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THE INFLUENCE OF MOTIVATION, LEADERSHIP APPROACH, AND ORGANIZATIONAL CLIMATE ON JOB PERFORMANCE AMONG STAFF IN FINANCIAL INSTITUTIONS

Mariam Setapa[1]
Wan Asma Hanim Wan Mustapha[2*]
Sakinah Mat Zin[3]
Nur Haslina Ramli[4]
Halimaton Saadiah Hakimi[5]
Muhammad Sariyan Mohd Sahibon[6]
Dedi Mohamad Siddiq[7]
Pungky Lela Saputri[8]

[1]Faculty of Business and Management, Universiti Teknologi Mara (UiTM), Malaysia, (E-mail: maria135@uitm.edu.my)
[2]Faculty of Business and Management, Universiti Teknologi Mara (UiTM), Malaysia, (E-mail: wanas096@uitm.edu.my)
[3]Faculty of Business and Management, Universiti Teknologi Mara (UiTM), Malaysia, (E-mail: sakin405@uitm.edu.my)
[4]Faculty of Business and Management, Universiti Teknologi Mara (UiTM), Malaysia, (E-mail: haslina581@uitm.edu.my)
[5]Department of Computing, Universiti Teknologi PETRONAS (UTP), Malaysia, (E-mail: halimaton.hakimi@utp.edu.my)
[6]Bank Rakyat Terengganu, RC Kuala Terengganu, No 24 Tingkat 4 Bazar Maidam, Jalan Masjid Abidin 20100 Kuala Terengganu, Malaysia, (E-mail: 2025603834@student.uitm.edu.my)
[7]Universitas Swadaya Gunung Jati (UGJ), Indonesia, (E-mail: dedisiddiq@ugj.ac.id)
[8]Universitas Islam Sultan Agung (UNISSULA), Indonesia, (E-mail: pungkylelasaputri@unissula.ac.id)
* Corresponding author

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Abstract: *Employee job performance is critical to the effectiveness and sustainability of financial institutions, particularly in an increasingly competitive, technology-driven, and performance-oriented environment. This study examines the influence of motivation, leadership approach, and Organizational Climate on job performance among staff in financial institutions in Malaysia. A quantitative cross-sectional research design was employed, with data collected from 460 employees using a structured questionnaire. Partial Least Squares Structural Equation Modelling (PLS-SEM) was used to evaluate the measurement and structural models. The findings revealed that motivation had a strong and significant positive influence on job performance (β = 0.747, t = 9.209, p < 0.001), supporting H1. In contrast, leadership approach (β = 0.029, t = 0.484, p = 0.628) and Organizational Climate (β = 0.008, t = 0.093, p = 0.926)*

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did not demonstrate significant direct effects on job performance; hence, H2 and H3 were not supported. The model explained 60.3% of the variance in job performance (R^2 = 0.603) and demonstrated predictive relevance (Q^2 = 0.597). Furthermore, motivation produced a large effect size (f^2 = 0.365), whereas the effects of leadership approach and Organizational Climate were negligible. The findings establish motivation as the dominant direct predictor of job performance in the model and suggest that leadership and organizational conditions may influence employee performance through mechanisms beyond their direct effects. The study contributes to the employee-performance literature by providing empirical evidence from Malaysian financial institutions and offers practical implications for strengthening employee motivation and performance.

Keywords: *Motivation; Leadership Approach; Organizational Climate; Job Performance; Financial Institutions; PLS-SEM*

Introduction

Employee job performance remains a fundamental concern for organisations because the extent to which employees perform their assigned roles effectively directly influences organisational productivity, service quality, competitiveness, and long-term sustainability. This concern is particularly relevant in financial institutions, where employees operate in environments characterised by demanding service expectations, regulatory requirements, technological transformation, performance targets, and continuous interaction with customers. As financial institutions increasingly digitalise their operations and respond to changing customer expectations, maintaining a capable and high-performing workforce has become increasingly important.

Job performance generally refers to employees' behaviours, actions, and outcomes that contribute to the achievement of organisational objectives. Contemporary research continues to demonstrate that employee performance cannot be attributed solely to employees' knowledge and technical capabilities. Instead, it is shaped by a combination of individual, managerial, and organisational factors. In the banking sector, Ng et al. (2024) identified compensation and benefits, organisational culture and working environment, leadership and management, job satisfaction and motivation, and work-life balance as major factors affecting employee performance. This indicates that understanding performance requires consideration of both employees' internal drive and the organisational conditions under which they perform their work.

Among individual-level determinants, motivation is particularly important because it determines the direction, intensity, and persistence of employees' work-related effort. Motivated employees are more likely to devote energy and attention to accomplishing their tasks, persist when difficulties arise, and contribute towards organisational goals. Recent longitudinal meta-analytic evidence provides strong support for this relationship. Wang et al. (2024), using data from 11 independent longitudinal studies involving 4,389 participants, found that prior work motivation significantly predicted subsequent job performance, whereas prior performance did not significantly predict subsequent motivation. This provides important evidence that motivation is more likely to drive performance rather than merely arise as a consequence of performing well.

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The importance of motivation is also evident specifically within financial institutions. Chatzoglou et al. (2024), in their investigation involving 328 bank employees, demonstrated the importance of motivational factors in explaining employee performance and organisational effectiveness. Similarly, Pereira et al. (2024) emphasised the importance of organisational practices such as training and development, rewards and recognition, and career management in strengthening employee motivation within the Malaysian banking industry. Collectively, these findings indicate that employees who perceive meaningful reasons to exert effort and who experience supportive motivational conditions are more likely to contribute effectively to organisational performance.

In addition to motivation, leadership approach represents an important organisational mechanism through which employee behaviour and performance may be influenced. Leaders establish expectations, provide direction, allocate resources, communicate organisational priorities, support employees, and influence how employees perceive their roles. In financial institutions, where employees often operate under performance targets and rapidly changing market and regulatory conditions, effective leadership may provide the direction and psychological support necessary for employees to perform effectively. Recent Malaysian evidence indicates that leadership is significantly associated with employee performance in the banking sector (Hashim et al., 2024). Similarly, Mohamad et al. (2024) examined leadership styles and employee performance among 380 employees of financial institutions in Malaysia, further demonstrating the continuing importance of leadership within this sector. International evidence from banking institutions likewise demonstrates that leadership approaches can shape employee performance directly and through organisational and psychological mechanisms (Ha & Hang, 2024).

Employee performance may also depend on the broader organizational climate in which employees carry out their responsibilities. Organizational climate reflects employees' shared perceptions of organisational policies, practices, procedures, interpersonal relationships, communication, support, and working conditions. A favourable organizational climate can provide employees with psychological safety, clear expectations, support, cooperation, and opportunities to perform their work effectively. Conversely, an unfavourable climate characterised by poor communication, inadequate support, uncertainty, or weak interpersonal relationships may constrain employee effectiveness even when employees possess adequate capabilities and motivation.

Recent empirical findings provide support for the relationship between organizational climate and performance. Wirunchataphan and Buakes (2024), in a study of 390 operational employees in commercial banks, found that organizational climate positively influenced job performance. Similarly, Al-Ahmadi (2024) reported that organisational-climate dimensions, particularly participation in decision-making and communication, significantly contributed to performance in Islamic banking institutions. More recent evidence also indicates that workplace norms and organisational conditions continue to matter for employee productivity in financial institutions (Chai et al., 2026).

Although motivation, leadership approach, and organizational climate have individually received considerable research attention, understanding their simultaneous contribution to job performance remains important. Examining these variables together allows the relative contribution of an individual psychological factor (motivation), a managerial factor (leadership approach), and a broader workplace factor (organizational climate) to be assessed within a

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single model. Such an integrated perspective is particularly valuable for financial institutions because performance improvement is unlikely to be achieved through a single managerial intervention.

Accordingly, the present study examines the influence of motivation, leadership approach, and organizational climate on job performance among staff in financial institutions. By integrating these three determinants within a single empirical framework, the study seeks to identify which factors contribute most meaningfully to employee job performance and to provide evidence that can assist financial institutions in developing more effective human-resource and management practices.

Problem Statement

Financial institutions operate in an increasingly complex environment characterised by digital transformation, intensified competition, regulatory pressures, changing customer expectations, and continuous demands for efficiency and service quality. Under such conditions, employee job performance becomes a critical organisational resource because employees are responsible for implementing organisational strategies, interacting with customers, maintaining service standards, complying with operational requirements, and supporting organisational adaptation. Consequently, identifying the factors that contribute to stronger job performance remains an important managerial and research concern.

Despite extensive investment in technology and digital financial services, organisational performance in financial institutions continues to depend substantially on the human element. Recent research demonstrates that employee performance in banking is influenced by multiple interconnected factors rather than by technical capability alone. Ng et al. (2024), through a Delphi study involving banking-sector experts, identified compensation and benefits, organisational culture and working environment, leadership and management, job satisfaction and motivation, and work-life balance as key determinants of employee performance. These findings suggest that financial institutions need to understand not only what employees are capable of doing but also what motivates them, how they are led, and the organisational environment in which they work.

One important concern relates to employee motivation. Financial-sector employees frequently work under demanding performance targets, service expectations, repetitive administrative responsibilities, regulatory controls, and changing technological requirements. Under these circumstances, maintaining employees' willingness to exert sustained effort can be challenging. Although motivation has traditionally been assumed to improve performance, recent research has sought stronger empirical evidence concerning the direction of this relationship. Wang et al. (2024) provided longitudinal meta-analytic evidence demonstrating that work motivation significantly predicts subsequent job performance. Within banking specifically, Chatzoglou et al. (2024) further showed that motivational factors contribute to employee performance and organisational effectiveness. Nevertheless, the importance of particular motivational conditions can vary according to organisational and economic contexts, indicating a continuing need for context-specific investigation.

A second concern relates to leadership approach. Leaders in financial institutions must simultaneously manage performance expectations, employee development, service standards, compliance requirements, and organisational change. Ineffective leadership may result in unclear expectations, inadequate employee support, weak communication, and reduced

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employee commitment, whereas effective leadership can provide direction and create conditions conducive to stronger performance. Recent Malaysian banking research has demonstrated significant relationships between leadership and employee performance (Hashim et al., 2024), while other banking-sector research has demonstrated that different leadership approaches can produce different performance outcomes (Ha & Hang, 2024; Mohamad et al., 2024). These findings indicate that leadership remains important, but its contribution to employee performance should be considered alongside other individual and organisational determinants.

A third concern involves organizational climate. Employees do not perform their duties independently of their working environment. Their perceptions of communication, organisational support, interpersonal relationships, participation, fairness, structure, and managerial practices can influence how effectively they carry out their responsibilities. Recent banking-sector evidence indicates that favourable organisational climates are positively associated with job performance (Wirunchataphan & Buakes, 2024), while Al-Ahmadi (2024) identified communication and employee participation as particularly important organisational-climate dimensions influencing performance within Islamic banking institutions. More recent research involving Malaysian financial institutions also indicates that organisational norms and supportive workplace conditions can significantly predict employee productivity (Chai et al., 2026).

However, several gaps remain. First, much of the existing literature investigates motivation, leadership, or organizational climate individually or in combination with different organisational variables, making it difficult to determine their relative importance when considered simultaneously. Second, findings concerning employee performance are often context-dependent because differences in organisational systems, leadership practices, employee expectations, and institutional environments can alter the strength of these relationships. Third, financial institutions are experiencing rapid changes in work processes, technology, customer interactions, and workforce expectations, creating a need to reassess established determinants of job performance within the contemporary financial-services environment.

Furthermore, recent studies frequently employ more complex mechanisms involving employee engagement, psychological ownership, organisational culture, psychological capital, or other mediators and moderators. Although such models provide valuable explanations, there remains practical value in first determining whether fundamental employee- and organisational-level factors have direct effects on job performance when evaluated simultaneously. Establishing these direct relationships provides a parsimonious empirical foundation upon which more complex explanatory models can subsequently be developed.

Therefore, this study aims to examine the influence of motivation, leadership approach, and organizational climate on job performance among staff in financial institutions in Malaysia. Specifically, the study seeks to determine whether motivation, leadership approach, and organizational climate significantly influence job performance and to identify their respective contributions to explaining employee performance within the Malaysian financial-institution context.

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Research Questions

The following research questions are formulated:

1. RQ1: Does motivation significantly influence job performance among staff in financial institutions in Malaysia?
2. RQ2: Does leadership approach significantly influence job performance among staff in financial institutions in Malaysia?
3. RQ3: Does Organizational Climate significantly influence job performance among staff in financial institutions in Malaysia?

Research Objectives

The study is guided by the following research objectives:

1. RO1: To examine the influence of motivation on job performance among staff in financial institutions in Malaysia.
2. RO2: To examine the influence of leadership approach on job performance among staff in financial institutions in Malaysia.
3. RO3: To examine the influence of Organizational Climate on job performance among staff in financial institutions in Malaysia.

Literature Review and Hypothesis Development

The literature review examines four key constructs: motivation, leadership approach, organizational climate, and job performance. Drawing on relevant organizational behaviour perspectives, with Self-Determination Theory providing the principal theoretical foundation for explaining the motivation–performance relationship, the following sections integrate theoretical reasoning with recent empirical evidence from the banking and financial-services sectors to develop the proposed hypotheses.

Job Performance

Job performance represents the extent to which employees successfully execute behaviours, responsibilities, and activities that contribute to organisational objectives. It remains one of the most extensively studied outcomes in organisational behaviour and human-resource management because individual employee performance ultimately contributes to organisational productivity, service quality, competitiveness, and sustainability.

Job performance is multidimensional. Employees may contribute through successful completion of core job responsibilities, achievement of expected work outcomes, demonstration of appropriate work behaviours, cooperation with colleagues, adaptability, and effective responses to organisational demands. In service-intensive sectors such as financial services, employee performance assumes additional importance because employees' behaviour can directly influence customer experience, service efficiency, operational accuracy, compliance, and organisational reputation.

Contemporary research confirms that job performance results from interactions among individual, managerial, and organisational conditions. Ng et al. (2024) identified compensation, organisational culture and working environment, leadership, motivation, and work-life balance as important banking-sector performance determinants. Similarly, research in Malaysian financial institutions indicates that organisational norms can significantly predict perceived employee productivity (Chai et al., 2026). Consequently, the present study conceptualises job

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performance as an employee-level outcome that can be explained partly through motivation, leadership approach, and organizational climate.

Motivation and Job Performance

Motivation represents the internal and external forces that initiate, direct, and sustain work-related behaviour. It determines why employees engage in particular activities, how much effort they devote to their responsibilities, and how persistently they pursue work objectives when confronted with difficulties. Motivation may arise intrinsically from enjoyment, accomplishment, autonomy, meaningful work, or personal development, as well as extrinsically through salary, recognition, promotion, rewards, and other external outcomes.

The relationship between motivation and performance can be explained through Self-Determination Theory (SDT) (Ryan & Deci, 2000), which distinguishes between autonomous and controlled forms of motivation and proposes that stronger internalisation and satisfaction of employees' psychological needs can generate more effective and persistent work behaviour. From this perspective, motivated employees are more willing to invest cognitive, emotional, and behavioural resources in their work, thereby improving the likelihood of superior job performance.

Recent evidence strongly supports this relationship. Wang et al. (2024) conducted a meta-analytic review of cross-lagged studies involving 4,389 participants and found that earlier motivation positively predicted subsequent job performance. Importantly, the reverse relationship—earlier performance predicting subsequent motivation—was not significant, providing stronger evidence for the proposition that motivation contributes to performance.

The relationship is particularly relevant within financial institutions. Chatzoglou et al. (2024) found that motivational factors were important for bank employees and that highly motivated employees could enhance organisational effectiveness through improved performance. Pereira et al. (2024) similarly demonstrated the continuing importance of motivational practices within the Malaysian banking sector, particularly training and development, rewards and recognition, and career management. Ng et al. (2024) also identified job satisfaction and motivation among the principal determinants of banking-sector employee performance.

When employees possess stronger motivation, they are expected to demonstrate greater willingness to exert effort, persist in completing responsibilities, achieve organisational targets, and maintain effective work behaviour. Consequently, the following hypothesis is proposed:

H1: Motivation has a significant positive influence on job performance among staff in financial institutions in Malaysia.

Leadership Approach and Job Performance

Leadership approach refers to the manner in which leaders guide, influence, communicate with, support, and direct employees towards accomplishing organisational objectives. Leaders affect employees not only through formal authority but also through communication, decision-making, support, recognition, role modelling, feedback, and the establishment of performance expectations.

Effective leadership is particularly important within financial institutions because employees frequently operate within structured systems involving performance targets, customer-service

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requirements, compliance responsibilities, and continuous organisational change. Leaders who communicate expectations effectively, support employee development, provide constructive feedback, and encourage employees to achieve organisational goals can create conditions that facilitate stronger job performance.

Contemporary banking research supports this argument. Hashim et al. (2024), examining organisational-change factors among Malaysian banking employees, found leadership to be one of the factors significantly associated with employee performance. Mohamad et al. (2024) similarly investigated leadership styles among 380 employees in Malaysian financial institutions, highlighting the relevance of leadership behaviour for employee performance. Beyond Malaysia, Ha and Hang (2024) found that transformational leadership contributed to employee performance within the Vietnamese banking industry, including through organisational and psychological mechanisms. Research involving commercial banks in other emerging-market contexts has likewise demonstrated that leadership approaches can have meaningful implications for employee performance.

Leadership can influence performance through several mechanisms. Effective leaders provide direction and reduce ambiguity concerning employees' responsibilities. They can increase confidence and motivation by recognising employees' contributions, providing developmental opportunities, and creating supportive leader–employee relationships. Leaders also influence how employees interpret organisational policies and respond to workplace changes. Conversely, ineffective leadership can generate uncertainty, reduce motivation, weaken communication, and constrain employees' ability or willingness to perform. Accordingly, employees who experience more effective leadership approaches are expected to demonstrate stronger job performance. Therefore:

H2: Leadership approach has a significant positive influence on job performance among staff in financial institutions in Malaysia.

Organizational Climate and Job Performance

Organizational climate refers to employees' perceptions of the policies, practices, procedures, interpersonal relationships, communication patterns, managerial support, and general working conditions that characterise their organisation. Unlike formal organisational structures alone, climate reflects how employees experience and interpret their workplace environment.

A positive organizational climate provides conditions that can facilitate employee performance by promoting cooperation, communication, psychological support, role clarity, participation, and a sense of organisational belonging. When employees perceive that their work environment is supportive and appropriately structured, they may be better positioned to devote their effort to achieving work objectives. Conversely, negative organisational climates characterised by poor communication, inadequate support, interpersonal conflict, or limited participation may constrain employees' performance.

Recent empirical research supports a positive climate–performance relationship. Wirunchataphan and Buakes (2024), using data from 390 employees in commercial banks, found that organizational climate positively and significantly influenced job performance. Al-Ahmadi (2024) similarly demonstrated that organisational-climate dimensions, particularly participation in decision-making and communication, significantly influenced performance in

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Islamic banks. Recent evidence outside banking also continues to report positive associations between organizational climate and job performance (Pacori Paricahua, 2025).

Within the broader financial-services context, organisational conditions remain relevant to employee productivity. Chai et al. (2026), examining employees across banking, insurance, fintech, and asset-management organisations in Malaysia, found that organisational norms significantly predicted perceived productivity. These findings reinforce the proposition that employees' perceptions of their workplace environment can contribute meaningfully to their ability and willingness to perform.

An appropriate organizational climate can therefore provide employees with environmental resources that enable them to translate their capabilities and motivation into productive behaviour. Accordingly:

H3: Organizational climate has a significant positive influence on job performance among staff in financial institutions in Malaysia.

Proposed Conceptual Framework

Based on the preceding literature, the study proposes the following framework:

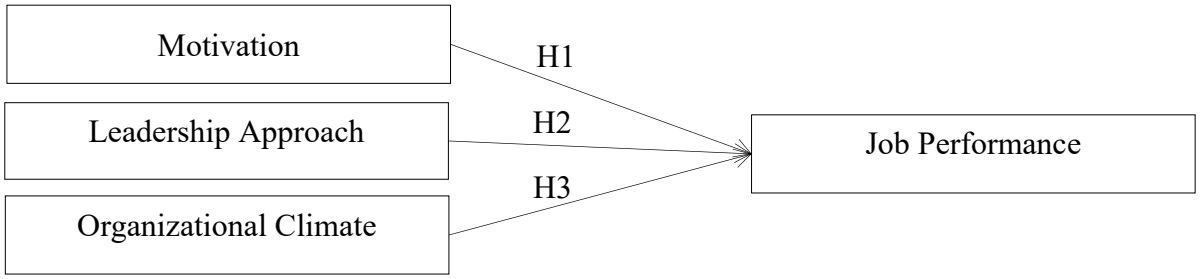

Figure 1: Proposed Conceptual Framework

The proposed conceptual framework presented in Figure 1 integrates three complementary determinants of job performance. Motivation represents the individual psychological component of the model, leadership approach represents the managerial component, while organizational climate represents the broader organisational-environment component. Job performance constitutes the endogenous outcome variable. Accordingly, the framework proposes that motivation, leadership approach, and organizational climate directly influence job performance among staff in financial institutions. The framework therefore enables the simultaneous assessment of individual, managerial, and organisational factors in explaining variations in employee job performance.

Methodology

Research Design

This study adopted a quantitative, cross-sectional research design to examine the influence of motivation, leadership approach, and organizational climate on job performance among staff working in financial institutions. A quantitative approach was considered appropriate because the study sought to empirically test predetermined relationships between latent constructs and evaluate the proposed hypotheses using statistical procedures. The cross-sectional design involved collecting information from respondents at a single period of study rather than tracking changes longitudinally. This approach enabled the researchers to obtain employees' perceptions

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of motivation, leadership approach, organizational climate, and job performance and subsequently evaluate the relationships among these variables. The unit of analysis was the individual employee working in a financial institution.

Population and Sampling

The target population of this study comprised employees working in financial institutions in Malaysia. Employees were considered an appropriate unit of analysis because the constructs examined in this study—motivation, leadership approach, organizational climate, and job performance—required respondents to evaluate their work-related experiences, perceptions of leadership and organizational conditions, and their own job performance. Following the data-collection and screening procedures, 460 usable responses from employees of Malaysian financial institutions were retained for the analysis. The respondents represented different demographic backgrounds, employment positions, and lengths of service, thereby providing perspectives from employees with varying levels of work experience within the Malaysian financial-services environment. The final sample was subsequently used to assess the measurement properties of the constructs and test the hypothesised relationships among motivation, leadership approach, organizational climate, and job performance.

Data Collection

Primary data were collected using a structured questionnaire designed to measure the four principal constructs of the study: motivation, leadership approach, organizational climate, and job performance. The respondents comprised employees working in financial institutions in Malaysia. Participation in the study was voluntary, and respondents were informed of the purpose of the research before completing the questionnaire. The questionnaire comprised two principal sections. The first section collected respondents' demographic and employment-related information, including gender, age, employment position, and length of service. The second section contained measurement items relating to motivation, leadership approach, organizational climate, and job performance. The collected responses were subsequently screened before being subjected to descriptive and inferential statistical analyses.

Measurement Instrument

The measurement instrument was structured around four latent constructs: motivation, leadership approach, organizational climate, and job performance. Motivation represented employees' willingness and internal or external drive to exert effort in carrying out their job responsibilities and achieving work-related objectives. Leadership approach represented employees' perceptions of how their leaders guide, communicate with, support, influence, and direct employees towards achieving organisational goals. Organizational climate represented employees' perceptions of the broader organisational environment, including workplace practices, interpersonal relationships, communication, organisational support, and the conditions under which employees perform their work. Job performance represented employees' perceived effectiveness in carrying out their job responsibilities and contributing to organisational objectives. The measurement items were adapted from established instruments and contextualised to the financial-institution environment.

Data Analysis

The data were analysed using SPSS and SmartPLS 4. SPSS was initially used for data screening and descriptive analysis. Data screening was undertaken to identify missing values, incomplete responses, and other potential data-quality issues. Descriptive statistics, including frequencies

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and percentages, were subsequently used to describe the demographic characteristics of the respondents.

Partial Least Squares Structural Equation Modelling (PLS-SEM) using SmartPLS 4 was employed to assess the measurement and structural models. Following the recommended PLS-SEM assessment procedure, the analysis was conducted in two stages involving assessment of the measurement model followed by assessment of the structural model (Hair et al., 2019).

For the measurement model, internal consistency reliability was evaluated using Cronbach's alpha and composite reliability (CR). Convergent validity was assessed through indicator loadings and average variance extracted (AVE). Indicator loadings of approximately 0.70 or higher, composite reliability values above 0.70, and AVE values above 0.50 were considered indicative of satisfactory measurement quality (Hair et al., 2019). Discriminant validity was assessed using the Heterotrait–Monotrait ratio of correlations (HTMT), complemented by the Fornell–Larcker criterion and cross-loadings. HTMT values below 0.85 or, under a more liberal criterion, below 0.90 generally indicate satisfactory discriminant validity (Henseler et al., 2015).
Following the assessment of reliability and validity, the structural model was evaluated. Variance Inflation Factor (VIF) values were examined to assess potential collinearity among the predictor constructs. Path coefficients were subsequently estimated to determine the direction and magnitude of the hypothesised relationships.

Bootstrapping was employed to assess the statistical significance of the hypothesised relationships based on t-statistics and p-values. The coefficient of determination (R^2) was examined to determine the proportion of variance in job performance explained collectively by motivation, leadership approach, and organizational climate. Effect sizes (f^2) were also assessed to determine the individual contribution of each predictor to job performance. Following Cohen (1988), f^2 values of 0.02, 0.15, and 0.35 were interpreted as small, medium, and large effects, respectively. Predictive relevance (Q^2) was additionally assessed using the blindfolding procedure, with Q^2 values greater than zero indicating predictive relevance for the endogenous construct.

Findings

Respondent Profile and Descriptive Analysis

A total of 460 respondents participated in this study. The demographic profile of the respondents was examined based on age, gender, state of residence, educational level, current position in the organization, and length of service.

Table 1: Age of Respondent

Age	Frequency	Percent
21 - 25	32	7.0
26 - 30	40	8.7
31 - 35	88	19.1
36 - 40	116	25.2
41 - 45	68	14.8
46 - 50	44	9.6
50 and above	72	15.7
Total	460	100.0

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As shown in Table 1, the largest group of respondents was aged between 36 and 40 years, comprising 116 respondents (25.2%). This was followed by respondents aged between 31 and 35 years, with 88 respondents (19.1%), and those aged 50 years and above, with 72 respondents (15.7%). Respondents aged between 41 and 45 years accounted for 68 respondents (14.8%), while 44 respondents (9.6%) were aged between 46 and 50 years. A further 40 respondents (8.7%) were aged between 26 and 30 years, while 32 respondents (7.0%) were between 21 and 25 years old. Overall, the age distribution indicates that the sample comprised employees from a broad range of age groups, with the largest proportion falling within the 36–40 age category.

Table 2: Gender of Respondent

Gender	Frequency	Percent
Male	208	45.2
Female	252	54.8
Total	460	100.0

In terms of gender, Table 2 shows that female respondents constituted a slightly larger proportion of the sample. Of the 460 respondents, 252 (54.8%) were female, while 208 respondents (45.2%) were male. The relatively balanced gender distribution indicates that the study captured perspectives from both male and female employees working in financial institutions.

Table 3: Residence

State	Frequency	Percent
Kelantan	144	31.3
Terengganu	192	41.7
Others	124	27.0
Total	460	100.0

Table 3 presents the respondents according to their state of residence. The largest proportion of respondents was from Terengganu, comprising 192 respondents (41.7%), followed by Kelantan with 144 respondents (31.3%). The remaining 124 respondents (27.0%) were from other states in Malaysia. Thus, while the respondents were predominantly concentrated in Terengganu and Kelantan, the sample also included employees residing in other parts of Malaysia.

Table 4: Education

Level of Education	Frequency	Percent
Degree	220	47.8
Diploma	124	27.0
Master	28	6.1
Others	16	3.5
SPM	72	15.7
Total	460	100.0

Regarding educational attainment, Table 4 indicates that degree holders represented the largest group, with 220 respondents (47.8%). This was followed by diploma holders, comprising 124 respondents (27.0%), while 72 respondents (15.7%) possessed SPM qualifications. A further

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28 respondents (6.1%) held master's degrees, while 16 respondents (3.5%) reported other educational qualifications. These findings indicate that the majority of respondents possessed tertiary-level qualifications.

Table 5: Current Position In This Organization

Current Position	Frequency	Percent
Clerk	96	20.9
Executive	196	42.6
Manager	140	30.4
Others	28	6.1
Total	460	100.0

Table 5 presents the respondents' current positions within their organizations. Executives represented the largest occupational category, comprising 196 respondents (42.6%), followed by managers with 140 respondents (30.4%). Clerical employees accounted for 96 respondents (20.9%), while 28 respondents (6.1%) occupied other positions. The distribution therefore indicates that the sample included employees across different organizational levels, with executives and managers constituting the majority.

Table 6: Length Of Service In This Organization

Length Of Service	Frequency	Percent
10 - 12 years	100	21.7
3 - 6 years	60	13.0
7 - 9 years	36	7.8
Less than 3 years	52	11.3
More than 12 years	200	43.5
Others	12	2.6
Total	460	100.0

With respect to length of service, Table 6 shows that 200 respondents (43.5%) had served their organizations for more than 12 years, representing the largest category. This was followed by 100 respondents (21.7%) with 10–12 years of service. A further 60 respondents (13.0%) had served between three and six years, 52 respondents (11.3%) had less than three years of service, and 36 respondents (7.8%) had between seven and nine years of service. The remaining 12 respondents (2.6%) were classified under other lengths of service. Overall, the findings indicate that a substantial proportion of respondents possessed considerable organizational experience, with almost two-thirds having served their organizations for at least ten years.

Taken together, the demographic findings indicate that the study involved 460 employees from financial institutions in Malaysia with diverse demographic and employment backgrounds. The sample was relatively balanced by gender and included employees across different age groups, educational levels, organizational positions, and lengths of service. The substantial representation of experienced employees provides an appropriate context for examining the influence of motivation, leadership approach, and Organizational Climate on job performance.

Measurement Model Evaluation

The measurement model was assessed using SmartPLS 4 to evaluate the reliability and validity of the constructs. The assessment involved internal consistency reliability, convergent validity,

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and discriminant validity. Cronbach's alpha and composite reliability were used to assess internal consistency, while indicator loadings and average variance extracted (AVE) were examined to establish convergent validity. Discriminant validity was evaluated using cross-loadings, the Heterotrait–Monotrait ratio (HTMT), and the Fornell–Larcker criterion.

Internal Consistency Reliability

The internal consistency reliability of the constructs was evaluated using composite reliability and Cronbach's alpha. As presented in Table 7, Motivation, which consisted of five items, recorded a composite reliability value of 0.842 and a Cronbach's alpha value of 0.832. Leadership Approach, measured using four items, recorded composite reliability and Cronbach's alpha values of 0.915 and 0.911, respectively. Organizational Climate, comprising five items, recorded a composite reliability value of 0.921 and Cronbach's alpha of 0.908. Finally, Job Performance, measured using five items, recorded a composite reliability value of 0.902 and Cronbach's alpha of 0.890.

All composite reliability values exceeded the recommended threshold of 0.70, while the Cronbach's alpha values were also above the acceptable threshold. Therefore, the findings demonstrate satisfactory internal consistency reliability across all four constructs, indicating that the measurement items consistently represent their respective latent constructs.

Table 7: Internal Consistency Reliability

Construct	Item	Loading range (>0.70)	Composite Reliability (>0.70)	Cronbach's Alpha (α) (>0.60)
Motivation	5 items	0.793– 0.851	0.842	0.832
Leadership Approach	4 items	0.859– 0.913	0.915	0.911
Organizational Climate	5 items	0.763– 0.891	0.921	0.908
Job Performance	5 items	0.814– 0.890	0.905	0.902

Convergent Validity

Convergent validity was assessed using indicator loadings, composite reliability, and average variance extracted. As reported in Table 8, Motivation recorded indicator loadings ranging from 0.793 to 0.851, composite reliability of 0.842, and AVE of 0.663. Leadership Approach recorded indicator loadings ranging from 0.859 to 0.913, composite reliability of 0.915, and AVE of 0.789. Organizational Climate recorded indicator loadings ranging from 0.763 to 0.921, composite reliability of 0.908, and AVE of 0.731. Job Performance recorded indicator loadings ranging from 0.814 to 0.905, composite reliability of 0.905, and AVE of 0.720.

All indicator loadings exceeded the recommended minimum threshold of 0.70, while all AVE values were greater than the recommended threshold of 0.50. The composite reliability values were also above 0.70. Collectively, these results provide evidence of satisfactory convergent validity, indicating that the indicators adequately represent their respective constructs.

Table 8: Convergent Validity of Measurement Model

Construct	Loading range (>0.70)	CR (>0.70)	AVE (>0.50)	Cronbach Alpha (α) (>0.60)
Motivation	0.793– 0.851	0.842	0.663	0.832
Leadership Approach	0.859– 0.913	0.915	0.789	0.911
Organizational Climate	0.763– 0.891	0.921	0.731	0.908
Job Performance	0.814– 0.890	0.905	0.720	0.902

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Discriminant Validity

Discriminant validity was initially examined using the cross-loading criterion. As presented in Table 9, the indicators generally demonstrated higher loadings on their respective constructs than on the other constructs. For example, the Job Performance indicators (B1–B5) recorded loadings on Job Performance ranging from 0.814 to 0.890. Similarly, Leadership Approach indicators (CL1–CL4) recorded loadings ranging from 0.859 to 0.913 on their intended construct, while the Organizational Climate indicators recorded loadings ranging from 0.763 to 0.891. These results generally indicate that the indicators represent their intended constructs more strongly than competing constructs.

Table 9: Loadings and Cross-Loading of Each Item

Item/Construct	Job Performance	Leadership Approach	Motivation	Organizational Climate
B1	0.814	0.605	0.682	0.564
B2	0.819	0.466	0.610	0.442
B3	0.852	0.500	0.616	0.559
B4	0.864	0.555	0.663	0.535
B5	0.890	0.580	0.712	0.623
CL1	0.542	0.889	0.754	0.750
CL2	0.560	0.891	0.694	0.739
CL3	0.630	0.913	0.722	0.706
CL4	0.538	0.859	0.716	0.664
CM1	0.747	0.554	0.793	0.527
CM2	0.552	0.609	0.803	0.702
CM4	0.646	0.744	0.851	0.772
CM5	0.536	0.758	0.808	0.709
C01	0.612	0.675	0.718	0.877
C02	0.519	0.642	0.668	0.870
CO3	0.566	0.698	0.705	0.891
CO4	0.407	0.716	0.646	0.763
CO5	0.614	0.727	0.771	0.869

The HTMT criterion was also assessed. Table 10 reports HTMT values of 0.702 between Job Performance and Leadership Approach, 0.876 between Job Performance and Motivation, 0.699 between Job Performance and Organizational Climate, 0.941 between Leadership Approach and Motivation, 0.891 between Leadership Approach and Organizational Climate, and 0.955 between Motivation and Organizational Climate.

Table 10: Heterotrait– Monotrait (HTMT)

Construct	Job Performance	Leadership Approach	Motivation	Organizational Climate
Job Performance				
Leadership Approach	0.702			
Motivation	0.876	0.941		
Organizational Climate	0.699	0.891	0.955	

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The Fornell–Larcker criterion presented in Table 11 provides additional information regarding discriminant validity. The square root of the AVE for Job Performance was 0.848, which exceeded its correlations with Leadership Approach (0.641), Motivation (0.776), and Organizational Climate (0.645). Leadership Approach recorded a square root of AVE of 0.888, compared with its correlations with Motivation (0.811) and Organizational Climate (0.804). Motivation recorded a square root of AVE of 0.814, while its correlation with Organizational Climate was 0.822. Organizational Climate recorded a square root of AVE of 0.855.

Table 11: Fornell-Larcker Criterion

Construct	Job Performance	Leadership Approach	Motivation	Organizational Climate
Job Performance	0.848			
Leadership Approach	0.641	0.888		
Motivation	0.776	0.811	0.814	
Organizational Climate	0.645	0.804	0.822	0.855

Overall, the Fornell–Larcker results provide support for discriminant validity for most construct comparisons. However, the correlation between Motivation and Organizational Climate (0.822) is marginally higher than the square root of the AVE for Motivation (0.814). Similarly, the HTMT values for Leadership Approach–Motivation (0.941) and Motivation–Organizational Climate (0.955) exceed the commonly applied threshold of 0.90 (Henseler et al., 2015). Therefore, these results indicate potential discriminant-validity concerns involving Motivation and its relationships with Leadership Approach and Organizational Climate. These findings should be interpreted cautiously rather than concluding that discriminant validity has been fully established across all constructs.

Structural Model Evaluation

The structural model was assessed to determine the relationships among Motivation, Leadership Approach, Organizational Climate, and Job Performance. The assessment involved collinearity diagnostics, path coefficients, coefficient of determination (R^2), effect sizes (f^2), predictive relevance (Q^2), and hypothesis testing.

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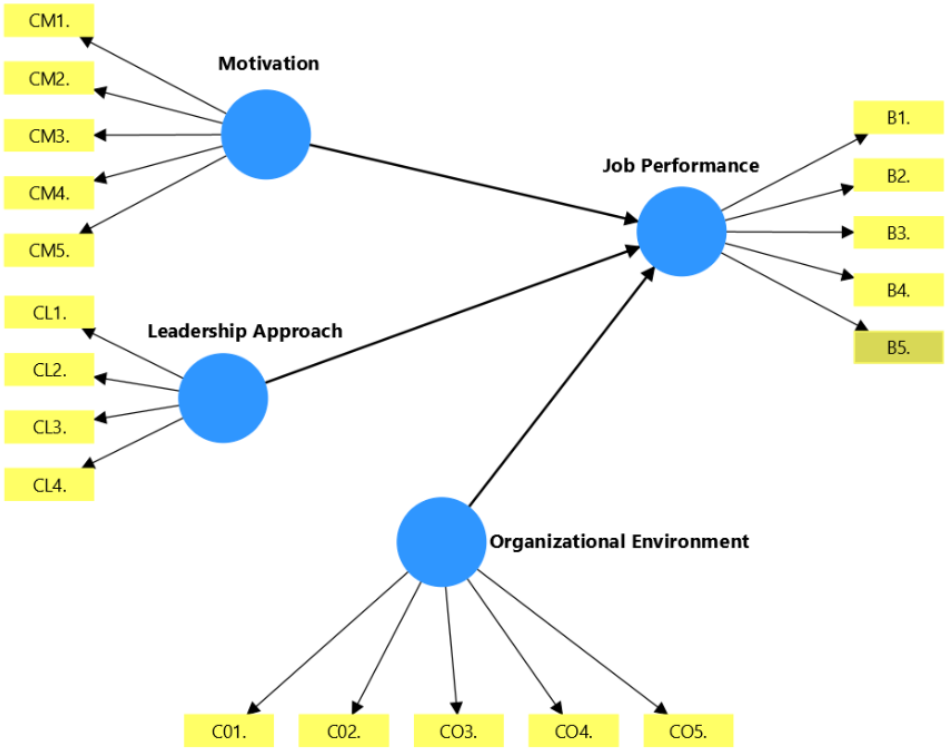

Figure 2: Structural Model

Assessment of Collinearity among the Constructs

Collinearity among the predictor constructs was evaluated using Variance Inflation Factor (VIF) values. As presented in Table 12, Motivation recorded a VIF value of 3.846, Leadership Approach recorded a VIF value of 3.523, and Organizational Climate recorded a VIF value of 3.718. All VIF values were below the threshold of 5, indicating that severe multicollinearity was not evident among the predictor constructs. The structural relationships could therefore be assessed without substantial concern regarding problematic collinearity.

Table 12: Collinearity Assessment of the Constructs

Construct	VIF
Motivation	3.846
Leadership Approach	3.523
Organizational Climate	3.718

Assessment of Path Coefficients

The path coefficients were examined to determine the direction, magnitude, and statistical significance of the hypothesised relationships. As presented in Table 13, Motivation demonstrated a strong and statistically significant positive relationship with Job Performance ($\beta = 0.747$, $t = 9.209$, $p < 0.001$). This finding indicates that higher levels of employee motivation are associated with higher levels of job performance.

In contrast, Leadership Approach demonstrated a small and statistically insignificant positive relationship with Job Performance ($\beta = 0.029$, $t = 0.484$, $p = 0.628$). Similarly, Organizational Climate showed a very small and statistically insignificant positive relationship with Job Performance ($\beta = 0.008$, $t = 0.093$, $p = 0.926$). Therefore, the findings indicate that Motivation

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is the only predictor among the three variables that exerts a statistically significant direct influence on Job Performance in the structural model.

Table 13: Significant Testing Results of the Structural Model Path Coefficients

Structural Path	Path coefficient (β)	t- value	P-value
Motivation → Job Performance	0.747	9.209	0.000
Leadership Approach → Job Performance	0.029	0.484	0.628
Organizational Climate → Job Performance	0.008	0.093	0.926

Note: A hypothesis was considered statistically significant at $p < 0.05$

Assessment of Coefficient of Determination (R^2)

The coefficient of determination was assessed to determine the explanatory power of the structural model. As presented in Table 14, Job Performance recorded an R^2 value of 0.603. This indicates that Motivation, Leadership Approach, and Organizational Climate collectively explain 60.3% of the variance in Job Performance, while the remaining 39.7% is attributable to other factors not included in the present model.

Based on Chin's (1998) benchmarks of approximately 0.67 for substantial, 0.33 for moderate, and 0.19 for weak explanatory power, an R^2 value of 0.603 exceeds the moderate benchmark and approaches the substantial level. Therefore, the model demonstrates moderate-to-substantial explanatory power within the context of the present model for Job Performance. This finding suggests that the three predictor constructs collectively account for a considerable proportion of variation in employee job performance within the Malaysian financial-institution context.

Table 14: Determination Coefficient (R^2)

Endogenous Variable	R^2 value	Threshold
Job Performance	0.603	≥0.67 (substantial)

Note: The values of R^2; 0.67 = substantial, 0.33 = moderate, and 0.19 = weak

Assessment of Effect Size (f^2)

The effect size was examined to determine the individual contribution of each exogenous construct to Job Performance. As presented in Table 15, Motivation recorded an f^2 value of 0.365. Based on the conventional thresholds of 0.02 for a small effect, 0.15 for a medium effect, and 0.35 for a large effect, the effect of Motivation on Job Performance can be classified as large.

In contrast, Leadership Approach recorded an f^2 value of 0.001, indicating a negligible effect on Job Performance. Organizational Climate recorded an f^2 value of 0.000, similarly indicating virtually no individual effect. These findings demonstrate that the explanatory power of the structural model is predominantly attributable to Motivation rather than Leadership Approach or Organizational Climate.

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Table 15: Effect Size (f^2) of the Latent Variable

Structural Path	Effect Size (f^2)	Rating
Motivation → Job Performance	0.365	Large
Leadership Approach → Job Performance	0.001	Negligible
Organizational Climate → Job Performance	0.000	Negligible

Note: The values of f^2; 0.02=small, 0.15=medium, 0.35=large

Assessment of Predictive Relevance (Q^2) and Blindfolding

Predictive relevance was assessed using the blindfolding procedure. As presented in Table 16, Job Performance recorded a Q^2 value of 0.597. Since the Q^2 value is greater than zero, the model demonstrates predictive relevance for Job Performance, indicating that the model possesses meaningful predictive relevance for the endogenous construct within the context of the present study.

Table 16: Predictive Relevance (Q^2) of Endogenous (Omission distance=7)

Endogenous variable	$Q^2>0$
Job Performance	0.597

Overall Results of Structural Model Analysis

The hypothesis-testing results presented in Table 17 demonstrate that only one of the three proposed hypotheses was supported. Motivation had a significant positive influence on Job Performance ($\beta = 0.747$, $t = 9.209$, $p < 0.001$), thereby supporting H1. The finding indicates that employees with higher levels of motivation tend to demonstrate higher levels of job performance.

In contrast, Leadership Approach did not have a significant direct influence on Job Performance ($\beta = 0.029$, $t = 0.484$, $p = 0.628$); therefore, H2 was not supported. Similarly, Organizational Climate did not significantly influence Job Performance ($\beta = 0.008$, $t = 0.093$, $p = 0.926$), resulting in H3 not being supported.

Overall, the findings identify Motivation as the dominant direct predictor of Job Performance in the proposed model. Although Leadership Approach and Organizational Climate were theoretically expected to contribute positively to Job Performance, their direct effects were statistically insignificant when the three predictors were examined simultaneously. The structural model nevertheless explained 60.3% of the variance in Job Performance and demonstrated predictive relevance with a Q^2 value of 0.597. These results suggest that employee motivation plays a particularly important role in explaining job performance among staff in Malaysian financial institutions.

Table 17: Results of the Structural Model Analysis (Hypotheses Testing)

Hypotheses	Relationship	Standard Beta	Standard Error	t-value	f^2	P-valu	Decision
H1	Motivation → Job Performance	0.747	0.081	9.209	0.365	0.000	Supported
H2	Leadership Approach → Job Performance	0.029	0.060	0.484	0.001	0.628	Not Supported
H3	Organizational Climate → Job Performance	0.008	0.081	0.093	0.000	0.926	Not Supported

Note: A hypothesis was considered statistically significant at $p < 0.05$

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Discussion

This study examined the influence of motivation, leadership approach, and Organizational Climate on job performance among staff in financial institutions in Malaysia. The structural model produced an R^2 value of 0.603, indicating that the three predictor variables collectively explained 60.3% of the variance in job performance. The model also demonstrated predictive relevance, with a Q^2 value of 0.597. Nevertheless, the hypothesis-testing results revealed an important distinction among the three predictors. Motivation emerged as the only statistically significant direct predictor of job performance, whereas leadership approach and Organizational Climate did not demonstrate significant direct effects. These findings provide several important theoretical and practical insights into the determinants of employee performance within Malaysian financial institutions.

The first hypothesis proposed that motivation would have a significant positive influence on job performance. The findings strongly support this hypothesis, with motivation demonstrating a substantial positive effect on job performance ($\beta = 0.747$, $t = 9.209$, $p < 0.001$). The magnitude of this relationship indicates that employees who possess stronger motivation are more likely to demonstrate higher levels of job performance. Moreover, the effect-size analysis produced an f^2 value of 0.365, indicating that motivation makes a large individual contribution to explaining job performance. Thus, among the three predictors investigated, motivation clearly represents the dominant determinant of employee job performance.

This finding is consistent with the theoretical argument that motivated employees are more willing to invest effort, persistence, and personal resources in accomplishing their work responsibilities. It is also consistent with recent empirical evidence discussed in the literature review. Wang et al. (2024), for example, provided longitudinal meta-analytic evidence demonstrating that work motivation predicts subsequent job performance. Similarly, Chatzoglou et al. (2024) demonstrated the importance of motivational factors in explaining employee performance, while Pereira et al. (2024) highlighted the role of human-resource practices, including training and development, rewards and recognition, and career management, in strengthening employee motivation within the Malaysian banking industry. The present study therefore reinforces the importance of motivation within the specific context of Malaysian financial institutions.

The strong relationship between motivation and job performance is particularly meaningful in the financial-services environment. Employees in financial institutions frequently operate under demanding performance targets, regulatory requirements, customer-service expectations, technological changes, and responsibilities requiring accuracy and accountability. Under such conditions, employees' willingness to exert sustained effort may become particularly important in determining their performance. The present findings suggest that employees' motivation may provide the psychological drive necessary to maintain effort and performance despite these occupational demands.

The second hypothesis proposed that leadership approach would have a significant positive influence on job performance. Contrary to the proposed relationship, leadership approach did not demonstrate a statistically significant direct effect on job performance ($\beta = 0.029$, $t = 0.484$, $p = 0.628$). Its effect size was also negligible ($f^2 = 0.001$). Accordingly, H2 was not supported. This finding differs from some previous studies discussed in the literature review that reported significant relationships between leadership and employee performance within banking and

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financial institutions, including Hashim et al. (2024), Ha and Hang (2024), and Mohamad et al. (2024).

However, the non-significant finding should not necessarily be interpreted as evidence that leadership is unimportant within financial institutions. Rather, it suggests that leadership approach may not exert a substantial independent direct effect on job performance when motivation and organizational climate are considered simultaneously. This interpretation is consistent with evidence suggesting that leadership may influence employee performance through organizational and psychological mechanisms rather than exclusively through a direct pathway (Ha & Hang, 2024). Effective leadership may shape employees' motivation, engagement, job satisfaction, commitment, or other positive psychological responses, which may subsequently contribute to performance. Thus, although leadership remains important within financial institutions, its performance implications may depend on the mechanisms through which employees respond to leadership practices.

The result may also reflect the highly structured nature of financial institutions. Employee roles in the financial sector are frequently governed by standardized procedures, regulatory requirements, formal performance indicators, technological systems, and clearly specified job responsibilities. Such institutional structures may reduce the extent to which variations in leadership approach independently translate into variations in individual job performance. Consequently, although leadership remains important for managing employees and organizations, its influence on performance may operate alongside or through other organizational mechanisms.

The third hypothesis proposed that Organizational Climate would significantly influence job performance. The results did not support this hypothesis. Organizational Climate demonstrated an extremely small direct relationship with job performance ($\beta = 0.008$, $t = 0.093$, $p = 0.926$), while its effect size was effectively negligible ($f^2 = 0.000$). Thus, H3 was not supported. This finding differs from earlier evidence reported by Wirunchataphan and Buakes (2024), who found that organizational climate positively influenced job performance among commercial-bank employees, and Al-Ahmadi (2024), who identified organizational-climate dimensions such as communication and participation in decision-making as contributors to performance within Islamic banking institutions.

One possible explanation is that organizational climate may represent a contextual condition rather than an immediate behavioural driver of performance. A favourable organizational climate can provide employees with supportive conditions, communication, participation, interpersonal relationships, and organizational resources, but these conditions may not automatically translate into higher individual performance. Previous evidence indicates that communication, participation, and supportive organizational conditions are relevant to employee outcomes (Al-Ahmadi, 2024; Wirunchataphan & Buakes, 2024). More recent evidence from Malaysian financial institutions also demonstrates the relevance of organizational norms to perceived employee productivity (Chai et al., 2026). The insignificant direct relationship identified in the present study may therefore indicate that organizational climate influences performance through intermediate psychological or attitudinal mechanisms rather than through a purely direct effect.

When the three predictors are considered together, the findings present an important overall pattern. Motivation demonstrated a strong direct effect on job performance, while leadership

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approach and Organizational Climate contributed little additional direct explanatory power. The results therefore suggest that the psychological mechanism represented by motivation is more proximal to employee performance than the managerial and contextual mechanisms represented by leadership approach and Organizational Climate. Leadership and organizational conditions may remain important, but their effects may become meaningful when they successfully generate or sustain employees' motivation and other positive psychological states.

The relatively high explanatory power of the model further supports the relevance of the variables considered in this study. Motivation, leadership approach, and Organizational Climate collectively explained 60.3% of the variance in job performance, while the Q^2 value of 0.597 demonstrated predictive relevance. Nevertheless, the effect-size results indicate that much of this explanatory contribution is associated with motivation. This finding provides an important direction for future research: rather than examining leadership and Organizational Climate exclusively as direct predictors of performance, subsequent studies could investigate motivational and attitudinal mechanisms through which these organizational factors ultimately affect employee performance.

Conclusion and Recommendations

This study examined the influence of motivation, leadership approach, and Organizational Climate on job performance among staff in financial institutions in Malaysia. Based on data obtained from 460 respondents and analysed using PLS-SEM, the findings demonstrate that motivation is the most influential determinant of job performance in the proposed model. Motivation had a strong and statistically significant positive influence on job performance, whereas leadership approach and Organizational Climate did not demonstrate significant direct effects. Consequently, H1 was supported, while H2 and H3 were not supported.

The structural model explained 60.3% of the variance in job performance and demonstrated predictive relevance with a Q^2 value of 0.597. More importantly, motivation recorded a large effect size of 0.365, whereas leadership approach and Organizational Climate demonstrated negligible individual effect sizes. These findings suggest that employees' willingness and psychological drive to perform represent a particularly important mechanism for strengthening job performance within Malaysian financial institutions.

The findings should not, however, be interpreted as indicating that leadership approach and Organizational Climate are irrelevant. Their non-significant direct effects suggest that their relationships with job performance may be more complex than initially hypothesised. Leadership and organizational conditions may influence performance indirectly by shaping employee motivation, engagement, job satisfaction, organizational commitment, psychological empowerment, or other employee-related outcomes. Future research should therefore extend the present model by examining appropriate mediating and moderating mechanisms.

Practical Recommendations

From a practical perspective, financial institutions should place greater emphasis on strategies that strengthen and sustain employee motivation. Since motivation demonstrated the strongest direct influence on job performance, management should identify the factors that encourage employees to exert sustained effort and perform effectively. These may include meaningful recognition, appropriate rewards, career-development opportunities, training and professional development, clear performance expectations, constructive feedback, employee participation, and opportunities for advancement. Rather than relying exclusively on financial incentives,

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institutions should consider a balanced combination of intrinsic and extrinsic motivational practices.

Human-resource managers should also periodically assess employee motivation instead of assuming that existing reward or performance-management systems are equally effective for all employees. Employee needs may differ according to career stage, position, work experience, and responsibilities. This is particularly relevant given the demographic composition of the present sample, which included employees across different organizational positions and substantial variations in length of service. Tailored motivational initiatives may therefore be more effective than uniform interventions.

Although leadership approach did not directly predict job performance, financial institutions should not reduce investment in leadership development. Instead, leadership-development programmes should focus on how managers create motivational conditions for employees. Leaders should be trained to communicate expectations clearly, provide constructive feedback, recognise employee contributions, support professional development, involve employees appropriately in decision-making, and create meaningful connections between individual responsibilities and organizational objectives. Leadership effectiveness may therefore be evaluated not only by its direct association with performance but also by its capacity to strengthen employees' motivation and other positive work attitudes.
Similarly, the non-significant direct relationship between Organizational Climate and job performance does not imply that workplace conditions should be neglected. Financial institutions should continue to maintain supportive communication systems, fair organizational practices, effective teamwork, appropriate workloads, employee support, and opportunities for participation. However, management should evaluate whether these favourable organizational conditions are actually perceived by employees as motivating and supportive. Organizational policies that exist formally but fail to generate positive employee experiences may have limited effects on performance.

Theoretical Recommendations

Theoretically, the findings highlight the importance of distinguishing between proximal and contextual determinants of job performance. Motivation emerged as a strong proximal predictor, whereas leadership approach and Organizational Climate did not demonstrate significant direct relationships when examined simultaneously. Future theoretical models should therefore consider whether leadership and Organizational Climate function primarily as antecedents to psychological mechanisms rather than as direct determinants of performance.
Future studies could extend the present framework by positioning motivation as a potential mediator between leadership approach and job performance and between Organizational Climate and job performance. Such a model would examine whether effective leadership and supportive organizational conditions enhance employee motivation, which subsequently contributes to improved job performance. Other potential mediators, including job satisfaction, employee engagement, organizational commitment, perceived organizational support, and psychological empowerment, may also provide valuable theoretical explanations.

Future research could additionally examine moderators that may explain why organizational and leadership conditions produce different performance outcomes across employees. Variables such as age, gender, organizational tenure, employment position, generation, type of financial institution, and leadership level may alter the strength of these relationships. Longitudinal research would also be valuable for establishing whether changes in motivation,

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leadership practices, and organizational conditions produce subsequent changes in employee performance over time.

Finally, future studies could replicate the proposed model across different categories of financial institutions and geographical regions in Malaysia. Comparative studies involving commercial banks, Islamic financial institutions, insurance organizations, development financial institutions, and other financial-service providers could determine whether the relationships identified in this study remain consistent across different institutional settings. Such extensions would strengthen the generalisability and theoretical robustness of the findings.

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