AN INTEGRATED INTERRELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP AND BEHAVIORAL OUTCOMES

oleh: Wardana, SE dan Dra. Gunarti

1. INTRODUCTION

Preliminary research on transformational leadership has been rather promising. Some of these researches (Bass, 1985; Bennis & Nanus, 1985; Boal & Bryson, 1988; Conger & Kanungo, 1987; House, 1977; House, Woycke, & Fodor, 1988; Howell & Frost 1989; Kouzes & Posner, 1987; Tichy & DeVanna, 1986) have been primarily conceptual in nature, focusing on the identification of the key transformational behaviors, and the development of theories of their antecedents and consequences (Podsakoff et al, 1990). Bass (1985) cites a variety of field studies demonstrating that transformational leader behaviors are positively related to employees' satisfaction, self-reported effort, and job performance. Similar results have been reported by Howell and Frost (1989). They manipulated the behavior of leaders in a laboratory setting and found that charismatic leader behaviors produced better performance, greater satisfaction, and enhanced role perceptions (less role conflict) than directive leader behaviors (Podsakoff et al, 1990).

Mowday, Porter, and Steers (1982) defined organizational commitment as the relative strength of an individual's identification with an involvement in a particular organization. It can be argued that leadership style is an under-researched, though logical, predictor of organizational commitment. Based on this point of view, and the assertion that transformational leaders are able to arouse subordinate commitment (Bass, 1985; Hater and Bass, 1988 in Koh, et al 1998). Other study has shown that leader behavior can have a profound and consistent influence in several facets of subordinate satisfaction (Bass, 1985; Vroom and Jago, 1998). More specifically, Bass and his associates (Bass, 1985), Hater and Bass, 1988; Waldman, Bass, and Einstein, 1987) have shown that transformational leadership can have a significant add-on effect to...
transactional leadership in predicting subordinate satisfaction with leader (Koh, et al 1998). Trust that is defined as an “individual’s belief in, and willingness to act on the basis of, the words, actions, and decisions of another (McAllister (1995, p. 25) has a direct relationship with transformational leadership. Trust may also be important to transformational leaders because of the need to mobilize follower commitment towards the leader’s vision (Bass, 1985). It is unlikely that leaders who are not trusted by their followers can successfully achieve commitment to a vision because a lack of confidence in the leader will reduce the appeal of the vision. Podsakoff et al. (1990) also showed that trust, conceptualized as faith in and loyalty to the leader, was directly related to transformational leadership (Pillai, et al, 2003).

Based on previous studies, transformational leadership has a relationship with trust, job satisfaction, and commitment; trust has relationship with organizational commitment and jobs satisfaction; job satisfaction has direct relationship with organizational commitment but no study has empirically developed a framework to measure transformational leadership, trust, job satisfaction, organizational commitment simultaneously, especially, measuring of trust as mediating variable of relationship between transformational leadership with organizational commitment, and relationship between transformational leadership with job satisfaction. It also measures job satisfaction as mediating variable of relationship between transformational leadership with organizational commitment. Owing to the relationship among all the dimension constructs have not been deeply examined, therefore this study tries to fulfill these relationship getting well understand.

Thus this study purpose to investigate the integrated interrelationship between transformational leadership, trust, job satisfaction, organizational commitment, organizational climate and organizational culture.
2. LITERATURE REVIEW

2.1. Transformational leadership

Bass (1985) and Burns (1978) described the transformational leader as one who empowers the followers and motivates them to work on transcendental goals instead of focusing solely on immediate interests. Transformational leadership elevates the followers’ level of maturity and ideals, and also promotes the importance they attribute to achievement, their investment in self-actualization, and their concern for the well-being of others, the organization, and society. In sum, the impact of transformational leadership is reflected in motivation, empowerment, and morality (Popper & Mayseless, 2003).


2.2. Trust

Definition of trust involves (1) the significance of risk-related behaviors as evidence of trust and (2) trustworthiness of the trustee as an antecedent of trust. Hosmer (1995) reviewed definition of trust and found that risk is imperative to trust. More recent reviews and definitions of trust have also emphasized the role of risk in defining trust, without any risk. There is no need for trust (Dirks, 2000; Dirks & Ferrin, 2001; Lewicki & Bunker, 1996; Mayer et al, 1995). Without uncertainty, choices can be rational without any need to risk. The most widely accepted definition of trust, then, is a willingness to be vulnerable to the actions of another party (Mayer, et al,
1995). This vulnerability leaves the trustor open to the possibility of disappointment of betrayal (Lester & Brower, 2003).

The construct of trust has received considerable attention in the organizational sciences literature, in part due to the potential consequences it has for organizational effectiveness and performance. It is proposed that employee trust in leaders enhance their compliance with organizational rules and laws, increase their zones of indifference, and facilitate the implementation of organizational change (Tyler & Degoe, 1996; Van Zyl & Lazeney, 2002 in Zhu, et al, 2004).

The other writers on leadership also view that trust as an essential component of leadership (for example, Bennis and Nanus 1985; Locke et al. 1991; Zand 1972). In a similar vein, theories of charismatic leadership by House (1977) and Conger and Kanungo (1998) include a follower's trust in the leader as an essential component of the charismatic relationship (Blatt, 2002).

Bennis and Nanus (1985), have suggested that effective leaders are ones that earn the trust of their followers. Similarly, trust in and loyalty to the leader play a critical role in the transformational leadership model of Boal and Bryson (1988). And as noted by Yukl (1989b), one of the key reasons why followers are motivated by transformational leaders to perform beyond expectations is that followers trust and respect them. Indeed, Kouzes and Posner (1987) cite several studies, all of which indicate that the leader characteristics most valued by followers are honesty, integrity, and truthfulness (Podsakoff, 1990). Based upon the above statements, the following two hypotheses are developed.

*H1: Transformational leadership will be positively associated with trust*

### 2.3. Job satisfaction

According to Robbins (2003), the term job satisfaction refers to an individual’s general attitude toward his or her job. A person with high level of job satisfaction holds a positive attitude about the job, while a person who is dissatisfied with his or her job holds negative attitudes about the job. Smith et
al (1969) defined job satisfaction as a feeling (approach or avoidance emotion) an employee has about his work, pay, promotional opportunities, supervisor, co-workers (Milbourn & Haight, 2004).

In the previous research on trust, a strong, positive relationship has been found between a subordinate’s trust in his leader and that subordinate’s satisfaction level (Dirks & Ferrin, 2001). Essentially, when employees trust their leaders, they have positive feelings about their job and their work context (Locke, 1976). We propose that when a subordinate perceives that his supervisor trust in him, he also will feel more positive about his job (Lester and Brower, 2003). Based upon the above statements, the following two hypotheses are developed.

\[ H2: \text{Trust will be positively associated with job satisfaction.} \]

\[ H3: \text{Trust will be mediating variable of relationship between transformational leadership and job satisfaction} \]

Interrelationship between transformational leadership, job satisfaction and organizational commitment. Bass (1985) cites a variety of field studies demonstrating that transformational leader behaviors are positively related to employees’ satisfaction, self-reported effort, and job performance. Similar results have been reported by Howell and Frost (1989). They manipulated the behavior of leaders in a laboratory setting and found that charismatic leader behaviors produced better performance, greater satisfaction, and enhanced role perceptions (less role conflict) than directive leader behaviors (Podsakoff, 1990).

\[ H4: \text{Transformational leadership will be positively associated with job satisfaction} \]

### 2.4. Organizational commitment

The concept of organizational commitment has grown in popularity and received a great deal of attention in the organizational behavior and industrial psychology literatures (Mathieu & Zajac, 1990. It has been suggested that
gaining a better understanding of the individual, group and organizational processes that are related to organizational commitment has significant implications for employees, organizations, and society (Conger, 1999; Koberg, Boss, Senjem, & Goodman, 1999, Mathieu & Zajac, 1990, Mowday, Porter & Steers, 1982; Potterfield, 1999; Spreitzer, Janasz, & Quinn, 1999 in Zhu, et al, 2004).

Gallie and White (1993) use the term “organizational commitment” to refer to acceptance of organizational values and to the willingness to stay. Task commitment refers to the effort one puts into one's work. Organizational commitment and task commitment are combined in the definition of commitment that is used in that study, where commitment is defined as “a sense of loyalty to and identification with the organization, the work and the group to which one belongs. This feeling is expressed in the motivation to bring effort into one’s work, the motivation to take responsibility and a willingness to learn. A precondition is that the employee is well informed and is involved in decision-making processes” (Nijhof, et al, 1998).

The impact of trust on organizational outcomes has been reported in the organizational literature. Podsakoff et al (1996) found organizational trust to be significantly related to job satisfaction, organizational commitment, role clarity, and in-role performance (Laschinger et al, 2001. Trust is also linked to a number of attitudinal variables such as organizational commitment (Dirks & Ferrin, 2002). This idea implies that when employees have high levels of trust in their leaders, they will also have higher levels of organizational commitment. This idea seems to be supported by Dirks and Ferrin (2001)’s meta-analytic findings that demonstrate a substantial relationship between trust in leadership and organizational commitment (r = .46) (Mathebula, 2004).

Based upon the above statements, the following two hypotheses are developed.

H5: Trust will be positively associated with organizational commitment

H6: Trust will be a mediating variable of relationship between transformational leadership and organizational commitment
A relationship between commitment and leadership style has been reported in the organizational and management literature. Bilingsley and Cross (1992) reported a positive relationship between leader support and commitment. Podsakoff, MacKenzie, and Bommer (1996) found that leadership behavior explained 48% of the variance in organizational commitment and 55% of trust (Mathebula, 2004). According to Koh et al (1995), transformational leadership factors have significant positive add-on effects to transactional leadership factors in predicting subordinate commitment to the school. Based upon the above statements, the following two hypotheses are developed.

H7: Transformational leadership will be positively and associated with organizational commitment

Previous study that was conducted by Lok and Crawford (2001) found that job satisfaction has positive effect on organizational commitment. In the meantime, Mowdey et al (1979) found that job satisfaction has been positively correlated with organizational commitment and recent research has indicated a causal relationship between these two construct (Vandenberg and Lance, 1992) (Scandura and Lankau, 1997). Brooke, Russel, and Price 1988) also found that organizational commitment and job satisfaction have been shown in other contexts to be highly correlated (Bolon, 1997).

On the other hand, a number of writers have suggested that job satisfaction is of special significance for an understanding of the influence of various other variables on commitment. Causal models of organizational commitment and turn over (Iverson and Roy, 1994; Michaels, 1994; Price and Mueller, 1981; Taunton et al, 1989, William and Haze, 1986) have suggested that the effects of various antecedent on commitment are mediated through job satisfaction. William and Hazer (1986), using a causal modeling approach, concluded that a variety of variables (namely, age, pre-employment expectations, perceived job characteristics, and the consideration dimension of
leadership style) all influence commitment indirectly via their effects on job satisfaction. Based upon the above statements, the following two hypotheses are developed.

H8: Job satisfaction will be positively associated with organizational commitment

H9: Job satisfaction will be mediating variable of relationship between transformational leadership and organizational commitment

2.5. Organizational climate

Organizational climate reflecting consensual agreement amongst members regarding key elements of the organization in term of its system, practice, and leadership style. The definition of organizational climate is offered by Moran and Volkwein (1992) and is a amalgam of elements from definition derived from the cited work of Forehand and Gilmer (1964), Pritchard and Karasick (1976) and DeCotiis and Kays (1980). Litwin and Stringer (1968) perceived organizational climate as a set of properties of the working environment which can be measured. It is a mediating variable between organizational system and motivation. Ostroff (1993) suggests that the effectiveness of the organization depends on the behavior of the people within the organization, and the organizational context which they create. Sims and Lafollete (1975) note that perceived organizational climate can cause emergent behavior, which may in turn lead to increased satisfaction, productivity and retention rate (Lin, et al, 1999).

2.6. Organizational culture

Wiener (1988) explained organizational culture as a system of values held by members of the organization. Ouchi (1981, p.41) defined culture as system, ceremonies, and myths that communicate the underlying values and beliefs of the organization to its employees. According to Kiefer and Senge (1984), such leadership pushes for a “metanoic” organization, building on such assumptions as people are inherently good, honest, trustworthy, and
purposeful; everyone has a unique contribution to make; and complex problems require local solutions. Leaders who build such cultures need to have personalities with a deep sense of vision and purposefulness. They are aligned around that vision and can balance reason and intuition, as well as empower others (Kiefer, 1986; Senge, 1980). Such leaders display much individualized consideration (Bass, 1985a). They facilitate and teach. They “create” rather than “maintain” and are personally involved with the development of managers (Senge, 1984, 1986).

An important feature of an organization’s culture is its climate—the subjective feelings about the organization among those who work within it. The climate directly affects how these persons relate to each other. As might be expected, Kozlowski and Doherty (1989) showed that the quality of leader-subordinate relations was directly related to the satisfaction felt about the organization’s climate. Halpin and Croft (1962) found systematic connections among scales measuring different aspects of a school’s organizational climate and leadership and the response of teachers. Sheridan and Vredenburgh (1978a) showed that the head nurses’ consideration and initiation of structure in a hospital could be explained partly by the turnover among staff members and the administrative climate, as measured by an instrument developed by Pritchard and Karasick (1973). J. L. Franklin (1975) examined similar relations in a broader organizational context. Particularly important to an organization’s climate are how clear its leaders make the organization’s goals to the members and convey a sense that the climate is one in which there is a high degree of trust among its members. Based upon the above statements, the following two hypotheses are developed.

H10: Organizational climate will be moderating variable of relationship between transformational leadership and trust

H11: Organizational climate will be moderating variable of relationship between transformational leadership and job satisfaction

H12: Organizational culture will be moderating variable of relationship between transformational leadership and job satisfaction
H13: Organizational culture will be moderating variable of relationship between transformational leadership and job satisfaction

3. Method

To measure Transformational Leadership, adopted 23 questionnaire items, based upon the studies of Podsakoff et al (1990). To measure trust, we adopted 6 questionnaire items, based upon the studies of Podsakoff et al (1990). To measure job satisfaction, we adopted 13 questionnaire items, based upon the studies of Wood, Chonko, and Hunt (1986). To measure organizational commitment, we adopted 12 questionnaire items, based upon the studies of Meyer, Allen and Smith’s (1993) that was adopted by Chinen and Enomot (2004). To measure organizational climate, we adopted 4 questionnaire items, based upon the studies of Feldt et al (2004). To measure organizational culture, we adopted 14 questionnaire items, based upon the studies of Hsu Hsien (2004).

Multiple regression analysis and stepwise regression analysis are used to analyze the relationships between a single dependent variable and several independent variables. The objective of this technique is to use the independent variables whose values are known to predict the single dependent variables selected by the researcher. Structure Equation Model (SEM) compasses an entire family of models known by names, among them covariance structure analysis, latent variable analysis, confirmatory factor analysis and often simply LISREL analysis. SEM can also be used as a means of estimating other multivariate models, including regression, principal components, canonical correlation and even MANOVA. In order to find out the relationships in the whole research model in this study, SEM is used. The Amos 4.0 package software is used to analyze the relationships in the entire research model to find out the relationships among variables in this model.
4. Result

The basic attributes of the respondents, including five major items in this study: (1) gender, (2) marriage, (3) age, (4) education, (5) Seniority. It is shown that 53% of respondents are female, 62% of the respondents are single, 22% of the respondents are less than 25 years old, 70% of the respondents possess a college degree, and 62% posses less than 3 year work experience.

Table 1. Correlation among variables

<table>
<thead>
<tr>
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<th>Mean</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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<td>1. Transformational leadership</td>
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<td>.836</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Trust</td>
<td>4.24</td>
<td>.20</td>
<td>.896</td>
<td></td>
<td></td>
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<tr>
<td>3. Satisfaction</td>
<td>4.33</td>
<td>.72</td>
<td>.39</td>
<td>.871</td>
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</tr>
<tr>
<td>4. Commitment</td>
<td>3.76</td>
<td>.12</td>
<td>.35</td>
<td>.68</td>
<td>.749</td>
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*diagonal value was cronbach α

There are 5 indices that be used to test the fit of model, that are, Chi-Square test, RMR, GFI, AGFI, and Chi-Square/DF. Chi-Square = 131.812 with 162 DF is statistically significant at the 0.000 significant level. The GFI value was 0.846 and AGFI value was 0.773, RMR value was 0.063 indicates moderate fit of this model.

Relationship between transformational leadership with organizational commitment is equal to 0.12, smaller than relationship between transformational leadership with organizational commitment that is mediated by trust and job satisfaction (0.55, 1.4). It means that trust and job satisfaction become mediating variable the relationship between transformational leadership with organizational commitment. Based upon the above results, hypotheses 1,2,3,5,6,7,8 and 9 are supported.

For the purpose of empirically investigating the influences of the factors of organizational climate and organizational culture as moderating variable the relationship between transformational leadership and trust, multiple regression analyses were conducted in this study.
For the moderating variable purpose, we use multiple regression analysis by entering procedure. First step, we used trust as dependent variable and articulating vision, providing appropriate model, fostering acceptance of group goal, high performance expectation, providing individualized support, intellectual stimulation as independent variable. The results show that the proportion of variance in the dependent variable that explained by independent variable is equal 7.3% F= 2.308 and D-W= 2.300. That means that all factors have impact on the dependent variable (the Purchasing Intention). Second step is we add with organizational climate and organizational culture. The result is R square increase from 7.3% to 25.3% with F= 2.702 and D-W= 2.426. It indicates that organizational culture and organizational climate are moderating variable the relationship between transformational leadership with trust.

For investigating moderating effects, organization climate and organizational culture on the relationship between transformational leadership with job satisfaction, we use same procedure. First, we use job satisfaction as dependent variable and articulating vision, providing appropriate model, fostering acceptance of group goal, high performance expectation, providing individualized support, intellectual stimulation as independent variable. The results show that the proportion of variance in the dependent variable that explained by independent variable is equal 37.6% F= 9.327 and D-W= 2.064. It means that all factors have impact on the dependent variable (the Purchasing Intention). Second step is we add with organizational climate and organizational culture. The result is R square increase from 37.6% to 52.5% with F= 8.851 and D-W= 2.001. It indicates that organizational culture and organizational climate are moderating variable the relationship between transformational leadership with job satisfaction. Those results supported Hypothesis 10,11,12,13.
6. Conclusions

The major objectives of this study are to identify the interrelationships among transformational leadership, trust, job satisfaction, organizational commitment, organizational culture, and organizational climate. Based on the results of this study, several conclusions can be drawn. Transformational leadership positively associated with trust, trust positively associated with organizational commitment, trust is mediating variable of relationship between transformational leadership and job satisfaction, transformational leadership positively associated with organizational commitment, transformational leadership positively associated with job satisfaction, job satisfaction positively associated with organizational commitment, job satisfaction is mediating variable of relationship between transformational leadership and organizational commitment, organizational climate is moderating variable of relationship between transformational leadership and trust, organizational climate is moderating variable of relationship between transformational leadership and job satisfaction, organizational culture is moderating variable of relationship between transformational leadership and job satisfaction.

Although the result of this study is fruitfull and may contribute to the existing literature for further validation, several suggestions could be made for academics and business practitioners. First, this study adopted the cross-sectional research design and examined at one point in time. As the result, directional relationships among research constructs are not clear and must be inferred based on the models or theories as developed from previous studies. Due to the constraints of time and data availability, a longitudinal research is not viable in this study. Second, to examine the moderating effect of organizational climate and organizational culture on the relationship between
transformational leadership and trust and job satisfaction, we should use cluster analysis. Third, though most of hypotheses have been validated through the empirical test, empirical validation for the integrated framework is not well established. The comprehensive model using LISREL test seems to indicate that there are still plenty of rooms to revise and additional modification of the research model and further validation may be required.
References


Popper, Micha & Mayseless, Ofra (2003). Back to basics: applying a parenting perspective to transformational leadership. The Leadership Quarterly 14 41–65


