1.1	Hypotheses One	69
3.3.1.2	Hypotheses Two	70
3.3.1.3	Hypotheses Three	70
3.3.1.4	Hypotheses Four	71
3.3.1.5	Hypotheses Five	71
3.3.1.6	Hypotheses Six	72
3.3.1.7	Hypotheses Seven	72
3.4	Research Design	72
3.4.1	Quantitative Methods	73
3.4.2	The Survey Method	74
3.5	Data Collection	76
3.5.1	The Population and Sample	78
3.5.2	Sampling	80
3.5.2.1	Unit of Analysis	81
3.5.3	Instruments Applied	82
3.5.3.1	Pilot Study	84
3.5.4	Data Collection Process	85
3.5.5	Ethical Considerations	87
3.5.5.1	Informed Consent	87
3.5.5.2	Anonymity and Confidentiality	88
3.5.5.3	Voluntary Participation	88
3.6	Data Analysis and Interpretation	89
3.6.1	Preparation for Data Analysis	90
3.6.2	Data Analysis Process	91
3.6.2.1	Data Analysis Technique	91
3.6.2.2	Descriptive Statistics	91
3.6.2.3	Inferential Statistics	92
3.6.2.4	Multiple Linear Regressions	92
3.6.2.4.1	Linearity Assumption	93
3.6.2.4.2	Heteroscedasticity Assumption	94
3.6.2.4.3	Normality Assumption	94
3.6.2.4.4	Multicollinearity Assumption	95
3.7	Mediation Analysis	96
3.8	Feel of the Data	97
3.8.1	Goodness of the Data	97
3.8.1.1	Reliability Test	98
3.8.1.2	Exploratory Factor Analysis	100
3.9	Variable Definition and Measurement	100
3.9.1	Independent, Mediating and Dependent Variables	101

3.10	Summary	102
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CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1	Introduction	104
4.2	Descriptive Statistics of Respondent	104
4.2.1	Subordinate as Respondent	105
4.2.2	Supervisor as Respondent	110
4.3	Data Analysis	115
4.3.1	Test of Normality	116
4.3.2	Test of Linearity	118
4.3.3	Test of Multicollinearity	123
4.3.4	Test of Heteroscedasticity	130
4.3.5	Test of Reliability of Data	132
4.3.6	Test of Validity of Data	134
4.3.7	Descriptive Statistics on Transformational Leadership Styles	137
4.3.7.1	Section B (Idealized Influence - Attributes)	137
4.3.7.2	Section B (Idealized Influence - Behaviors)	139
4.3.7.3	Section B (Inspirational Motivation)	142
4.3.7.4	Section B (Intellectual Stimulation)	144
4.3.7.5	Section B (Individualized Consideration)	146
4.3.8	Descriptive Statistics on Transactional Leadership style	148
4.3.8.1	Section C (Contingent Rewards)	148
4.3.9	Team Climate: Section D	151
4.3.9.1	Vision	151
4.3.9.2	Participant Safety	157
4.3.9.3	Support for Innovation	161
4.3.9.4	Task Orientation	165
4.3.9.5	Interaction Frequently	169
4.3.10	Descriptive Statistics on Employee Performance: Section E	171
4.3.11	Results of the Theoretical Framework	176
4.3.11.1	Results of Correlation Analysis	176
4.3.11.2	Hypothesis Testing	177
4.3.11.2.1	Hypotheses One	177
4.3.11.2.2	Hypotheses Two	179
4.3.11.2.3	Hypotheses Three	180
4.3.11.2.4	Hypotheses Four	184
4.3.11.2.5	Hypotheses Five	186
4.3.11.2.6	Hypotheses Six	188
4.3.11.2.7	Hypotheses Seven	189
4.4	Results for Regression Analysis	190
4.4.1	Model 1A: Transformational Leadership Styles and Employee Performance	190
4.4.2	Model 1B: Transactional Leadership Styles and Employee Performance	191
4.4.3	Model 2A: Transformational Leadership Styles and Team Climate	193
4.4.4	Model 2B: Transactional-Contingent Reward Leadership Styles and Team Climate	194
4.4.5	Model 3: Team Climate and Employee Performance	195
4.5	Results of Multiple Regression Analysis	196
4.6	Results of Mediation Analysis: Ha6	199
4.7	Results of Mediation Analysis: Ha7	205

4.8	Conclusion	210
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CHAPTER FIVE: DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1	Introduction	211
5.2	General Review of the Research Objective	211
5.2.1	Summary of research questions	212
5.2.2	The Methodology Applied	214
5.2.3	The Statistical Tests	215
5.3	Discussion of the Research Results	217
5.3.1	Summary of Hypothesis Testing	217
5.3.1.1	Hypothesis One	219
5.3.1.2	Hypotheses Two	220
5.3.1.3	Hypotheses Three	221
5.3.1.3.1	Hypotheses Three – sub 1	223
5.3.1.3.2	Hypotheses Three – sub hypothesis 2	223
5.3.1.3.3	Hypotheses Three – sub hypothesis 3	224
5.3.1.3.4	Hypotheses Three – sub hypothesis 4	224
5.3.1.3.5	Hypotheses Three – sub hypothesis 5	225
5.3.1.4	Hypotheses Four	225
5.3.1.4.1	Hypotheses Four – sub hypothesis 1	226
5.3.1.4.2	Hypotheses Four – sub hypothesis 2	227
5.3.1.4.3	Hypotheses Four – sub hypothesis 3	227
5.3.1.4.4	Hypotheses Four – sub hypothesis 4	228
5.3.1.4.5	Hypotheses Four – sub hypothesis 5	228
5.3.1.5	Hypotheses Five	229
5.3.1.6	Hypotheses Six	230
5.3.1.7	Hypotheses Seven	231
5.4	Limitations of the Research	233
5.5	Implications of the Research	235
5.5.1	Theoretical Implication	235
5.5.2	Practical implication	238
5.6	Recommendation for Future Research	239
5.7	Conclusion	240
	REFERENCES	243
	APPENDICES	267

LIST OF TABLES

	Page
Table 1.1: Top Companies Upstream Capital Expenditures, 2006	14
Table 1.2: Table 1.2 Employee Performance of CPI 2005 – 2010	15
Table 3.1: Level of Strength in Correlation	92
Table 3.2: Cronbach’s Alpha	99
Table 3.3: the Instruments Development Matrix	102
Table 4.1: Statistic of the demographic of the members	105
Table 4.2: Classification of the members by gender	105
Table 4.3: Classification of the members by marital status	106
Table 4.4: Classification of the members by age	107
Table 4.5: Classification of the members by education	108
Table 4.6: Classification of the members by tenure	109
Table 4.7: Statistic of the demographic of the supervisors	110
Table 4.8: Classification of the supervisors by gender	111
Table 4.9: Classification of the supervisors by marital status	112
Table 4.10: Classification of the supervisors by age	112
Table 4.11: Classification of the supervisors by education	113
Table 4.12: Classification of the supervisors by tenure in the team	114
Table 4.13: Transformational and Transactional Leadership Analysis	116
Table 4.14: Team Climate	116
Table 4.15: Employee Performance	116
Table 4.16: Normality Results of Independent Variable	117
Table 4.17: Normality Results of Dependent Variable	118
Table 4.18: ANOVA TCAII * TF-IA	119
Table 4.19: ANOVA TCAII * TF-IB	120
Table 4.20: ANOVA TCAII * TF-IM	120
Table 4.21: ANOVA TCAII * TF-IS	120
Table 4.22: ANOVA TCAII * TF-IC	121
Table 4.23: ANOVA TCAII * TS-CR	121
Table 4.24: ANOVA PMCE * TF-IA	121
Table 4.25: ANOVA PMCE * TF-IB	122
Table 4.26: ANOVA PMCE * TF-IM	122
Table 4.27: ANOVA PMCE * TF-IS	122
Table 4.28: ANOVA PMCE * TF-IC	123
Table 4.29: ANOVA PMCE * TS-CR	123
Table 4.30: TF & TS Leadership – VISN	124
Table 4.31: TF & TS Leadership – VISN	125
Table 4.32: TF & TS Leadership – SAFE	125
Table 4.33: TF & TS Leadership – SAFE	126
Table 4.34: TF & TS Leadership – INOV	126
Table 4.35: TF & TS Leadership – INOV	127
Table 4.36: TF & TS Leadership – TASK	127
Table 4.37: TF & TS Leadership – TASK	128
Table 4.38: TF & TS Leadership – INTA	128
Table 4.39: TF & TS Leadership – INTA	129
Table 4.40: TF & TS Leadership – PMCE	129
Table 4.41: TF & TS Leadership – PMCE	130

Table 4.42: Reliability Results for Transformational Leadership	133
Table 4.43: Reliability Results for Transactional- Contingent Reward Leadership	133
Table 4.44: Reliability Results for Team Climate	133
Table 4.45: Reliability Results for Employee Performance	134
Table 4.46: Validity Results for Transformational Leadership	135
Table 4.47: Validity Results for Transactional- Contingent Reward Leadership	135
Table 4.48: Validity Results for Team Climate	136
Table 4.49: Validity Results for Employee Performance	136
Table 4.50: Responses to the Statement “Talk about their most important values and beliefs”	137
Table 4.51: Responses to the Statement “Specifies importance of having a strong sense of purpose”	138
Table 4.52: Responses to the Statement “Considers the moral and ethical consequences of decisions”	138
Table 4.53: Responses to the Statement “Emphasizes the importance of having a collective sense of mission”	139
Table 4.54: Responses to the Statement “Instill pride in me for being associated with him/her”	140
Table 4.55: Responses to the Statement “Goes beyond self-interest for the good of the group”	140
Table 4.56: Responses to the Statement “Acts in ways that build my respect”	141
Table 4.57: Responses to the Statement “Displays a sense of power and confidence”	141
Table 4.58: Responses to the Statement “Talk optimistically about the future”	142
Table 4.59: Responses to the Statement “Talk enthusiastically about what needs to be accomplished”	142
Table 4.60: Responses to the Statement “Articulates a compelling vision of the future”	143
Table 4.61: Responses to the Statement “Expresses confidence that goals will be achieved”	143
Table 4.62: Responses to the Statement “Re-examine critical assumptions to question whether they are appropriate”	144
Table 4.63: Responses to the Statement “Seek differing perspectives when solving problems”	145
Table 4.64: Responses to the Statement “Gets me to look at problems from many different angles”	145
Table 4.65: Responses to the Statement “Suggests new ways of looking at how to complete assignments”	146
Table 4.66: Responses to the Statement “Spend time teaching and coaching”	146
Table 4.67: Responses to the Statement “Treats me as an individual rather than just as a member of a group”	147
Table 4.68: Responses to the Statement “Considers me as having different needs, abilities, and aspirations from others”	147
Table 4.69: Responses to the Statement “Helps me to develop my strengths”	148
Table 4.70: Responses to the Statement “Provide me with assistance in exchange for my efforts”	149
Table 4.71: Responses to the Statement “Discusses in specific terms who is responsible for achieving performance targets”	149
Table 4.72: Responses to the Statement “Makes clear what one can expect to receive when performance goals are achieved”	150
Table 4.73: Responses to the Statement “Expresses satisfaction when I meet	

expectations”	150
Table 4.74: Responses to the Statement “How clear are you about what your team's objectives are”	151
Table 4.75: Responses to the Statement “To what extent do you think they are useful and appropriate objectives”	152
Table 4.76: Responses to the Statement “How far are you in agreement with these objectives”	152
Table 4.77: Responses to the Statement “To what extent do you think other team members agree with these objectives”	153
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”	153
Table 4.79: Responses to the Statement “To what extent do you think your team's objectives can actually be achieved”	154
Table 4.80: Responses to the Statement “How worthwhile do you think these objectives are to you”	154
Table 4.81: Responses to the Statement “How worthwhile do you think these objectives are to the organization”	155
Table 4.82: Responses to the Statement “How worthwhile do you think these objectives are to the wider society”	155
Table 4.83: Responses to the Statement “To what extent do you think these objectives are realistic and can be attained”	156
Table 4.84: Responses to the Statement “To what extent do you think members of your team are committed to these objectives”	156
Table 4.85: Responses to the Statement “We share information generally in the team rather than keeping it to ourselves”	157
Table 4.86: Responses to the Statement “We have a ‘we are in it together’ attitude”	157
Table 4.87: Responses to the Statement “We all influence each other”	158
Table 4.88: Responses to the Statement “People keep each other informed about work-related issues in the team”	158
Table 4.89: Responses to the Statement “People feel understood and accepted by each other”	159
Table 4.90: Responses to the Statement “Everyone's view is listened to even if it is in a minority”	159
Table 4.91: Responses to the Statement “There are real attempts to share information throughout the team”	160
Table 4.92: Responses to the Statement “There is a lot of give and take”	160
Table 4.93: Responses to the Statement “This team is always moving toward the development of new answers”	161
Table 4.94: Responses to the Statement “Assistance in developing new ideas is readily available”	162
Table 4.95: Responses to the Statement “This team is open and responsive to change”	162
Table 4.96: Responses to the Statement “People in this team are always searching for fresh, new ways of looking at problems”	163
Table 4.97: Responses to the Statement “In this team we take the time needed to develop new ideas”	163
Table 4.98: Responses to the Statement “People in the team co-operate in order to help develop and apply new ideas”	164
Table 4.99: Responses to the Statement “Members of the team provide and share resources to help in the application of new ideas”	164

Table 4.100: Responses to the Statement “Team members provide practical support for new ideas and their application”	165
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”	165
Table 4.102: Responses to the Statement “Do you and your colleagues monitor each other so as to maintain a higher standard of work”	166
Table 4.103: Responses to the Statement “Are team members prepared to question the basis of what the team is doing”	166
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”	167
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”	167
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”	168
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”	169
Table 4.108: Responses to the Statement “We keep in touch with each other as a team”	169
Table 4.109: Responses to the Statement “We keep in regular contact with each other”	170
Table 4.110: Responses to the Statement “Members of the team meet frequently to talk both formally and informally”	170
Table 4.111: Responses to the Statement “We interact frequently”	171
Table 4.112: Responses to the Statement “Accept the responsibility of his/her job”	172
Table 4.113: Responses to the Statement “Adapt to changes in procedures or methods”	172
Table 4.114: Responses to the Statement “Perform task requiring variety and change in methods”	172
Table 4.115: Responses to the Statement “How good is the quality of his/her work”	173
Table 4.116: Responses to the Statement “How good is the quantity of his/her work”	173
Table 4.117: Responses to the Statement “Give him/her a pay raise”	174
Table 4.118: Responses to the Statement “Transfer him/her to a job at higher level”	174
Table 4.119: Responses to the Statement “Promote him/her to a position of more responsibility”	175
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”	175
Table 4.121: Correlation Matrix of Each Transformational Leadership components and Employee Performance	178
Table 4.122: Correlation Matrix of Transformational Leadership components and Employee Performance	178
Table 4.123: Correlation Matrix of Transactional-contingent reward Leadership Components and Employee Performance	179
Table 4.124: Correlation Matrix of overall Transformational Leadership Components and Team Climate (Vision)	180
Table 4.125: Correlation Matrix of overall Transformational Leadership Components and Team Climate (Participation Safety)	181
Table 4.126: Correlation Matrix of overall Transformational Leadership Components and Team Climate (Support for Innovation)	182
Table 4.127: Correlation Matrix of overall Transformational Leadership Components and Team Climate (Task Orientation)	182

Table 4.128: Correlation Matrix of overall Transformational Leadership Components and Team Climate (Interaction Frequently)	183
Table 4.129: Correlation Matrix of Overall Transformational Leadership and Team Climates	183
Table 4.130: Correlation Matrix of Transactional–contingent rewards Leadership and Time Climate (Vision)	184
Table 4.131: Correlation Matrix of Transactional–contingent rewards Leadership and Time Climate (Participation Safety)	184
Table 4.132: Correlation Matrix of Transactional–contingent rewards Leadership and Time Climate (Support for Innovation)	185
Table 4.133: Correlation Matrix of Transactional–contingent rewards Leadership and Time Climate (Task Orientation)	185
Table 4.134: Correlation Matrix of Transactional–contingent rewards Leadership and Time Climate (Interaction Frequently)	185
Table 4.135: Correlation Matrix of Transactional–contingent rewards Leadership and Overall Team Climate	186
Table 4.136: Correlation Matrix of Team Climate and Employee Performance	187
Table 4.137: Correlation Matrix of Overall Team Climate and Employee Performance	187
Table 4.138: Correlation Matrix of Transformational Leadership, Team Climate and Employee Performance	188
Table 4.139: Correlation Matrix of Transactional–Contingent Rewards Leadership, Team Climate and Employee Performance	189
Table 4.140: Model 1A	190
Table 4.141: Model 1B	192
Table 4.142: Model 2A	193
Table 4.143: Model 2B	194
Table 4.144: Model 3	195
Table 4.145: ANOVA	197
Table 4.146: Model Summary of Multiple Regression Analysis	197
Table 4.147: The Coefficients of Multiple Regression Analysis	197
Table 4.148: ANOVA	198
Table 4.149: Model Summary of Multiple Regression Analysis	199
Table 4.150: The Coefficients of Multiple Regression Analysis	199
Table 4.151: Mediation Role of Cultural Traits	200
Table 4.152: Path Analysis of the Variables	200
Table 4.153: Step One (Direct Effect)	201
Table 4.154: Step Two (Indirect Effect)	202
Table 4.155: Step Three (Indirect Effect)	202
Table 4.156: Step Four	202
Table 4.157: Mediation Role of Team Climate	205
Table 4.158: Path Analysis of the Variables	206
Table 4.159: Step One (Direct Effect)	207
Table 4.160: Step Two (Indirect Effect)	207
Table 4.161: Step Three (Indirect Effect)	207
Table 4.162: Step Four	207
Table 5.1: Hypothesis Results	218
Table 5.2: Summary of Mediation Results	233

LIST OF FIGURES

	Page
Figure 2.1: The Evolution of Leadership	29
Figure 2.2: The Full Range Leadership Development Model	40
Figure 2.3: Individual Performance Determinants	54
Figure 3.1: Conceptual Frameworks for Employees' Performance	66
Figure 3.2: The Mediation Implies a Causal Hypothesis	67
Figure 3.3: The Mediation or Indirect Effect	67
Figure 4.1: Frequency of the members by gender	106
Figure 4.2: Frequency of the members by marital status	107
Figure 4.3: Frequency of the members by age	108
Figure 4.4: Frequency of the members by education	109
Figure 4.5: Frequency of the member by tenure in the team	110
Figure 4.6: Frequency of the supervisors by gender	111
Figure 4.7: Frequency of the supervisors by marital status	112
Figure 4.8: Frequency of the supervisors by age	113
Figure 4.9: Frequency of the supervisors by education	114
Figure 4.10: Frequency of the supervisors by tenure in team	115
Figure 4.11: Output model Transformational & Transactional Leadership-> Team Climate	131
Figure 4.12: Output model Transformational & Transactional Leadership-> Employee Performance	131
Figure 4.13: Output model Team Climate->Employee Performance	132
Figure 4.14: Partial Mediation (TFAll, TCAI1->PMC)	204
Figure 4.15: Partial Mediation (TS-CR, TCAI1 -> PMCE)	209

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 to 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

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