

The Effects of Transformational Leadership Practiced by Top Management CEOs on Job Satisfaction Observed by Employees in China

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Abstract

This research is an analysis of the correlation between transformational leadership, psychological capital and job satisfaction within the Chinese textile industry. The results show that transformational leadership plays a key role in determining employee satisfaction. To achieve the soundness of the research instrument, the reliability and validity of each dimension of the construct were tested using SPSS, and the hypothesized relationship between variables was tested through a partial least squares structural equation modelling using Smart PLS. It also showed that transformational leaders provide increased job satisfaction through motivation and empowerment, and that psychological capital helps people better tackle challenges. Specifically, transformational leadership not only contributes to job satisfaction via the development of a sense of empowerment, but also by ensuring the psychological well-being of the workers.

KEYWORDS

Transformational Leadership; Psychological Capital; Job Satisfaction; Chinese Textile Industry

1 | INTRODUCTION

The Chinese textile industry has grown substantially in the past few years, emerging as a noteworthy contributor to the domestic economy and the global supply chain (Xu et al., 2023). Within the expansive realm of international trade, several sectors claim a profoundly convoluted and historically significant lineage (Zhang et al., 2023), and the Chinese textile industry stands out prominently. This industry has been pivotal in China's economic progress, cultural identity, and societal structure. Throughout history, the textile industry has served as a crucial link between China and the global community, from the ancient Silk Road to the contemporary period of globalization (Wang et al., 2022). Nevertheless, as the sector grapples with the complexities and possibilities of the current century, a distinct trend is becoming apparent, characterised by transformative leadership (Zhao et al., 2022).

Transformational leaders have unique features that other kinds of leadership styles do not share, such as visionary outlooks, being charismatic, creating a sense of intellectual curiosity, the capability to treat an

individual with personal attention, and inspiring followers to achieve beyond their expectations (Anwar & Abadi, 2023 (Ali et al., 2014)). In modern business, the percentage of knowledge workers is continuously rising along with the substantial changes in their work motivation and personal demands, employee turnover placing the problem as a burning issue (Nabi et al., 2022). The leadership style matches employees in situations where they cannot be satisfied with wages and benefits only (Ali et al., 2014). In these cases, workers can form prejudices against superiors, which results in an unpleasant attitude and unwillingness to follow the managerial objectives. This is why managers need to be aware of the working conditions of their employees, as well as their mental condition and adjust the leadership approach to suit them (Ashraf et al., 2019). This way, managers will be able to facilitate greater employee satisfaction and alignment to organization goals (Baig et al., 2021).

The task of many managers is to ensure that the level of dissatisfaction among employees remains low,

that the flow of talented workers does not occur, and, as a result, it is possible to avoid the loss of organizational capabilities (Ashraf et al., 2021). The management of people has three key dimensions that are usually highlighted; compensation, career development and emotional involvement (Ajaz et al., 2014). Among them, emotional commitment development is imperative to realize employee satisfaction (Abbas et al., 2014; Chang et al., 2019). Good leadership is able to create excitement and ingenuity amongst the workforce which positively alters the performance of an organization (Jiatong et al., 2021). Furthermore, the quality of leadership as one of the four primary functions of management contributes fundamentally to the increased efficiency of the management process and the development of a healthy organizational environment (Gu et al., 2019).

On the one hand, scholars have explored the phenomenon of transformational leadership in the context of particular cultures and revealed that it shows some unique differences in various cultural environments (Madi et al., 2023). Therefore, the topic of transformational leadership within the context of Chinese culture can be deemed as highly beneficial because it could provide distinctive information that will help sustainably develop Chinese businesses.

Transformational leadership has the same connotation in different contexts; if not, what definitions are included in the Chinese context and whether these connotations are also related to job satisfaction must be confirmed by empirical research. To investigate the relationships between the top managers' transformational leadership and employees' job satisfaction in non-state enterprises in China, the study selected the textile industry, the pillar industry in Zhejiang's economy.

In this study, the researcher is mainly interested in examining the impacts of transformational leadership portrayed by top management leadership on employee job satisfaction where psychological capital serves as the mediating factor to bring out further explanations to this process. Three core questions are answered with the help of the research: (1) How does top management transformational leadership influence elements of the psychological capital of employees? What is the impact of psychological capital on workers' job satisfaction? In what ways does psychological capital mediate between the transformational leadership of top management and job satisfaction of employees?

The paper overviews developmental paths of the three main variables- transformational leadership, psychological capital and job satisfaction. It generalizes on applicable research on enterprise management, especially in the textile sector where it studies the managers and employees as the major entities. By so doing, it outlines the theoretical conceptualizations, structural aspects and measuring instruments of each variable in varying shades of thoughts. In addition, the

explanation of the pairwise relationship between these constructs allows the study to develop a solid theoretical base and the generation of research hypotheses.

Contribution-wise, the study offers a direction to other educators in the academic field who may be willing to further the concept of transformational leadership and psychological capital to different realms of the textile business. It is also, in its practical sense, very beneficial to the investor to have insights or information to make better decisions regarding the textile spinning industry (Ashraf et al., 2018). As a future research recommendation, it can be said that the sample should not be limited to one city only, but rather include several regions in China having a concentration of weaving textile companies to increase generalizability of the findings.

2. Literature Review

To be a leader, one must influence others to achieve the company's goals. Leaders who motivate their employees to go above and beyond organizational objectives are called transformational leaders (Yang et al., 2020). Transformational leadership involves creating a relationship between an individual's sense of self and the company's goals. Effective leadership is one of the most critical determinants of creative work engagement. Individual consideration, idealized influence and intellectual stimulation have a significant relationship with innovative work behavior, but inspirational motivation has no meaningful relationship with innovative work behavior (Eyamba et al., 2020). Creative work behavior and workers' evaluations of corporate promises are strongly influenced by transformational leadership (Kim, 2022). Transformational leadership necessitates a shift in norms and values that improves the performance of employees. Transformational leadership significantly influences staff creativity. The theory of leadership transformation argues that leadership is a mutual process whereby leaders engage with others in an attempt to ensure that solid relationships are established based on trust (Anwar, 2016). This trust, subsequently, promotes the level of intrinsic and extrinsic motivation, both in leaders and participants (Tian et al., 2022).

Transformational leaders' trust predicts the creative work habits of their subordinate nurses (Afsar & Umrani, 2020). Employees are more likely to perform at their best under the direction of a leader who can transform their mindset and inspire them to do their best work. Transformational leadership modifies the relationship between work engagement and innovative work behavior (Meng et al., 2022). When CEOs take a proactive approach to management, their employees' attitudes and motivation improve. It will reinforce the increasing importance of innovative work engagement and transformational leadership's role in innovation. Transformational leadership enhances the

inventiveness of employees, which benefits the company's growth and long-term viability.

In the present context, the Chinese textile sector has many issues that need new leadership strategies. Industry leaders have been driven to alter their methods due to various factors, including environmental concerns, labor practices, changing customer tastes, and worldwide rivalry. Transformational leadership has a significant role in this context (Nasir et al., 2022). Transformational leadership has been acknowledged as an effective leadership strategy within the Chinese textile sector due to its focus on motivating and enabling followers to reach their maximum capabilities. The empowerment and involvement of workers are essential parts of transformational leadership within the Chinese textile sector.

According to the research conducted by Zhang and Bartol (2010), it has been shown that transformational leaders play a crucial role in fostering a sense of ownership among workers, resulting in higher levels of job satisfaction and a greater desire to offer new ideas. In a sector that must effectively respond to evolving technical breakthroughs and dynamic customer demands, actively involved personnel are crucial for ensuring long-term expansion (Jiatong et al., 2021). The Chinese textile sector is under increasing pressure to embrace sustainable practices and exhibit social responsibility. Transformational leaders take the initiative to implement strategies that effectively tackle these pressing imperatives. In the study, Gashema, B. (2021) examines the impact of transformational leaders implementing environmentally sustainable practices and corporate social responsibility.

Like any other business, the Chinese textile industry relies on innovation for its continued existence. Transformational leaders create an environment conducive to innovation by promoting risk-taking and facilitating open communication (Bhowmick et al., 2022). According to a study by Hartnell and Walumbwa (2011), transformational leaders can motivate their followers to adopt a positive attitude towards change and see problems as chances for personal and professional development. In an environment characterized by rapid changes and developments, leaders who foster a mentality centered on ongoing improvement strategically position their organizations for achievement (Abolnasser, 2023).

2.1. Theoretical Framework

Transformational Leadership

It is now accepted that transformational leadership involves four factors exhibited by effective leaders.

2.1.1. Idealized Influence

Transformational leaders are of strong conviction,

build trust and have moral courage by standing up in principled stand on multifaceted and difficult decisions. They always express the main values and demonstrate that purpose, responsibility, and ethical outcomes of decisions made by an organization should be emphasized. By modeling these values in their conduct, they turn out to be popular role models who in turn instill pride, create loyalty, and generate confidence among their followers. Leaders can also identify with a common sense of mission and provide a common vision to those employees through their example and build a sense of identity and commitment.

2.1.2. Individualized Consideration

Such leaders are also able to break the assumption beliefs and practices by facilitating interpretation and innovation. They encourage an air of openness in which followers can feel free to challenge the status quo, and test out new methods and generate new ideas. By encouraging a variety of thinking and thought, leaders will encourage a culture of learning and flexibility, where employees are more apt to come up with original ideas and advance their problem-solving skills. Intellectual stimulation eventually enhances resilience in the organization and leads to constant growth in the competitive ever-changing environment.

By providing them with intellectual stimulation (Buil et al., 2019). Employees may be more engaged with a greater sense of challenge and autonomy (Koroglu and Ozmen, 2022). According to the previous study, employees are likelier to stay loyal to their organizations when they feel safe and meaningful in their work environments (Koroglu and Ozmen, 2021).

Transformational leadership focuses more on humanistic development and value-added leadership as opposed to more contract-based types of leadership. By eliciting intrinsic motivation and focusing on employee development, transformational leaders are more likely to increase job satisfaction. The connection between transformational leadership and job satisfaction has drawn the attention of scholars in recent years, especially in domestic companies. As an example, Ilyas et al. (2021) showed that transformational leadership has a strong positive effect on job satisfaction in employees. In the same vein, in a research sample of 171 school teachers in secondary school in Greece found that the teachers were more satisfied when the principals showed strong leadership behaviors that are transformational. To complement these findings, Allozi et al. (2022) indicated that, in the United Arab Emirates (UAE) and Jordan, transformational leadership had a positive and statistically significant effect on employee job satisfaction in various cultural environments.

China has experienced a rapid change in their organisational structures, which has made the existing leadership styles insufficient in containing the current

challenges (Le & Lei, 2019). Consequently, leaders are likely to become more proactive in encouraging critical thinking and flexibility of employees. The dynamics of transformational leadership and their impacts on employee engagement also gained the attention of an increasing number of academics (Yang et al., 2020). Empirical data bears out the conclusion that transformational leadership contributes greatly to the employee satisfaction levels. Additionally, transformational leaders enhance engagement of the employees in terms of multidimensional constructs, which include cognitive, emotional, and behavioral compliance with organizational goals, by facilitating positive work habits, attitudes, and sense of purpose among their followers (Lai et al., 2020).

2.1.3. Psychological Capital

Workplace morale and productivity improve because of transformational leaders' efforts to satisfy their workforces on a psychological level (Lai et al., 2020). A previous study found a positive correlation between transformational leadership, employee creative activity, and attitudes toward perceived results (Buil et al., 2019). It's important to realize that a company's ability to succeed depends on its psychological capital (Hazan Liran & Miller, 2019).

According to the JD-R theory, transformational leadership behavior develops personal resources of the employees and supports their task-oriented performance. As long as the subordinates feel the support and encouragement of transformational leaders systematically, they develop self-efficacy and motivation, becoming more willing to be proactive and apply their efforts in organizational matters. In addition, transformational leadership can alter the attitude and persona of employees due to skill-competitiveness, the ability to persevere and devote themselves to high performance, which eventually make the job more fruitful (Andri et al., 2019).

Within the context of organizational behavior, a person who portrays a good work ethic, persistence, accountability, and hope are said to be considered high in psychological capital (Le, 2020). These psychological assets are significant in helping the employees to cope with work-related demands, remain motivated, and perform to required standards. Furthermore, since the way in which employees operate at work depends directly on their psychological state, it is critical to foster positive mental experiences in the work environment (Kim, 2019).

The psychological capital increases employees' sense of personal responsibility and willingness to take on new responsibilities in the workplace. By empowering workers to make their own decisions and fostering a sense of autonomy, transactional leadership positively impacts employees' creativity-related

outcomes, such as entrepreneurial activity.

Individuals are made to feel they can successfully perform in the organization's performance through transformational leadership (Wang et al., 2018). An additional factor in an organization's ability to function at its best is how well it is led by individuals who are free to make decisions and take ownership of the results. It's important to note that transformational leadership positively impacts the organization's ability to build teamwork, an entrepreneurial attitude and involvement in decisions and experiences. In contrast, other constructive factors contribute to individual performance, including proactive personalities and psychological capital (Zhang and Bartol, 2010).

In an organization, leadership is a course of behavior that influences individuals and can mobilize and direct individual performance to achieve organizational goals successfully. An analysis by Afsar et al. (2014) identified a link between psychological capital and creative work practices when looking at the effects of transactional and transformational leadership. As a result, transformational leadership creates a work climate in which people are empowered to take advantage of possibilities and provide innovative solutions by themselves, without direct supervision or interference and to self-organize. A high degree of psychological capital is required to follow the ideas of transformational leaders and achieve their goals. Employees are more likely to develop creative ideas to improve their job performance if they believe they have control over their decisions and the capacity to influence others.

The high scores of psychological capital are evident among individuals who hold positive feelings of self-efficacy and confidence on personal abilities, believe they are in control of their destinies, and can derive purpose and meaning in their work (Spreitzer, 1995). The positive correlation between transformational leadership and the creation of psychological capital in employees has been gradually being proven where evidence shows the positive correlation between the two. Transformational leaders can build up an enabling environment that not only nurtures resilience and personal development, but also in the event of failure. They foster the growth and strengthening of the psychological capital of their employees through open and friendly, constructive comments and suggestions, and opportunities to advance and improve their skills. By doing this, they build the self-beliefs, goal setting capabilities and coping skills of the employees.

Psychological capital often reappears as a mediating factor between transformational leadership on the one hand and a plethora of outcome variables on the other hand. Its mediating effect has been proven factually and empirically and it continues to show a linkage with transformational leadership (Fang et al., 2019).

2.1.4. Job Satisfaction

An organization's psychological well-being is reflected in how positive organizational conduct is characterized by self-esteem and a positive attitude. Because this dimension contributes to forming positive psychological capital, positive psychology is reflected in positive organizational behavior. Individuals with a good attitude toward work ethic, persistence, accountability, and hope are considered to have psychological capital in organizational behavior. Functioning well at work is intimately linked to psychological well-being. Psychological skills can benefit individuals and groups.

Not all employees can display creative work behavior, negatively impacting their ability to do their jobs effectively. According to certain studies, a dynamic firm relies heavily on the creative work habits of its employees (Sherine et al., 2019). To ensure long-term success, a firm must have employees capable of working under pressure and succeeding at their jobs.

Psychological capital stimulates employees to ensure that they accommodate with enthusiasm, think creatively and look forward to success and in this way, employees are in a better position to gain insights into the sense and importance of work. With a greater amount of psychological capital, employees are more willing to accept new ideas, embrace the challenge and portray a positive motivational state, which implies better job satisfaction. Likewise, psychological capital assists employees to respond effectively to challenges and hardships, persevere in the wake of failure and demonstrate willpower and resilience. Such attributes not only help curb the occurrence of negative work attitudes but also help in averting the decay of job satisfaction.

In the sector of education, it is also possible to find numerous studies that analyze the correlation of psychological capital and job satisfaction, starting with direct effect research. Such a study, conducted by Kurt et al. (2022), surveying the opinion of teachers, identified that psychological capital is proven to influence the results of job satisfaction. Similar findings were noted in the survey of 104 faculty members of higher education institutions in Thailand.

Other than direct impacts, most of the international literature adds the psychological capital of teachers as a mediating variable to explain how antecedent factors were linked to job satisfaction. Data from school management teams in Australia reveal a mediating effect between the relationship between team learning climate and job satisfaction, mediated by psychological capital. These results further support the notion that psychological capital has a central role in determining job satisfaction.

2.2. Formulation of Hypotheses

The hypotheses of this study are derived from the literature review of the theories and previous studies.

2.3. Theoretical and Conceptual Framework

The study is undertaken to discover the critical impact of transformational leadership on employees' job satisfaction by utilizing psychological capital as a key interceding factor. The following figure displays the conceptual framework of the study.

3 MATERIALS AND METHODS

3.1. Research Design

A study was conducted using questionnaires to gather data from 423 workers working in textile firms located in Zhejiang Province. Questionnaires were employed as a means of assessing the three key elements. Subsequently, the pilot project started the collection of data to validate and refine the factors' questions. The questionnaire was analyzed to ensure the empirical study's scientific validity.

The research used Smart PLS (Wong, 2013) and SPSS software tools. First, SPSS was used for surveying to assess the reliability and validity of various features within each dimension and evaluate the questionnaire. Further, the PLS-SEM analysis was performed using Smart PLS software, as suggested by Hair et al. (2019), to assess the relationships between variables.

The independent factor in the study is transformational leadership, which has four dimensions: idealized influence, inspiring motivation, individualized consideration, and intellectual stimulation. The dependent variable in this research is employee job satisfaction, which is considered a comprehensive construct. Psychological capital is the mediating variable in the present study, including four distinct characteristics: self-efficacy, hope, resilience and optimism.

3.2. Measures

Literature was used to develop the questionnaires. The Transformational Leadership Scale (TLQ), the Job Satisfaction Scale (MSQ) and the Psychological Capital Scale (PCQ-24).

3.3. Questionnaire Design

3.3.1. Data Collection Procedure for the Questionnaire

The questionnaires have been employed to examine the three main factors in this investigation. The questionnaires related to the transformational leadership of top managers and staff members' job satisfaction were improved by consulting other relevant questionnaires. Subsequently, data collection was undertaken using an initial testing procedure to check and refine the questionnaire designed for each factor included in the research, ensuring validity and

reliability and developing a formal questionnaire for the standard test. Based on the actual data of the standard test, the results for empirical analysis were derived from a subsequent examination of the standard questionnaire.

The research included the participation of employees from textile enterprises located in Zhejiang province, China. A total of 399 individuals were included in the collection using a random sampling approach. Additionally, 465 workers were contacted both offline and online to make the questionnaires available. A total of 423 questionnaires were collected, of which 42 were declared invalid due to insufficient information or partial replies. The response rate is 90.96% for further examination. Following the data had been gathered, a range of econometric models and approaches were used to examine the hypotheses associated with the study's three variables.

The assessment of content validity for the questionnaires is conducted via the item-objective-congruence Analysis. Five management specialists took the Index of Item Objective Congruence (IOC) test. All research instruments were translated into Chinese and evaluated for validity by three foreign experts and two domestic academicians. Two experts specializing in strategic management from Southeast Asia University and three specializing in management

from Guangdong University of Foreign Studies have been tasked with assessing the content validity level. The score is one if the expert is sure this item measures the attribute. The score of -1 indicates that the expert is sure this item does not count as an attribute. The score is zero if the expert is unsure whether the item measures or does not measure the expected attribute. The consistency index intervals listed in the study are 0.967, 0.931, and 0.901, thus ensuring the validity of the content.

The province of Zhejiang is home to an estimated workforce of roughly 52,900,000 individuals, who are employed in a network of approximately 2,500,000 small and medium-sized firms. The selection process involves identifying and ranking the top 20 firms within the small and medium-sized enterprise (SME) sector. Table 1: The list of sample companies

3.4. Sampling Design

3.4.1. Sample Size

The cluster sampling technique has been employed to select the samples for the present investigation. The study used a sampling formula, as cited, to ascertain the appropriate sample size. The error rate of the survey is 5%, and the findings suggested that a sample size of 399 is right for the population of 52,900,000.

Table 1: Hypothesis of the study

ID	Hypotheses	Variables
H1	Top managers' transformational leadership positively influences employees' psychological capital.	TL→PC
H2	Top managers' transformational leadership positively influences employees' job satisfaction.	TL→JS
H3	Top managers' psychological capital positively influences employees' job satisfaction.	PC→JS
H3	Employees' psychological capital mediates the relationship between the top managers' transformational leadership and employees' job satisfaction.	TL=>PC=>JS

$$n = \frac{N}{1 + Ne^2}$$

n = Required Sample size

N = Population size

e = Error (Consistency = 95%, e = 5%)

$$n = \frac{52900000}{1 + 52900000 (0.05)^2} = 399.99$$

3.4.2. Descriptive statistical analysis of samples

A total of 399 respondents were included in the study via a random selection approach. Additionally, 461 workers were reached in person and online to distribute the questionnaires. A total of 423 questionnaires were collected, of which 38 were deemed ineligible for analysis owing to partially filled or absence of information. The response rate for further evaluation was found to be 91.75%.

Table A.2 Supporting Material displays the distribution of demographic characteristics among the 423 samples obtained from this questionnaire.

As seen from the table, the proportion of female

employees in this survey is slightly higher, accounting for 56.8%, and the ages are mainly 25 or younger, accounting for 36.9%. Most of the employees have bachelor's degrees, accounting for 61.3%. Most of the surveyed employees have worked in the unit for 1 year or less, accounting for 36.9%. And the survey subjects are mainly general employees, accounting for 65.8%. Overall, the attributes of the research objects have a good structure and distribution, which meets the research requirements.

3.5. Reliability and Validity

3.5.1. Reliability of Scale

The reliability and validity of the three main scales must be evaluated. A scale or questionnaire with a high-reliability coefficient, ideally greater than 0.80, is desirable. Exploratory factor analysis (EFA), which measures discriminant validity, and confirmatory factor analysis (CFA), which measures convergent validity, are used for evaluating validity.

Table A.3, Supporting Material displays the reliability data analysis of the scales. The TL scale has 20 items in total, which are divided into four dimensions: idealized influence (II), inspirational motivation (IM), individualized consideration (IC) and intellectual stimulation (IS). Each dimension has 5 items, and the Cronbach's α is 0.946, 0.961, 0.970 and 0.971, respectively. The Cronbach's of the transformational leadership scale was 0.986. The reliability of the TL scale is very high. There are 24 items in the Psychological Capital scale, and Cronbach's α of the PC scale is 0.977, which indicates that the reliability of the PC scale is very high. There are 20 items in the Job Satisfaction scale, and the Cronbach's of the JS scale is 0.978, which indicates that the reliability of the JS scale is very high.

3.5.2. Validity of the scale

The validity analysis of the TL, PC and JS scales in this study is shown in the following tables: The KMO values (Yang, 2014) of the three scales are 0.941, 0.946 and 0.943, respectively, indicating that the data of the TL, PC and JS scales are very suitable for extracting information and that the information can be effectively removed, which reflects that the validity of these scales is very good.

3.5.3. Transformational Leadership

The test results presented in Table A.4 (Supporting Information) indicate that the KMO value of the survey data was 0.908, exceeding the recommended threshold of 0.70. The Bartlett's Test of Sphericity produced an approximate chi-square value of 2898.469 with a significance level of 0.000 ($p < 0.01$), confirming that the data were suitable for factor analysis and that the scale demonstrated good structural validity.

During the factor analysis, Principal Component Analysis (PCA) was employed to extract four common factors with eigenvalues greater than 1. The results showed that the cumulative variance explained by the four factors reached 87.144%, which is well above the 60% benchmark, thereby indicating strong construct validity of the scale.

It can be seen from the Fig. 1, supporting information that four factors with eigenvalues greater than 1 are proposed in the 20 measurement problems. After the fourth factor, the trend is gradually flat. It is consistent with the results of the factor analysis.

3.5.4. Psychological Capital

The test results presented in Table A.5 (Supporting Information) show that the KMO value of the survey data was 0.917 (Yang, 2014), exceeding the recommended threshold of 0.70, indicating that the questionnaire was suitable for factor analysis. The Bartlett's Test of Sphericity yielded an approximate chi-square value of

2866.52 with a significance probability of 0.000 ($p < 0.01$), further confirming the adequacy of the data for factor analysis and supporting the scale's structural validity.

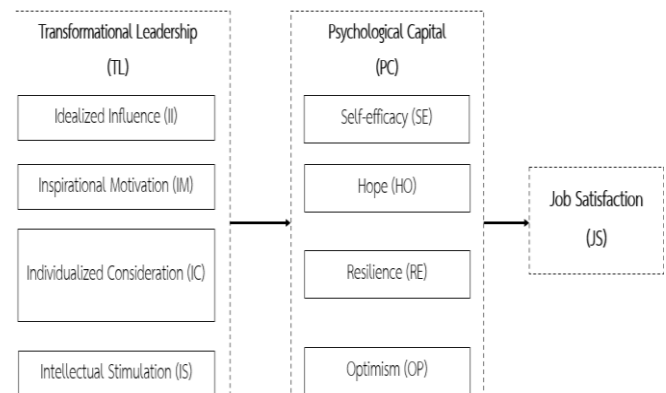


Fig. 1: Conceptual Framework.

Using Principal Component Analysis (PCA), four common factors with eigenvalues greater than 1 were extracted. The cumulative variance explained by these four factors reached 80.589%, well above the 60% benchmark, demonstrating that the scale possessed strong construct validity.

It can be seen from the above gravel plot in Fig. 2 that 4 factors with eigenvalues greater than 1 are proposed in the 24 measurement problems. After the fourth factor, the trend is gradually flat. The results were consistent with those of factor analysis.

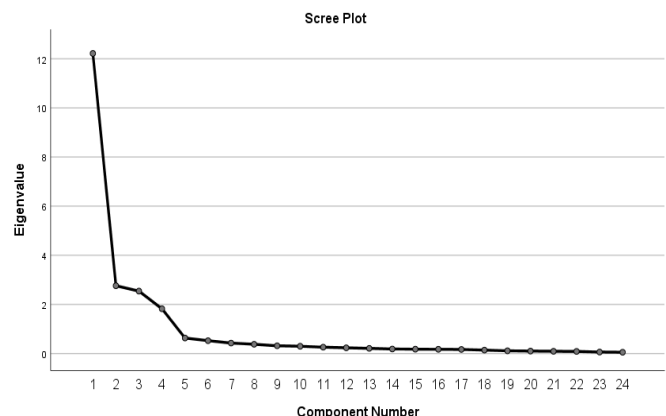


Fig. 2: Scree Plot of Psychological Capital Scale

3.5.5. Job Satisfaction

The results in Table A.6 (Supplementary Information) indicate that the KMO value of the survey data was 0.943 (Yang, 2014), exceeding the recommended threshold of 0.70, which confirms the suitability of the questionnaire for factor analysis. The Bartlett's Test of Sphericity yielded an approximate chi-square value of 2645.599 with a significance probability

of 0.000 ($p < 0.01$), further supporting the adequacy of the data for factor analysis and demonstrating strong structural validity of the scale.

Using Principal Component Analysis (PCA), one factor with an eigenvalue greater than 1 was extracted. The cumulative variance explained by this factor reached 71.188%, well above the 60% benchmark, indicating that the scale demonstrated robust construct validity.

As shown in Fig. 3, a factor with an eigenvalue greater than 1 is proposed in 20 measurement problems. After the first factor, the trend becomes flat. The results were consistent with those of factor analysis.

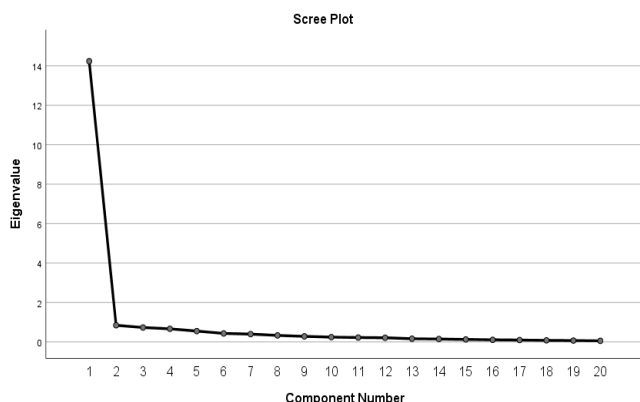


Fig. 3: Scree Plot of Job Satisfaction Scale.

4 | RESULTS

4.1. Descriptive Statistical Analysis of Samples

The distribution of demographic characteristics of the 423 samples collected from this questionnaire is shown in Table 2 for the model assessment.

Table 2: Distribution of demographic characteristics of the research sample

Attribute	Category	Frequency	Percent
Gender	male	175	41.4
	female	248	58.6
Age	25 years old or below	159	37.6
	25-35 years old	72	17.0
	35-45 years old	101	23.9
	above 45 years old	91	21.5
Educational Level	College degree or below	102	24.1
	bachelor's degree	256	60.5
	master's degree	58	13.7
	doctor's degree	7	1.7
Working Years	1 year or below	167	39.5
	1-3 years	21	5.0
	3-5 years	139	32.9
	above 5 year	96	22.7
Job level	general staff	278	65.7
	grassroots management	24	5.7
	middle management	121	28.6

As seen from the above table, the proportion of female employees in this survey is slightly higher, accounting for 58.6%, and the ages are mainly distributed between 25 and below, accounting for 37.6%. Most of the employees have bachelor's degrees, accounting for 60.5%. Most of the surveyed employees have worked in the unit for 1 year or less, accounting for 39.5%. And the survey subjects are mainly general employees, accounting for 65.7%. Overall, the attributes of the research objects have a good structure and distribution, which meet the research requirements.

4.1. Assessment of the Research Model

The measurement model used in this study was compared with existing criteria. The PLS- SEM was used to measure all the model and uni-dimensionality of constructs as recommended by Baistaman et al. (2020) and Hair et al. (2019). The items that had low loading scores and did not capture the questionnaire constructs effectively were eliminated, so that only the main variables would be analyzed in the future (Shrestha, 2021).

As measures of reliability, both the composite reliability and Cronbach alpha were used to evaluate the construct reliability. Their validity was accounted in the form of convergent validity and discriminant validity. The convergent validity was assessed using the Average Variance Extracted (AVE), and all of the constructs turned out to be higher than the recommended 0.50 (Esposito et al., 2022). The discriminant validity was also measured as the Fornell-Larcker criterion necessitates that the square root of each construct's AVE value must exceed its correlations with the remaining constructs.

The last was the bootstrapping method, which was used to obtain the path coefficients in the model. This approach gives a sound measure of uncertainty in coefficient estimation, hence improving the strength and trustworthiness of the structural model findings (Hair et al., 2019).

4.2. Construct reliability and Validity

Based on the statistics presented above, it can be concluded that these values are optimal. The concept's Cronbach's alpha and composite reliability measures exceeded the acceptable requirement of 0.7, as suggested.

4.3. Discriminant Validity

The outcome presented above in Table A.7; supporting information demonstrates the soundness of the structures. The empirical findings indicating the effectiveness of the Fornell-Larcker criteria. According

to the reference, the above table represents good values for the discriminant validity of the constructs.

4.4. Path Coefficients

The Table 4 presents data indicating that all T statistics exhibit appropriate levels above the threshold of 1.96. According to Wong (2013). Therefore, all the hypotheses H1, H2, H3 and H4 are acceptable in the study.

5 | DISCUSSION

This research examined the relationship between transformational leadership, psychological capital, and job satisfaction. The primary objective was to evaluate the empirical findings, situate them within the broader

body of literature, and emphasize their theoretical and practical significance in the context of the Chinese textile industry. Consistent with prior studies, the results confirm that transformational leadership positively influences job satisfaction (Hanaysha et al., 2012), underscoring the pivotal role of leaders in cultivating a supportive and healthy work environment. By encouraging and empowering employees, transformational leaders enhance both their engagement and satisfaction, thereby reinforcing the critical role of leadership in shaping positive organizational outcomes.

The transformational leadership-job satisfaction-mediated hypothesis with psychological capital was supported empirically. This is consistent with positive organizational psychology, which emphasizes the role

Table 3: Construct Reliability and Validity

	Cronbach's Alpha	rho A	Composite Reliability	Average Variance Extracted (AVE)
Job Satisfaction	0.981	0.981	0.981	0.724
Psychological Capital	0.970	0.970	0.970	0.573
Transformational Leadership	0.957	0.957	0.957	0.528

Table 4: Path Coefficients of Variables

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Psychological Capital -> Job Satisfaction	0.839	0.840	0.014	60.571	0.000
Transformational Leadership -> Psychological Capital -> Job Satisfaction	0.716	0.718	0.020	35.879	0.000
Transformational Leadership -> Job Satisfaction	0.716	0.718	0.020	35.879	0.000
Transformational Leadership -> Psychological Capital	0.854	0.855	0.015	58.640	0.000

of internal capacities in workplace behaviors. Self-efficacy, hope, optimism, and resilience make up psychological capital, which helps people overcome challenging situations. Transformational leaders effectively boost job satisfaction by cultivating these factors' psychological well-being. The study confirmed that psychological capital mediates the leadership-outcomes relationship.

The outcomes of this study add to several theoretical perspectives. First, they validate transformational leadership's influence on job satisfaction and illuminate its processes. Second, by underlining psychological capital's mediating role, the study supports the growing body of research on positive psychological resources in the workplace. Integrating these outcomes gives a comprehensive understanding of employee experience relationships, enabling further research studies.

The research's findings affect organizational leadership and top executives. Transformational leadership qualities boost job satisfaction and promote advancement and creativity. Thus, organizations should prioritize the growth of these skills. Training on leadership that emphasizes transformative behaviors may increase staff motivation and well-being. Organizations might also nurture workers' psychological

capital to moderate the leadership-job satisfaction link. This might comprise targeted interventions to boost employee self-efficacy, hope, optimism, and resilience, improving work satisfaction.

6. Conclusion and Implications

This study has provided a comprehensive investigation of the relationships between transformational leadership, psychological capital, and job satisfaction in the context of the Chinese textile sector. Through rigorous analysis and empirical testing, the research revealed the complex mechanisms by which transformational leadership enhances job satisfaction, particularly through the mediating role of psychological capital.

The findings highlight the critical function of transformational leadership as a driver of psychological capital. By inspiring and empowering employees, transformational leaders foster self-efficacy, optimism, resilience, and hope key psychological resources that strengthen employees' well-being and their ability to cope with workplace challenges. The demonstrated mediating effect of psychological capital further clarifies how the benefits of transformational leadership are translated into

higher job satisfaction, providing a more nuanced understanding of this leadership–outcome linkage.

From a theoretical perspective, this study makes several contributions. First, it introduces psychological capital as a mediating variable between transformational leadership and job satisfaction, addressing a gap in existing scholarship where these three constructs have rarely been examined together. Second, it advances the literature on transformational leadership within a Chinese context, offering an influence model embedded in local cultural and industrial realities. This enriches the comparative dialogue between Chinese and Western leadership studies, and deepens theoretical insights into leadership effectiveness. Finally, the study expands empirical research on the mechanisms of leadership influence, excavating new explanatory factors and perspectives that contribute to the ongoing development of leadership theory.

From a practical standpoint, the findings carry important implications for organizational leaders and policymakers in the textile sector. Recognizing the pivotal role of transformational leadership and understanding the mediating function of psychological capital can help executives design strategies that empower employees, cultivate positive psychological states, and ultimately enhance job satisfaction. Such strategies are particularly relevant as the Chinese textile industry faces rapid change, rising employee turnover, and increasing demands for sustainable workforce engagement.

Overall, this research not only sheds light on the determinants of employee satisfaction and engagement in the textile industry but also provides a valuable foundation for future inquiry. It offers new directions for researchers and practitioners seeking to explore the psychological underpinnings of leadership effectiveness and to promote healthier, more productive organizational environments in a dynamic and globally significant industry.

6.1. Limitations and Suggestions

This finding demonstrates that transformational leadership can effectively fulfil its distinctive role across diverse cultural contexts. Accordingly, it is particularly valuable for the development of Chinese enterprises that scholars continue to investigate the significance of transformational leadership within the framework of indigenous culture. However, collecting survey data in China's textile industry presents unique challenges, as a considerable proportion of workers have limited literacy. To address this limitation, researchers are encouraged to supplement surveys with interviews and to consult the websites and reports of social welfare organizations operating in China, thereby obtaining more accurate and comprehensive insights into employees' experiences and perspectives.

Declarations

Ethics approval and consent to participate: This article does not contain any studies with human participants or animals performed by any of the authors.

Availability of data and material: Details about the data used in this research are explained in the data section of the manuscript.

Competing Interest: The author declares no competing interest.

Consent to Publish: Not Applicable

Funding: Not Applicable

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