INFLUENCES OF ORGANIZATIONAL CLIMATE, TRANSFORMATIONAL LEADERSHIP ON EMPLOYEES’ EMOTIONAL EXHAUSTION, ORGANIZATIONAL CITIZENSHIP BEHAVIOR IN REAL ESTATE ENTERPRISES

Nguyen Kieu Oanh¹*, Mai Thoai Diem Phuong¹, Tran The Nam¹, Nguyen Thi Kim Ba¹, Mai Thanh Huong¹

¹University of Finance – Marketing

ARTICLE INFO

DOI: 10.52932/jfm.vi3.374

Received: March 13, 2023
Accepted: April 19, 2023
Published: June 25, 2023

Keywords: Emotional exhaustion; Organizational climate; Organizational citizenship behavior; Transformational leadership.

ABSTRACT

In a business with strong competition as real estate, how to limit emotional exhaustion and increase organizational citizenship behavior of employees is an interesting question. Based on the theory of social exchange, the authors investigate the impact of organizational climate, transformational leadership on emotional exhaustion, organizational citizenship behavior of employees in real estate business. The qualitative research method was used to build the research model. The quantitative research method with partial least squares structural equation modeling (PLS-SEM) was used to analyze data of 193 employees in the real estate business. The results showed that both organizational climate and transformational leadership increase organizational citizenship behavior. However, while transformational leadership alleviates emotional exhaustion, the organizational climate enhances it. In practice, leaders need to have flexibility in leadership styles as well as businesses need to improve the working environment to help reduce employee fatigue and improve virtue civic behaviors.
1. Introduction

The volatility of real estate market is currently making it difficult for businesses in this industry to ensure their operations properly and reduce risks (Huyen Dieu, 2022). One of the urgent problems that managers are always looking for guidance on is the phenomenon that occurs in the frontline where real estate agents are under pressure (Cao Thuy, 2022; Thanh Phong, 2022). Clearly, this issue has potential to cause certain losses to the business in terms of operational efficiency and long-term prosperity.

In fact, the solutions to this difficult context are theoretically provided from many previous studies. Dust et al. (2018) have demonstrated that when leaders do not make efforts to inspire or positively influence employees, they will easily fall into a state of emotional exhaustion and their work motivation is reduced. Additionally, the results obtained from the use of structural modeling (SEM) by Arshadi and Shahbazi (2013) showed that conditions at the workplace plays as a predictor of emotional burnout, thereby predicting employees’ intention to quit.

Another recent study by Khan et al. (2020) indicates that transformational leadership has a positive impact on employee citizenship behavior, and emotional burnout plays an important role in mediating relationships between these two factors. It can be seen that all the studies show the need to learn about different factors in the working environment in order to propose appropriate measures to overcome deficiencies in business management. Following previous studies, the authors develop a new idea about the influence of transformational leadership, organizational climate on organizational citizenship behavior through a mediating variable: emotional exhaustion existing in the real estate business in general, and in Ho Chi Minh City in particular. In Vietnam, real estate business contribute significantly to the national economy with 4% of GDP and it also attracts 10% of FDI in 2021 (Van Chung, 2022). However, it is essential to understand that the sales in the real estate business is not stable (Thanh Vu, 2022). Therefore, salespeople in this industry are stressed. This trend might lead to frequent emotional exhaustion of real estate brokers. Moreover, due to the difficulties in sales, real estate salespeople might have unexpected behaviors such as robbing other employees’ customers, offering unreasonable discounts (Toan, 2021). How to reduce emotional exhaustion and increase organizational citizenship behavior of real estate employees is an interesting question. The paper is expected to provide useful data for managers in solving problems at the real estate business by analyzing impacts of working environmental factors such as organizational climate and transformational leadership on employees’ emotional exhaustion and organizational citizenship behavior.

2. Background

2.1. Theoretical framework

In social learning theory, behavioral learning is a two-way process in which leaders and employees learn from each other (Bandura, 1997). According to the notion of social exchange, the connection between leaders and followers is made up of a certain amount of ‘give’ and ‘take’. Social interactions demonstrate that weighing the rewards and costs of each connection is essential when selecting whether or not to sustain social engagement. Hence, the role of leadership in organizations is critical in understanding the citizenship behaviors of employees. In addition, the organizational climate is also considered in these two theories for the potential occurrence of emotional exhaustion as well as the effects on organizational citizenship behavior of employees while working at the enterprise.

Transformational leadership is a popular leadership style because it has been extensively researched by researchers and practitioners over the last three decades. To accomplish future milestones, transformational leaders inspire people to adopt civic behaviors and attitudes.
Organ (1988) described organizational citizenship behavior as “an individual activity that is not rewarded by a formal reward system”. The effectiveness of an organization is established when it is linked with the same behavior in a group. In order to achieve organizational effectiveness, organizational citizenship behavior has been used as a key principle. The importance of organizational citizenship behavior is demonstrated when an organization is able to own staff that display constructive behaviors as good citizens of the business, and the organization’s existence in a competitive environment is largely dependent on it. Organizational citizenship behavior is described as an optional behavior that goes beyond the duties regulated in work contracts in a way that benefits the organization’s overall performance (Podsakoff et al., 2009). Possessing both physical and mental skills, which are referred to as emotional intelligence (Kunnanatt, 2004), is considered as effective skills for jobs dealing with customers. Emotional intelligence is extremely beneficial to a staff performance since it enables them to communicate clearly and lead others in an appropriate manner, resulting in constructive interactions at work and in their personal lives (Jaafar et al., 2015).

Chiaburu et al. (2011) classified organizational citizenship behavior into two categories: proactive, which refers to an employee’s contribution of good improvements to the organization (change-oriented), and pro-social, which refers to activity that directly benefits the organization and other people (directed toward individuals or organizations). Organizational citizenship behavior represents the way that employees recognize themselves as members of their organizations and contribute to the organization’s effectiveness, which is classified as a multi-dimensional construct. The most visible behavior of employees toward a company, which displays devotion and faith, is typically regarded as an individual level of organizational citizenship behavior. It is further made clear by Podsakoff et al. (2009) in which the five dimensions of organizational citizenship behavior including altruism, conscientiousness, courtesy, sportsmanship, and civic virtue are explained in detail.

Civic virtue is a type of discretionary behavior which is defined as a “responsible and constructive involvement of employees in organizational issues and governance”. Since civic virtue is considered as a specific term rather than a broad term like organizational citizenship behavior, it describes employee macro-level benefits and/or commitments within the organization (Reitsamer & Brunner-Sperdin, 2015). Employee civic virtue behavior is an important condition for the vigorous development of the service industry because it refers to an individual’s behavior, indicating that he or she is responsible for participating, engaging in, or paying attention to the life of the organization (Barroso Castro et al., 2004).

2.3. The research model and hypothesis

Transformational leaders inspire employees to adopt civic behaviors and attitudes in order to reach future goals (Khan et al., 2020). Transformational leaders is critical in encouraging employees to engage in civic virtue behavior in order to improve their performance (Sudibjo & Prameswari, 2021). Individuals who demonstrate civic virtue skills such as information processing and persuasive communication can advance their careers. Transformational leaders inspire followers within organizations, resulting in higher-than-average performance levels (Cao et al., 2018). In fact, employee virtue behaviors are demonstrated by the effect of Transformational leaders on organizational citizenship behavior, corporate social responsibility (Humphrey, 2012). Brown & Arendt (2011) argued that employees in the hotel industry are motivated to show citizenship behavior. They also mentioned that transformational leaders having individualized considerations can help promote, develop and maintain good relationships with followers.
Similarly, transformational leaders enhance their citizenship behavior with followers in terms of exchange relationships by encouraging them to challenge the status of affairs at a specific time and instill their innovation (Bass, 1995). Based on the evidence of favorable effects of Transformational leaders on organizational citizenship behavior shown by the preceding arguments of many scholars, this study assumes that Transformational leaders may also positively relate with organizational citizenship behavior.

Hypothesis H1: Transformational leaders positively relates to employee organizational citizenship behavior

According to Cao et al. (2018), transformational leaders inspire followers within the organization, resulting in higher-than-average performance. It also empower others to change their way of working (Khan et al., 2019). Emotional exhaustion, on the other hand, is a persistent state of physical and emotional depletion induced by high job demands and continuous stress (Wright & Cropanzano, 1998). Workplace demands can cause psychological stress, which makes employees’ cognitive, emotional, and physical resources in an excessive burden (Raza et al., 2020). The perceptions of interactions that employees have with unethical supervisors are a basic source of emotional exhaustion, endangering employees’ well-being (Bano et al., 2019). Previous researches have suggested that the balance between the attempts staff want to manage their emotions and their interactions with leaders mediates the association between emotional regulation and employee wellbeing (Khan et al., 2020). In this regard, the concept of social exchange reveals the inspiring role of transformational leaders to enhance employee civic virtue behavior via thriving and emotional exhaustion, in which social exchange mechanisms play a role in establishing an interaction between leaders and followers and can lead to emotional exhaustion and employee thriving (Lavelle et al., 2019). Employees develop a social exchange connection when they obtain advantages and equally disperse benefits (Cropanzano & Mitchell, 2005). Leaders and organizations that create emotional exhaustion are likely violating the following social exchange process requirements. First, emotional exhaustion may be viewed as a cost, comparable to the worth of any advantages obtained via job. Second, employees tend to dislike an organization that is overworked to the point of emotional exhaustion, leading them to believe that the company’s behavior is unjust. In the workplace, emotional exhaustion is a severe issue for individuals and is frequently regarded as unfair. It obstructs social interaction between leaders and followers and makes them into the state of being less progress. As a result of the previous studies, the investigation proposes the following hypothesis.

Hypothesis H2: Transformational leadership negatively relates to emotional exhaustion.

According to O’Neill & Xiao (2010), emotional exhaustion is a sort of burnout and a mental fatigue syndrome. Moreover, emotional tiredness has been found to result in depersonalization, detachment, lower service quality and work performance, and greater turnover which is seriously disadvantageous to hospitality businesses and individuals. Burnout is a term used to describe a condition of mental exhaustion. Employees experiencing emotional tiredness have a negative impact on organizational outcomes, resulting in lower job satisfaction and performance, more turnover, and bad personal outcomes such as alcohol and drug use, physical and mental disease, and disruption in family and social lives (Maslach et al., 2001). In fact, employees who are psychologically weary strive to keep distance from others and emotionally and intellectually detach themselves from their work by developing apathy and/or a cynical attitude. Emotional exhaustion includes emotions of fatigue, being used up, irritation, annoyance, and being worn out, as well as a general lack of feeling and care, trust, interest, and spirit. The factors of job
characteristic and role are thought to be key determinants of emotional tiredness (Erickson & Ritter, 2001). Emotional weariness, according to the literature, can be caused by both quantity and quality of job demands, such as hours spent, work overload, and time pressure. The work environment has a significant impact on the attitudes and behaviors of an organization’s workers, and organizational climate is one of the most commonly used terms to describe the work environment (Tracey & Tews, 2004).

Previous researches have found links between organizational climate and important outcome measures at the individual, group, and organizational levels in a variety of industries, such as turnover intentions, service quality, organizational commitment, job satisfaction, individual job performance, and organizational performance. Employees become emotionally fatigued when they are obliged to regulate their emotions and expressions, masking their true sentiments to satisfy job obligations (Brotheridge & Grandey, 2002). Customer service jobs are recognized for requiring a lot of emotional control. Perceptions of the work environment, ‘organizational climate’, are central to most theories of organizational behavior. Organizational climate is described as employees’ perception of organizational policies, practices, and procedures (Patterson et al., 2005). The notion has inspired several descriptions, primarily as an intervening variable between the setting of an organization and the conduct of its members, and as an attempt to understand how employees experience their companies. Organizational climate is one of the most generally used ways to define work environment, and it plays a critical role in shaping the attitudes and actions of an organization’s personnel (Tracey & Tews, 2004). It is also illustrated by Patterson et al. (2005) that organizational climate is made up of several factors, including how hard workers work or how much effort they put in; how much organizational emphasis is placed on quality; and how much pressure there is to meet objectives and aims or generate. Similarly, Manning et al. (2004) also argued that organizational climate is especially important in service sectors like hospitality, where workers serve as the contact between the firm and the consumer. As a result, the research resumes the following hypothesis.

Hypothesis H3: Organizational climate is positively associated with emotional exhaustion.

Hypothesis H4: Organizational climate is positively associated with organizational citizenship behavior.

Maslach et al. (2001) states that job-related pressures cause emotional fatigue, which is characterized by mental and physical tension and strain and make oneself become distancing from others and viewing others impersonally. Besides, organizational citizenship behavior is referred to as an extra-role behavior that is not directly, explicitly, and formally rewarded by the organization. According to the social exchange theory, employees who are emotionally exhausted are generally unable to create strong social exchange connections, which leads to counterproductive behaviors, such as high turnover intentions, poor work performance, and lower citizen behavior (Hameed et al., 2019). Moreover, employees who are emotionally fatigued are also less likely to internalize knowledge and follow orders (Cao et al., 2019). According to Chiu & Tsai (2006), employees will not participate in citizenship behavior toward the organization if they are emotionally fatigued. Burnout may have a detrimental impact on employee job attitudes since it causes a depletion of important resources. Actually, the greater of extent of burnout that employees experience, the less extensive their job involvement will be, which will result in a reduction in their display of organizational citizenship behavior.

Hypothesis H5: Emotional exhaustion negatively relates to employee organizational citizenship behavior.

Organizational citizenship behavior is considered as one of the most important variables affecting the performance of the staff and the organization since organizational
citizenship behaviors are similar to personal performance and complement it (Taleghani & Sabokro, 2016). It is also justified that emotional exhaustion is related to the performance of employees and has a significantly negative impact on the variable of “occupational performance”. This leads to shed the light on recognizing the beneficial effects of transformational leadership in reducing emotional exhaustion (Majeed et al., 2017). The findings reinforce and contribute to the good impacts of transformational leadership style in combination with extra-role conduct at work, making it more meaningful. A stream of research by Li et al. (2013) focuses on the mediating role of emotional exhaustion in safety compliance and the relationship between demands and driving anger. Therefore, in this study, authors also try to determine mediating effects of emotional exhaustion with the impacts of organizational climate and transformational leadership on organizational citizenship behavior.

![Figure 1. The proposed research model](image)

### 3. Methodology

The quantitative approach was used to evaluate the proposed research model. For the first and most important step, valuable indicators for this research were made use from previous studies. The study of Patterson et al. (2005) provided 10 indicators of “Organizational climate”. Besides, 13 indicators of “transformational leadership” and three indicators of “organizational citizenship behavior” come from the research of MacKenzie et al. (2001). Furthermore, the research of Maslach et al. (1997) offered four indicators of emotional exhaustion. Secondly, all indicators were translated from English into Vietnamese by authors and then reviewed by English teachers and sent to experts in field of human resources to collect recommendations. The purpose of this process is to assure that potential respondents understand well the questionnaires.

Because of its benefits, the authors used convenience sampling method to collect data. The link to the Google forms including questionnaires was sent to the authors’ friends.
and graduates who work at real estate businesses via social networks such as Zalo, Viber, and Facebook. The function of mandatory replies in Google forms helps to reduce the error of respondents. The survey includes two steps: initial step and official step. Firstly, authors sent questionnaires to about 50 people in order to collect their feedback with the aim to check the reliability and validity of indicators. As all their outer loading value are greater than 0.400, all items are available for the official survey. Secondly, the official survey was done with 193 collected questionnaires. It is essential to understand that with 3 independent variables in the research model, the minimum sample size is 145 questionnaires (Cohen, 1992).

Thanks to its advantages in compared with CB-SEM, partial least squares structural equation modeling (PLS-SEM) was used to analyze collected data in order to (1) fit the data with small sample size; (2) fit the data with non-normally distributed properties; and (3) fit the complex model.

4. Research’s result

4.1. Respondents’ information

Over half of respondents (55%) are from 25 to 34-year-old. Most respondents (92%) were holding bachelor’s degree or above. The assessment of the research model includes two steps. The first step is evaluating the measurement model with the purpose of validating the relationship between constructs and their indicators. The second step is evaluating the structural model with the purpose of testing proposed hypotheses.

4.2. Assessment of the measurement model

The following table illustrates the results of evaluating the indicator reliability, the internal consistency of indicators, the convergent validity, and discriminant validity of constructs.

Table 1. Variables’ information

<table>
<thead>
<tr>
<th>Variables</th>
<th>Outer loading</th>
<th>Composite reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Organizational climate (1. OC)</td>
<td>0.812</td>
<td>0.590</td>
<td>-</td>
</tr>
<tr>
<td>1AEFF1; 1AEFF2; 1AEFF3; 1AEFF4; 1BPTP1;</td>
<td>Outer loading: 0.706; 0.834; 0.717; 0.817; 0.752; 0.827; 0.755; 0.808; 0.871; 0.704</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1BPTP2; 1BPTP3; 1CQUA1; 1CQUA2; 1CQUA3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Transformational leadership (2.TL)</td>
<td>0.897</td>
<td>0.686</td>
<td>-</td>
</tr>
<tr>
<td>2ALEA1; 2ALEA2; 2ALEA3; 2BEXP1; 2BEXP2;</td>
<td>Outer loading: 0.907; 0.929; 0.893; 0.924; 0.890; 0.880; 0.920; 0.894; 0.900; 0.919</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2CSLD2; 2CSLD3; 2DIS1; 2DIS2; 2DIS3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Emotional exhaustion (3.EE)</td>
<td>0.950</td>
<td>0.827</td>
<td>-</td>
</tr>
<tr>
<td>3EE1; 3EE2; 3EE3; 3EE4</td>
<td>Outer loading: 0.892; 0.922; 0.917; 0.907</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Organizational citizenship behavior (4.OCB)</td>
<td>0.817</td>
<td>0.599</td>
<td>-</td>
</tr>
<tr>
<td>4OCB1; 4OCB2; 4OCB3</td>
<td>Outer loading: 0.735; 0.805; 0.781</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Outer loading value is used to check the indicators’ reliability. According to Hair et al. (2017), one indicator should be removed from research model if the outer loading value is lower than 0.4 and one indicator should be kept in research model if the outer loading value is greater than 0.7. Additionally, indicators between the threshold of 0.4 and 0.7 are deemed removable if this action could lead to an increase in composite reliability (CR) or the average variance extracted (AVE) values. Based on this rule, authors just removed only two indicators: 2BEXP3 and 2CSLD1.

CR value was used to assess the internal consistency of indicators. All CR values in the research model are higher than 0.7, therefore, it could be said that all indicators achieved internal consistency.
The convergent validity of constructs was checked with AVE value. All four constructs in the research model reached convergent validity when AVE values are higher than 0.5.

There are several criteria which are used to check the discriminant validity of constructs such as cross-loading, Fornell-Larcker, HTMT ratio, HTMT value. In this research, authors used HTMT ratio to assess the discriminant validity of constructs. All constructs reach the discriminant validity when all HTMT ratio are less than 0.85.

<table>
<thead>
<tr>
<th>Variables</th>
<th>HTMT ratio</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Organizational climate (1. OC)</td>
<td>0.759</td>
<td></td>
</tr>
<tr>
<td>2. Transformational leadership (2.TL)</td>
<td>0.261</td>
<td>0.083</td>
</tr>
<tr>
<td>3. Emotional exhaustion (3.EE)</td>
<td>0.711</td>
<td></td>
</tr>
<tr>
<td>4. Organizational citizenship behavior (4.OCB)</td>
<td>0.083</td>
<td></td>
</tr>
</tbody>
</table>

### 4.3. Assessment of the structural model

The assessment of the structural model aims to verify (1) the collinearity between independent variables and dependent variables; (2) the acceptance or rejection of proposed hypothesis in the research model; (3) the level of research model's prediction; and (4) the effect size of independent variables.

In order for the construct to not have collinearity issues, all inner VIF values must be lower than 5 (Hair et al., 2017) which the construct fulfilled.

All first four hypothesis are accepted when p-value is lower than 10% while the fifth hypothesis is rejected when its p-value is higher than 10% (Hair et al., 2017).

R² value is used to evaluate the level of prediction of the research model. The R² value of 0.25; 0.50; 0.75 means weak, moderate, substantial level of prediction. The information of R² value in the Table 2 showed that the level of prediction for “Emotional exhaustion” is weak while the level of prediction for “organizational citizenship behavior” is moderate.

F² value is used to check the effect size of the independent variables. The value of 0.02, 0.15 and 0.35, respectively, represent small, medium, and large effects of independent variables (Cohen, 1988). In general, all independent variables have small effects on dependent variables, except the case of Transformational leadership with organizational citizenship behavior with the medium effect (see the Table 3).

Authors also verified the indirect impacts of Organizational climate and Transformational leadership on organizational citizenship behavior through “Emotional exhaustion”. However, the p-value of these two hypotheses is 25% and 28%, respectively, therefore, it could conclude that all two hypotheses are rejected.
4.4. Discussion

According to the results of survey, both independent factors: (1) Organizational climate; (2) Transformational leadership have positive impacts on staffs’ organizational citizenship behavior; however, Transformational leadership has higher impacts with the higher coefficient value (0.422 in compared with 0.228, see the Table 3). The accepted hypothesis H2 confirmed the prediction of authors about the negative impacts of transformational leadership on staffs’ emotional exhaustion. The accepted hypothesis H1 supports the research of MacKenzie et al. (2001) and the research of Khan et al. (2020) about the impacts of transformational leadership on employees’ organizational citizenship behavior. However, in both research of MacKenzie et al. (2001) and of Khan et al. (2020), the coefficient are quite small (only 0.25 and 0.08, respectively). The result of this research is similar to the research of O’Neill & Xiao (2010) when both researches confirmed the positive influences of organizational climate on emotional exhaustion of workers (the hypothesis H3). The study of Kim et al. (2020) confirmed the positive impacts of organizational policy on employees’ organizational citizenship behavior. Similarly, this research showed the positive influences of organizational climate on employees’ organizational citizenship behavior (the hypothesis H4). The coefficient in this research is 0.228, significantly higher than 0.160 in the previous study.

5. Conclusion and recommendations

This study focuses on various ways that organizational climate or transformational leadership can positively impact citizenship organizational behavior, and both positively and negatively impact emotional exhaustion. When only the hypothesis project the connection between organizational citizenship behavior and emotional exhaustion was rejected and all the other hypotheses are accepted, the study has given following theoretical contributions. Firstly, this research consolidates the theory of social exchange, specifically the impacts of leaders’ behaviors on employees’ feelings and behaviors. Secondly, it also emphasizes the influences of the working environment on employees’ activities.

Thanks to the coefficients’ value in Table 3, it is clear that transformational leadership has greater impacts than organizational climate on employees’ emotional exhaustion and organizational citizenship behavior. Firstly, managers should review and improve their leadership style in order to find out better employees’ feelings and help employees on time. Secondly, organizations should build a better organizational climate to reduce employees’ stress and increase their civic virtue behaviors. Training staff in what quality assurance means and how to maintain it is essential.

Limitations and further research

This study was focused on gaining more data for future research. As such, it still has flaws like not delving deep enough to find more variables that still affects citizenship organizational behavior more than those shown in this study, and this leads to impracticality within finding solutions for the decrease in citizenship organizational behavior should it happen. Another issue is that this study should collect more feedbacks from real estate staff from different regions in Vietnam to have better general results.

References


