

# Influence of Organizational Culture on Relationship of Transformational Leadership with Employees Job Satisfaction in Oil and Gas Industry

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## ABSTRACT

Organizational culture often become an issue amongst employees in coping with the culture in achieving job satisfaction. Many studies indicated that transformational leadership is considered the most influential element on achieving high degree of satisfaction among employees in middle and large organizations. Therefore, the study was aimed to examine the mediation role of organizational culture on the relationship between transformational leadership and job satisfaction in oil and gas companies in UAE. Quantitative method was employed in this research. A total of 400 questionnaires were distributed to the respondent using simple random sampling technique. However only 322 questionnaires were returned which means 80.5% response rate among employees working in ADNOC Refining an oil and Gas Company of UAE. The collected data was used to develop and asses the mediation model using AMOS-SEM technique. The results from the modelling found that organizational culture affects the relationship between transformational leadership and job satisfaction in ADNOC oil and gas UAE. The findings of this research work if applied appropriately by ADNOC or any other organization would influence in the most positive way the relationship between transformational leadership and job satisfaction.

## Keywords

mediation model, transformational leadership, organizational culture, job satisfaction

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## Introduction

Transformational leadership is considered as the most flexible leadership style to deal with the highly competition in business world. The leadership serves to enhance the motivation, morale, and also employee job satisfaction in organisation. It challenges employees to take greater ownership for their work by understanding the strengths and weaknesses of individual which will enhance the performance. Transformational Leadership has the ability to influent using goal-directed behaviour on the followers, promoting organizational culture change, and a spirit of trust, and helping followers to exceed their performance and satisfaction expectations [1].

Many studies related transformational leadership with organisational culture such as the culture support system in an organization by balancing the distribution of power. Basically, organisational culture is related to distribution power within the company which enables leader to certain decisions. In transformational leadership practice, the organisational culture of decision-making involves employees [2]. In the perspective of organizational culture, everything in the organization is the manifestation of the organisation culture [3]. Transformational

leadership is built on assumptions that people are trustworthy and purposeful; everyone has a unique contribution to make; and complex problems are handled at the lowest level possible [4]. Transformational leaders align others with the organisation's vision and empower them to take bigger responsibility in achieving the vision. These leaders facilitate and assist others to foster a culture of creativity which indirectly induce positive job satisfaction among employees and resulted to the achievement of organisational culture orientation [5]. Furthermore, with better organisational culture, it affects the decisions and actions of managers to the employees thus affecting almost all elements of management in the organization. Hence these sparked the study to investigate the mediation role of organizational culture on the relationship between transformational leadership and job satisfaction in oil and gas companies in UAE.

## Literature Review

Transformational Leadership is as a strategy to reform the stakeholders of an organization [6]. Transformational leader concerns of nation interest, for next generation and for society. These

leaders focus on nation or society. Whereas transactional leaders are only self-interests but transformational leaders boost the confidence, enthusiasm, and principles of the followers [7]. Transformational leaders are concerned with the diversity of environments, gain respect of others, trust others and empower other to act. This leader support and encourage when there is a need to solve difficulties [8]. The attributes of this leader are described in five domains as follows [8];

- i. Leader's attributes,
- ii. Leader's behaviours,
- iii. Inspirational motivation,
- iv. Intellectual stimulation,
- v. Individual consideration.

Role of transformational leader is not merely giving inspiration but also be present and available to convince and guide people to achieve the stipulated vision. A transformational leader should inspire others to accomplish excellent [8]. To achieve extraordinary results for the organizations, these leaders should develop a shared vision, setting example, challenging status quo, and supporting staff. They must have the ability to abide with ethics and trust of their followers into a vision, and then guide them to pursue that vision. It is evident that following transformational leader is working in the direction of the said vision. It includes concern about nation, essentials of empowerment, and level of mission direction [9].

## 2.1 Organizational Culture

Organizational Culture is about emphasize the local and structural nature of the organization to be unable to fully explain organizational behaviour. It is now a dominant theme among managers, consultants and academics. Organizational Culture gives identities to organizations, groups and individuals. There are several definition of organizational culture likes, it is the process of thinking helps create one member from another based on cognitive thinking; a successful orientation based on different values and values that make culture effective; a set of beliefs, behaviour, rules and values help make the culture more effective. Organizational Culture determines perceptions and feelings and to a certain extent to the public behaviour [10, 11, 12].

One of the reasons for where organization's culture is ignored when excluding the given values, the basic assumptions, the expectations, the memories and the collective definitions of the organization. This is important as it conveys a sense of identity to the staff and provided unwritten and undeclared instructions on how to reach Organization, and helps to stabilize the social system they face. This because culture is undetectable most of the time and people do not realize it [13].

## 2.2 Job Satisfaction

Job Satisfaction means employee satisfaction in an organisation. It is about whether the employee like the job such as nature of work or supervision [14]. Job satisfaction is also relates to multidimensional psychosocial responses of a person [15]. Measurement of job satisfaction varies on the affective of a person on performing the tasks [16]. Job satisfaction can also be considered as an overall assessment of the organisation work which is viewed as an internal environment of employee's performance and also service quality to the stakeholders [17].

Concept of job satisfaction has been proposed in various manners according to researchers and practitioners. However, the definition that is widely used in organizational research is that it is a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences [18]. Some job satisfaction defined as whether the employees like the given job either at specific task or the overall tasks [14]. A more recent definition of job satisfaction includes multidimensional psychosocial responses to an individual's job, and that these personal responses have cognitive (evaluative), affective (or emotional), and behavioural components [15, 19,20].

## 2.3 Transformational Leadership

Many studies indicated that there are a significant relationship between transformational leadership, organisational culture, and job satisfaction. A study in the banking sector found that in contemporary job-related phenomena there are relations between employees with colleagues and superiors, performance and perceptions of the organization's specific culture. In addition, the employees' preference of leadership style is likely to be affected by several factors, including demographic characteristics. The study found that

there is a reciprocal relation between organisational culture and transformational leadership in job satisfaction in the banking sectors [21]. Another study was conducted to identify the connection between transformational leadership and job satisfaction. the findings of this study showed that significant and positive connection between transformational leadership, job satisfaction. The study concluded that transformational leaders ought to support staff members to end up being ingenious, cutting-edge and provide such vigorous concepts to satisfy the organizational goals. There several studies, as one study found that there is an effect of organisational culture on job satisfaction in education institutions. Other study conducted critical review of the relation between organisational culture and the levels of job satisfaction experienced by employees. The study found that job satisfaction is related to the perceptions of the employees in the working environment. Another study investigated the influence of teamwork, sharing visions and tolerance of organisational culture on job satisfaction and found that organisational culture is correlated with job satisfaction where employees are strongly influenced with the working tolerance [23, 24,25].

An empirical study was conducted to investigate the effect of transformational leadership behaviour on organisational culture in pharmaceutical company. The study found that the transformational leadership behaviour has a positive and significant correlation between the components of organisational culture [26]. Another study was to examine the impact of organisational culture on the relationship between transformational leadership and job satisfaction in National Oil Corporation of Libya. It was found that there is a positive and significant relationship between organisational culture and transformational leadership [27]. Other study also investigated the relationship between transformational leadership and organisational culture in National Iranian South Oil Company. The outcomes from the study indicated that transformational leadership has direct, positive and significant impact on organisational culture. The findings from these studies indicated the importance of transformational leadership in organisational culture as one of the most

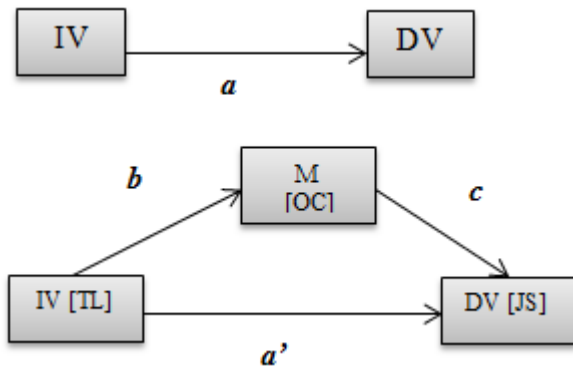
contributing factors to the successful of organizations.

### Methodology

The study adopted quantitative research method where it is conducted in deductive manner. The data was collected through questionnaire survey. The collected data from the survey was analysed descriptively to clean the data before applying in model development. Population of this study comprised of employees working in public and private sector Oil and Gas companies in UAE. Where the selected company is ADNOC Refining. Sample size was determined using Krejcie & Morgan table [28]. A total of 400 questionnaires were distributed to the respondent using simple random sampling technique. However only 322 questionnaires were returned which means 80.5% response rate among employees working in ADNOC Refining an oil and gas company of UAE

### Mediation Model

The study hypothesized that organisational culture (OC) mediates the relationship between transformational leadership (TL) and job satisfaction (JS). This hypothesis was analysed using mediation model using structural equation modelling approach. By using AMOS-SEM software, the model was developed and assessed to achieve its goodness-of-fit [29]. At the initial stage all the measurement models were analysed using Confirmatory Factor Analysis (CFA) of the software and once all the measurement models had achieved the threshold values than these models were combined to form structural model. The structural was analysed using path analysis of the software. The diagrammatic layout of the model is as figure 1 [30, 31, 32].



**Figure 1 – diagrammatic of direct and mediation model**

Figure 1 show two hypothetical relationship models. The first is the direct relationship model of independent variable (IV) which is the transformational leadership and dependent variable (DV) which is job satisfaction. The second is the mediation model where an additional component is added with letter (M) which is the organisational culture. The notation (a) denotes the strength of the direct relationship while (a') [29]. The results of the modelling works from the hypothetical model of figure 1 are to determine whether there is a mediation effect from knowledge management on the relationship between transformation leadership with job satisfaction, the results are as in table 1.

**Table 1: Output of Mediation Test**

DV	M	DV	a	a'	b	c
Transfor mational Leadersh ip (TL)	Organis ational Culture (OC)	Job Satisf action (JS)	0.9 38 0.0 00 Si g.	0.6 21 0.0 00 Si g.	0.8 95 0.0 00 Si g.	0.3 42 0.0 00 Si g.

Table 1 shows that the relationship between the independent variable (TL) and the dependent variable (JS) before and after the mediator affect the direct relationship between transformational leadership and job satisfaction ( $p \leq 0.05$ , Sig.). In addition to that, the direct and causal effect (regression) of transformational leadership on job satisfaction is decreased from 0.938 to 0.621 due to the partial mediation effect of organisational culture. Moreover, both the indirect effects (relationships) between transformational leadership and organisational culture ( $b = 0.895$ ,  $p \leq 0.05$ , Sig.) as well as the relationship between

organisational culture and job satisfaction are significant ( $c = 0.342$ ,  $p \leq 0.05$ , Sig.). Thus a partial mediation relationship is organisational occurred due to the indirect effect of organisational culture (mediator).

**Conclusion**

This study discussed the relationship of transformational leadership, organizational culture, and job satisfaction. The study was conducted using quantitative approach. The study examined the mediation role of organizational culture on the relationship between transformational leadership and job satisfaction in ADNOC oil and gas UAE. Based on the modelling results the study showed that organizational culture partially mediates the effect of transformational leadership on employee job satisfaction for the UAE oil and gas industry. The findings of this research work if applied appropriately by ADNOC Company or any other organization would influence in the most positive way the relationship between transformational leadership and job satisfaction

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