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Transformational Leadership Drives Achievement Motivation and Enhances Customer Service Quality in Islamic Banking in Bandung

Abstract

This study examines the extent to which transformational leadership influences achievement motivation and enhances customer service quality in Islamic banks in Bandung. The research employs a quantitative method using a survey approach, targeting employees working in Islamic banking institutions in the region. Data analysis utilizes structural equation modeling (SEM) with PLS, based on a sample of 100 respondents selected through simple random sampling. The findings reveal a significant impact of transformational leadership on both achievement motivation and customer service quality. This research contributes to the understanding of how effective leadership can drive employee motivation and improve service delivery in the banking sector. The implications of these results suggest that fostering transformational leadership within Islamic banks can lead to higher employee engagement and better customer experiences.

Keywords: Transformational Leadership, Achievement Motivation, Customer Service Quality, Islamic Banks.

Introduction

In today's competitive era, every organization or company needs strong leaders who can inspire, motivate, and guide their teams. These leaders should also embody qualities that attract their subordinates to emulate their behavior. Leadership does not emerge spontaneously; it must develop within an individual. This development is crucial because leadership significantly influences the ability to change or maintain the existing culture within the organization. Research suggests that leadership impacts activities related to employee performance.

For instance, López-Cabarcos, Vázquez-Rodríguez, and Quiñoá-Piñeiro (2022) highlight the connection between leadership behaviors and job performance, emphasizing how work environment variables interact with leadership to affect employee outcomes. Similarly, Haricharan (2023) discusses the implications of leadership and management on public service employee well-being and performance, reinforcing the idea that effective leadership is essential for enhancing employee satisfaction and productivity. These studies collectively underscore the vital role of leadership in shaping organizational culture and driving employee performance.

One key indicator of human resource quality is having high work motivation and competence, alongside the need for leaders who can motivate their employees. Therefore, the desired type of leadership is one that can drive employee motivation to achieve organizational goals. Research indicates that individuals who exhibit transformational leadership tend to be more effective leaders, resulting in better work outcomes.

For example, Pizzolitto, Verna, and Venditti (2023) conduct a systematic literature review that explores how different leadership styles, including transformational leadership, influence performance. Their findings suggest that transformational leaders can foster a more motivated workforce, which in turn enhances overall performance. Similarly, Hanif, Ahmed, and Younas (2023) examine the role of green

transformational leadership in promoting corporate environmental performance, highlighting how effective leadership can inspire innovative practices among employees. These studies collectively affirm that transformational leadership plays a crucial role in motivating employees and improving organizational performance.

The quality of customer service in the banking industry is significantly influenced by factors such as employee stress and job satisfaction. Research by Kim and Yeo (2024) highlights how stress levels among employees can directly impact the quality of service they provide. When employees experience high levels of stress, their ability to engage positively with customers diminishes, leading to a decline in service quality. Conversely, when employees are satisfied with their jobs, they are more likely to deliver exceptional service, which enhances customer experiences.

In another study, Kim, Maijan, and Yeo (2024) further explore the relationship between job stress and management process alignment in shaping customer service quality. They argue that effective management processes can help reduce employee stress, thereby improving service delivery. When management aligns its processes to support employees, it fosters a work environment that encourages high performance and customer-centric behavior.

Both studies underscore the importance of addressing employee well-being to enhance customer service quality in the banking sector. By investing in employee satisfaction and creating supportive management practices, banks can improve their service quality, leading to higher customer satisfaction and loyalty. This connection between employee experiences and customer outcomes highlights the need for a holistic approach to service quality in the banking industry.

Method

In this study, the researchers employ a survey approach to address the research question regarding the extent to which transformational leadership influences achievement motivation in the context of enhancing customer service orientation in Islamic banking located in Bandung City. The researchers choose the survey approach due to its ability to efficiently and systematically gather data from a larger population, allowing them to obtain a broader picture of the phenomenon under investigation.

In this research, the sample consists of 100 respondents selected using simple random sampling techniques. This selection method ensures that every member of the population has an equal chance of being chosen, making the research results more representative. Consequently, the analysis conducted reflects the views and experiences of employees in the Islamic banking sector in Bandung as a whole. The structured questionnaire also enables the researchers to collect consistent and reliable information.

Transformational leadership is a leadership style that inspires and motivates followers to achieve exceptional outcomes while fostering personal and professional growth. Bass (1999) and Ytterstad and Eraisen (2023) discusses how transformational leaders create a vision for the future, encourage innovation, and promote a sense of purpose among their team members. This leadership approach is characterized by four key components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. By embodying these traits, transformational leaders can effectively engage their followers and drive them toward higher levels of performance.

Achievement motivation refers to the drive individuals have to pursue success and accomplish their goals. It plays a vital role in influencing behavior and performance across various contexts, including educational and professional settings. Smith and Karaman (2019) and Smith et al. (2020) highlight the

importance of developing a contextual achievement motivation measure that captures the nuances of motivation in different environments.

Customer service orientation reflects the approach organizations take to meet the needs and expectations of their customers. This approach emphasizes the importance of providing a positive experience to clients through high-quality service. Ladhari, Souiden, and Dufour (2017) demonstrate that emotions play a significant role in service contexts. When customers experience emotional satisfaction during their interactions with services, they tend to develop a better perception of products and show a higher intention to make future purchases.

By utilizing data analysis through Structural Equation Modeling (SEM) with a Partial Least Squares (PLS) approach, this study aims to identify and measure the relationships between transformational leadership, achievement motivation, and customer service orientation. The researchers use SEM to model the complex relationships among variables, providing deeper insights into how leadership can influence motivation and ultimately, the service provided to customers.

Result and Discussion

Based on the data quality testing, which includes validity testing, reliability assessment, and VIF analysis, we can observe the results presented in Table 1 below.

Table 1. Validity, Reliability, and VIF Results

	Transformational	Work Motivation	Services	VIF	Cronbach's alpha	Average variance extracted (AVE)	Composite reliability (rho_a)
TL1	0.707			1.559			
TL10	0.786			2.189			
TL11	0.733			1.797			
TL12	0.732			1.767	0.871	0.565	0.901
TL5	0.806			2.325			
TL6	0.773			2.223			
TL9	0.716			1.744			
MK1		0.805		3.363			
MK2		0.796		3.055			
MK3		0.820		3.296			
MK4		0.790		3.406	0.911	0.618	0.928
MK5		0.798		3.478			
MK6		0.819		2.778			
MK8		0.753		2.233			
MK9		0.701		1.865			
PL1			0.821	2.280			
PL2			0.855	3.670			
PL3			0.797	3.087	0.902	0.671	0.905
PL4			0.851	2.604			
PL5			0.789	2.633			

PL6			0.801	2.580			

Outer loading values greater than 0.5 indicate that the indicators used in the measurement significantly contribute to the studied construct. If any indicator shows a low value, it suggests that the indicator may not effectively measure the intended construct, warranting evaluation or potential removal from the model.

Furthermore, reliability values such as Cronbach's alpha and Composite reliability exceeding 0.7 demonstrate that the instrument possesses good internal consistency. This internal consistency reflects how well the indicators within the same construct correlate with one another.

Additionally, a Variance Inflation Factor (VIF) value below 4 serves as an important indicator for analyzing multicollinearity among independent variables. With a low VIF value, we can be confident that significant multicollinearity is absent, allowing us to consider each independent variable as making a unique contribution to explaining the dependent variable.

Table 2. Discriminant Validity HTMT ratio

	Services	Transformational	Work Motivation
Services			
Transformational	0.649		
Achievement Motivation	0.735	0.733	

The calculation results for the Discriminant Validity HTMT ratio, as shown in Table 2, reveal the following HTMT values: the value between Transformational and Services is 0.649; the value between Achievement Motivation and Services is 0.735; and the value between Achievement Motivation and Transformational is recorded at 0.733. Discriminant Validity measures how distinctly one construct differs from another. In this context, the HTMT ratio (Heterotrait-Monotrait Ratio) serves as an indicator to assess discriminant validity by comparing the relationships among different constructs.

Table 3. Hypothesis testing and model fit

	Path coefficients	f-square	P values	Significant	
Transformational -> Services	0.249	0.068	0.015	Support	
Transformational -> Achievement Motivation	0.663	0.786	0.000	Support	
Work Motivation -> Services	0.506	0.279	0.000	Support	
	R-square	R-square adjusted	Q^2predict	RMSE	MAE
Services	0.486	0.475	0.321	0.839	0.675
Achievement Motivation	0.440	0.434	0.419	0.778	0.587

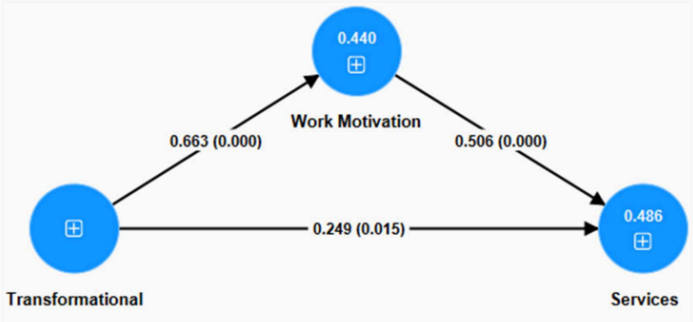


Figure 1. Transformational Leadership Drives Achievement Motivation and Enhances Customer Service Quality

From Table 3 and Figure 1, we see that transformational leadership positively influences service quality. The coefficient of 0.249 indicates a significant positive effect, meaning that for every one-unit increase in transformational leadership, service quality improves by 0.249 units. With an f-square value of 0.068, this impact is small but still significant, supported by a P-value of 0.015, which confirms that these results are not due to chance. For example, in an organizational context, a leader who adopts a transformational leadership style can motivate their team to deliver better service to customers. This leader, equipped with a clear vision and the ability to inspire, can create a work environment that encourages employees to commit to high service standards.

Transformational leadership and achievement motivation show a higher coefficient of 0.663. This indicates that transformational leadership has a strong influence on employee achievement motivation. With an f-square value of 0.786, this impact is categorized as large, and the P-value of 0.000 demonstrates very high significance. In practice, transformational leaders not only provide direction but also empower employees by granting autonomy and opportunities for growth. For instance, in a technology company, a leader can encourage the software development team to explore new ideas and provide constructive feedback, thereby boosting their motivation to innovate and create better products.

Moving on to the influence between achievement motivation and service quality, the coefficient of 0.506 indicates that work motivation significantly contributes to improved service. With an f-square of 0.279 and a P-value of 0.000, this relationship is also considered significant. High achievement motivation drives employees to deliver better service, as they feel more engaged and committed to their jobs. Syaifuddin and Sidharta (2017) emphasize that employee desire and organizational climate significantly influence performance. Additionally, Manik and Sidharta (2017) explore the interplay between motivation, ability, and role perception in shaping employee performance. They argue that when employees possess a clear understanding of their roles and feel motivated, they are more likely to excel in their tasks. This clarity and motivation enable them to engage more effectively with customers, thereby enhancing the overall service quality.

Analyze the model fit of this study. For service quality, the R-square value of 0.486 indicates that 48.6% of the variation in service can be explained by the independent variables in the model, including transformational leadership and achievement motivation. The Q^2predict value of 0.321 demonstrates that this model has good predictive ability, making it suitable for forecasting future service

performance. Meanwhile, for work motivation, the R-square value of 0.440 shows that 44% of the variation in achievement motivation can be explained by transformational leadership. The Q^2predict value of 0.419 indicates that this model also possesses strong predictive power for achievement motivation.

Achievement motivation significantly impacts the improvement of service quality for customers at Islamic banks. When employees possess high achievement motivation, they strive to excel in their roles, leading to enhanced service delivery. This motivation drives them to go beyond basic expectations, actively seeking ways to meet and exceed customer needs. For instance, motivated employees are more likely to engage with customers, providing personalized service and addressing concerns promptly. This proactive approach not only improves customer satisfaction but also fosters a positive relationship between the bank and its clients. As employees feel a sense of accomplishment in their work, they become more committed to maintaining high service standards.

Moreover, when banks cultivate an environment that encourages achievement motivation, they empower their staff to take initiative and innovate in their service offerings. This can result in the development of new services or improvements to existing ones, further enhancing the overall customer experience. Ultimately, a focus on achievement motivation within the workforce can lead to a significant boost in the quality of services provided to customers at Islamic banks.

The findings of this research indicate that transformational leadership effectively drives achievement motivation among employees. Transformational leaders inspire and motivate their teams by fostering an environment that encourages personal growth and commitment to organizational goals. This aligns with the work of Rescalvo-Martin et al. (2024), who highlight how leader behaviors can significantly enhance proactive service among employees, suggesting that when leaders exhibit transformational qualities, they cultivate a motivated workforce willing to go beyond their basic roles. Additionally, Kpinpuo et al. (2023) emphasize the importance of leadership in managing talent and fostering motivation within teams. Their study illustrates that effective leadership practices can lead to improved employee engagement, which directly correlates with higher achievement motivation. This connection reinforces the idea that transformational leadership not only influences individual performance but also contributes to overall organizational success. Furthermore, Knežević et al. (2021) explore the relationship between achievement motivation and various factors, including leadership styles. They argue that a strong sense of achievement motivation can drive employees to pursue excellence, particularly in service-oriented industries. This supports our findings, as transformational leadership appears to enhance employees' intrinsic motivation, leading them to strive for higher performance levels in customer service.

The results of this study reveal that employee achievement motivation significantly enhances customer service quality in Islamic banking. When employees feel motivated to achieve their goals, they are more likely to engage positively with customers, leading to improved service experiences. Hosen et al. (2024) support this finding by demonstrating that training and development initiatives, along with career advancement opportunities, contribute to higher levels of organizational commitment and work performance. This commitment translates into better service quality as motivated employees strive to meet and exceed customer expectations.

Moreover, the research by Zhengmeng et al. (2024) highlights the importance of customer retention in the banking sector, indicating that motivated employees play a crucial role in fostering strong customer relationships. Their study suggests that when employees are driven by achievement motivation, they are more attentive and responsive to customer needs, which enhances customer

satisfaction and loyalty. This connection emphasizes that motivation not only benefits employees but also creates a positive impact on the overall customer experience.

The findings underscore the critical link between employee achievement motivation and customer service quality in Islamic banking. Organizations should prioritize initiatives that boost employee motivation, as this will ultimately lead to better service delivery and increased customer retention. By investing in their workforce, Islamic banks can enhance their competitive edge in the industry.

Conclusions

In conclusion, this study demonstrates that transformational leadership significantly influences achievement motivation and enhances customer service quality in Islamic banks in Bandung. The banks cultivate an environment that encourages achievement motivation, they empower their staff to take initiative and innovate in their service offerings. This relationship highlights the need for organizations to invest in leadership development programs that emphasize transformational qualities to cultivate a motivated and high-performing workforce. However, this research has some limitations. The sample size of respondents may not fully represent the diverse perspectives within the banking sector, and the study focuses solely on Islamic banks in Bandung, which may limit the generalizability of the findings to other contexts. Future research should consider expanding the sample size and including a broader range of banking institutions to validate and enrich the findings. Additionally, exploring other factors that may mediate or moderate the relationship between transformational leadership and service quality could provide deeper insights. Overall, this study lays the groundwork for further exploration into the dynamics of leadership and its impact on employee motivation and customer service in the banking industry.

References

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