

## Measuring Employees Commitment as Outcome of Transformational and Transactional Leadership Styles: An Empirical Study

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### Abstract

This study was conducted to measure the employees' commitment as outcomes of leadership styles- transformational and transactional. Data was collected from three hundred and twelve (312) private sector colleges' teachers through two time tested questionnaires, The Multifactor Leadership Questionnaire (MLQ-5x/Short Form) (Bass & Avolio, 1995) and Organizational Commitment Questionnaire (Porter et al., 1974). Statistical Package for Social Sciences (SPSS 15 Version) was used for data operation. Pearson correlation revealed a significant positive relationship between transformational leadership style and employees' commitment and transactional leadership style and employees' commitment. Multiple Regressions indicated that the transactional leadership had 31% impact on employees' commitment and transformational leadership had 49% impact on employees' commitment.

**Key words:** Transformational leadership; Transactional Leadership; College teachers; Commitment; Pakistan

### Introduction

Leadership styles - Transactional leadership and transformational leadership - have gained currency and attention over a period of last few decades (Bass, 1988; 1990; Bass and Avolio, 1993; Hartog, *et al.*, 1997). Transformational Leadership and Transactional Leadership both are directly related with numerous workplace outcomes such as job satisfaction, group performance, employee's performance, and organizational commitment (Kirkpatrick and Locke, 1996). These results have also been verified in different research settings (Al-Dmour and Awamleh, 2002). Researches revealed that organizational commitment is positively associated with work efforts, organizational performance and negatively related to absenteeism and employees turnover (Luchak & Gellatly, 2007; Allen & Meyer, 1996; Paré and Tremblay, 2007), it is indispensable to study transactional and transformational leadership styles and their impact on employees' commitment. As there is no study done to find out the leadership styles – transactional leadership and transformational leadership - and their impact on organizational commitment amongst private sector colleges' teachers of KPK, Pakistan, this study will do it.

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## Literature Review

According to Burns (1978) there are two types of leadership styles, transformational leadership and transactional leadership. “Transformational leadership occurs when one or more persons engage with others in such a way that the leaders and followers raise one another to higher levels of motivation and morality” (Burns, 1978, p. 20). According to Marzano et al., (2005), four I’s are important in the transformational development process.

- Idealized Influence
- Inspirational Motivation
- Intellectual Stimulation and
- Individual Consideration

Idealized influence is also known as charisma. “Leaders are admired, respected, and trusted. Followers identify with and want to emulate their leaders” (Avolio & Bass, 2004). Bass and Avolio (1994) described inspirational motivation as: Transformational leaders behave in ways that motivate and inspire those around them by providing meaning and challenge to their followers’ work...The leaders creates clearly communicated expectations that followers want to meet and also demonstrates commitment to goals and shared visions. Yukl (2006) described intellectual stimulation as “behavior that arouses strong follower emotions and identification with the leader”. Bass and Avolio (1994) describe individual consideration as: Transformational leaders pay special attention to each individual’s needs for achievement and growth by acting as a coach or mentor. Followers and colleagues are developed to successively higher levels of potential...New learning opportunities are created along with a supportive climate. Individual differences in terms of needs and desires are recognized. The leader’s behavior demonstrates acceptance of individual differences.

According to Burns (1978), “Transactional leadership occurs when one person takes the initiative in making contact with others for the purpose of an exchange of valued things”. According to Bass and Riggio (2006), “Transactional leaders are those who lead through social exchange”. Yukl (2006) described contingent reward as “...clarification of the work required obtaining rewards and the use of incentives and contingent rewards to influence behavior”. Management-by-exception focuses on leadership as a negative behavior. This leadership behavior is when the leader concentrates on the subordinates “deviances, mistakes, and errors and then taking corrective actions as quickly as possible when they occur” (Avolio & Bass, 2004).

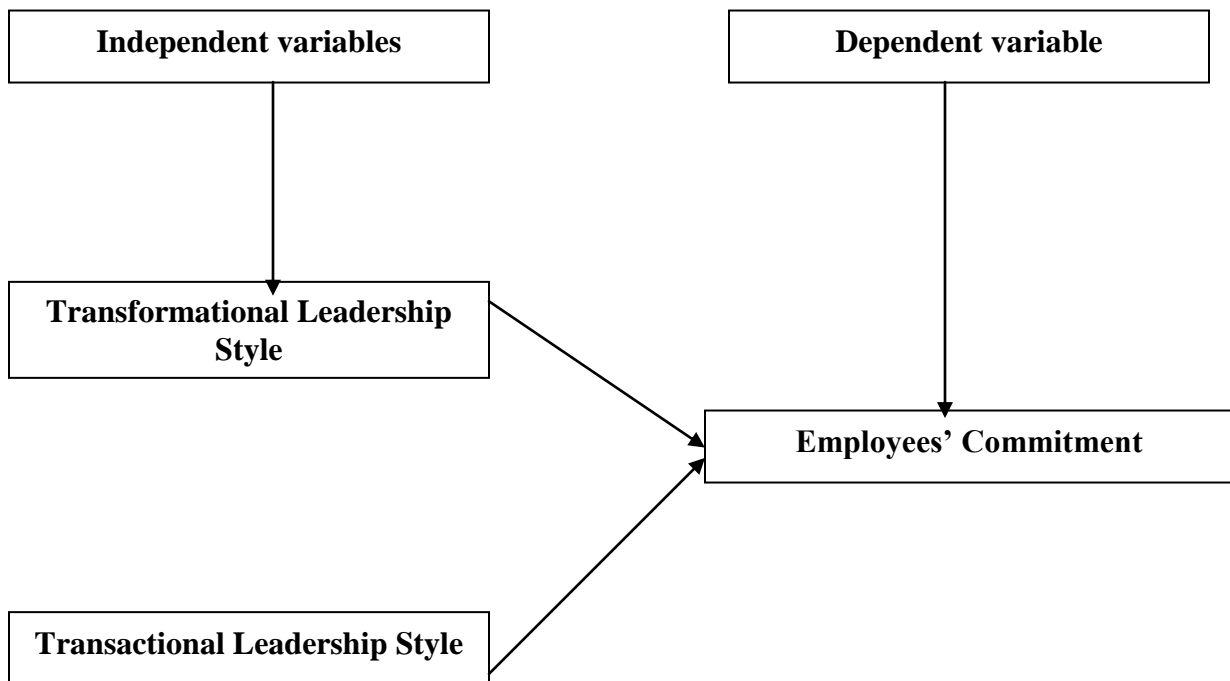
## Relationship between Leadership Styles and Organizational Commitment

A plethora of research is available on the relationship between leadership styles and organizational commitment. Ibrahim et al (2010) found that there was a significant correlation between transactional and transformational and organizational commitment. Charles and Katherine (2007) also investigated a significant relationship between leadership styles- transformational and transactional- and commitment. Therefore it is hypothesized in this study that:

H1: There is a significant relationship between transformational leadership style and organizational commitment

H2: There is a significant relationship between transactional leadership style and organizational commitment

**Model**



**Methodology :** Four hundreds (450) questionnaires along with a covering letter that explained the purpose of the study were distributed to private sector colleges’ teachers of KPK. Three hundreds and nineteen (319) questionnaires indicating a response rate of 70.88% were returned. Only seven (7) questionnaires were disposed off because they contained incomplete information.

Multifactor Leadership Questionnaire: Transformational and transactional leadership styles were measured by using The Multifactor Leadership Questionnaire (MLQ-5x/Short Form) (Bass

& Avolio, 1995). Transformational leadership style was measured by Four (4) subscales which are Charisma, Individualized Consideration, Inspirational Motivation, and Intellectual Stimulation.

Transactional leadership style was measured by two (2) subscales which are Contingent Rewards, and Management-by-Exception. Responses were recorded on 5-point likert scale, 0 “not at all”, 1 “once in a while”, 2 “sometimes”, 3 “fairly often” and 4 “frequently, if not always”. Reliability of each subscale is shown in table 1.

Table 1

Scales	Items	Reliability
Charisma	4	.76
Individualized Consideration	4	.81
Inspirational Motivation	4	.79
Intellectual Stimulation	4	.83
Contingent Rewards	4	.86
Management-by-Exception	4	.85

Organizational Commitment Questionnaire: Fifteen (15) items from the questionnaire developed by Porter et al. (1974) were used to measure organizational commitment. The effects of Reverse coded questions were nullified by subtracting from 6. Responses were recorded on 5 point likert scale from 1 “Strongly Disagree” to 5 “Strongly Agree”. The scale showed good Reliability ( $\alpha = .75$ ).

### **Research Findings**

**Table 2: Relationship between transformational Leadership and Employees’ commitment**

		transformational Leadership
Employees’ Commitment	Pearson Correlation	.539(**)
	Sig. (2-tailed)	.000
	N	312

\*\* Correlation is significant at the 0.01 level (2-tailed).

Table 2 indicates that there is a significant positive relationship between transformational leadership style and employees’ commitment. Therefore H1 which states that there is a significant

positive relationship between transformational leadership style and employees’ commitment is accepted in this study.

**Table 3: Relationship between Transactional Leadership and organizational commitment**

		Transactional Leadership
Commitment	Pearson Correlation	.613(**)
	Sig. (2-tailed)	.000
	N	312

\*\* Correlation is significant at the 0.01 level (2-tailed).

Table 3 indicates that there is a significant positive relationship between transactional leadership style and organizational commitment. Therefore H2 which states that there is a significant positive relationship between transactional leadership style and employees’ commitment is accepted in this study.

**Table 4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.628(a)	.471	.422	1.13659	31.648	.000

a Predictors: (Constant), Transactional Leadership, transformational Leadership

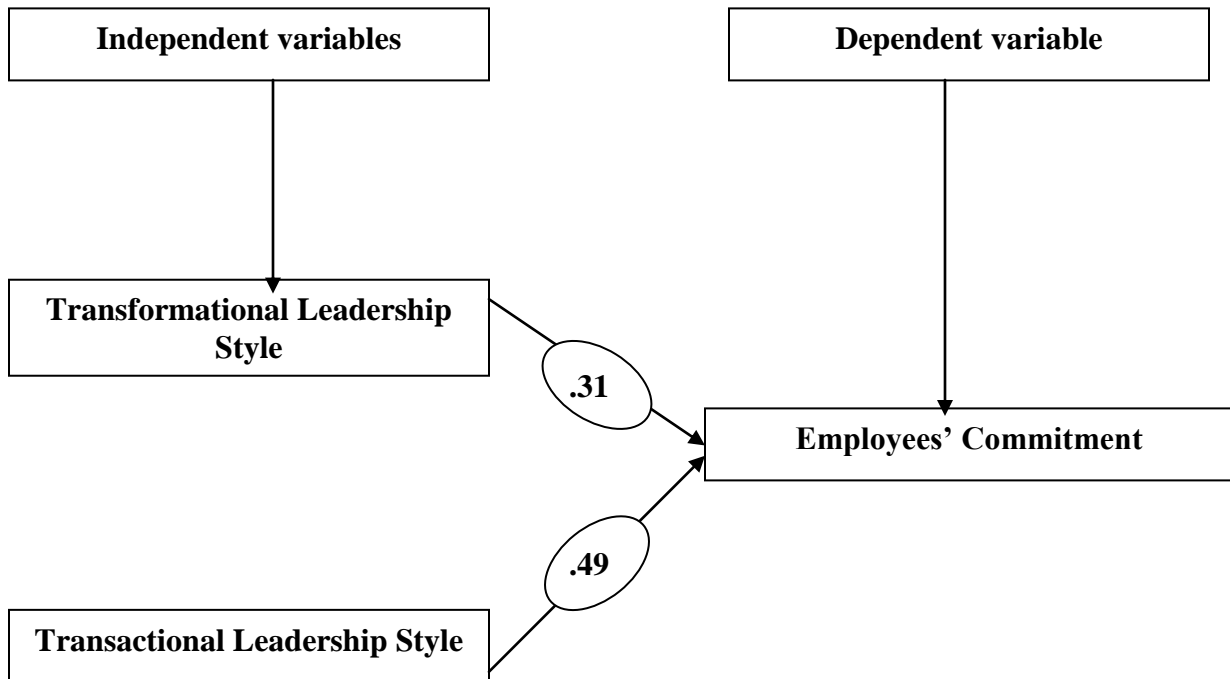
Table 4 shows the coefficient of determination (R Square) which indicates that forty seven percent (47%) of the variance in employees’ commitment can be accounted for by Transactional Leadership and transformational Leadership styles.

**Table 5: Coefficients (a)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	1.262	.326		4.476	.000
	Transformational Leadership	.314	.087	.213	4.178	.012
	Transactional Leadership	.491	.167	.365	6.235	.000

a Dependent Variable: Employees’ Commitment

Table 5 indicates that Transformational Leadership has thirty one percent (31%) impact on employees' commitment while Transactional Leadership 49% on employees' commitment. The result also indicates that transactional leadership style is a stronger predictor of organizational commitment than transformational leadership style.



### Conclusion

This study investigated the relationship between transactional leadership style and transformational leadership style and employees' commitment. Data was collected from 312 private sector colleges' teachers through two time tested questionnaires, The Multifactor Leadership Questionnaire (MLQ-5x/Short Form) (Bass & Avolio, 1995) and Organizational Commitment Questionnaire (Porter et al., 1974). Statistical Package for Social Sciences (SPSS 15 Version) was used for data operation. Correlation revealed a significant relationship between transformational leadership style and employees' commitment and transactional leadership style and employees' commitment. Multiple Regression revealed that transformational leadership style had thirty one percent impact on employees' commitment and transactional leadership forty nine percent on employees' commitment.

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