

Original Research Article

EFFECT OF TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE

ORGANIZATIONAL COMMITMENT: MODERATING ROLE OF EMOTIONAL INTELLIGENCE

Abstract

This study was conducted in five cellular companies of district Peshawar-Pakistan. The current research investigates the relationship between transformational leadership and employee organizational commitment. Total sample size used for this research study was 100. Data has been collected from the employee of the cellular sector of the study area. Results of the study showed that organizational commitment was completely mediating the relationship between leadership styles and job performance. Therefore, we hypothesized that H1: There is a significant relationship between transformational leadership and organizational commitment. Similarly, H2: Emotional intelligence significantly moderates the relationship between transformational leadership and organizational commitment. Moreover, the emotional intelligence of salespeople was moderating the relationship between leadership styles and job performance. Finally, we conclude that transformational leadership has an effective role on employee organizational commitment.

Key words: Transformational leadership, emotional intelligence and organizational commitment

Introduction

Modern organizations face with new challenges requiring them to adopt effective decisions in order to resolve complicated issues. Such decisions are usually adopted in the top of organization. On this level, leaders and directors enjoy power and control for influencing objectives of organization. Every organization needs effective leaders who fulfill organizational productivity by increasing follower's job satisfaction, performance and commitments. The

potential consequences relating to influence and efficiency of leadership behavior will affect organizational objectives. These objectives may include: increasing morale, occupational satisfaction, organizational commitments; or decreasing absence, delays or dislocation and transfers of personnel[1].

Transformational leadership is the capability of boss to have an impact on the ideology, ideas, and actions of people to achieve objectives of the organization [2]and positive relationship between transformational leadership and the degree of motivation and desire to achieve goals[3][4][5]. A change in the organization can occurs and transformational leadership can have influence on it by making a clear vision, getting this vision accepted and to make a strong link between his vision and the follower's interest[6]. Some emerging leadership theories also imply that emotional and social intelligence are even more important for leaders and managers because cognitive and behavioral complexity and flexibility are important characteristics of competent leaders [7].

On the other hand, Emotional intelligence (EI) is an emerging topic for psychological, educational, and management researchers and consultants. Many organizations have sent their employees to various EI training courses offered by management consultants. Proponents of the EI concept argue that EI affects one's physical and mental health as well as one's career achievements[8]. Emotional intelligence, as originally conceptualized by involves the ability to perceive accurately, appraise and express emotion; the ability to assesor generate feelings when they facilitate thought; the ability to understand emotion and emotional knowledge; and the ability to regulate emotions to promote emotional growth and intellectual growth[9].Non-cognitive model defines emotional intelligence as an array of non-cognitive capabilities, competencies and skills that influence one's ability to succeed in coping with environmental demands and pressures[10].

Leadership can be of many styles like bureaucratic leader, laissez-faire, transaction and transformational leader.Leadership is distinct from supermission[11]. The process of leadership is always changing. Moreover multiple leader roles may coexist in groups, each such roles serving a different leadership purpose or function[12].

Organizational commitment is the devotion and loyalty that a person has to his workplace[13] and degree to which a person is involves in his workplace[14]anda process in which the aim of the organization and the person becomes more and more integrated or similar. [15].Recent researcher have emphasized that market is a place of continuous growth and evolution. Customer's demand increased which create space for research and development as a result innovation in the products. A company's success depends upon well trained and qualified employee. Many research studies results reveal that organizations have a competitive advantage over employees[16].

According to [17]people support the organizations,and when economic conditions rise or competition in the market increase gives rise to turnover of the people. In addition, Leadership has a vital role in retaining employees,because it is the leader who helps and supports the employees and give them the feeling of being a part of the organization.These qualities of a leader are related to transactional and transformational leadership.

Theobjectives of this study are to investigate the relationship between transformationalleadershipstyles with employee commitment in cellular service sector of Pakistan. This study will also examineeffect of transformational leadership on employee organizational commitment and explored the moderating effect of Emotional Intelligence on the relationship between transformational leadership and employee organizational commitment.

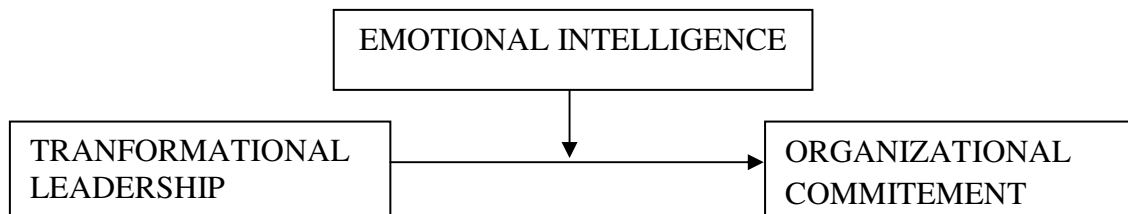
Methodology

1. Sample and data collection:

This study was carried out in Peshawar region. Telecom industry was selected as a field of the study. The main organizations of this industry areufone, mobilink, warid, zong and telenorin this specific area. Due to time and budget constrained this study was limited to only Peshawar region. A total of (N=100) employees were taken as a sample size of the study. A well-structured and comprehensive questionnaire was developed to collect the data from the respondent. The questionnaire was pre-tested so that rectifies the errors.The primary data was taken randomly from the different level of managers in their respective offices. This data was punched in to the computer for the analysis of the study.

2. Theoretical framework

The relationship between dependent variable (Organizational commitment) and independent variable (Transformational Leadership) and the effect of the moderator variables illustrated in the schematic diagram as follows:



3. Modeling specification

The following empirical regression models were used:

$$Y(Orgcom) = \beta_0 + \beta_1 TNF + \varepsilon$$

$$Y(Orgcom) = \beta_0 + (\beta_1 TNF * \beta_2 EI) + \varepsilon$$

Hypothesis

- Ho: There is no significant relationship between transformational leadership and organizational commitment.
- H1: There is significant relationship between transformational leadership and organizational commitment.
- H0: Emotional intelligence is insignificantly moderate the relationship between transformational leadership and organizational commitment.
- H2: Emotional intelligence is significantly moderate the relationship between transformational leadership and organizational commitment.

Results and Discussions:

Table 1 presents the results of the reliability analysis of the study. Alpha values demonstrate that either result is reliable or unreliable. Alpha value for transformational leadership was calculated 0.86 showing reliable value. Similarly, Alpha values for emotional commitment were obtained 0.62 showing also reliable result. Moreover, alpha value of the organizational commitment was found 0.65 having reliable value.

Table 1. Reliability analysis of the study

Variable Name	Alpha Value	Reliable/Unreliable
Transformational Leadership	0.86	Reliable
Emotional Intelligence	0.62	Reliable
Organizational commitment	0.65	Reliable

Relationship between transformational leadership and follower's commitment to a particular change initiative as a function of the personal impact of the changes. Transformational leadership was found to be more strongly related to follower's commitment especially when the change had significant personal impact. For leaders who were not viewed as transformational, good change-management practices were found to be associated with higher levels of change commitment.

To test mediation effect of organization commitment, followed by the procedure outlined by [18] specifically multi-level mediation testing procedures recommended by [19][20] for mediation testing. According to these researchers four terms analysis needed to be met to support full mediation. First, the independent variable (i.e. leadership style) needed to be significantly related to a mediator (i.e. organization commitment). Second, leadership styles needed to be significantly related to job performance. Third, organization commitment needed to be significantly related to job performance. Finally, the relationship between leadership styles and job performance must disappear when organization commitment is introduced into the regression equation predicting job performance then will be a complete mediation. If the coefficient between leadership styles and job performance after introducing organization commitment into the regression equation remained significant but is reduced, there was evidence for partial mediation.

Results of the regression analysis (Table 2) showing a significance relationship between TNF and OC. R^2 value was calculated as 0.513 estimated that positive relationship between TNF and OC. R^2 value for OC and EI was obtained 0.42 showing a positive relationship between these two variables. The coefficient β quantifies that change of dependent variables with respect to independent variables either positively or negatively. Organizational commitment (OC) will increase 0.513 units with one unit increase of transformational leadership and Organizational commitment (OC) will increase 0.42 with one unit increase in emotional intelligence (EI). R^2 value of transformational leadership calculated was 0.263, which shows that 26.3 % variation in

OC has been explained by variation in transformational leadership. The value of R^2 of emotional intelligence (EI) was obtained 0.183, which shows that 18.3 % variation in Organizational commitment (OC has been explained by variation in emotional intelligence.

Table 2. Regression analysis of the study

	Organizational commitment				
Transformational leadership	β	R^2	T	F	P
	0.513	0.263	5.90	35.01	0.000
Interaction	β	R^2	T	F	P
	0.428	0.183	4.69	22.06	0.000

Correlation in Table 3 indicated that transformational leadership correlated positive to job organizational commitment ($r = 0.513$, $p < 0.05$) and positive related to emotional intelligence ($r = 0.205$, $p < 0.001$). Hypothesis 1 was supported. Emotional intelligence also significantly correlated to organizational commitment ($r = 0.103$, $p < 0.001$). Then, Gender significantly correlated with transformational leadership ($r = 0.159$, $p < 0.05$). Correlation in table 3 showed that Gender correlated positively with organization commitment ($r = 0.011$, $p < 0.001$). Furthermore, management level positively correlated with transformational leadership ($r = 0.019$, $p < 0.001$), also positively correlated with Emotional intelligence ($r = 0.074$, $p < 0.001$), as well significantly correlated with organization commitment ($r = 0.306$, $p < 0.001$). At the same time age positively correlated with transformational leadership ($r = 0.058$, $p < 0.001$), also positively correlated with Emotional intelligence ($r = 0.218$, $p < 0.001$) and significantly correlated with organization commitment ($r = 0.197$, $p < 0.001$). Hypothesis 2 was supported. These results are in line with the prior studies [21].

159 **Table 3. Correlations among gender, age, management level, transformational leadership,**
160 **emotional intelligence, organization commitment and interaction (N=100)**

		Gender	Age	Mgtlvl	MeanTNF	MeanEI	MeanOC	Interaction
Gender	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	100						
Age	Pearson Correlation	.250(*)	1					
	Sig. (2-tailed)	.012						
	N	100	100					
Mgtlvl	Pearson Correlation	-.268(**)	.017	1				
	Sig. (2-tailed)	.007	.869					
	N	100	100	100				
MeanTNF	Pearson Correlation	.159	.058	.019	1			
	Sig. (2-tailed)	.115	.568	.848				
	N	100	100	100	100			
MeanEI	Pearson Correlation	.149	.218(*)	.074	.205(*)	1		
	Sig. (2-tailed)	.138	.029	.466	.040			
	N	100	100	100	100	100		
MeanOC	Pearson Correlation	.011	.197(*)	-.079	.513(**)	.103(*)	1	
	Sig. (2-tailed)	.916	.049	.434	.000	.309		
	N	100	100	100	100	100	100	
Interaction	Pearson Correlation	.190	.168	.055	.818(**)	.726(**)	.428(**)	1
	Sig. (2-tailed)	.059	.095	.586	.000	.000	.000	
	N	100	100	100	100	100	100	100

161 * Correlation is significant at the 0.05 level (2-tailed).

162 ** Correlation is significant at the 0.01 level (2-tailed).

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165 If organizations encourage the implementation of leadership programs and friendly policies they
166 will be successful in reducing the turnover because leadership can be helpful in attracting new
167 employees and improve the attitude and behaviour of employees and help in increasing their
168 commitment to organization[22].The above discussion shows that when there is a better
169 application of leadership style there are more chances that one feels comfortable at work which
170 results in satisfaction at work and their commitment to organization. In other words
171 transformation leadership affect the employee organizational commitment.

172 The results of leadership are found consistent with the results of the research conducted across
173 the globe. It is found from the research of the study that the factors associated with different
174 leadership styles bring variation in the degrees of employee commitment to the organization.

Transformational leadership style is positively associated with employee satisfaction as well as their loyalty and commitment with the organization. The findings of this study offer suggestions for improvement of employee commitment through leadership style.

Conclusion

The organizations which want to retain their valuable and rare employees are suggested to apply the techniques to foster more leadership relating to transformations of their employees as well as their organization. The research provides guidelines for the organizations that how transformational leadership provide better facilities to maintain the commitment of employees and their satisfaction. The more satisfied the employees are the more will be their commitment to the organization. Similarly the satisfied employees are the assets of any organization and they will remain with the organization. The retention of employees with the same organization saves the organization from incurring costs on hiring and training their employees. It is suggested that consideration should be given to the development of leadership in the organization setting in order to ensure that this relevant style should match the situation. Furthermore, Transformational leader should emphasize more on guiding the employees in their work activities rather than directing them. Finally, a supportive management is required to balance leadership with management in minimizing the conflict between manager and leader. Top management should realize the importance of leadership in getting the work done through employees and to maintain them with current organization.

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