TRANSFORMATIONAL LEADERSHIP STYLE AND ORGANIZATIONAL COMMITMENT: THE MODERATING EFFECT OF EMPLOYEE PARTICIPATION

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ABSTRACT

The purpose of the study was to determine the effect of transformational leadership style on organizational commitment as moderated by employee participation in technical institutions in Kenya. The study population was all the 3114 lecturers in the 47 technical institutions in Kenya. A sample of 343 respondents was used. Multistage sampling, stratified sampling and simple random sampling techniques were adopted to get the sample institutions and twenty two gender-based members from each institution to be included in the study. Questionnaires were distributed to the selected respondents within each institution. Data analysis was done by use of descriptive statistics. In addition, binary logistic regression was applied in order to analyze the moderating effect of employee participation on the relationship between transformational leadership style on organizational commitment. Findings showed that transformational leadership style had a significant effect on organizational commitment and its three dimensions. Individually the components of transformational leadership had a significant effect on organizational commitment but not jointly. Idealized influence, individualized consideration and intellectual stimulation were significant predictors of the three dimensions of organizational commitment but not jointly. Inspirational motivation was a significant predictor of affective and normative commitment individually but jointly a significant predictor of the three types of commitment. Employee participation did not moderate the relationship between transformational leadership style and organizational commitment and its dimensions.

Key words- Employee participation, organizational commitment, transformational leadership
1. Introduction

Leaders are in the business of change and have the authority and power to make things happen through others (Blanchard, 2008). Success of an organization is dependent on many factors ranging from external to internal; workforce is considered to be one of the most important determinants of organizational competitiveness. Employees’ commitment with the organization reduces their intentions to leave the organization and remain part of organization to work with more effectiveness and loyalty (Pascal et al. 2011). Organizational commitment can also increase the creativity in the organizations (Carlos & Filipe, 2011). Leadership is a foundation of organizational commitment.

Leadership is the influencing process of leaders on followers to achieve organizational objectives through change (Bass & Avolio, 1997). Management of employees is largely dependent on the quality of leadership organizations have (Lussier & Achua, 2011). A study made by Bass (1990) shows that 45% to 65% of the total factors causing success or failure of the organizations are decided by leaders (Wu, Fey & Wu, 2006). Walumbwa and Lawler (2003) found that transformational leaders are able to motivate their followers to become more involved in their work and to show higher levels of organizational commitment. In a study conducted in Pakistan (Bushra, Usman, & Naveed, 2011), statistical findings suggest that transformational leadership positively relates with organizational commitment of the sampled employees. Transformational leadership brings 16% change in organizational commitment which exhibits a positive and moderate relationship between transformational leadership and organizational commitment.

Organizational commitment has been one of the most widely researched areas in the field of management in relation to job-related variables but in Kenya very few studies have explored this concept. Although a relationship seems to exist between organizational commitment and transformational leadership style, studies investigating transformational leadership style and the dimensions of organizational commitment are scanty.

Technical and vocational education and training has emerged as one of the most effective human resource development strategies that African countries need to embrace in order to train and modernize their technical workforce for rapid industrialization and national development (COMEDAS 11, 2007). Kenya is aspiring to industrialize by the year 2030. This process largely depends on the quality of technical training offered to trainees in various institutions mandated to provide training.

Regrettably a number of middle level colleges have been converted to universities thus creating a shortage of trained human resource at this level (GOK, 1999). Technical education has been given “casual” treatment since independence to date (Oroni, 2012). Research in these institutions has concentrated on students’ issues like choice of courses, gender disparity, physical facilities, teaching/learning facilities and students discipline among others. The management of these institutions charged with a great responsibility of transforming the country has been given little attention. Little is known about leadership and organizational commitment in these institutions.
1.1 Objectives
The general objective was to determine the effect of transformational leadership style on organizational commitment as moderated by employee participation. To be able to achieve this, the study specifically endeavored to: find out the effect of idealized influence on organizational commitment, find out the effect of inspirational motivation on organizational commitment, find out the effect of intellectual stimulation on organizational commitment, find out the effect of individualized consideration on organizational commitment and find out how employee participation moderates the relationship between transformational leadership and organizational commitment.

1.2 Importance and justification of the Study
Management literature is awash with evidence suggesting that organizational commitment is associated with variables of great importance for organizational efficiency and success. Transformational leadership style is an important antecedent of organizational commitment. This information and knowledge will enable managers to have a better understanding of the importance of transformational leadership style. This will help managers to better manage their employees to improve individual and organizational performance.

11. LITERATURE REVIEW
Organizational commitment
According to Luthans, (2007) organizational commitment is an attitude reflecting employees’ loyalty to their organization and is an ongoing process through which organizational participants express their concern for the organization and its continued success and well-being. Organizational commitment is essential for retaining and attracting well qualified workers as only satisfied and committed workers will be willing to continue their association with the organization and make considerable effort towards achieving its goals (Nagar, 2012). Organizational commitment directly affects employees’ performance and is therefore treated as an issue of great importance (Jaramillo, Mulki & Marshal, 2005).

Three essential dimensions related to the definitions of organizational commitment have been found in literature. These three types of commitment are: affective, continuance and normative (Greenberg, 2005). Affective commitment deals with the attachment of an employee with his organization and the organizational goals. Continuance commitment deals with the commitment to pursue working in an organization because of the inter-employee relations and other non-transferable investments like retirement benefits etc. Normative commitment refers to a sort of an obligation on the part of an employee, due to which he is willing to stay (or continue working) in an organization (Alam & Ramay, 2011).

Transformational Leadership
Transformational leadership style has been proven to be the most effective style of leadership (Obasan & Hassan, 2014). Transformational leadership serves to change the status quo by articulating to the followers the problems in the current system and a compelling vision of what a new organization could be. Bass (1999) proposed four behaviors or components of transformational leadership to include idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.
Idealized influence or attributes, is characterized by vision and a sense of mission, instilling pride in and among the group, and gaining respect and trust (Humphreys & Einstein, 2003). Inspirational motivation is concerned with a leader setting higher standards, thus becoming a sign of reference. Intellectual stimulation provides followers with challenging new ideas and encourages them to break away from the old ways of thinking. Individualized consideration is concerned with developing followers by coaching and mentoring (Bass & Avolio, 1990).

Ramachandran & Krishnan (2009) in their study used a sample of 98 employees working in U.S., India, and China. The study showed that affective and normative commitment are positively related to transformational leadership. Normative commitment is higher in India-China combined than in the U.S. Transformational leadership is positively related to normative commitment in India and China but not in the U.S. and to affective commitment in the U.S. and India but not in China. In a study conducted in Pakistan (Bushra et al., 2011), statistical findings suggest that transformational leadership positively relates with organizational commitment of the sampled employees. Transformational leadership brings 16% change in organizational commitment which exhibits a positive and moderate relationship between transformational leadership and organizational commitment. The above literature led to the formation of the following hypotheses:

H1: Transformational leadership style will have a significant effect on organizational commitment.

H1a: Idealized influence will have a significant effect on organizational commitment.

H1b: Inspirational motivation will have a significant effect on organizational commitment.

H1c: Intellectual stimulation will have a significant effect on organizational commitment.

H1d: Individualized consideration will have a significant effect on organizational commitment.

EMPLOYEE PARTICIPATION

Organ, Podsakoff and McKenzie (2005) state that the ability of an organization to innovate and successfully implement business strategy and to achieve competitive advantage depends on how much employees are involved in their jobs. Singh (2009) observed that organizations are realizing that their employees are the most important asset and organization’s future depends on more involvement of employees in generating new ideas. This has caused the great need for employee participation. Robbins and Judge (2009) refer to employee participation as the participative process that uses the input of employees to increase their commitment to the organization’s success. Veluri (2010) defined employee participation as providing an opportunity to participate in management decisions. Employee participation is a process for empowering members of an organization to make decisions and to solve problems appropriate to their levels in the organization (Boon et al., 2007; Veluri, 2010).

According to Marchington (1980), the success of participation depends on the behavior and attitudes of leaders. Buciuniene and Skudiene (2008) confirm that employee participation within an organization is affected by leader’s behavior. Busck et al. (2010) confirm that the
tendency towards increased participation leads to an increase in employees’ control at work, that is, their ability to influence decisions and use their skills or competencies. Employees must be involved if they are to understand the need for creativity and if they are to be committed to changing their behaviour at work, in new and improved ways (Singh, 2009; Kingir & Mesić, 2010).

Marchington et al., (1992) proposed a four-fold classification of employee participation schemes which are: downward communications, upward problem-solving techniques, financial involvement of employees and representative participation. Downward communication refers to top-down communication from management to employees. Upward problem-solving is concerned with empowering workers to improve work processes by encouraging them (either individually or in small groups) to suggest improvements and solutions to specific ‘local’ problems and to take greater responsibility for decisions over, for example, work organisation and allocation. Representative participation refers to mechanisms for indirect and collective employee participation in decision-making through management consultation and negotiation, either with trade unions or elected workers’ representatives. Financial participation represents a range of mechanisms that allow employees a financial stake in the firm. Typical mechanisms include employee share ownership schemes, profit-related pay or profit-sharing and bonus payments.

A study conducted by Topolnytsky et al. (2002) found a very strong positive correlation between affective commitment and employees’ job involvement. Similar results were also proven by Torka (2003) when he found that amongst Dutch metal workers that employee involvement leads to more affective and normative commitment to the department as well as to the organization.

Participation of employees in the decision-making process and involving them in organizational plans and goals setting has positive impact on the employees’ commitment towards the organization (Kirmizi & Deniz, 2009). Raymond & Mjoli (2013) in a South African study found the correlation coefficient between job involvement and organizational commitment to be significant and positively correlated.

Moynihan and Pandey (2007) investigated the relationship between job involvement and organisational commitment using a sample of public sector health and human services managers. The study showed that there is a moderate positive correlation between job involvement and organizational commitment. Uygur and Kilic (2009) studied the level of organizational commitment and job involvement of the personnel at Central Organizational, Ministry of Health in Turkey. A significant positive correlation was found between organizational commitment and job involvement.

Drawing on the research discussed above, employee participation is hypothesized to moderate the relationship between transformational leadership style and organizational commitment. The following hypothesis is formulated:

$H_2$: Employee participation will moderate the relationship between transformational leadership style and organizational commitment.
Conceptual framework
The various variables under study are conceptualized to be related as shown below:

![Conceptual framework diagram]

**Research methodology**

The study population was all the 3114 lecturers in the 47 technical institutions in Kenya. Technical institutions were chosen because of the critical role they are expected to play in the realization of vision 2030. This study adopted the survey research design. The study used a sample of 343 respondents. Of the 343 respondents, 278 completed the questionnaires giving a response rate of 81.05%. This study used multistage, stratified and simple random sampling techniques. Multistage sampling design was employed to help in getting the clusters from which to sample from. Stratified sampling was used to group the lecturers into two so that each gender is included in the sample. Simple random sampling was adopted because the population constitutes a homogeneous group (Kothari, 2004). Sixteen institutions were selected using simple random sampling from a total of 47. Then, from each selected institution, twenty two members formed the sample.

A 5-point Likert scale questionnaire ranging from “Strongly Agree” to “Strongly Disagree” was the main instrument of data collection for the study. The questionnaire used had three sections. Section one solicited information on name of institution, demographic data on gender, religion, marital status, age bracket, family size, education, job title, job group and number of years of service in the institution and under current supervisor. Section two sought information on transformational style. To generate data on leadership style, a modified and improved version of Multifactor Leadership Questionnaire (MLQ) by Bass (1985) was used.

Section three solicited information on organizational commitment. The components of organizational commitment being captured were affective, continuance and normative commitment. An updated instrument by Meyer and Allen (1997) was modified to obtain data on organizational commitment. Section four sought information on employee participation. To obtain data on employee participation, a modified questionnaire by Barringer and Bluedorn (1999) was used.

The instrument’s reliability was tested through Cronbach’s alpha coefficient. The reliability coefficients for the variables were: transformational leadership (0.949), employee participation (0.883) and organizational commitment (0.880). All the variables met the minimum threshold.

Descriptive statistics was used to examine the responses. This was done through descriptive analysis and correlation analysis. Binary logistic
regression was then applied in order to analyze the influence of transformational leadership style on organizational commitment as moderated by employee participation.

**Findings and discussions**

The model to be tested was \( Y = \beta_0 + \beta_1 X_1 + \epsilon \)

Where:

- \( Y \) = Organizational commitment
- \( \beta_0 \) = a constant which denotes organizational commitment that is independent of transformational leadership style and employee participation
- \( \beta_1 \) = intercept for the independent variable
- \( X_1 \) = Transformational leadership
- \( \epsilon \) = Error term

The model was found to be valid (\( F(1,274) = 69.313, p\)-value < 0.001). The fitted model equation is \( Y = 0.449X_1 \) as shown in Table 1. Findings showed that transformational leadership explains 20.16% of variance in organizational commitment.

**Table 1: Regression coefficients of transformational leadership on organizational commitment**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.70</td>
<td>.161</td>
<td>10.59</td>
<td>.00</td>
</tr>
<tr>
<td>Transformational</td>
<td>.369</td>
<td>.449</td>
<td>8.325</td>
<td>.00</td>
</tr>
<tr>
<td>leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This equation shows that standardized Organizational commitment (OC) will increase by 0.449 units with one unit increase in standardized transformational leadership style. The model indicates that transformational leadership is significantly explaining the variation in the dependent variable (organizational commitment). Therefore hypothesis \( H_1 \): there is a significant effect of transformational leadership style on organizational commitment is accepted. Findings further showed that transformational leadership is a significant predictor of affective, continuance and normative commitment.

The outcome of this study is consistent with the result of a study by Lo et al. (2009) who concluded that transformational leaders are more able to inspire commitment in employees than transactional leaders in Malaysian manufacturing industry. It is also supported by the study of Walumbwa, Orwa, Wang, and Lawler (2005) as their results showed that transformational leadership has a strong and positive effect on organizational commitment.

The individual regression results of idealized inspiration, inspirational motivation, individualized consideration and intellectual stimulation regressed against organizational commitment showed that all the four had a significant effect on organizational commitment. Therefore hypotheses \( H_{1a}, H_{1b}, H_{1c} \) and \( H_{1d} \) were all supported. However, when regressed jointly, different findings were found as shown in Table 2.
Table 2: Regression coefficients of transformational leadership on organizational commitment

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.787</td>
<td>9.123</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Idealized influence</td>
<td>0.196</td>
<td>0.263</td>
<td>1.719</td>
<td>0.087</td>
<td>6.120</td>
</tr>
<tr>
<td>Inspirational motivation</td>
<td>-0.257</td>
<td>-0.336</td>
<td>-2.824</td>
<td>0.005</td>
<td>3.691</td>
</tr>
<tr>
<td>Individualized consideration</td>
<td>0.165</td>
<td>0.231</td>
<td>1.818</td>
<td>0.071</td>
<td>4.209</td>
</tr>
<tr>
<td>Intellectual stimulation</td>
<td>0.264</td>
<td>0.311</td>
<td>2.304</td>
<td>0.022</td>
<td>4.754</td>
</tr>
</tbody>
</table>

Under the model $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$, the model was found to be valid ($F (4,196) = 17.308, p$-value $<0.001$) as indicated in Table 3. The fitted model equation is: $Y = 0.263X_1 - 0.336X_2 + 0.231X_3 + 0.311X_4$ with idealized inspiration, inspirational motivation, individualized consideration and intellectual stimulation explaining 26.5% of the variation in organizational commitment.

The model equation shows that standardized Organizational commitment (OC) will increase by 0.263 units with one unit increase in standardized idealized influence keeping the other variables constant. Standardized OC will decrease by 0.336 units with an increase of one unit in standardized inspirational motivation, keeping the other variables constant. Standardized OC will increase by 0.231 units with an increase of one unit in standardized individualized consideration, keeping the other independent variables constant. Standardized OC will increase by 0.311 units with an increase of one unit in standardized intellectual stimulation, keeping the other independent variables constant.

Table 3: Regression results of transformational leadership on organizational commitment

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>18.806</td>
<td>4</td>
<td>4.702</td>
<td>17.308</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>52.156</td>
<td>192</td>
<td>.272</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>70.963</td>
<td>196</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$R^2=0.515$</td>
<td>$R^2=0.265$</td>
<td></td>
<td>$R^2=0.250$</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Results show the coefficients for idealized influence as $\beta_1 = 0.260, t = 1.719, p$-value $=0.087$. We conclude that idealized influence has no significant effect on organizational commitment. The coefficients for inspirational motivation are $\beta_2 = -0.336, t = -2.824, p$-value $=0.005$. We conclude that inspirational motivation has a significant effect on organizational commitment. The coefficients for individualized consideration are $\beta_3 = 0.231, t = 1.818, p$-value $=0.071$. We conclude that individualized consideration has no significant effect on organizational commitment. The coefficients for intellectual stimulation are $\beta_4 = 0.311, t = 2.304, p$-value $=0.022$. We conclude that idealized influence has a significant effect on organizational commitment.

Similar findings have been reported in other studies. Ling (2012) found that individualized consideration and idealized influence were factors to commitment towards organization. Emery & Barker (2007) found that charisma, intellectual stimulation, and individual consideration were significantly correlated with the organizational commitment. Rehman et al.
found that inspirational motivation and individual consideration is playing a strong role in contribution of transformational leadership towards organizational commitment.

The model indicates that transformational leadership style significantly explains variation in organizational commitment (Table 3). So we accept hypothesis $H_1$: there is a significant effect of transformational leadership style on organizational commitment and conclude that transformational leadership style has a significant effect on organizational commitment. Findings further showed that transformational leadership is a significant predictor of affective, continuance and normative commitment.

This is in agreement with the findings of other studies. In a study involving 156 employees from 11 manufacturing companies in Malaysia, Lo et al. (2010) found a positive direct relationship between transformational leadership and three components of commitment (affective, normative, and continuance commitment). Aghashahi, Davarpanah, Omar and Sarli, (2013) examined the statistical relationship between leadership styles and organizational commitment components and found a positive direct relationship of transformational leadership style with affective and normative commitment in the context of service industry. Muchiri, Cooksey and Walumbwa (2012) also investigated the same relationship in local government councils in Australia and found that transformational leadership predicted affective-normative commitment. Wu et al. (2006) confirmed that transformational leadership significantly correlated with affective commitment and continuous commitment. Transformational leadership has significant relationship with affective commitment (Chandna & Krishnan, 2009). In a study involving 156 employees from 11 manufacturing companies in Malaysia, Lo et al. (2010) found a positive direct relationship between transformational leadership and three components of commitment (affective, normative, and continuance commitment).

Further analysis showed that the components of transformational leadership namely idealized influence, individualized consideration and intellectual stimulation had significant individual effect on all the three components of organizational commitment. However, inspirational motivation had a significant effect on affective and normative commitment but not continuance commitment.

When regressed jointly, idealized influence had a significant effect on affective commitment only while inspirational motivation significantly predicted affective, continuance and normative commitment. Individualized consideration had a significant effect on normative commitment only while intellectual stimulation significantly predicted affective and normative commitment. The findings are strange in that individually, inspirational motivation does not have a significant effect on continuance commitment. Jointly, inspirational motivation has a significant effect on continuance commitment. Idealized influence, individualized consideration and intellectual stimulation which had an effect individually on continuance commitment all have no effect jointly.

Similar and contrasting findings have been reported in other studies. In a Malaysian study, the statistical results 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 (Lo, Ramayah & Min, 2009). Meyer et al. (2002), Heinitz & Rowold (2007) and Rafferty & Griffin (2004) found positive relations with affective commitment and normative commitment and a negative relation with continuous commitment.

Moderation results showed that employee participation did not moderate the relationship between transformational leadership and organizational commitment. Hypothesis 2 was thus not supported. Further analysis showed that employee participation did not moderate the relationship between transformational leadership and affective commitment, continuance and normative commitment.

Conclusion

The study findings revealed that transformational leadership had a significant effect on organizational commitment. Findings showed that transformational leadership also had a significant effect on affective, continuance and normative dimensions of organizational commitment. Individually, idealized inspiration, inspirational motivation, individualized consideration and intellectual stimulation had a significant effect on organizational commitment. Jointly, inspirational motivation and intellectual stimulation had a significant effect on organizational commitment whereas idealized influence and individualized consideration were not significant predictors.

Idealized influence, individualized consideration and intellectual stimulation had a significant individual effect on all the three types of organizational commitment. However, inspirational motivation had a significant effect on affective and normative commitment but not continuance commitment. Jointly, idealized influence had a significant effect on affective commitment only while inspirational motivation significantly predicted affective, continuance and normative commitment. Individualized consideration had a significant effect on normative commitment only while intellectual stimulation significantly predicted affective and normative commitment. Moderation results showed that employee participation did not moderate the relationship between transformational leadership and organizational commitment. Findings further showed that employee participation did not moderate the relationship between transformational leadership and each of the three dimensions of organizational commitment.

Theoretical contributions and practical implications

Organizational commitment has gained popularity due to its being related to many organizational outcomes including organizational performance. Leadership style is related to organizational commitment. The essence of this study was to establish how transformational leadership style influences organizational commitment as moderated by employee participation. The findings of this paper will be an eye opener to managers in that they will clearly see how the two variables are interrelated.

This study has significantly contributed to the literature by enhancing our understanding of
transformational leadership and its impact on organizational commitment in technical institutions and also provided important practical implications. The study has verified the significant effect of transformational leadership style on organizational commitment. This therefore shows the need to embrace transformational leadership in a bid to increase organizational commitment and in turn affecting organizational performance. Further the findings showed that the four components of transformational leadership style have a significant effect on organizational commitment and its dimensions individually but not jointly. Previous studies have reported different findings on the effect of the components of transformational leadership style on organizational commitment and its dimensions. This study has added its voice.

Areas for further research

1. There is need to do research on the effect of other leadership styles e.g. servant leadership on organizational commitment.
2. More research should be conducted on effect of the components of transformational leadership style on organizational commitment and its dimensions.
3. In order to generalize these results, future research should focus on other educational institutions as well as sectors outside the education sector.
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