

# The Influence of Transformational Leadership and Organizational Climate on Proactive Behavior with Work Engagement as a Mediator for Employees of Islamic Banking in Padang City

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## ABSTRACT

This research aims to explain the effect of transformational leadership and organizational climate on proactive behavior with work engagement as a mediate variable for maximum yield banking in Padang city. The population this paper is employees of Islamic Bank in Padang City, with a total sample of 146 respondents. The analysis technique used in this research is SEM (Structural Equation Modelling) analysis with Smart PLS software. The results of this research indicate that there is looked influence to the several variable's, from transformational leadership and organizational climate has be positive and significant effect on proactive behavior, while work engagement serves as a mediating variable for proactive behavior.

**Keywords:** *transformational leadership, organizational climate, work engagement, proactive behavior*

## 1. INTRODUCTION

Proactive behavior is a high value concept that comes from the motivation of successful a corporate works, especially in the face of a turbulent business environment. Research on the proactive behavior of employees has been of concern to practitioners and researchers of human resource management. [2] Proactive employees will demonstrate self-directed, anticipatory and future-focused behavior with goals of upgrade change, function for situation, by self, other people, or company.

Previous research has shown a number of factors that can trigger employee proactive behavior. These factors can be grouped into individual and contextual factors. Individual factors such as proactive personality, motivation, and goal orientation. Meanwhile, contextual factors are transformational leadership, organizational climate, and work engagement. Meanwhile, this research is focused on transformational leadership and organizational climate. Because with this transformational leadership that is able to inspire, stimulate and give individual consideration to employees so that employees have the initiative to make improvements and changes in their organization.

This research also examines the role of organizational climate as a determinant of proactive behavior. This is caused by a work atmosphere that has a spirit of togetherness within the work team, organization and profession, mutual support, system integration, competitive and work challenges, and feedback. Through a positive work atmosphere will be able to give birth to positive work behavior such as proactive behavior.

Previous research has suggested that there are psychological mechanisms that can influence employee proactive behavior. This research examines the role of work engagement as a mediator in the relationship between transformational leadership and organizational climate on proactive behavior. [15] Metzler (2006) emphasizes that if employees have enthusiasm, enthusiasm and high work dedication in their work, it will lead to individual initiative, channel creative ideas, solve problems, and deliver constructive suggestions.

Proactive behavior research is generally carried out on profit-oriented companies. Whereas in sharia-based companies it is still very rarely done. In the case of Islamic banking employees are required to be proactive so that Islamic banks have the competitive power to compete with conventional banks. Thus, hopeful is

availability of results could be giving satisfaction to Islamic banking customer's, this research has direct of influence usually transformational leadership, others variables and especially proactive behavior. Besides that, it employees also quality of work in the occupation place.

## **2. LITERATURE REVIEW**

As comparison several variables with hypothesis to upgrade Proactive Behavior:

### **2. 1. Hypothesis Proactive Behavior**

Proactive behavior is initiated by individuals to create improvements in the work process (Joo & Lim, 2009). [10] Previously, activity an employee very influenced by leader authority which having strong correlation bottom-up pattern. Because being proactive behavior make person oneself there are opportunities for every situation. People who have a proactive behavior not only take the initiative, but can see opportunities that are profitable for the company. Proactive behavior, which as finally as last results from effort to upgrade employees become more than in the Islamic banking.

### **2. 2. Transformational Leadership Variable**

Transformational leadership is related to the behavior of leaders who influence their subordinates with influence vis idealists (Strauss and Parker, 2015) [20]. Leaders who have visionary leadership emphasize the concept of "relationships" through which a person influences the behavior or actions of others. can apply both in formal, informal, or informal organizations.

Mckee (2012: 7). Previously, Amor (2019) describes a leader as an individual or someone who is in front of, influencing and inspiring people to follow "Leader A person who is out in front, influencing and inspiring people to follow". The leader because of a position, the wisdom he has uses the authority in making decisions. or because personal knowledge encourages and moves others to cooperate to achieve predetermined goals. The formation of a group or organization, then the leadership will be present to direct the group or organization.[1]

Previous research conducted by Built et al, (2019) in "Transformational Leadership and Employees Performance: The Role of Identification, Engagement, and Proactive Personality" in a study of 323 respondents using SEM AMOS analysis stated that there was a positive and significant relationship. between transformational leadership and proactive behavior.[3]

### **2. 3. Organizational Climate Variable**

Organizational climate, as the opinion of Moslehpour, Altantsetseg, & Mou, (2018)

"Organizational climate is defined as the way employees perceive internal organizational functions such as decision making and setting rules in the workplace". It definition be described as "a set of behaviors that describe an organization. [17] Organizational climate can be specific to each organization". This variable making an organization different from other organizations and affect the work engagement of employees in the organization. Organizational climate is making a perception in the mindset of an employees of their teamwork unit.

Previous research conducted by Meng & Berger (2019). Previously, (201) in "The Impact of Organizational Culture and Leadership Performance on PR Professional's Job Satisfaction: Testing the Joint Mediating Effect Engagement ang Trust "in a study of 323 respondents using SEM AMOS analysis stated is influencing those was is a positive relationship from organizational climate to the proactive behavior.[7]

### **2. 4. Mediation of Work Engagement**

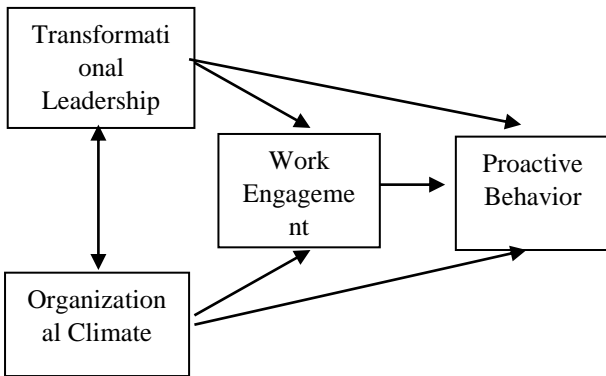
However, work engagement as variable refers to the relationship between employees and their jobs, while employee engagement is related to the relationship between employees and banks (WilmarB. Schaufeli & Bakker, 2010). [21] The concept of engagement was first introduced by Kahn, (2013) defining "engagement as the employees' own mastery of their role in work, where they will bind themselves to their work, then work and express themselves physically, cognitively and emotionally while playing their performance. The cognitive aspect refers to workers' beliefs in banking, leaders and working conditions. Emotional aspect refers to how employees feel, whether positive or negative towards the banking sector and their leaders, while the physical aspect refers to the physical energy exerted by employees in carrying out their roles". Kahn, (2013) also argues that engagement includes presence both psychologically and physically when demonstrating the role of banking.[12]

Previous research conducted by Kong & Li, (2018). Previously, Zhang (2010) in "Proactive Personality and Innovative Behavior: The Mediating Roles of behavior - Related Affect and Work Engagement" in a study of 320 respondents using SEM AMOS analysis stated that there was a positive relationship be mediating organizational climate and proactive behavior.[26]

### **2. 5. Testing of Hypothesis**

The hypotheses in this study consisted of 5 hypotheses using the endogenous variable for proactive behavior, the exogenous variable transformational leadership, organizational climate and the variable as a mediator work engagement.

- H1: transformational leadership has an effect on proactive behavior.
- H2: organizational climate has an effect on proactive behavior.
- H3: work engagement has an effect on proactive behavior.
- H4: transformational leadership, which is mediated by work engagement, will simultaneously have an effect on proactive behavior.
- H5: organizational climate, which is mediated by work engagement, will simultaneously have an effect on proactive behavior.



**Figure 1.** Conceptual Framework

**3. METHOD**

The samples were conducted in several variable’s endogenous be looked influence of the direct or indirect the transformational leadership as variable and organizational climate as variable on the Proactive Behavior, then the indirect effect of the work engagement variable as a mediating variable on behavior proactive, on Islamic Banking in Padang City, which respondents in the research as much until 146 respondents. The method used in this research is the path analysis with Smart PLS software analysis.

**3.1. Sample**

This research is based on primary data from questionnaires that are distributed directly to respondents. Sampling was taken from 146 research respondents spread across several Islamic banks, among others; Bank Muamalat Indonesia, Bank Syariah Mandiri, National Bank Indonesia Syariah, and Bank Rakyat Indonesia Syariah. Of the 230 populations, 146 respondents were selected. The representation of male and female respondents is different where female respondents tend to be more (59.99%), while men (40, 41%, while the company’s employees are 27-37 years old (46.58%) on average. research occupies the status of permanent employees (62.33%) and contract employees (37.67%) with a differentiation of main work tasks as staff, bank tellers, customer service, drivers, security to

staff manager positions. Where some of the respondents have undergraduate education and master (60.96%) followed by diploma III (31.51% 0 and graduated from high school (7.53 &) in general, respondents are married. Respondents work between 08.00 in the morning to 03.05 in the afternoon.

**Measurements**

**3.2. Proactive Behavior**

This is research shows that Social Exchange Theory in a society or corporate, which in work a service with payment salary and profit payment compensation. Each increase corporation outcome according to become a research substance. Transformational leadership and organizational climate are exogenous variables for the proactive behavior of Islamic banking employees. Meanwhile, work engagement as a mediating variable.

**3.3. Transformational Leadership (x1)**

Direct effect of transformational leadership on Proactive Behavior. Transformational leadership has with value of 1.291 and with statistic 3.446. transformational leadership has positive and significant effect on proactive behavior, which means that the better transformational leadership, the more proactive behavior will increase. The indirect effect of transformational leadership on Proactive Behavior through work engagement. The results of the analysis show that transformational leadership towards proactive behavior through work engagement has a coefficient value of 0.129 with a t-statistic value of 2.844 and a p-value of 0.005. This explains that transformational leadership has a positive and significant effect on proactive behavior through work engagement, which means that the better the transformational ability greater improvement work and will increase proactive behavior.

**3.4. Organizational Climate (x2)**

Direct effect of organizational climate on Proactive Behavior. the organizational climate value of 0.226 with a t-statistic value of 2.740 and a p-value of 0.006. This explains that organizational climate has a positive and significant effect on proactive behavior, which means that the better the organizational climate, the stronger the proactive behavior in the company will be. The indirect effect of organizational climate on Proactive Behavior through work engagement. The results of the analysis show that organizational climate on proactive behavior through work engagement has a coefficient value of 0.262, with of 4.765. climate proactive behavior engagement, which the organizational climate and will increase proactive behavior.

**3.5. Work Engagement (M)**

Direct effect of work engagement on Proactive Behavior. The work engagement 0.459 with a t-statistic value of 5.847 and a p-value of 0.000. This explains that work engagement has proactive behavior, that work engagement will increase proactive behavior.

**4. RESULT**

**4.1. Construct Validity and Reliability**

Were made by issuing one invalid statement from the work engagement variable, 4 invalid statements from the transformational leadership variable, 14 invalid statements from the organizational climate variable, so that the following results were obtained.

**Table 1.** Construct Validity and Reliability After Valid

Indicator	Cronbach's Alpha	rho_A	Composite Reliability	(AVE)
TL1	0.535	0.543	0.810	0.682
TL2	0.716	0.745	0.821	0.536
TL3	0.526	0.528	0.808	0.678
TL4	0.733	0.737	0.833	0.555
OC1	0.745	0.747	0.839	0.566
OC2	0.819	0.820	0.869	0.525
OC3	0.654	0.658	0.812	0.590
OC4	0.761	0.762	0.848	0.582
WE1	0.750	0.774	0.854	0.661
WE2	0.767	0.779	0.895	0.810
WE3	0.666	0.682	0.817	0.600
PB1	0.767	0.771	0.896	0.811
PB2	0.503	0.503	0.801	0.668
PB3	0.544	0.552	0.813	0.686
PB4	1.000	1.000	1.000	1.000

*Source: processed primary data, 2020*

**4.2. Validity Discriminant**

The effect size (f2) is measures with test results several indicators as construct being validity discriminant. As indicator in a latent variable has a difference with the indicator's is indicated by the table in below

**Table 2.** Effect Size (f2) Test Results

	TL	OC	WE	PB
<b>TL</b>	0.545	-	-	-
<b>OC</b>	0.767	0.616	-	-
<b>WE</b>	0.718	0.785	0.576	-
<b>PB</b>	0.793	0.809	0.845	0.657

*Source: processed primary data, 2020*

**4.3. Reliability Test**

The composite reliability test of all variables is declared reliable if the loading mean value is > 0.7. The results of each reliability test could be looked in the Table 3.

**Table 3.** Reliability Test Results

Variable	Composite Reliability	Cronbach's Alpha
Transformational Leadership	0.831	0.778
Organizational Climate	0.911	0.896
Work Engagement	0.792	0.703
Proactive Behavior	0.839	0.776

*Source: processed primary data, 2020*

The value of composite reliability and Cronbach's alpha for transformational leadership, organizational climate, work engagement, and proactive behavior was above 0.7, which is the lowest criterion for variables to be said to be reliable. So that the four variables are declared to be reliable, which means that the indicators used as the observed variables for the latent construct can be said to have been able to explain the latent constructs or variables they form.

The inner model test is carried out by entering all statements that have passed the validity and reliability test. The structural model test shows the relationship between latent variables and other latent variables. The evaluation of the structural model is carried out by a bootstrapping process which will produce a coefficient of determination (R2), Predictive relevance (Q2), Effect Size (f2), path analysis coefficients and t-statistics. The results of data processing for the structural model test are explained as follows:

**4.4 The Coefficient of Determination (R2)**

R-Square is used to assess the effect of certain independent latent variables on the dependent latent variable whether it has a substantive effect. The model is considered to have an effect on  $R2 \geq 0.1$ . The results of the coefficient of determination R2 of the model moderation can be seen in Table 4.

**Table 4.** Results of the Determination Coefficient R2

Variable	R <sup>2</sup>
Work Engagement	0.645
Proactive Behavior	0.797

**4.5. Predictive Relevance (Q2)**

Predictive relevance (Q2) which observed also its parameter estimates, small, moderate and big. The results are obtained 0,797.

**4.6 Effect Size and Category (f2)**

The f-square test was conducted to determine the effect size. Category is moderate, small and big. The result with calculation with is big category. A result of the effect size calculation could be seen in below

**Table 5.** Effect Size and Category

Indicator's	Effect Size (f2)	Category
TL -> PB	0.160	Moderate
TL ->WE	0.093	Small
OC -> PB	0.076	Small
OC ->WE	0.382	Big
WE-> PB	0.371	Big

Source: processed primary data, 2020

The results of the calculation of f2 in this research are the predictors of proactive behavior variable Y, namely: transformational leadership has been moderate effect of 0.160. Organizational climate and work engagement be big effect of 0.371. Meanwhile, the predictor that forms work engagement, namely transformational leadership, and organizational climate has been big effect, namely 0.382.

**4.7. Independent Variable**

The independent variable a significance level of 1% is means significant for the original sample. Results significance of the all variable can be seen from sample mean which is enough good. Results of the direct and indirect effect test for each variable can be into below.

**Table 6.** Hypothesis Testing

Variable	(O)	(M)	(STDEV)	( O/STDEV )	P Values
TL -> PB	1.291	1.299	1.084	3.446	0.001
TL ->WE	1.281	1.289	1.081	3.462	0.001
OC -> PB	1.226	1.215	1.082	2.740	0.006
OC ->WE	1.570	1.561	1.085	6.683	0.001
WE -> PB	1.459	1.462	1.078	5.847	0.001
TL ->WE-> PB	0.129	0.134	0.045	2.844	0.005
OC ->WE-> PB	0.262	0.258	0.055	4.765	0.000

Source: processed primary data, 2020

**5. DISCUSSION**

This research shows be influence is a direct or an indirect effect of transformational leadership on employees' proactive behavior. (H1) Variable is transformational leadership has been positive and significance Islamic banking employees in the Padang City. This means that employees with higher proactive behavior are willing to respond to positive leadership behavior. (H2) Variable is organizational climate has been positive and significance of Islamic banking employees in Padang City. That is, organizational climate is the work environment that employees observe and as a result of these observations will generate opinions, values and anticipation. (H3) Work engagement has been positive and significance Islamic Banking employees in Padang City. This means that employee work engagement has a correlation with employee productivity, profits, security, and retention. (H4) Mediation work engagement has been positive and significance to Islamic Banking in Padang City. Then, transformational leadership is an important part of managing employee work engagement to an organization. This research shows that there is an indirect effect of organizational climate mediated by work engagement, which will simultaneously have a significant and positive effect on Proactive Behavior. However, (H5) Mediation work engagement is significance impact to Proactive Behavior of Islamic banking employees in Padang City. That is, organizational climate is an important part of managing employees work engagement to an organization.

**6. CONCLUSION**

Based on the results of the analysis related to the objectives of this research, several conclusions could be drawn, positive and significance from the results as follows:

1. Transformational leadership with moderate category has been positive and significance effect on proactive behavior of employees Islamic Banking in Padang City, because the leadership of manager's ability to develop resources its power will more or less play a role, meaning that managers are able to increase employee Proactive Behavior in the work environment.
2. Organizational climate with small category has been influence also to proactive behavior of Islamic Banking in Padang City, meaning that the organizational climate plays an important role in addition to company managers being able to motivate employees with reward and punishment, which will increase Proactive Behavior.

3. Work engagement with big category has been positive and significant effect on Proactive Behavior of Islamic banking employees in Padang City, where employees work according to their interests, it will lead to Proactive Behavior in addition to employees having a strong work engagement to be able to do more. These employees are able to increase contributions to the company.
4. Transformational leadership with small category has been influence also to proactive behavior through work engagement for Islamic banking employees in Padang City, work engagement is returned to the individual concerned, meaning that work engagement as a mediator affects Proactive Behavior, and
5. Organizational climate with big category has been positive and significance effect on Proactive Behavior through work engagement mediation of Islamic Banking employees in Padang City. Work engagement is returned to the individual concerned, meaning that work engagement is a mediator that affects Proactive Behavior.

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