

REVIEW ARTICLE

## A Conceptual Analysis of Transformational Leadership and Job Satisfaction in the Retail Industry

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### ABSTRACT

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#### KEYWORDS:

Transformational Leadership

Job Satisfaction

Retail Industry

#### CITATION:

Siti Aishah Abdul Rahim et al. (2025). A Conceptual Analysis of Transformational Leadership and Job Satisfaction in the Retail Industry. *Malaysian Journal of Social Sciences and Humanities (MJSSH)*, 10(2), e003236.  
<https://doi.org/10.47405/mjssh.v10i2.3236>

Transformational leadership has been widely recognized for its role in enhancing employee satisfaction and organizational performance. However, there is a need for a theoretical exploration of how transformational leadership specifically influences job satisfaction in the retail industry, particularly within the sports retail sector. This study aims to conceptually analyze the relationship between transformational leadership and job satisfaction. It synthesizes existing literature to identify key leadership behaviors—such as role modelling, group acceptance, high expectations, individualized support, and intellectual stimulation—that contribute to employee satisfaction. Additionally, the study proposes a conceptual framework to explain the mechanisms through which transformational leadership enhances job satisfaction. This study adopts a conceptual review approach, analyzing existing theories and empirical studies on transformational leadership and job satisfaction. The review highlights that transformational leadership fosters higher job satisfaction by inspiring employees, providing personal support, and encouraging innovation. These leadership dimensions contribute to motivation, engagement, and long-term organizational commitment among employees in the retail industry. This conceptual analysis provides a theoretical foundation for understanding the role of transformational leadership in enhancing job satisfaction.

**Contribution/Originality:** This study contributes to the existing body of knowledge by providing a structured conceptual analysis of transformational leadership and its impact on job satisfaction in the retail sector. Specifically, this study synthesizes leadership theories and job satisfaction literature to propose a conceptual model for understanding leadership effectiveness in the retail industry.

## 1. Introduction

In an era when companies are struggling for competitive advantage and long-term development, leadership is becoming increasingly important, especially in the retail sector. Employee job satisfaction is one of the most important organizational outcomes that is highly influenced by leadership style. Among the various leadership theories, transformational leadership has proven to be one of the most effective in bringing about positive change in organizations, especially when it comes to increasing employee commitment, motivation and satisfaction (Bass & Avolio, 1994). This type of leadership is characterized by leaders encouraging and inspiring employees to put the needs of the organization above their own, creating an environment that fosters both individual and group success. The four main dimensions of transformational leadership are forming a perfect model and creating acceptance by group members, expectation of excellence implementation, individual support, and intellectual stimulation. Taken together, these elements provide a leadership approach that contributes to the achievement of organizational goals and promotes a positive and stimulating work atmosphere (Bass, 1985).

Competition in the retail industry has intensified and leaders such as Decathlon in the Klang Valley are under pressure to provide excellent customer service, meet service and performance targets while always considering the well-being of their employees. Transformational leadership has proven to be an effective means of addressing these characteristics of work in organizations such as retailer Decathlon by creating a conducive employee environment that appeals to employees.

There is a growing body of literature on the relationship between transformational leadership and job satisfaction in organizations that examines the impact of this particular form of leadership on increased employee satisfaction and motivation while employing transformational leadership in the workplace (Judge & Piccolo, 2004). The situation of Decathlon stores in the Klang Valley has the potential to increase employee satisfaction through retail support, engagement and innovation. Employees who feel supported by their leaders are more likely to invest in their work and align their personal goals with organizational goals, resulting in higher job satisfaction and performance (Emery & Barker, 2007). Consequently, examining how transformational leadership changes Decathlon employees' job satisfaction is not only important but also crucial to determine the leadership practices that can increase the prosperity of the retail sector. Thus, this conceptual analysis focuses on exploring the relationship between transformational leadership and job satisfaction in the retail industry, specifically within the sports retail sector (Decathlon in Klang Valley, Malaysia).

## 2. Research Methodology

This study adopts a conceptual review approach, analyzing existing theories and empirical studies on transformational leadership and job satisfaction. Relevant scholarly sources were examined to identify patterns, theoretical perspectives, and key constructs that inform leadership effectiveness in the retail.

## 3. Findings

### 3.1. Leadership

As [Odumeru and Ogbonna \(2013\)](#) stated, leadership is a critical component of management and remains a significant sociological issue and a compelling phenomenon in various domains, including association, identity, and culture [\(Gautam & Enslin, 2019\)](#). Leadership involves influencing groups of individuals to achieve specific goals, with leaders playing a pivotal role in guiding others to achieve these goals [\(Odumeru & Ogbonna, 2013\)](#). [Uzohue, Yaya and Akintayo \(2016\)](#) further describe leadership as the process of directing, performing, and leading a community. This involves developing ideas and visions, adhering to principles that support these ideas, motivating individuals or groups to pursue certain behaviors, and making decisions regarding human and other resources to achieve the organization's goals.

This definition aligns with the view of [Amanchukwu, Stanley, and Ololube \(2015\)](#), who conceptualize leadership as an obligation to achieve specific goals by effectively utilizing available human and material resources while maintaining a cohesive and integrated organization. Despite some philosophical differences, the prevailing consensus among experts is that leadership serves as a mechanism through which individuals influence others to attain organizational success or set objectives [\(Avci, 2015\)](#).

In addition, leadership is a contact activity that clarifies the perception of a leader's charisma. This means that the leader's message conveys an affective and cognitive approach. If the leader successfully expresses their vision, they are more likely to gain the trust of employees, which inevitably influences the communication of happiness between the leader and employees [\(Wikaningrum & Yuniawan, 2018\)](#). Thus, leadership is the most important aspect of organizational success [\(Odumeru & Ogbonna, 2013\)](#). Leaders are also people who are committed to providing helpful and strong support in the workplace [\(Eliyana et al., 2019\)](#). The researcher further states that every leader is unique and has different talents and that an organization must have capability planning for the selected basic positions. Capability planning is used to identify candidates for leadership positions who have skills and have found a way into the organization's way of life and work so that they can be trusted to improve the work performance of employees [\(Eliyana et al., 2019\)](#).

Leadership styles have been extensively studied in terms of their effectiveness in achieving organizational goals. [Avci \(2015\)](#) has further refined the understanding of leadership by distinguishing between two primary styles: transformational and transactional leadership. Transactional leadership is based on a reward system and involves straightforward exchanges between leaders and followers. In contrast, transformational leadership is about creating a strong bond between the leader and employees, inspiring them to go beyond their usual performance, working together towards organizational goals and continuously adapting to trends and progress [\(Avci, 2015\)](#). Transformational leadership is one such leadership style that is characterized by inspiring and motivating employees to exceed expectations and foster team spirit [\(Eliyana et al., 2019\)](#). This distinction illustrates the different approaches leaders can take to effectively influence and lead their teams.

### **3.2. Transformational Leadership**

Transformational leadership is a collaborative leadership model in which followers have confidence and respect the leader and are inspired to do more than is formally required to achieve organisational goals [\(Islam et al., 2018\)](#). Transformational leadership energises employees and moves them to complete tasks by imparting their vision and techniques [\(Islam et al., 2018\)](#). In this study, transformational leadership is examined through four

dimensions: forming a perfect model and creating acceptance by group members, expectation of excellent implementation, individual support, and intellectual stimulation.

### *3.2.1. Form a Perfect Model and Creating Acceptance by Group Members*

A key aspect of transformational leadership is the role of leaders as role models who build trust through their actions and adherence to organizational values (Northouse, 2019). Transformational leaders exemplify high ethical standards and align their behavior with the values of the organization, which fosters greater trust and commitment among followers. By serving as strong role models, transformational leaders craft an inspiring vision for the future, set challenging goals, and establish clear consequences for performance. This vision is reinforced by actively engaging team members, seeking their input, and understanding their perspectives (Bass & Riggio, 2006). When leaders model desired behaviors and values, followers are more likely to embrace and commit to the shared vision, which enhances group cohesion and overall performance.

### *3.2.2. Expectation of Excellence Implementation*

High performance expectations and standards are defining features of transformational leadership. These leaders establish a compelling vision and ensure that the necessary resources are available to achieve it (Bass & Riggio, 2006). By setting ambitious goals and striving for excellence, transformational leaders inspire their followers to reach their full potential. They provide continuous feedback, monitor progress, and hold team members accountable for meeting organizational standards (Northouse, 2019). This approach fosters a culture of high performance, where the demand for excellence and the encouragement to meet high expectations create a dynamic environment that drives ongoing improvement and success.

### *3.2.3. Individual Supports*

The dimension of individual support in transformational leadership involves providing personalized attention and encouragement to each team member. Transformational leaders recognize and understand the unique needs, strengths, and growth areas of their followers (Bass & Avolio, 1994). By offering directed support and guidance through personal relationships, leaders help members achieve their goals and overcome barriers. This tailored approach enhances job satisfaction, organizational loyalty, and employee commitment (Northouse, 2019). Empathy, active listening, and constructive feedback are crucial for transformational leaders to strengthen their connection with subordinates, ultimately improving overall team performance. Individualized support, or addressing individual desires in a supportive environment, helps followers reach their full potential through the leader's guidance or counseling.

### *3.2.4. Intellectual Stimulation*

Intellectual stimulation is another key dimension of transformational leadership, which involves encouraging employees to explore new ideas and solve problems creatively (Bass & Avolio, 1994). By fostering a climate of inquiry and experimentation, leaders stimulate followers to seek out innovative solutions and perspectives (Northouse, 2019). This approach contributes to long-term success by promoting a culture of learning and development that supports innovation and continuous improvement. Transformational

leaders who challenge existing expectations and encourage creativity help drive organizational advancement and enhance both individual and team performance.

Referring to the four dimensions of transformational leadership, [Nguyen et al. \(2017\)](#) clarify that these dimensions develop the overall performance and satisfaction of the organisation, which focuses on the needs of the employees. This leadership style has promotes employee motivation and establishes a connection between managers and subordinates. A clear understanding of the organisation's goals is beneficial and creates added value for employees. According to [Alqatawenn \(2018\)](#), transformational leadership takes place when a leader wants to elevate the interests of employees and encourage them to think beyond their self-interest. Employees benefit from transformational leadership as it increases their motivation and improves their skills and knowledge. According to [Busari et al. \(2019\)](#), transformational leadership is associated with an individual as self-determining and fulfilling. Transformational leaders can create an environment in which employees can flourish and support the organization in achieving its goals.

Various empirical research studies have demonstrated the positive relationship between transformational leadership and job satisfaction. [Sulieman Ibraheem et al. \(2011\)](#) discovered a relationship between transformational leadership and job satisfaction in their study. Similarly, [Batch and Heyliger \(2014\)](#) demonstrated a relationship between a transformational leadership style and employee satisfaction. Accordingly, transformational leaders must encourage and support the innovative thinking of their team members. Previous research has shown that transformational leadership strongly influences employee job satisfaction ([Mangkunegara & Miftahuddin, 2016](#)). [Avci \(2015\)](#) also expressed that transformational leadership has a positive impact on employees' job satisfaction and successfully motivates them.

### **3.3. Job Satisfaction**

Organizational job satisfaction is an overall assessment of the work experience and includes the physical and socio-psychological environment, the managers, the work content and the organizational culture. According to [Locke \(1976\)](#), job satisfaction can be described as a positive attitude or emotional state resulting from the evaluation of a job or work experiences. In the organizational context, job satisfaction is directly related to and a predictor of various outcomes such as performance, employee retention and overall organizational effectiveness. It is important not to confuse leadership style with the work environment, as leadership style has been shown to be one of the most important variables in promoting job satisfaction, with transformational leadership excelling in this scenario.

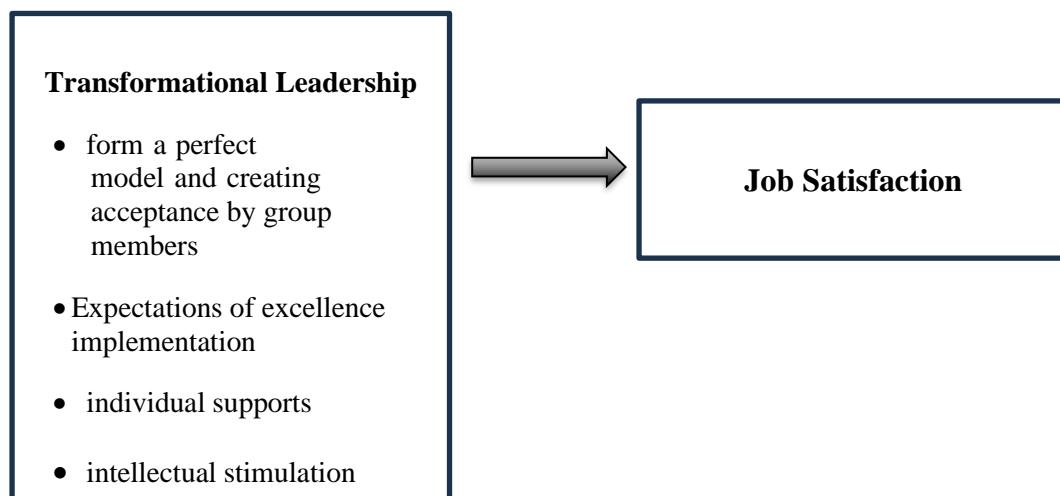
However, job satisfaction is not only influenced by the work environment, but also by other factors such as the relationship between subordinates and managers, job content, organizational rewards and promotion. According to [Spector \(1997\)](#), job satisfaction refers to people's feelings about objects related to work and may include feelings about job content, pay, promotion opportunities, colleagues or supervisor. Previous studies have shown that perceived job satisfaction correlates positively with job performance, organizational behavior and low turnover. Therefore, job satisfaction is considered one of the most important factors for organizational effectiveness and performance improvement.

In the retail industry, where the workforce is very large and employees come from different walks of life, the influence of leadership on job satisfaction is particularly emphasized. Retail employees face stressful working conditions in their jobs, such as stress from customers, irregular working hours and pressure to perform satisfactorily in a highly competitive industry (Purwanto et al., 2020). Therefore, the leadership approach adopted by retail managers can have a major impact on employee morale, motivation and satisfaction. Of all leadership theories, transformational leadership is most applicable to retail employees as it focuses on empowering individuals, recognizing performance, and personal development (Bass & Riggio, 2006).

**Figure 1** conceptual framework outlines the relationship between transformational leadership and job satisfaction in the retail industry. The framework posits that:

- Transformational leadership increases job satisfaction through role modelling, personal support, and performance expectations.
- Employees who experience transformational leadership report higher engagement, lower turnover intentions and higher job performance.
- The retail industry benefits from transformational leadership because it promotes innovation, teamwork and long-term organizational success.

Figure 1: Conceptual framework of Transformational Leadership and Job Satisfaction



Source: Bass (1985), Bass and Avolio (1994), Bass and Riggio (2006)

#### 4. Conclusion

In conclusion, this study has provided continuous evidence of the relationship between transformational leadership and job satisfaction. The formation of a perfect model and the creation of acceptance by group members thus focuses on the ability of transformational leaders to communicate a vision that can be identified with both the goals of the organisation and the individual goals of the employees. Making acceptance by group members also fosters strong unity among employees, as recognition from the group creates a better sense of inclusion and trust in the workforce. Furthermore, this study was able to increase motivation by implementing excellence, as employees' expectations are usually high when they expect excellence. However, these expectations go hand in hand with individualized attention to employees, with managers as a leader trying to ensure that all employees get what they need to meet these expectations. Leaders who practice intellectual stimulation inspire their team members to explore new ideas, challenge best

practices and approach tasks with a fresh perspective, ultimately contributing to personal growth and organizational success. Through personal mentoring, leaders feel closer to their employees, which increases performance and satisfaction. The findings underscore the need for retail managers to implement leadership strategies that emphasize inspiration, personal support, and intellectual growth to enhance workforce engagement and organizational performance

### **Ethics Approval and Consent to Participate**

Not applicable

### **Acknowledgement**

Part of this article was extracted from a thesis submitted to Universiti Teknologi MARA (UiTM), Shah Alam.

### **Funding**

No fundings.

### **Conflict of Interest**

The authors reported no conflicts of interest for this work and declare that there is no potential conflict of interest with respect to the research, authorship, or publication of this article.

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