

AN EXPLORATION OF IMPACT OF LEADERSHIP STYLES AND EMPLOYEE COMMITMENT

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ABSTRACT

Leadership style which contributes to creating a harmonious and effective work environment, and builds connect and engagement between managers and employees, is the key factor for strengthening employee commitment to the organisation. It is quite evident that Organizational Commitment (OC) has important implications for employees and organizations, as confirmed by past researchers. This study examines the relationship between supervisor's leadership styles and employee commitment, among a random sample of employees of an oil company, with presence across India. The supervisors are the people who are responsible for the working groups in various departments in the organization and have five to ten employees working for them in the group. Primarily, two types of leadership styles namely transformational and transactional leadership styles have been chosen to investigate the impact on organizational commitment.

There is a third style as well, which is laissez faire, passive and avoidant leadership, but the impact is negative on employee commitment. Fifty Indian executives voluntarily participated in this study. Multifactor Leadership Questionnaire with 29 items was used in this study to co-relate leadership styles and behaviors with employee commitment. MLQ measures individual leadership styles ranging from passive leaders, to transactional leaders (who give contingent rewards to followers), to transformational leaders (who transform their followers into becoming leaders themselves). An instrument with 15 items was used to measure employee commitment. The results have indicated that several dimensions of transactional and transformational leadership have positive relationship with organizational commitment but the impacts are stronger for transformational leadership style. Usage of more of transformational style and idealized attributes, and in some situations transactional style linking rewards to performance, positively predicts employee commitment and improves productivity and achievements of an organization. The aim of this study was to provide recommendations for improvement in leadership behaviours and enhance levels of employee engagement, which can lead to better employee retention and productivity.

KEYWORDS: Organizational Commitment, Improved Productivity, Transformational Leadership, Transactional Leadership

INRODUCTION

Various studies by researchers have now conclusively established that organizational commitment (OC) has important implications for employees and organizations. An employee's commitment is vital to all organizations because it

is known to impact reduced turnover (Mathieu and Zajac, 1990), increased knowledge sharing (Alvesson, 2001), increased organizational citizenship behaviors (Meyer et al., 2002), higher acceptance of organizational change (Iverson and Buttigieg, 1999; Iverson and McLeod, 1996), ethical behaviour (Wahn, 1993), sense of social identification by internalizing the organizational values and beliefs of leaders (Bass, 1998) and reduced absenteeism (Eby et al., 1999). Generally, higher or lower levels of commitment have been shown to be a major driver of employees staying with or leaving an organization (Shaw et al., 1998).

As suggested by Drucker(1999), organizations are now evolving towards structures in which rank means responsibility but not authority, and where the supervisor's job is not to command, but to persuade. Hence, in order to be effective, it is critical for managers to influence their subordinates, peers, and superiors to assist and support their proposals, plans, and to motivate them to carry out with their decisions. According to Nijh of, de Jong and Beukh of (1998), the achievement of an organization does not only rely on how the organization utilizes its human capital and competencies but also on how it incites commitment to the organization. The major focus of this research is to determine whether leadership theory and organizational commitment are applicable across all regions in India.

PURPOSE OF THE STUDY

The purpose of the study was to examine how leadership style influences an employee's commitment. An insight into the relationship between supervisor's leadership styles and employee Commitment helps the HR function to understand team dynamics, detect issues at an early stage and take corrective actions, which affect organizational development, performance and productivity. The study also aimed to provide recommendations for managerial strategies and help to develop a more positive working environment, conducive to good performance.

THEORETICAL BACKGROUND

Leadership

Broadly speaking, leadership is an influence relationship among leaders and followers to perform in such a way to reach a defined goal or goals (Bennis & Nanus 1985; Burns 1978). According to Yukl (2005), numerous studies on the theory of leadership can be summarized into five broad theories namely, trait, behavioral, contingency or situational approach, contemporary integrative approach, and power and influence approach.

Transformational Leadership

Transformational leaders do more with followers and colleagues than transactional leaders do (Avolio et al. 1991). They provide a vision and a sense of mission, inspire pride, and gain respect and trust through charisma, as opposed to a simple exchange and agreement, (Bass et al.1990). Transformational leaders exhibit various types of behaviour

Idealized Influence (Attribute/Behaviour): the leader is trusted and respected, maintains high moral standards, is seen as a role model by followers.

Inspirational Motivation: The leader articulates and emphasizes to subordinates the need of superlative performance and helps to accomplish the organizational goals. Bass and Avolio (1994) pointed out that leaders adopting this behaviour have an ability to strengthen their followers' responses and explain important ideas in simple ways.

Intellectual Stimulation: The leader stimulates the subordinates' understanding of the problems and an identification of their own beliefs and standards.

Individualized Consideration: The leader treats followers as individuals but all are treated equitably. Individual's needs are recognized and assignments are delegated to followers to provide learning opportunities.

Transactional Leadership

Burns (1978) who pioneered the study of transactional leadership indicated that transactional leaders are those who sought to motivate followers by appealing to their self-interests. It describes the leaders who focus on a series of transactions of daily practice in work flow. The transactional leaders emphasize on building a relationship with followers on exchanging benefits, and clarifying the rewards and punishments with a sense of responsibility to achieve accomplishments (Bass, 1985). These leaders motivate subordinates to meet performance expectations by helping them recognize task responsibilities, identify goals and develop confidence.

According to Bass and Avolio (1994), transactional leaders employ three factors: (1) contingent reward (2) management-by-exception active and (3) management-by-exception passive. In contingent rewards, leader provides followers with material and psychological rewards contingent on the fulfilment of contractual obligations, thereby inspiring a reasonable degree of involvement, loyalty and commitment from followers. On the other hand, management-by-exception is whereby the leader is vigilant and ensures that followers meet predetermined standards. In management-by-exception passive, leader intervenes with followers only after noncompliance of standards or errors have already occurred.

Passive / Avoidant Leadership

It describes the leaders who avoid clarifying performance expectations, specifying agreements and deviations, and stating work goals and requirements to be achieved by followers (Bass, 1985).

Organizational Commitment

Employees with sense of organizational commitment are less likely to engage in withdrawal behaviour and more willing to accept change (Iverson and Buttigieg, 1998). Morrow's (1993) seminal work on employee commitment concluded there were five fundamental constructs of employee commitment: (a) affective commitment, (b) continuance commitment (to the organization), (c) Protestant work ethic, (d) career commitment, and (e) job involvement. Affective commitment refers to emotional attachment, in which an employee feels a part of the organization and perceives similar goals. Continuance commitment indicates staying with an organization when leaving will mean a loss in investments the employee has with the company, based upon the employee's longevity. Normative commitment is about employees staying with the organization due to a sense of moral obligation (Morrow, 1993). There is also a dimension of emotional intelligence of the leader which influences the emotional element of affective commitment.

REVIEW OF LITERATURE

Lee (2004) found out that transformational leadership correlates significantly with organizational commitment with samples of research and development professional in Singapore. Hayward, Goss and Tolmay (2004) noted that transformational leadership has moderate positive correlation with affective commitment. Stredwick (2005) indicates that a number of researchers use the level of commitment as a key reflection of organisational success from a people management view. Thus, Pierce and Dunham (2001) found that individuals identify with their work at a variety of levels such as their job, profession or organisation. Kent and Chelladurai (2001) posited that individualised consideration has

positive relationship with both affective commitment and normative commitment. Similarly, positive correlations was found between intellectual stimulation and both affective commitment and normative commitment.

Bass and Avolio (1994) revealed that transformational leaders who encourage their followers to think critically and creatively can have an influence on their followers' commitment. This is further supported by Walumbwa and Lawler (2003) that transformational leaders can motivate and increase followers' motivation and organizational commitment by getting them to solve problems creatively and also understanding their needs. Price (1997) further suggests that employees are far more likely to be committed to the organization if they have confidence in their leaders. Kanter (1982) and Pavett and Lau's (1983) research on managerial performance, pointed out that an important component of successful management is the ability to influence others.

OBJECTIVES

The objectives of this research can be expressed as follows

- To study the relationship between Transformational Leadership Styles and Employee Commitment
- To study the relationship between Transactional Leadership Styles and Employee Commitment
- To study the relationship between Laissez Faire Leadership Styles and Employee Commitment

RESEARCH HYPOTHESES

In order to fulfil the objectives of the research, three hypotheses were developed to identify the impact of leadership style factors on employee motivation.

H₀₁: There is no significant relation between transformational leadership style and employee commitment

H₁₁: There is a significant relation between transformational leadership style and employee commitment

H₀₂: There is no significant relation between transactional leadership style and employee commitment

H₁₂: There is a significant relation between transactional leadership style and employee commitment

H₀₃: There is no significant relation between laissez-faire leadership style and employee commitment

H₁₃: There is a significant relation between laissez-faire leadership style and employee commitment

RESEARCH METHODOLOGY

According to Adams and Schvaneveldt (1985:103) "research design refers to a plan, blueprint or guide for data collection and interpretation – a set of rules that enable the investigator to conceptualise and observe the problem under study". The research design is Descriptive, which, as Zikmund (2003) explained, provides answers to "who, what, when, where, and how" questions, and Causal. From the hypotheses it is evident that the research is of a quantitative nature.

In this study, a total of 75 questionnaires were distributed to employees working with different supervisors in different departments, out of which 50 were completed. Data was collected through survey questionnaires from subordinates comprising white-collar employees who are currently reporting to middle and senior level managers.

Multifactor Leadership Questionnaire (MLQ), 3rd edition (Bass & Avolio, 2004), was adapted and used to measure supervisors' leadership styles and behaviors. The MLQ model was modified into a five-component scale to

facilitate coding and data interpretation. The MLQ with 29 items, comprises a 5 point Likert scale and the respondents were instructed to mark the most suitable answer. The scale ranges from 0 to 4 as follows:

- Not at all
- Once in a while
- Sometimes
- Fairly often, and
- Frequently if not always

Employee Commitment scale with 15 items, used to measure employee commitment to the organisation, highlighted the dimensions of loyalty to the organisation, supervisor, dedication, oneness with the organisation, alignment with the employment brand and internalization of organisational values.

The commitment model was modified into a seven-component scale to facilitate coding and data interpretation, as follows

- Strongly Disagree
- Disagree
- Somewhat disagree
- Neutral
- Somewhat agree
- Agree
- Strongly Agree

As to the demographic items, they are based on previous theoretical and empirical studies. For the purpose of data collection, each participant received an email package including three survey questionnaires - one on leadership style, another on employee motivation and a third on demographics, respectively, instructions for surveys. In essence Each respondent was required to assess and testify as to how frequently the behaviours described by each of the statements are exhibited by their leader.

Confidentiality was strictly maintained for all respondents. Participants were discouraged from discussing their answers with colleagues or others in order lest the likelihood of independent observation reduces. All the documents collected from the participants were destroyed after this study. SPSS was used to explore the relationships between the dependent and independent variables the validity was established through suitable statistical means.. Correlation analysis was explored and reliability of the individual scales was checked.

Table 1

Reliability Statistics for Leadership Styles		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.862	.891	29

Table 2

Reliability Statistics for Employee Commitment		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.713	.806	15

RESEARCH FINDINGS

Correlations (Pearson's R)

Table 3

		Employee Commitment Total Score (1-7)	Transformational Style (0-4)	Transactional Style (0-4)	Laissez Faire Style (0-4)
Employee Commitment Total Score (1-7)	Pearson Correlation	1	.485**	.395**	-.398**
	Sig. (2-tailed)		0	0.005	0.004
	N	50	50	50	50
Transformational Style (0-4)	Pearson Correlation	.485**	1	.845**	-.732**
	Sig. (2-tailed)	0		0	0
	N	50	50	50	50
Transactional Style (0-4)	Pearson Correlation	.395**	.845**	1	-.496**
	Sig. (2-tailed)	0.005	0		0
	N	50	50	50	50
Laissez Faire Style (0-4)	Pearson Correlation	-.398**	-.732**	-.496**	1
	Sig. (2-tailed)	0.004	0	0	
	N	50	50	50	50

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

* Correlation is significant at the 0.05 level (2-tailed)

Table 4

Group Statistics					
Employee Commitment Total Score (15 - 105)	Male	41	78.3171	3.65677	0.57109
	Female	9	73	6.48074	2.16025
Leadership Style Total Score (0 - 116)	Male	41	81.3902	10.92904	1.70683
	Female	9	77.5556	11.18158	3.72719

Table 5

Independent Samples Test			
	T-Test for Equality of Means		
	T	Df	Sig. (2-Tailed)
Employee Commitment Total Score (15 - 105)	2.380	9.148	.041
Leadership Style Total Score (0 - 116)	.949	48	.347
Work Motivation Total Score (10 - 70)	-.426	48	.672

RESULTS AND ANALYSIS

A majority of the 50 respondents (82%) are males and the findings indicate that there is a significant difference in employee commitment between male and female employees ($P=0.041$). About 44% are management degree holders, 32% have a Masters degree and the rest are Graduates mostly in Engineering.

As the Table indicates, co-relation between Transformational Leadership styles and employee commitment is positive and the score is 0.485. Co-relation between transactional style and employee commitment is also positive and the score is 0.395. However, the degree of co-relation is less, which means that, transformational style of leadership motivates employees more than transactional style.

Laissez-faire style, on the other hand, has a negative co-relation with motivation. This means that employees are not satisfied under laissez-faire leadership. All the co-relations are highly significant and reliability scores are strong for all scales. The results and implications of this study provided recommendations to increase the supervisor's leadership skills in order to improve employee's commitment.

RESEARCH LIMITATIONS

One of the main limitations of the study was how regional culture impacted the relationship between supervisors and employees. The study was conducted in India, so it might be important to consider the values and beliefs of Indian culture and how it impacted the roles of individuals within the workplace. The results of this current study were possibly different from previous research that was conducted under the background of other cultures. Culture played a significant role in the interactions between supervisors and employees (Hofstede, 1997). He proposed the dimensions of culture, including power distance, collectivism versus individualism, femininity versus masculinity, and uncertainty avoidance. The impact of culture on leadership perceptions might have practical and theoretical implications, particularly in times of globalization. In case participants had responded post discussions amongst themselves, validity of the survey responses would get affected. Also, the sample size being limited, limited conclusions and generalizations could be made. Generalization of this research topic was difficult to make to other fields.

Employees' personality, gender, age, education, personal preferences and professional upbringing, would affect their perceptions on leadership styles and their relationships with supervisors. In current study, these factors were not controlled.

DISCUSSIONS AND IMPLICATIONS

The statistical results have indicated a positive direct relationship between three dimensions of transformational leadership styles, namely intellectual stimulation, idealized influence, and inspirational motivation, with affective and normative commitment. Similarly, two dimensions of transformational leadership, namely, intellectual stimulation and individualized consideration were found to have positive relationship with continuance commitment. Research done by Arnold, Barling and Kelloway (2001) proved to a great extent that transformational leadership helps to increase trust, commitment and team efficacy.

This implies that the leaders who advise, support and pay personalised attention to the team members will enhance the level of organizational commitment of the employees. The present study findings are consistent with previous studies by Shamir, Zakay Breininand Popper (1998) and Walumbwa and Lawler (2003) who elucidated that leaders who exhibit transformational leadership styles are more effective in achieving significantly higher commitment levels than transactional. The results of the study were intended to provide insights on how to increase supervisor's leadership skills in order to improve employee commitment and build a harmony within the working environment.

CONCLUSIONS & RECOMMENDATIONS

The results of this study summarized effective strategies of improving leadership skills which would positively impact supervisor-employee relationship. It is believed that this study would have added value to the literatures on supervisors' leadership styles, especially in the oil company settings since there were limited literatures done on similar setting. Past studies have constantly reported that transformational leadership is more effective, productive, innovative, and satisfying to followers as both parties work towards the good of organization propelled by shared visions and values as well as mutual trust and respect (Avolio and Bass, 1991; Fairholm, 1991; Lowe, Kroeck and Sivasubrahmaniam, 1996; Stevens, D'Intino and Victor, 1995). There is also a dimension of pseudo-transformational leaders who would seek power and position even at the expense of their followers' achievements, however this study did not imply the presence of any, in the sample researched.

The characteristics of transformational leadership include increasing confidence and motivation, channelizing the followers' performance for accomplishing organizational goals, sharing beliefs and benefits, and being open to employee's feedback and suggestions. The followers under transformational leaders tend to be more loyal and aligned to the organisation. They are viewed to have established a reach on employees through individual considerations, inspirations, intellectually stimulating discussions, and personal development (Bass & Avolio, 2004). They are usually able to share the vision of future of the organization and encourage innovations when problem solving (Bass & Avolio, 2004). They also stimulate followers' sense of social identification by encouraging them to internalize the organizational values and the beliefs of leaders. Conversely, transactional leaders are more focused on operational transactions on the basis of exchanging rewards for performance.

The supervisors, especially the ones in senior leadership roles, should have their own vision and development plans for team members, working groups and organizations. They should motivate encourage followers to challenge themselves, move out of comfort zone and explore the untapped potential. They should be good coaches as well, showing them the direction to follow, mainly by walking the talk and setting an example. Empathy and emotional intelligence also lay the foundation for an effective leader-follower relationship. By being change agents and visionaries and having the ability to deal with complexity, ambiguity and uncertainty, they exercise a tremendous amount of willing control on the performance of their followers. In some situations, transactional leadership is also an effective leadership style, having moderate and positive correlations with employee's commitment, and positive correlations with attachment to supervisor and internalization of supervisor's values. To be more effective, they should clarify expectations and offer rewards and recognition when goals are achieved. Supervisor's passive or avoidant leadership style always decreases employee's commitment and hence this style should be avoided at any cost. When faced with a crisis situation, supervisors should try to intervene and get into a problem-solving mode as soon as possible. Leadership styles that encourage employee commitment are necessary in order for an organization to successfully implement business strategies, achieve goals, gain competitive advantage and optimize human capital.

The organizations can develop certain training programs to develop leadership skills especially for managers who have a big span of control. Even mentoring programs, sessions by executive coaches help senior leaders hone their skills. Professionals and trainers can use the results from the current study to develop leadership development training interventions, based on organisational and individual needs. The organizational culture should be such that employees are encouraged to get involved in decision making, strategic thinking and futuristic planning. The reward and recognition

system, HR policies should all be geared towards creating a more positive working environment, thereby increasing productivity. Such an enabling setup automatically helps in employee retention. Volk and Lucas (1991) demonstrated that leadership style was the only predictor of employee's retention and explained 32% of the variance in turnover. Over a period of time there have been other studies which have all indicated that 'employees leave the manager, not the organisation'.

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