

*Submitted in March 31st**Accepted in May 6th*

Evaluated by a double blind review system

Research paper

Linking Transformational Leadership and Organizational Commitment

ORLANDO LIMA RUA¹**JOÃO COSTA ARAÚJO²**

Abstract

Purpose: The main goal of this paper is to analyse the impacts of transformational leadership on organisational commitment.

Design/methodology/approach: To this effect we developed a case study following a quantitative methodological approach. The research was conducted at the Serralves Foundation (Porto, Portugal) to empirically test the proposed research model and its hypothesis.

Findings: The empirical results confirm that transformational leadership are not significantly influenced by organisational commitment.

Research limitations: As the main limitation of this study we highlight the fact that it does not consider the leaders' perspective on their subordinates' behaviour.

Originality/value: While previous authors have attempted to analyze certain aspects of this process (linkage between transformational leadership and organizational commitment), this research developed a case study that proposes an exploratory model of the themes studied in the Portuguese cultural context.

Keywords: Transformational leadership, organisational commitment, Serralves' Foundation.

INTRODUCTION

The lack of competitiveness is usually associated to low productivity and, in most cases, is attributed, as the cause of this relationship, to leadership styles that do not promote organisational trust and commitment of human resources in achieving the organisational goals. With an increasingly competitive and demanding external environment, characterised by systematic changes and the search for better performances, it is essential to acquire new skills and to improve communication, motivating the teams,

¹ Center for Studies in Business and Legal Sciences (CECEJ), School of Accounting and Administration of Porto (ISCAP), Polytechnic of Porto (IPP). E-mail: orua@iscap.ipp.pt.

² Faculty of Letters (FL), University of Porto (UP). E-mail: joao.c.araujo@gmail.com.

adopting assertive attitudes and acquiring the ability to manage increasingly better organisational knowledge in order to achieve leverage results.

This will require a leadership with vision and concrete action that sediment processes which in turn ensure the implementation of comprehensive and flexible strategies. The leadership exercise firmly identifies itself as a complex reality that can lead the individual to overcome and transcend limits, thus promoting personal development, creating a permanent dynamic incentive, and retaining the best of each individual. Organisations need committed employees who can maintain high levels of confidence.

This new leadership is reflected in the leader's ability to listen to and respect the ideas of his/her employees; anticipate change; stimulate creativity and knowledge; delegate; communicate in dialogue form, by applying holistic and democratic principles.

In this sense, transformational leadership has assumed a growing importance due to the results generally obtained both at individual and organisational level.

1. LITERATURE REVIEW

1.1. Transformational leadership

Transformational leadership was originally developed by Burns (1978), and has captured scholars' interest over the last decades (e.g. Bass, 1985; Avolio and Bass, 1991; Conger, 1999; Kanungo, 2001; Judge and Piccolo, 2004). Through strong vision and personality, transformational leaders are able to inspire followers to change expectations, perceptions and motivations to work towards common goals (Cherry, 2010).

Transformational leadership refers to the process by which leaders foster the commitment of followers and induce them to overcome their self-interests in favour of the objectives of the organisation, obtaining their commitment and producing major changes and high performance (Rego and Cunha, 2007).

The transformational leader must be able to identify and express to employees a clear vision of the future, providing appropriate examples and defending the organisation's goals. Furthermore, the leader must have the ability to persuade them to renounce individual goals in order to achieve a more common objective order. This type of leader shows respect for employees and is concerned with the individuality of each one (Schwepker and Good, 2010). They must recognise and meet the needs of their subordinates and also provide them with an environment that enables each one to develop and prosper, in order to maximise and expand their potential, creating opportunities and developing organisational cultures that support individual growth. Due to the effectiveness of this leadership style, the existence of transformational leaders must be seen as an economic benefit for organisations.

Generally, after an exhaustive examination of transformational leadership we can affirm that this type of leadership indicates a high potential to inspire followers to higher levels of enthusiasm, dedication, commitment and extra effort that drive the organisation to excellent performance and submit it to organic and adaptive transformational processes, following the environment changes. It is based on employees' empowerment in relations of trust, loyalty, justice, and in the increase of employees' self-efficacy, self-confidence and self-worth (Rego and Cunha, 2007).

In order to address the development needs of today's leaders, who face a challenging and constantly changing environment, the development of transformational leadership behaviours should be seen as highly beneficial, surpassing the results of classical

organisational development programmes (Abrell, Rowold, Weibler and Moenninghoff, 2011).

1.2. Organisational commitment

Despite calls in the literature in order to extend the study of commitment to focus other than the organisation, they remain largely ignored or are relegated to a secondary position, even in countries where the issue is consolidated. Although the initial approach of organisational commitment has unidimensional characteristics, subsequent studies point to its multidimensionality. The multidimensional model of commitment in the organisation began to be considered from the moment in which researchers found that the dimensions of unidimensional, rather than types of commitment components were present in the binding relationship between the individual and the organisation (Leite, 2006).

Meyer and Allen (1991) propose a multidimensional construct of commitment, whose components reflect distinct psychological ties that link the individual to the organisation. According to this model, commitment integrates affective commitment, continuance commitment, and normative commitment.

To achieve commitment within an organisation the leader must have an inspirational character who easily gets respect and trust. When an individual within the organisation realises there is consideration, understanding and recognition, their perception of commitment increases.

Therefore, we hypothesise that:

H1. Transformational leadership enhances higher levels of organisational commitment.

2. METHODOLOGY

2.1. Measures

This is an exploratory, descriptive and cross-cutting study that has as crucial aim to analyse if organisational commitment has a mediator effect on the relation between transformational leadership and organisational trust, carried out at the Serralves Foundation (Porto, Portugal).

The methodology combines statistical and document analysis. First, we released the literature review then we proceeded to the analysis and discussion of the results from the data collected from the quantitative empirical study.

The instrument used was the questionnaire, in the sense that any variable was not manipulated and all data related was collected at the same time (Bryman and Cramer, 2005), a common procedure in social sciences. It was constructed with the use of a five-point Likert scale ranging from “not true at all” to “very much true”, in order to better objectify the results obtained.

For the assessment of transformational leadership we resorted to an instrument described in the study of Podsakoff, Mackenzie and Fetter (1990), previously used and adapted to Portugal by Rezende (2010)³. The questions used to assess organisational

³ Questions 3, 11 and 17 of the questionnaire related to transformational leadership and marked with the letter I have reversed quote.

commitment were extracted from Meyer and Allen (1991), validated for Portugal by Nascimento, Lopes and Salgueiro (2008).

Employees of the Serralves Foundation responded individually to the questionnaire distributed in the period between 5th September and 14th October of 2011. Data analysis was conducted using SPSS statistical software (version 19).

2.2. Sample

The population of individuals corresponds to all the employees of the organisation in order to collect data.

However, the Foundation’s Board decided that the employees associated with maintenance, particularly gardeners, assistants and others, regulated by the Park’s Board, and shop employees, regulated by the Marketing and Development Board, were not to be part of this study since they considered that these people objectively did not perform functions directly related to the Foundation’s main activity. These workers, distributed in technical and operational areas, correspond to a total of 35 employees.

The sample, a subset of a specific and homogeneous population, was obtained by a random process, and was reduced to 58 individuals. Of these, 43 employees answered the questionnaire, and the responses considered were 41, since two of the questionnaires had several irregularities.

In the validated questionnaires (n=41) all missing values (values not filled) were treated with a different connotation and therefore statistically correctly treated.

The results based on the sample have a confidence level of 95% and an estimated error mean of 5%. The response rate of the sample was 70.7%.

3. RESULTS

To check the reliability of the variables, we estimated the overall stability and consistency with internal Cronbach’s alpha (α). For the present study we used the scale proposed by Pestana and Gageiro (2002). The result of 0.951 obtained for all the variables of the questionnaire is considered excellent, confirming the internal consistency of the sample. We also tested for internal consistency for the set of variables that make up each of the dimensions being studied, in order to assess the reliability thereof. We found that transformational leadership present an excellent consistency value (0.948). Concerning organisational commitment it presents a good consistency value (0.732).

Relating transformational leadership and organisational commitment through the multiple linear regression analysis, the coefficient of determination R^2 equals 0.154. This shows that transformational leadership explains only 2,4% of the variance in organisational commitment. We can thus see that the regression model is not adjusted (table 1).

Table 1. Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.154 ^a	.024	-.003	.41795

a. Predictors: (Constant), Transformational leadership.

In table 2 the ANOVA regression between transformational leadership and organisational commitment reveals an F value equal to 0.895 ($p=0.350$). This shows that the relationship between the variables and the model are not significant.

Table 2. ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.156	1	.156	.895	.350 ^a
	Residual	6.463	37	.175		
	Total	6.620	38			

a. Predictors: (Constant), Transformational leadership.

b. Dependent Variable: Organizational commitment.

Beta ($\beta=0.154$) shows that the relationship between transformational leadership and commitment, although positive, is low, contrary to predicted (table 3).

Table 3. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.003	.417		7.197	.000
Transformational leadership	.106	.112	.154	.946	.350

a. Dependent Variable: Organizational commitment.

We conclude that we can not reject H0 in favour of H1 and therefore that transformational leadership does not enhances higher levels of organisational commitment.

4. CONCLUSIONS

The main purpose of this study was to examine the effects of transformational leadership on organisational commitment.

We analysed the Serralves Foundation, a reputed organisation in the Portuguese cultural context with considerable notoriety and reputation in the international cultural context. For this reason, we selected it for this exploratory study.

In the presented case study we concluded that that transformational leadership does not contribute to increase higher levels of organizational commitment. However, we should limit the results to the institution analysed, as it is difficult to generalise to other institutions. This case study should be regarded as a starting point for further investigations.

We can conclude that the conceptual framework is a tool of great interest to analyse the underlying issues of the themes studied. Therefore, we consider this study a relevant instrument to improve organisation's management.

Our results arouse interest in comparison with similar organisations, to carry out any comparative studies that lead to conclusions that will reinforce those found in this organisation.

This study has some limitations that future studies can take into account. We recommend some prudence in the analytical generalisation of the results of this study; these should be carefully interpreted, limiting them to the context of the present research. Strictly speaking, all direct comparisons with existing studies in this area or former trends for studies in other contexts should take into account their specificity.

As this is a case study that proposes an exploratory model of the themes studied, we consider it appropriate to extend the study to other cultural organisations, thereby increasing the amplitude of the population and the sample, to thereby confirm and validate the model as exploratory with the aim of consolidating the results presented here.

Finally, we consider it important to analyse other types of leadership, as well as other dimensions besides organisational trust such as organisational commitment, to study how leadership can influence employees' behaviour to achieve organisational goals.

REFERENCES

- Abrell, C., Rowold, J., Weibler, J. and Moenninghoff, M. (2011), "Evaluation of a Long-term Transformational Leadership Development Program", *Zeitschrift für Personalforschung*, Vol. 25 No. 3, pp. 205-224.
- Avolio, B. and Bass, B. (1991), *Full-Range Training of Leadership: Manual*. Bass/Avolio & Associates, Binghamton, NY.
- Bass, B. (1985), *Leadership and Performance Beyond Expectations*, Free Press, New York, NY.
- Bryman, A. and Cramer, D (2005). *Quantitative Data Analysis with SPSS 12 and 13: A Guide for Social Scientists*, Routledge, London.
- Burns, J. (1978), *Leadership*. Harper Row, New York, NY.
- Cherry, K. (2010), *Transformational Leadership - What Is Transformational Leadership?* Retrieved in 22-12-2011 from <http://psychology.about.com/od/leadership/a/transformational.htm>
- Conger, J. A. (1999), "Charismatic and Transformational Leadership in Organizations: An Insider's Perspective on Developing Streams of Research", *Leadership Quarterly*, Vol. 10, 145–179.
- Judge, T. and Piccolo, R. (2004), "Transformational and Transactional Leadership: A Meta-Analytic Test of their Relative Validity", *Journal of Applied Psychology*, Vol. 89 No. 5, pp. 755–768.

- Kanungo, R. (2001), “Ethical Values of Transactional and Transformational Leaders”, *Canadian Journal of Administrative Sciences*, Vol. 18, pp. 257–265.
- Meyer, J. and Allen, N. (1991), “A three-component conceptualization of organizational commitment”, *Human Resources Management Review*, Vol. 1 No. 1, pp. 61-89.
- Meyer, J. and Allen, N. (1991), “A three-component conceptualization of organizational commitment”, *Human Resources Management Review*, Vol. 1 No. 1, pp. 61-89.
- Nascimento, J., Lopes, A and Salgueiro, M. (2008), Estudo sobre a validação do Modelo de Comportamento Organizacional de Meyer e Allen (1991) para o contexto português”, *Comportamento Organizacional e Gestão*, Vol. 1 N.o 1, pp. 115-133.
- Pestana, M. and Gageiro, J. (2002), *Análise de dados para ciências sociais. A complementaridade do SPSS*, Edições Sílabo, Lisboa.
- Podsakoff, P., Mackenzie, S., Moorman, R. and Fetter, R. (1990), “Transformational leader behaviors and their effects on followers’ trust in leader, satisfaction, and organizational citizenship behaviour”, *Leadership Quarterly*, Vol. 1, No. 2, pp. 107-142.
- Rego, A. and Cunha, M. (2007), *A Essência da Liderança – Mudança, Resultados, Integridade*, 3.^a ed., Editora RH, Lisboa.
- Rezende, H. (2010), *A Liderança Transformacional e Transaccional e as suas Influências nos Comportamentos de Cidadania Organizacional*, Dissertação de mestrado, ISCTE-IUL, Lisboa.
- Schwepker Jr, C. and Good, D. (2010), “Transformational Leadership and Its Impact on Sales Force Moral Judgment”, *Journal of Personal Selling & Sales Management*, Vol. 30, No. 4, pp. 299-318.