

INNOVATIONS

The Effect of Transformational Leadership Style on Employees Motivation and Organizational Commitment

Tadesse Kabtamu Tefera

Department of Commerce & Management Studies,
Andhra University, Visakhapatnam
Email: tadegu21@gmail.com

Professor B. Mohan Venkata Ram

Department of Commerce and Management Studies
, Andhra University, Visakhapatnam
Email: bmohanvra@gmail.com

Abstract

Leadership styles are important in organization antecedents to influence employees. The purpose of this study was to assess the effect of Transformational leadership style on employee organizational commitment and employee motivation. The sample size was targeted to 360 academic staff of 19 technical, Vocational, Educational and training college in Ethiopia. The survey was conducted by using questionnaire. Research method used was descriptive and inferential data analysis was performed by Structural Equation Model using AMOS software and SPSS version 23. Using AMOS graphic the standardized and unstandardized estimate regression weight output the Correlation and hypothesis are tested. According to the result, there was a significant relationship between Transformational leadership style and both organizational commitment and employee motivation.

Keywords: 1. Leadership style 2. Commitment 3. Motivation 4. Transformational

1. Introduction

Leadership now plays a crucial role in society's well-being, not just in terms of organisational performance, but also in terms of developing and identifying personal abilities and hidden traits that may help society as a whole.

Organizational commitment is a powerful phrase that is easy to observe yet crucial in actual implementation. It's difficult for any employee to make long-term plans for a company. Nowadays, everyone is on the lookout for greater opportunities and will leave if a better option becomes available. In this context, organisational commitment, a closely related phenomenon, appears to merit similar emphasis.

A dedicated employee is likely to work more independently, make sound decisions on behalf of the organisation even in new situations, and go above and beyond statutory job requirements. A dedicated employee is also thought to be more productive, less absent, and less inclined to leave the organisation for another position (Young, 1998). Klein and Izzo (1996) claim that today's companies and workers are experiencing a commitment problem. According to Simpson (1995), there is a rising commitment gap between what managers expect and what employees are willing to do in many firms. Employers, on the other hand, appear to rely on dedicated employees all of the time, owing to the high costs of recruitment and training are above the efforts for retaining present employees.

Motivation is defined as "the force working on or inside a person that causes the person to conduct in a specific, goal-directed manner," according to Helliegele, Slocum, and Woodman (1992). Driving employees toward consistent behaviour in a goal-oriented way is critical for maximising their full potential and ensuring high-quality production and positive organisational outcomes. Because employee motivation has been, and will continue to be, the decisive element in job enactment, success, and failure, the imperative need to find, realise, and ensure employee motivation has become a primary priority for organisations and managers (Samuel & Chipunza, 2009).

Employee retention is becoming more of a problem for organisation professionals as the age of the knowledge worker with a multigenerational workforce unfolds. To keep the essential talent for maintaining a competitive advantage, management must establish an awareness of the relationship between employee motivation and commitment (Albrecht, Bakker, Gruman, Macey, & Saks, 2015). Employees that are motivated and devoted are essential for a high-performing staff (Das, 2013). Organizations can strengthen organisational processes for the retention of important staff employees by evaluating the level of motivation and commitment, according to Aguenza & Mat Som, (2012). Leadership, through caution and adroitness, is the one critical factor that can make a difference in a scenario of instability.

2. Problem Statement

An extensive survey of the literature demonstrates that there are no shortages of studies on employee motivation, commitment, and leadership style. However, there are few research on the impact of leadership style on staff motivation and commitment in Ethiopia's educational sector. It's incredibly rare to come across studies on the impact of leadership style on motivation and commitment in the Ethiopian educational sector, particularly in the Amhara National Regional State Educational Bureau and Gondar Technical, Vocational, and Academic College. Institutions were asked what challenges

they face in their day-to-day operations, according to the Amhara national regional state TVET bureau's main sub activity report (2014).

Institutions have identified issues such as a lack of coaching facilities, a lack of staff development, and high staff turnover, as well as rigid financial and procurement procedures, poor coordination and communication among stakeholders, and a high student dropout rate. Such issues could suggest the presence of a leadership problem within the organization. As a result, the researcher's goal is to see how far leadership styles influence employee motivation and commitment in these firms. The study's findings will help organizational leaders determine which types to employ so that employees are more motivated and committed, and thus have a stronger sense of engagement and connection with the company. Acceptance of the appropriate style will assist. The study's overall goal is to look into the impact of transformational leadership style on employee motivation and organizational commitment in the chosen organization, with the following specific research goals:

- ✓ To determine the relationship between transformational leadership style and organizational commitment.
- ✓ To investigate the link between transformational leadership and employee motivation.

3. Research Methodology

3.1. Research Design

Both descriptive and explanatory research designs are used in this study. Descriptive design examines a sample of a population to produce a quantitative or numeric depiction of patterns, attitudes, or opinions. The researcher generalizes or makes statements about the population based on sample results (Creswell, 2003).

The association between transformational leadership style and subordinate organisational commitment and employee motivation is explained using an explanatory research approach. The goal of this explanatory study was to find a link between these factors. In addition, the research method used in this study was a combination of quantitative and qualitative methods.

The researcher gathered data from 19 Technical, Vocational, and Educational Training college full-time academic staff members (to analyse the leadership styles of their directors, deans, and professors).

3.2. Target population

The goal of this study is to see how transformational leadership affects employee motivation and commitment to the organization. As a result, the study's target demographic was full-time academic staff from 19 TVET colleges in the North Gondar Zone (currently split in to three zones called Central, West and North-East). According to the Amhara National Regional Educational Bureau's statistics in the main sub activity report (2014), 19 TVET colleges employ roughly 2,800 full-time academic staff members.

3.3. Sampling Design

The population is divided into various groups, known as clusters, by the researcher. Then, from the population, a simple random sample of clusters was chosen. The data from the sampled clusters is used in the researcher's analysis. Because the research group is homogeneous and the respondents have comparable occupations, cluster sampling is the most suited sample strategy for this population. The proportional sampling technique was used to choose responders from each college once the sample size was set using the proper formula.

The population size is 2, 800 people, according to the (Kothari, 2019) Sample Size calculation. The target confidence interval is 95 percent, while the margin of error is determined to be 5%.

$$(1.96)^2 * (.5) = Z^2 * (P) * (1 - p) * N / e^2 (N-1) + z^2 * p * q (1-0.5) 2,800 / (0.05)$$

$$2 * (2,800-1) + 1.96 * 0.5 * 0.5 = 359.1479, \text{ or about } 360$$

Where $-Z = Z$ value (e.g., for 95% confidence) $P =$ Percentage picking a choice, expressed as decimal (.5 used for sample size needed) $e =$ Confidence interval expressed as decimal (5%).

3.4. Data collection Instrument

Because data measurement required just one time dimension, the study's core data was collected using a non-experimental, cross-sectional approach. In order to obtain the essential information, the researcher asked the questions to the appropriate respondents. Because of the target respondents' hectic schedules, the questionnaires would be distributed using a drop-and-pick technique. This decreases the amount of interference with the organization's regular tasks and activities. Secondary data, on the other hand, comes from books, records, journals, articles, and educational institution inspectorates.

3.5. Data Analysis Technique

The data was analyzed using a correlational design, in which the link between the independent and dependent variables was examined. The link between these factors was then investigated using descriptive statistical techniques and IBM SPSS Version 23 statistical data analysis software, which were supported by AMOS graphic and IBM SPSS Version 23 statistical data analysis software.

The descriptive analysis technique would provide straightforward quantitative summaries of the sample data, such as mean and standard deviation. To determine the link between the dependent and independent variables, an estimate regression weight analysis was used. Estimate regression weigh analysis, both standardized and unstandardized, would be performed and interpreted to assess the impact of the independent factors on the dependent variable. The research hypotheses were put to the test to see if the independent factors have an impact on organizational commitment and motivation. Each independent variable would be analyzed separately to see if it had an impact on the dependent variable. The study assumptions for the regressed coefficients for each variable to be equal to zero were tested using the Amos graphic.

4. Results and Discussion

The study's major goal was to look at the impact of transformational leadership on employee motivation and organizational commitment in the setting of Ethiopian culture.

4.1. Testing the Hypotheses

This study's hypotheses focused on transformational leadership style, organisational commitment, and employee motivation. Two hypotheses were evaluated in this study. The researcher utilised a statistical method called Structural Equation Model AMOS Graphics Analysis to evaluate this hypothesis. All of the requisite fitness outputs are listed in the figure below, and all of the loading result indicators met the acceptable standards, indicating that the model is fit.

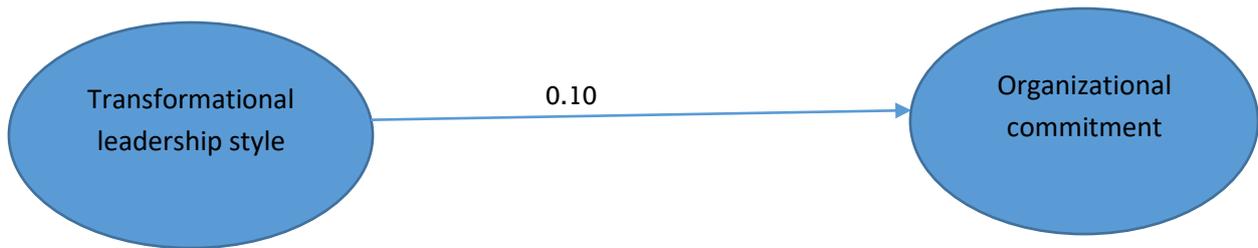


Figure: 4.1

The unstandardized estimate regression weight of (0.099, p-value.017) suggested that there was a significant positive link between transformational leadership style and employee organisational commitment, as seen in the above diagram (level of confidence at .05). Because the findings corroborated the hypotheses, the hypothesis was accepted.

Employee Motivation and the Impact of Transformational Leadership

H02: In the selected technical, vocational, and educational training College, transformational leadership style has a substantial impact on employee motivation.



Figure: 4.2

The estimated regression weight of (0.139, p-value.001), as shown above, suggested that there was a significant positive link between transformational leadership style and employee motivation (level of confidence at .05). Because the findings corroborated the hypotheses, the hypothesis was accepted.

4.2. Discussion

The research's empirical findings backed up the hypotheses and led to their adoption. There are two hypotheses examined, as indicated in the Hypothesis test. Employee Organizational Commitment and Transformational Leadership Style. There was a substantial positive link between transformational leadership style and organisational commitment of employees, according to the unstandardized estimate regression weight of (0.099, p-value.017) (level of confidence at .05). Because the findings corroborated the hypotheses, the hypothesis was accepted. Several experts have backed up these conclusions, including Yahchouchi (2009), who conducted a study on Lebanese managers' leadership. The findings reveal a strong link between transformational leadership and organisational commitment. The correlations and regression results support the premise that transformational leadership has a favourable relationship with it.

The empirical results of the research supported the hypotheses and led to their acceptance. As it stated in the Hypothesis test, there are two hypothesis tested.

Transformational Leadership style and Employee Organizational commitment

Using a sample of 500 Korean enterprises, Joo, Yoon, and Je (2012) investigated the impact of transformational leadership and core self-evaluation on employee organisational commitment. The findings revealed that transformative leadership and organisational commitment have a beneficial association. In a study of 864 teachers in Singapore, transformational leadership was found to be substantially connected to organisational commitment (Koh et al., 1995). In a study of staff nurses in a Singapore public hospital, Avolio et al. (2004) found that transformational leadership has a favourable impact on organisational commitment. Ismail and Yusuf (2009) investigated the impact of transformational leadership on followers' commitment and found that there is a substantial positive relationship between transformational leadership and employee commitment to the organisation.

It was discovered that transformational leadership style and employee commitment had a large positive linear relationship. Employee organisational commitment increases by 0.10 when transformational leadership style increases by one, as shown in the hypothesis test result. This means that employees are willing to go above and beyond what is expected of them in order to ensure the success of their company. As a result, transformational leadership is statistically significant and linked to organisational commitment. These findings corroborate the conclusions of other academic investigations. According to Bass and Avolio (1994), transformational leadership styles increase employee engagement to the organisation. The effects of transformational leadership style on organisational commitment were consistent with Bass's augmentation theory of leadership, which states that effective Transformational leaders promote organisational commitment by aligning the goals and values of the follower, the group, the leader, and thus the organisation. Its powerful, beneficial effects on followers' characteristics and devotion will then inspire them to achieve their

maximum potential and outperform expectations. Chowdhury, R. G. (2014) contradicts these findings, claiming that transformational leadership styles have a stronger impact on employee organisational commitment than transactional leadership styles. This could be due to two factors: first, transformational leadership emphasises the human side of people, and second, transformational leadership components may be more prevalent in the corporate sector. Carlson and Perrewe (1995) claimed that when transformational leadership is used, people of the organisation no longer pursue self-interest, but instead seek what is best for the organisation as a whole.

Employee motivation is significantly influenced by the Transformational Leadership style.

According to the unstandardized estimated regression weight of (0.139, p-value.001), there was a significant positive link between transformational leadership style and employee motivation (level of confidence at .05). These findings were in line with our expectations. The findings also showed that transformative leadership has a beneficial impact on employee motivation to stay with the company. This shows that transformational leadership, in which the leader builds, communicates, and models a shared vision for subordinates, has a favourable impact on employees' belief that staying with the company is the right and moral thing to do. This study's findings are in line with those of Lo, Ramayah, and Min (2009), who found that transformational leaders are better able to motivate employees in the Malaysian manufacturing business. It is further backed up by the findings of Walumbwa, Orwa, Wang, and Lawler (2005), who found that transformational leadership has a significant and beneficial impact on employee motivation. Muchiri, Cooksey, and Walumbwa (2012) looked at the similar relationship in Australian local government councils and discovered that transformational leadership was associated with employee motivation.

The statistical association between transformational leadership styles and employee motivation was investigated by Aghashahi et al. (2013). In the context of the service business, the findings revealed a favourable direct association between transformational leadership style and staff motivation.

5. Conclusion

Understanding the factors that drive organisational behaviour and employee essence is critical for an organization's growth. This research focused on two key factors of employee commitment: a) how leadership style affects commitment, and b) how leadership style affects motivation. Regardless of whether the organisation was public or private, the literature demonstrated that both themes were significant predictors of its success. The corporate sector's organisations were also chosen in this manner. The researcher came to the following conclusions based on the findings of this study:

According to the findings of this study, transformational leadership styles had a beneficial impact on employee commitment. Furthermore, the results revealed that transformational leadership has a

favourable impact on employee motivation. These findings confirm the cross-cultural relevance of Bass's augmentation theory of leadership, which asserts that great leaders are transformational. Although the transformational leadership paradigm may require adaptations and fine-tuning as we go across cultures, particularly into non-Western ones, according to Bass (1996), it has a lot of universal potential.

Furthermore, in line with Bass's theory that successful leaders are more transformational, the results of this study showed that employees expect their managers to be more transformational in their dealings with their subordinates, and that subordinates of transformational leaders were more committed to the organisation than those under other leadership styles.

References

1. *Aguenza, B. B., & Mat Som, P. A. (2012). Motivational Factors of Employee Retention and Engagement in Organizations. International Journal of Advances in Management and Economics, 88-95.*
2. *Albrecht, S.L., Bakker, A.B., Gruman, J.A., Macey, W.H. and Saks, A.M. (2015), "Employee engagement, human resource management practices and competitive advantage: an integrated approach", Journal of Organizational Effectiveness: People and Performance, Vol. 2 No. 1, pp. 7-35*
3. *Anderson, C., Christian, J., Hindbjorgen, K., Jambor-Smith, C., Johnson, M., & Woolf, M. (2016). Career intergration: Reviewing the impact of experience abroad on employment. CAPA International Education.*
4. *Bass, B.M. (1985). Leadership and Performance beyond Expectations. Publisher: Free Press, New York.*
5. *Bass, B.M., & Avolio, B.J. (1990).*
6. *Becker, H. S. (1960). Notes on the concept of commitment. American Journal of Sociology, 66(1), 32-40.*
7. *Bogler, R. (2005). Satisfaction of Jewish and Arab teachers in Israel. The Journal of Social Psychology, 145(1), 19-34.*
8. *Cheney, G. (1983). The rhetoric of identification and the study of organizational communication. Quarterly Journal of Speech, 69, 143-58.*
9. *Cheney, G., & McMillan, J. (1990). Organizational rhetoric and the practice of criticism. Journal of Applied Communication Research, 18 (2), 93-114.*
10. *Cheney, G., & Tompkins, P. (1987). Coming to terms with organizational identification and commitment. Central States Speech Journal, 38, 1-15.*
11. *Chowdhury, R. G. (2014). A study on the impact of leadership styles on employee motivation and commitment: an empirical study of selected in submitted by enrolment number dyp-phd-116100003 research guide a study on the impact of leadership styles on employee motivation and commi. thesis, 10, 426.*

12. Churchill and D. Iacobucci, (2002). "Marketing Research, Methodological Foundations," 8th Edition, Harcourt Publishing, London.
13. Clinebell, S., Skudiene, V., Trijonyte, R., & Reardon, J. (2013). Impact of leadership styles on employee organizational commitment. *Journal of Service Science (JSS)*, 6(1), 140.
14. Connor, R., & Mackenzie-Smith, P. (2003). The leadership jigsaw - finding the missing piece. *Business Strategy Review*, 14 (1), 59-66
15. Cummings, S. (1996). Back to the Oracle: Post-modern organization theory as a resurfacing of pre-modern wisdom. *Organization*, 3, 249-66. Cuno,
16. Das, B. L. (2013). Employee Retention: A Review of Literature. *IOSR Journal of Business and Management*, 14(2), 08-16.
17. Elizur, D., & Koslowsky, M. (2001). Values and organizational commitment. *International Journal of Manpower*, 22(7), 593-599.
18. Gordon, David M., Edwards, Richard and Reich, Michael (1982), *Segmented Work, Divided Workers: The Historical Transformation of Labor in the United States*. Cambridge, Mass.: Cambridge University Press
19. Hakim, A. C., & Viswesvaran, C. (2005). The construct of work commitment: Testing an integrative framework. *Psychological Bulletin*, 131(2), 241-259.
20. Hellriegel, D., Slocum, J. W., Woodman, R. W., & Truchan-Saporta, M. (1992). *Management des organisations*. Bruxelles: De Boeck Université.
21. Kets, D. R., M. F., & Miller, D. (1991). Leadership styles and organizational cultures: The shaping of neurotic organizations, in Kets de Vries, M. F. R. *Organizations on the Couch: Clinical Perspectives on Organizational Behavior and Change*, 243-63. San Francisco, CA: Jossey-Bass
22. Klein, E., & Izzo, J. (1996). Corporate soul for competitive advantage: Coming alive at work and inspiring employee commitment in uncertain times. *Association Management*, 48, 104-106.
23. Kodish, S. (2006). The paradoxes of leadership: The contribution of Aristotle. *Leadership*, 2, 451
24. Kothari, C. R. (2004), *Research Methodology: Methods and Techniques*, (Second Edition), New Age International Publishers.
25. Mowday, R.T., Porter, L.W., & Steers, R.M. (1982). *Employee-organizational linkages: The psychology of commitment, absenteeism, and turnover*. New York: Academic Press.
26. Mowday, R.T., Steers, R.M., & Porter, L.W. (1979). The measurement of organizational commitment. *Journal of Vocational Behavior*, 14, 224-247.
27. Miner, J. B., Smith, N. R. and Braker, J. S. 1989. Role of entrepreneurial task motivation in the growth of technologically innovative firms. *Journal of Applied Psychology*, 74(4): 554-560
28. Morrow, P. (1983). Concept Redundancy in Organizational Research: The Case of Work Commitment. *Academy of Management Review*, Vol-8, Pg.486-500.
29. Nidadhavolu, Akhila, (2018) "Impact of Leadership Styles on Employee Job Satisfaction and Organizational Commitment – A Study in the Construction Sector in India".
30. Poddar, P. K. (2012). *A Study of the Relationship Between Leadership Styles and Employee Commitment: An Empirical Study of Private Un-aided B-Schools of Maharashtra*. Padmashree Dr. D. Y. Patil University's, 10.

31. Porter, L. W., Steers, R. M., Mowday, R. T. and Boulian, P. V. (1974) "Organisational Commitment, Job Satisfaction and Turnover among Psychiatric Technicians", *Journal of Applied Psychology*, Vol. 59, pp. 603-09
32. Raja, A. S., & Palanichamy, P. (2011). *Leadership Styles and its Impact on Organizational Commitment*. *Asia Pacific Business Review*, 7(3), 167–175
33. Reiche, B. S. (2008). *The configuration of employee retention practices in multinational corporations' foreign subsidiaries*. *International Business Review*, 17(6), 676-687. doi:10.1016/j.ibusrev.2008.09.004
34. Reichers, A.E. (1985). *A review and reconceptualization of organizational commitment*. *Academy of Management Review*, 10, 465-476.
35. Schon, D.A. (1986). *Leadership as reflection-in-action in leadership and organizational culture: New perspectives on administrative theory and practice*. T.J. Sergiovanni & J.E. Corbally (Eds). Urbana: University of Illinois Press. Spotts,
36. Simmons, E. S. (2005). *Predictors of organizational commitment among staff in assisted living*. *The Gerontologist*, 45(2), 196-205.
37. Simpson, G.L. (1995). *Building employee commitment: An imperative for business success*. *Canadian Manager*, 20, 24-26.
38. Stacey, R. (1999). *Strategic management and organisational dynamics: The challenge of complexity*. New York: Trans-Atlantic Publications.
39. Storey, J. (2004). *Leadership in organizations: Current issues and key trends*. London: Routledge.
40. *For today's manager*. New York: Nichols Publishing. Orange, NJ: Leadership Library of America.
41. Tsoukas, H., & Cummings, S. (1997). *Marginalization and recovery: The emergence of aristotelian themes in organization studies*. *Organization Studies*, 18 (4), 655-83.
42. Vandenberghe, C. (2014). *Affective commitment to organizations and supervisors and turnover: A role theory perspective*. *Journal of Management*, 43(7), 2090-2117.
43. Welman, C., Kruger, F. & Mitchell, B. 2012. *Research Methodology*. 3rd ed. Cape Town: Oxford University.
44. Wiener, Y. (1982). *Commitment in organizations: A normative view*. *Academy of Management Review*, 7(3), 418-428.