Impact of Leadership Styles on Organizational Commitment of Employees

Yasar Arafat[a], Dr. Saleem Gul[b]

[a]PhD Scholar, Institute of Management Sciences, Peshawar. [b]Professor, Institute of Management Sciences, Peshawar.

*Email: yasararafat18@yahoo.com

Abstract: The study is about impacts of styles of leadership on the commitment of employees to their organizations. This study is supported by the previous studies that are provided in the literature review section. Data have been collected from 60 respondents through nonprobability convenience sampling with the help of developed questionnaire having guidance from Multifactor Leadership Questionnaire. Conceptual framework showed that targeted constructs i.e., both styles of leadership enhance organization commitment. For data analysis correlation and regression tests are used. Results of the data showed that there are positive impacts of styles of leadership on the employees' commitment with their organizations. Role of transformational leadership style is more vibrant in developing organizational commitment of employees as compared to transactional style of leadership. This study could be used in other organizations as well and the targeted constructs could be explored through qualitative methods as well.

Key words: Leadership, Transformational style of leadership, Transactional style of leadership, Commitment to organizational

1. Introduction

This study unveils the importance of leadership style that has impacts on the organization commitment of employees'. Leadership is relation between group and individual employees about common objectives and the leader and the group follows the manners directed by the leader. Leadership always plays vital role in any area and it is important feature of human actions. Concise pursuits about leadership styles and their impacts on the commitment of employees to their organization are discussed. Data collection in this study is carried out by means of questionnaire and for the analysis correlation and regression tests are used. Results of the data showed that both targeted styles of leadership plays important function in the development of organizational commitment of employees to their organizations.

1.1 Transformational Leadership

Transformational leadership entails motivating individuals to comprehend the goals of a group or organization and to use contemporary tactics for achieving accomplishment (Iqbal Adnan, 2009). According to John & Moser (2001), transformational leaders are those who bring about innovation in the social environment of an organization. They effectively handle the unpredictable situations resulting from several factors (Avolio and Bass, 1994). Transformational leaders do crucial activities such as demonstrating a clear vision, standards, and values to others, so establishing an example for them (McLaurin & Amri, 2008; Lowe). According to Antonakis (2003) define transformational style of leadership as an amalgamation of several elements such as intellectual stimulation, individualized consideration, motivating inspiration, idealized actions, and influential attributes. The term

"idealized inspiration behavior" refers to the charismatic actions of leaders that focus on ideals and beliefs. On the other hand, "idealized characteristics" are personality traits of leaders, independent of whether they are seen as confident and powerful figures (Antonakis, et al., 2003). Inspirational motivation, as defined by Antonakis (2003), pertains to activities or conduct of leader that inspire followers to focus on collaboration, a visionary goal, and a positive perspective on the future. As stated by Nicholson (2007), intellectual stimulation pertains to a leader's capacity to motivate and foster creativity and innovation within a group by questioning assumptions and adopting new viewpoints on previous experiences. Leaders, in their role as mentors, provide meticulous consideration to the particular needs and growth of their followers (Nicholson, 2007).

1.2 Transactional Leadership

The discipline of organizational research also utilizes a leadership style referred to as transactional. Burns (1978) defines transactional leadership as the practice of motivating followers by appealing to their self-interests. Within an organization, this leadership style is defined by a combination of bureaucratic authority with genuine credibility. Transactional leaders adhere to standard operating procedures, initiatives, and actions that are aimed at achieving certain goals. These executives strongly emphasize the significance of job completion and implementing a system of incentives and penalties inside their firms to motivate and inspire staff to achieve their individual and corporate objectives. According to Bass (1985), these leaders assist their followers in attaining their goals by clearly communicating their jobs and obligations. This contributes to augmenting the level of assurance that employees of a company possess. As a result, there is reciprocal communication between a leader and their followers, and when the followers successfully accomplish their objectives, they will get rewards for their efforts. Bass and Avolio (1994) and Antonakis et al. (2003) have identified three specific categories that may be used to further classify transactional leadership: dependent incentives, active management by exception, and passive management by exception. Nicholson (2007) defines contingent incentives as a method used by leaders to clearly outline the required activities and then use rewards to motivate the completion of those objectives. Bass (1985) highlighted that transactional leaders must cultivate suitable engagement, allegiance, dedication, and performance standards among their subordinates to effectively handle contingent incentives. Management by exception is a leadership approach where a leader ensures that subordinates meet certain standards. The third kind of management is referred to as management by exception (passive), where leaders intervene only when problems develop. Conversely, active management by exception involves leaders that proactively assess and oversee the work of their followers, while also ensuring adherence to predefined standards (Antonakis, et al., 2003).

1.3 Organizational Commitment

A research done by Shehzad and colleagues (2010) shown that organizational commitment enhances and heightens the level of connection that individual workers have towards their company. Organizational commitment, as described by Raju and Srivastava (1994) and Mowday (1998), refers to the level of excitement shown by employees in maintaining a strong connection with the firm and actively working towards meeting organizational goals. Employees that possess a robust dedication to the organization are more inclined to exhibit excellent performance and make valuable contributions to the overall efficacy of the firm. Experts from many disciplines have individually formulated and expanded upon the notion of organizational commitment from their own unique viewpoints. However, there is a lack of agreement among experts about this subject. The notion of organizational commitment language, as proposed by Yiing Lee Huey and Zaman Bin Ahmed Kamarul (2009), is widely recognized and often used. It is characterized by a multi-dimensional approach. They stressed the fact that it is constructed based on three aspects, which are as follows: Affective commitment is the emotional bond that an employee has with their firm and their active involvement in the organization. (2) Continuance commitment pertains to employees' commitment to the business based on the costs involved in leaving, whereas (3) normative commitment relates to employees' emotional attachment and feeling of obligation to stay and continue with the firm. Several variables, including an employee's loyalty to their immediate supervisor or management, their career goals, and their profession, influence their commitment to a company (Meyer & Allen, 1997). Allen and Meyer (1990) found a correlation between various forms of commitment. For instance, research has shown that emotional commitment is positively associated with several qualities that are contrary to it, including turnover, performance of job, absence, and citizenship behaviour regarding organization (Meyer & Herscovitch, 2001). Based on the research conducted by Mathieu and Zajac (1990), when workers have a high level of organizational commitment, the rate at which they leave their jobs will be low or perhaps non-existent. Iverson and Buttigieg (1998) found that

people with a strong sense of organizational commitment are less inclined to engage in actions linked to disengagement from the firm. Moreover, these individuals have a greater inclination to adopt and adapt to new ideas and modifications, with the aim of achieving not just their own goals but also the aims of the organization.

1.3 Research objectives
This study has the following objectives,
a) To investigate correlation between overall styles of leadership and commitment of employees to their organizational.
b) To discover impacts of transformational type of leadership on organizational commitment of employees.
c) To find impacts of transactional style of leadership on organizational commitment of employees.

1.4 Research Questions
Research questions of the study are,
a) Is there any correlation between leadership style and employees' organizational commitment?
b) How does transformational leadership style influence employees' organizational commitment?
c) Does transactional leadership style impact employees' organizational commitment?

2. Literature Review
2.1 Leadership
Leaders motivate and influence their followers to get organizational goals. In leadership process there are two parties, leaders who motivate others and followers who get influence and follow their head or leaders. Leadership suggests intentional act on followers' side. Moreover, leaders give direction to their followers to achieve common goals. Yukl (2005) stated that previous literature about leadership theory of leadership could be summed up into five groups; trait theories, behavioural theories, circumstantial theory, integrative theory, and power or influence theory. Trait theories refer to inborn personal characteristics of leaders where trait idea about leadership was based on supposition that leaders possessed common features about their leadership. Such features were inherent, fixed, and appropriate in different circumstances. Behavioural theory of leadership is behaviours of a leader during various circumstances. According to Tjosvold (1981) power in field theory is controlling of valued resources by leaders for proper use to get organizational and employees objectives. Contingency or situational approach of leadership focuses on behaviour of leaders, to act according to situations that organization and employees face while achieving organizational goals. This theory of leadership interprets leadership effectiveness dependency on circumstances and style of leadership. Focus of his approach of leadership is also on control of leaders on situations.

2.2 Leadership Styles and Organizational Commitment
Mowday et al. (1982) argue that the leadership style of an organization is a crucial factor that strongly influences the amount of commitment shown by employees towards the firm. A study conducted in Singapore among professionals in research and development revealed a significant association concerning transformational style of leadership and commitment of employees to their organization, as shown by Lee (2004). From a substantial perspective, there is no notable correlation between transactional leadership and organizational commitment. Hayward, Goss, and Tolmay (2004) have concluded that there is no correlation between transactional leadership and organizational commitment, including emotional, normative, and continuing commitment. Limsila and Ogunlana (2007) argue that the transformational leadership style fosters employee commitment to their organizations, but the transactional and laissez-faire styles of leadership fail to elicit such commitment. Research has demonstrated a direct relationship between the transformational leadership style and the level of commitment exhibited by an organization. Additionally, these followers exhibit fewer withdrawal behaviors.
Transformational leaders prioritize the relationship between workers' efforts and goal achievement to reinforce values associated with goal completion. Furthermore, this kind of leadership promotes values by cultivating a greater degree of dedication among both followers and leaders towards achieving the organization's overarching common vision, purpose, and specific goals (Shamir, & Zakay, 1998). Transformational leaders foster followers' organizational commitment by motivating them to engage in critical thinking and use innovative methodologies. This enables followers to make a constructive contribution to the organization. Leaders who involve their followers in the decision-making process and effectively inspire their followers' loyalty are able to do this. According Bass

and Avolio (1994), there is consensus that transformational leaders possess the ability to recognize and value the diverse needs of their followers, therefore assisting them in reaching their full potential. This is corroborated by a study conducted by Walumbwa and Lawler (2003), which asserts that transformational leaders can boost the motivation and commitment of their followers by inspiring them to seek innovative solutions to challenges and by embracing their needs.

2.3 Conceptual Framework

```
┌──────────────┐                    ┌──────────────┐
│ Transactional │────────────┐       │  Employees    │
│  Leadership   │             └──────▶│ Organizational│
└──────────────┘                    │  Commitment   │
┌──────────────┐             ┌──────▶└──────────────┘
│ Transactional │────────────┘
│  Leadership   │
└──────────────┘
```
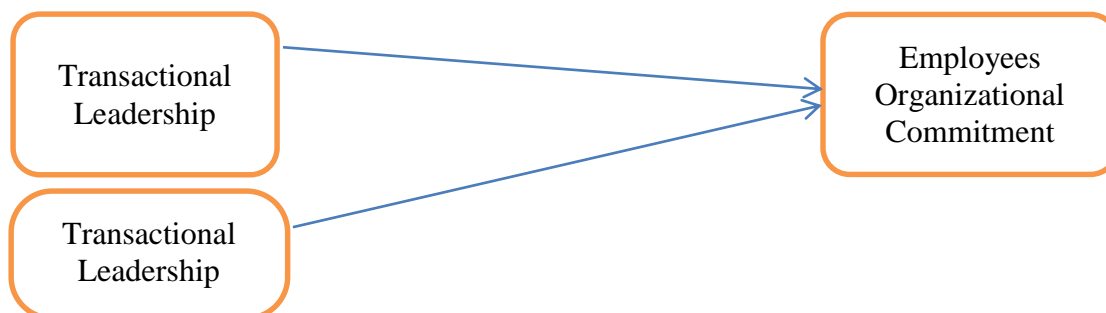
Figure 1: Relation between types of leadership styles and organizational commitment of employees'

2.4 Hypotheses of Research
Based on above model of study two hypotheses have been established.
H1: Positive relation exists between transactional style of leadership and commitment of employees.
H2: Transformational style of leadership and commitment of employees have positive relation.

3. Research Methodolgy
Methodology comprises the overall strategies used in the study. The overarching philosophy of this study is to investigate and explain impacts of styles of leadership on employees' organizational commitment.

3.1 Sample, Sampling Technique and Data Collection
Sample size of this study was 60 people and sampling techniques used was nonprobability and convenience. Number of distributed questionnaires was ten in three institutions each and remaining thirty questionnaires were distributed among respondents in one institution. Questionnaire had three sections: transformational leadership, transactional leadership and commitment to organization. Questions of the questionnaire were mostly about two stated types of leadership styles as well as their features that develop commitment of employees to organization. For data collection, questionnaire was made using guidance from Multifactor Leadership Questionnaire (Bass & Avolio, 1995) and data were collected from targeted respondents.

4. Analysis
This study is descriptive in nature therefore quantitative analysis techniques i.e., correlation and regression tests are used for analysis of the collected data. Details are provided in the following sections.

4.1 Correlation Analysis
Measurement of relationship between any two variables is called correlation. The variables are not labelled as dependent and/or independent.

Table 1: Analysis of Correlation

		Org_Comm	Transac	Transform
Pearson Correlation	Org_Comm	1.000	.310	.327

The above results in table-1 display positive correlation between transactional leadership style and commitment of

employees' to their organization (.310). Value of tis relation between transformational style of leaders and employees commitment to organization is (.327). However this is investigated that transformational style of leadership possess slight higher correlation value with employees' commitment to organization as compared to transactional type of leadership.

4.2 Regression Analysis
To investigate relationship between an independent and an independent variable, simple regression analysis is used.

Table 2: Regression Analysis

Relationships/ Hypotheses	Coefficient	Coefficient of determination R^2	R^2 Adjusted
Styles of leader & Oor_Comm	0.431	0.188	0.178
Transform_Leaders and Org_comm	0.411	0.157	0.144
Transact_Leaders and Org_Com	0.398	0.124	0.112

R2 has (0.188) value which displays that 18.8% of commitment of employees to their organization is due to styles of leadership i.e., transformational and transactional. According to results of the analysis there are other factors that affect commitment of employees' to their organization. The overall results of the collected data showed that the two targeted style of leadership i.e., transformational and transactional are correlated in positive way with commitment of employees' to their organization. Above table showed complete results of styles of leadership and organizational commitment of employees'.

Table 3: Table of Significance Level

Model	Standardized Beta/ slopes / coefficients	t value(range is >=1.96)	p value / significance (range <0.05)
1 (Constant) both leadership_styles	.234 .234	4.223 3.667 2.522	0.001 0.002 0.005

Significance level in table-3 is .005 and that is less than .05 which shows that it is significant. Overall results depict a good and positive relation between transactional style of leadership and commitments of employees to their organization. Therefore, hypothesis 1 is accepted i.e., H1: "Transactional style of leadership is positively related with organizational commitment of employees". Results of t-test revealed in table three represent variance in two variables namely transactional and transformational styles of leadership. Transformational style of leadership is higher as compared to transactional style of leadership.

Table 4: Analysis of Variance (ANOVA)

Sum of Squares	df	Mean Square	F	Sig.
7.334	12	4.321	11.266	0.001
22.321	88	0.278		
29.655	100			
Dependent variable: Organizational Commitment				

In above table mentioned above value of F is 0.000 which is less than .05 which show that total model is positive. This Model is important and significant having greater F value (F= 10.561).
Significant correlation having results shown in above table 1 and values of regression analysis shown in table two and value of t depicted in above table 3 elaborate positive and good correlation between specified transformational style of leadership and commitments of employees' to their organization. Similarly, table-3 displays significance

value that is equals to (.002) and less than (.05) which is highly significant. Based on these results the hypothesis two i.e., H2: "Transformational style of leadership has positively related to commitment of employees' with their organization" is also accepted.

Table 5: Descriptive Table of Comparison

	N	Mean	Std. Deviation
Reward/Compensation	60	3.178	0.5018
Exception_Active	60	3.344	0.5831
Exception_Passive	60	3.091	0.8004
Inspirational_Motivation	60	2.998	0.8767
Individual_Consideration	60	3.443	0.7156
Intellectual_Stimulation	60	2.987	0.8781
Idealized_Influence	60	3.214	0.5973

This descriptive table 4 presented above displays progressive i.e., positive means of all components that an individual variable has. Reward having value (3.178) and specified Management by exception active has value (3.44) display highest means. However Management by exception specified passive (3.091) depicts low influence in transactional style of leadership. Transformational style of leadership and inspirational motivation having value (2.998) and Individual deliberation i.e., consideration having value (3.443) depict maximum means.

5. Conclusion
Overall, it can be inferred that these leadership styles have a favorable and advantageous impact on the amount of dedication that employees exhibit towards their particular companies. Another significant conclusion from this study is that transformational style of leadership is often used than transactional style of leadership. Employees perceive that the reward and management, especially in cases when they have a higher average, are the most influential factors. However, the average performance of management, excluding passive activity, is shown to be rather low. The degree of commitment that workers have to their business suggests that management, in general, plays an important role. Regarding impact or influence of transformational leadership aspects about workers' commitment to their organization commitment, there are consistent as well as reliable averages.

Results suggest that the elements of inspiration, motivation, and individual consideration are important factors regarding impact or influence of transformational leadership about employees' commitment. However, there is a little discrepancy in the impact that each element of transformational style of leadership. Primary reason why a transformational style of leadership leads or points to total dedication employees have to the organization is due to this factor.

Reference
Barling, J.; Weber, T.; Kelloway, E.K. (1996). Effects of Transformational Leadership Training on Attitudinal and Financial Outcomes: A Field Experiments. *Journal of Applied Psychology*, 81(6): 827–832.

Bass, B.M. (1985). Leadership and performance beyond expectations. New York: Free Press.

Bass, B.M. (1990b). From transactional to transformational leadership: Learning to share the vision. *Organizational Dynamics*, 18: 19-31. http://dx.doi.org/10.1016/0090-2616(90)90061-S.

Burns, J.M. (1978). *Leadership*. New York: Harper and Row.

Chen Cheng-wu, and Chen Chen-yuan (2003). Are educational background and and gender moderator variables for leadership, satisfaction and organizational commitment? Department of Management Information System, Yung-Ta Institute of Technology and Commerce, Lin-Louh, Taiwan.

Iqbal A. (2009). Perceived Managerial Styles and their effects on organizational climate: The case of Pakistani Industry. *International review of business research papers*, Vol. 5(5), pp. 289-298.

Judge, T.A.; Piccolo, R.F. (2004). Transformational and transactional leadership: a Metaanalytic test of their relative validity. *Journal of Applied Psychology*, 89(5): 755-768.

Kirkpatrick, S.A.; Locke, E.A. (1996). Direct and indirect effects of three core characteristic components on performance and attitudes. *Journal of Applied Psychology*, 81: 36-51. http://dx.doi.org/10.1037/0021-9010.81.1.36.

Lee Siew Kim Jean, and Kelvin Yu (2004). Corporate culture and organizational performance. *Journal of*

Managerial Psychology, Vol. 19(4), pp. 340-359.

Limsila, K.; Ogunlana, S.O. (2007). Performance and leadership outcome correlates of leadership styles and subordinate commitment. Engineering, Construction and Architectural emerging economies. *International Journal of Human Resource Management*, 14:

Lowe, k.b.; kroeck, k.g.; sivasubramaniam, n. (1996). Effectiveness correlates of *Management*, 15(2): 164-184. http://dx.doi.org/10.1108/09699980810852682.

Mathieu J.; Zajac, D. (1990). A review of meta-analysis of the antecedents, correlates and consequences of organizational commitment. *Psychological Bulletin*, 108(2): 171-194.

Meyer, J.P.; Allen, N.J.; Gellatly, I.R. (2002). Affective and continuance commitment to the organization: Evaluation of measures and analysis of concurrent and time-lagged relations. *Journal of Applied Psychology*, 75: 710-720. http://dx.doi.org/10.1037/0021-9010.75.6.710.

Meyer, J.P.; Paunenon, V.; Gellatly, I.R.; Goffin, R.D.; Jackson, D.N. (1989). Organizational Psychology, Chicago: Rand McNally, 1297-1350.

Mowday, R.T.; Porter, L.W.; Steers, R.M. (1982). Employee–organization linkages: The Organizational commitment and job performance: It's the nature of the commitment that counts. *Journal of Applied Psychology*, 74(1): 152-156. http://dx.doi.org/10.1037/0021-

Shamir, B.; Zakay, E.; Popper, M. (1998). Correlates of charismatic leader behaviour in military units: subordinates' attitudes, unit characteristics, and superiors' appraisals of psychology of commitment, absenteeism and turnover. New York: Academic Press. *Psychology*, 80: 468-478. http://dx.doi.org/10.1037/0021-9010.80.4.468.

Tjosvold D (1981). Unequal power relationships within a cooperative or
transformational and transactional leadership using the Multifactor Leadership

Walumbwa, F.O.; Lawler, J.J. (2003). Building effective organizations: Transformational transformational and transactional leadership: A meta-analytic review of the MLQ literature. *Leadership Quarterly*, 7: 385-425. http://dx.doi.org/10.1016/S1048-9843(96)90027-2.

Yiing Lee Huey, Zaman Bin Ahmed Kamarul (2009). The moderating effects of organizational culture on the relationships between leadership behaviour and organizational commitment and between organizational commitment and job satisfaction and performance. *Leadership and organizational development journal*, Vol. 30(1), pp 53-86.

Yin, R. K. (2010). Case study research: design en methods. Sage Publications, Thousand Oaks.