

Effect of Transformational and Transactional Leadership Style Towards Employee Commitment in the Organization

Khairunesa Isa, Wan Hanim Nadrah Wan Muda,
Universiti Tun Hussein Onn Malaysia
Email: nesa@uthm.edu.my ; wanhanim@uthm.edu.my

Bukryman Sabri
Universiti Putra Malaysia
Email: Bukryman@putra.upm.edu.my

Abstract

This concept paper focused on the critical discussion of the leadership style and employee commitment in the organization. Past researchers in leadership studies have observed a shift in the dimensions of new leadership behavior such as transformational and transactional styles. For the past few decades, leadership styles continue to be one of the most exciting issues for organizations. Many studies have attempted to explore its effect on work outcomes especially towards employees commitment. Leadership styles exhibited by the managers have often been known as the essence of leaders' behavior which is the main actor that forced behind this continuous recognition of employees' behavior in the management literatures. Hence, a better understanding of the dimension leadership style is needed to further understanding about leadership style and employee commitment framework. Thus, the goal of this paper are to (a) describe all the dimension of transformational and transactional leadership style; (b) describe the element of employee commitment; (c) explore the relationship between transformational and transactional (how each dimensional of transformational and transactional can effect towards employee commitment).

Keywords: Transformational and Transactional Leadership Style, Employee Commitment.

Introduction

Leadership is one of the important elements in an organization. It serves as a key driver of performance in the organization. Leadership is the most widely studied concept in social sciences (Greenberg & Baron, 2003). There are many opinions about the leadership. Researchers usually define leadership based on their individual perspective and the aspect of the phenomenon of most interests them. Differences between researcher in their conception of leadership lead to differences in the choice of phenomena to investigate and to differences in explain the result. Whenever feasible, leadership research should be designed to provide and contribute information relevant to the entire range of definitions.

Leadership style is a factor that construct composed of consideration and structure. An individual's leadership style is the mix of consideration and structure that is exhibited in the

leader role (Fleishman, 1969). Generally, leadership style is the manner and approach of providing direction, implementing plans, and motivating people. According to Lewin (1939), early study has been done to identify three major different styles of leadership. The three major style of leadership are authoritharian or democratic, participative of democratic and delegative. A good leaders usually used all three styles of leadership with one of them normally dominant in an appropriate situation but at certain situation two types style are dominant. To be an effective leader, they should know what are the best leadership style that they need to apply in an appropriate situations.

Presently, almost an organization realized that humanities oriented in leadership style is more affective towards an organization than command orientation or autocratic style. Thus, some researcher (Burns, 1978; and Bass and Avolio, 1996) come out with interesting humanities conceptual and model of leadership style for the purpose to motivate and influence employee commitment in their organization.

Transactional and transformational leadership has been of great interest to many researchers in the current era. Using either transformational or transactional leadership behaviour helps in the success of the organization achievement (Laohavichien et al., 2009). Both transformational leadership and transactional leadership help in predicting subordinates' satisfaction with their leaders (Bennett, 2009).

Burn (1978) identified two types of leadership styles; Transformational and Transactional. Transformational leadership is based on more than compliance of followers that involve shift in the belief, the needs, and the values of followers. Transactional leadership involves an exchange relationship between leaders and followers such that followers receive wages or prestige for complying with a leader's wishes.

1. The Dimension of Transformational and Transactional Leadership Style

The theory of transformation-transactional leadership can be best explained as a difference in what leaders and subordinates have to offer in a work relationship. Transformational leadership influences both the micro (individual) and macro level of an institution by transforming followers from their "everyday selves" to "better selves", by appealing to their higher order intrinsic needs, bypassing vision of short-term goals, and becoming motivated by organizational goals rather than self-interests (Judge & Piccolo, 2004; Yukl, 1989).

In contrast transactional leadership is a more conventional style in which work is exchanged for resources. A transactional leader influences subordinates by rewards in exchange for their efforts (contingent rewards), follows workers closely and takes corrective actions when required (management by exception – active), or passively manages employees and takes measures when necessary (Bono & Judge, 2004; Judge & Piccolo, 2004).

Study of Chen et al., (2005) found that followers were satisfied with the contingent reward dimension of transactional leaders and individualize consideration of transformational leaders. The study of Jansen et al., (2009) concluded that the transformational leadership behaviors

contribute significantly to exploratory innovation while transactional leadership behaviors facilitate improving and extending existing knowledge and are associated with exploitative innovation. In another study transformational leadership had big influence on employees' performance and innovation than transactional leaders (Boerner et al., 2007) as well as it was more significantly associated with team cohesiveness, work unit efficacy and organizational learning as compared to transactional leadership (Stashevsky and Koslowsky, 2006).

Table 1: The Dimension of Transformational and Transactional Leadership

Transformational Leadership	Transactional Leadership
<p>I. Charisma: provide vision and mission, increase respect and belief</p> <p>II. Inspiration: provide challenge and meaning for the subordinates in performing their jobs.</p> <p>III. Intellectual stimulation: gaining others to involve in problem solving to creating awareness of problems and stirring their imagination to create high-quality solutions.</p> <p>IV. Motivation: advice and guidance, offering special rewards, more individualized consideration</p>	<p>I. Reward: to high achievement and good performance</p> <p>II. Management-by-exception: active- Active leaders monitor follower behaviour, anticipate problems and take corrective actions before the behaviour creates serious difficulties.</p> <p>III. Management-by- exception: Passive- wait until the behaviour has created problems before taking action.</p>

Bass and Avolio (1989) explained the charismatic leaders as a leader that provides vision and a sense of mission, and gains respect and trust. It is the influence based upon perception and behavior of the leader as charismatic. Some behaviors such as persistence determination and risk-taking can influence the subordinates, included as charismatic. Inspiration is determined from some leaders that provide challenge and meaning for the subordinates in performing their jobs. These behaviors may be done by using simple language, and other symbols. They create attractive futures for their followers with high expectations. The third dimension is intellectual stimulation. The transformational leader stimulates followers intellectually arousing them to develop new ways to think about problems. This dimension is a leader that provides subordinates with a flow of challenging new ideas that are supposed to stimulate