Transformational Leadership and Employees' Job Satisfaction and Commitment: A Structural Equation Investigation

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Abstract: The current study aimed at investigating the relationship between transformational leadership and both employees' generic job satisfaction and organizational commitment. The sample consisted of 160 male employees attending Master of Business Administration program in some private educational institutions in Egypt. Their ages ranged between 25 and 47 years (35.47±6.27 years). Three instruments were used to assess study variables: Multifactor Leadership Questionnaire (MLQ) was used to assess transformational leadership; the Generic Job Satisfaction Scale (GJSS) was used to assess employees' job satisfaction; while Mayer & Allen's Organizational Commitment Questionnaire (OCQ) was used to assess employees' organizational commitment. The results indicated that transformational leadership style is significantly correlated with generic job satisfaction and organizational commitment. Structural investigation of these relationships indicated that job satisfaction mediates the relationship between perceived transformational leadership style and organizational commitment. These results are discussed in line with past theoretical and empirical literature.

Keywords: Egypt, Work-related attitudes, Islamic leadership, Structural Equation Modeling.

1. Introduction

Leadership is an important subject with a long history of excitement and interest. Leadership is the process by which leader influence their followers to achieve organizational goals (Lussier & Archua, 2007; McLaurin, 2008). Through motivating their followers, leaders help organizations realize goal achievement and adapt to the changing environment (Amis et al., 2004).

Leadership and its correlates are well investigated in industrialized countries. Most of research on leadership has been conducted in North American and European countries with quite limited interest in other cultures and countries (Dastmalchian et al., 2001; Javidan et al. 2006).

This is especially true with respect to the Arab world. This is attributed, in a big part, to the difficulty of studying cultural elements and their linkage to organizational behavior. Arab researchers' attempts to study leadership and its correlates take three approaches: Westernized, Arabized, and Islamized (Ali, 1990). Westernized approach adopts the managerial theories and practices developed in the western countries without trying to adapt them to the cultural context. On the other hand, Arabized approach attempts to advance the critical analysis of managerial practices and concepts in the Arab world. Finally, the Islamized approach tries to implement the Islamic principles and rules in dealing with managerial issues. This approach is gaining more popularity due to several political and cultural considerations (Abdalla & Al-Homoud, 2001).

Within the Islamic approach, the leader should have a leadership style with the following characteristics: 1) charismatic leader who can inspire his followers to do their best performance because they are motivated by their love and loyalty to their leader, 2) visionary leader who has a clear vision to the future and help his followers achieving it, 3) responsible leader who deals with his followers according to Prophet Mohammad guidance: "every one of you is a custodian and is responsible for his parish", 4) fair leader who ensures justice among his people, and 5) Moderate leader , consultative, honorable, honest, humble, and holding non-materialistic and ascetic values (Khadra, 1985; Mostafa, 1986). These characteristics can be easily attached to a new genre of leadership styles frequently termed transformational leadership (Brown, 2003; Rad & Yarmohammadian, 2006).

Transformational leadership stresses the importance of keeping high-quality relationships with followers; such relationships that are based on consideration, mutual trust, participatory decision-making, interaction orientation, consultation, and democracy (Amabile et al. 2004; Avolio et al. 2004; Berson & Avolio, 2004; Coulter & Robbins, 2008; Mondy, 2009).

According to Burns (1978) transformational leadership occurs when “one or more persons engage with others in such a way that leaders and followers
raise one another to higher levels of motivation and morality” (Parry & Proctor-Thomson, 2002; Nguni et al., 2006; Emery & Barker, 2007). Transformational leaders have distinguished personal and work-related relationships with their followers which make them satisfied with their jobs, loyal to their leader and high performers of their duties (Viator 2001; Buciuniene & Škudiene, 2008). Having such employee-leader relationships increases organizational commitment and reduces the withdrawal rate (Chen, 2004).

Although it is evident that transformational leadership has desirable effects on employees' outcomes, most of the evidence is more confined to the Western world than Arab countries as Egypt (Bass, 1997, 1999; Leithwood et al., 1999; Geijsel et al., 2003; Simkins et al., 2003). Since significant empirical evidence indicates that leader's characteristics vary considerably as a result of culturally unique forces (Javidan et al., 2006), it is, therefore, very critical to confirm the effects of transformational leadership on employees' satisfaction and commitment in the Egyptian context.

Despite accumulated evidence on the effect of transformational leadership on job satisfaction and organizational commitment, the exact nature of these relationships is still argumentative (Leithwood et al., 1996; Leithwood et al., 1999; Geijsel et al., 2003). At least three models can be formulated to address these relationships.

The first model assumes that transformational leadership style is a significant predictor for both job satisfaction and organizational commitment. Anderman et al. (1991) presented three analyses to examine the relationships between teachers' perceptions of school leadership, and teacher satisfaction and commitment. Their results indicated that principals' actions create distinct working environments within schools, and these actions are highly predictive of teacher satisfaction and commitment. In the same vein, Chiefio (1991) investigated the relationships between leadership behaviors and both satisfaction and commitment among community college staff members. The results indicated that all leadership behaviors contribute to both job satisfaction and organizational commitment. A somewhat higher correlation was found between leadership behaviors and commitment than between leadership behaviors and job satisfaction. Similarly, Podsakoff et al. (1996) found that transformational leadership behaviors were able to significantly predict job satisfaction. However, only one aspect from these behaviors was able to significantly predict organizational commitment, namely articulating a vision. In line with the previous trend, Loke (2001) in his study on registered nurses and nurse managers in Singapore found that leadership behaviors and employee outcomes are significantly correlated. In addition, he found that 29% of job satisfaction and 22% of organizational commitment are explained by the leadership behaviors.

In a cross cultural study, Walmbwa et al. (2005) explored the nature of the relationship between transformational leadership and organizational commitment and job satisfaction in both Kenya and the United States. The results showed that transformational leadership has a strong and positive effect on organizational commitment and job satisfaction in both cultures.

To predict customer satisfaction, Emery & Barker (2007) examined the effect of transformational leadership on organizational commitment and job satisfaction of customer contact personnel in banking and food store organizations. The results indicated that the transformational factors of charisma, intellectual stimulation, and individual consideration are significantly correlated with job satisfaction and organizational commitment. Also, leaders' charisma, by itself, was an excellent predictor of employee attitude. Recently, Al-Hussami (2008) investigated the relationship of nurses' job satisfaction to organizational commitment, perceived organizational support, transactional leadership, transformational leadership, and level of education among certified nursing homes located in Miami-Dade County. The results indicated that the correlation coefficients between transformational leadership and both satisfaction and commitment were .912 and .927 respectively.

The second model assumes that the relationship between transformational leadership style and organizational commitment is mediated by the state of job satisfaction among employees. Shim et al. (2002) used a structural equation modeling technique to empirically testing a hypothetical hierarchical model where leadership style affects job satisfaction which, in turn, affects organizational commitment. Survey data were collected from retail managers of national retail chain store companies. The results sustained the hypothetical hierarchical model.

In the same vein, Nguni et al. (2006) examined the effects of transformational leadership on teachers’ job satisfaction, organizational commitment, and organizational citizenship behavior among primary school teachers in Tanzania. Regression analyses showed that transformational leadership dimensions have strong effects on teachers’ job satisfaction, organizational commitment, and organizational citizenship behavior. In addition, job satisfaction appeared to be a mediator of the effects of transformational leadership on teachers’ organizational commitment and organizational citizenship behavior.
Recently, Chen et al. (2009) demonstrated that one aspect of transformational leadership, namely individualized consideration, directly affects employees' satisfaction. However, a second aspect of transformational leadership, namely individualized consideration, only affects organizational commitment when job satisfaction is considered as a mediating variable. In addition, idealized influence also affects organizational commitment only when trust plays a mediating role.

Finally, the third model assumes that the relationship between leadership style and job satisfaction is mediated by employees' organizational commitment. Yousef (2000) investigated the potential mediating role of organizational commitment in the relationships of leadership behavior with the work outcomes of job satisfaction and job performance in a non-western country (United Arab of Emirates) where multiculturalism is a dominant feature of the workforce. The results suggested that those who perceive their superiors as adopting consultative or participative leadership behaviors are more committed to their organizations and more satisfied with their jobs. Moreover, the results supported the mediating role of organizational commitment in the relationship between leadership behaviors and job satisfaction.

In another study, Chen (2004) examined specific employee behaviors associated with transformational and transactional leadership and how they both moderate and mediate effects of organizational culture and commitment. Surveys were distributed to 84 Taiwanese manufacturing and service organizations with a total of 1,451 employees. The results indicated that idealized influence leadership with innovative culture is positively related to organizational commitment. Furthermore, organizational commitment plays a significant mediating role for the relationship between transformational leadership behaviors and job satisfaction, and this mediating role is not influenced by organizational culture.

Similarly, Ismail et al. (2010) investigated the effect of participative and consultative leadership styles and organizational commitment on job satisfaction among employees working in East Malaysia. The outcome of stepwise regression analysis showed that the relationship between organizational commitment and relationship oriented leadership behavior elements (i.e., participative and consultative) is positively and significantly correlated with job satisfaction. This result demonstrates that when leaders adopt participative and consultative leadership styles, this increases followers' commitment to their organizations. Such commitment may lead to increased job satisfaction. Furthermore, this study confirmed that organizational commitment mediates the relationship between relationship-oriented leadership behavior elements and job satisfaction.

Based on the preceding models and empirical work, the current study hypothesized that:

H1: There is a significant positive relationship between transformational leadership style and job satisfaction.

H2: There is a significant positive relationship between transformational leadership style and organizational commitment.

In addition to testing the previous hypotheses, the structure as well as the mediation effects of the relationships among these variables will be investigated.

2. Method

Participants

Participants for this study are Egyptian employees attending Master of Business Administration program in some private educational institutions in Egypt. Students taking courses given by the author were asked to participate in the study; however it was made clear to them that participation was voluntary and without any academic credit. As such, this was a convenience sample. A total of 250 questionnaires were distributed, of which 160 were returned complete, i.e. (64 percent). Their ages ranged between 25 and 47 years (35.47 ± 6.27 years). 68% of participants were males, all of them had at least a bachelor degree, their English language was adequate, and they were working in different service and manufacturing Egyptian companies.

Instruments

Perceived transformational leadership style was assessed using the Multifactor leadership Questionnaire (MLQ Form 5X) developed by Bass & Avolio (2000). Transformational leadership style was the cumulative score of four subscales: Intellectual Stimulation (4 items), Idealized Influence (12 items), Inspirational Motivation (4 items), and Individual consideration (4 items). Respondents were asked to select the suitable point on a 5 points Likert scale, ranging from 0 ( Not at all ) to 4 (Frequently, if not always). The reliability of these subscales has been found to be satisfactory, the Cronbach's alpha of the transformational subscales ranged from .74-.94.

Job satisfaction was assessed by the Generic Job Satisfaction Scale (GJSS). This is a 10-item scale that assesses general aspects of job satisfaction e.g. pay, relations with co-workers and supervisors, and job security (Macdonald & MacIntyre, 1997). The Cronbach's alpha of the GJSS was 0.88. Respondents were asked to select the suitable point on a 5 point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).
Organizational Commitment was assessed using the Organizational commitment Scale (OCQ) to assess three types of commitment: Normative commitment (6 items), affective commitment (6 items), and continuance commitment (6 items) (Allen & Meyer, 1996). The Cronbach’s alpha of these subscales were .91, .93, and .89 respectively. The Cronbach’s alpha of the entire scale was .94. Respondents were asked to select the suitable point on a 5 points Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). All questionnaires were administrated in group sessions that lasted for 30-45 minutes. These questionnaires were introduced in their original (English) versions.

3. Results
In order to investigate the relationship between transformational leadership style and job satisfaction and organizational commitment, Pearson correlation coefficients were calculated as shown in Table 1. It is clear that the study hypotheses were sustained since significant positive correlations coefficients were found between transformational leadership style and both generic job satisfaction and organizational commitment.

Table (1) Pearson correlation coefficients between transformational leadership and both job satisfaction and organizational commitment

<table>
<thead>
<tr>
<th></th>
<th>Normative commitment</th>
<th>Affective commitment</th>
<th>Continuance commitment</th>
<th>Organizational commitment</th>
<th>Job satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intellectual Stimulation</td>
<td>.645**</td>
<td>.751**</td>
<td>.462**</td>
<td>.610**</td>
<td>.683**</td>
</tr>
<tr>
<td>Idealized Influence</td>
<td>.693**</td>
<td>.896**</td>
<td>.490**</td>
<td>.624**</td>
<td>.701**</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>.781**</td>
<td>.683**</td>
<td>.378**</td>
<td>.605**</td>
<td>.654**</td>
</tr>
<tr>
<td>Individual consideration</td>
<td>.608**</td>
<td>.804**</td>
<td>.452**</td>
<td>.648**</td>
<td>.613**</td>
</tr>
<tr>
<td>Transformational leadership</td>
<td>.582**</td>
<td>.649**</td>
<td>.349**</td>
<td>.725**</td>
<td>.642**</td>
</tr>
</tbody>
</table>

** *p < .01

With regard to the correlations between transformational leadership components and both satisfaction and commitment, the results indicated that idealized influence had the strongest correlation with job satisfaction, while individual consideration had the strongest correlation with organizational commitment.

In order to investigate the structure of the relationships among transformational leadership style, job satisfaction, and organizational commitment, three structure equations models were investigated. The first model, presented in figure 1, used transformational leadership style as a predictor for both job satisfaction and organizational commitment.

![Figure 1: Transformational leadership style as a predictor of both job satisfaction and organizational commitment.](image)

** *p < .01

Figure 1: Transformational leadership style as a predictor of both job satisfaction and organizational commitment.

![Figure 2: Job satisfaction as a mediating variable on the relationship between transformational leadership style and organizational commitment.](image)

** *p < .01

Figure 2: Job satisfaction as a mediating variable on the relationship between transformational leadership style and organizational commitment.
This model resulted in good fit, $\chi^2 = 1.762, p = .184; \chi^2/df = 1.762$; Goodness of Fit Index (GFI) = .932; Adjusted Goodness of Fit Index (AGFI) = .918; Comparative Fit Index (CFI) = .925; Root Mean square Residual (RMR) = .048, and Root Mean Square Error of Approximation (RMSEA) = .055.

Mediation analyses:
A model examining the mediation effects of job satisfaction on the relationship between transformational leadership style and organizational commitment, presented in figure 2, was tested next. This model provided a very good fit to the data, $\chi^2 = 3.226, p = .112; \chi^2/df = 1.613$; GFI = .981; AGFI = .943; CFI = .962; RMR = .035, and RMSEA = .052.

Finally, a model examining the mediation effects of organizational commitment on the relationship between transformational leadership style and job satisfaction, presented in figure 3, was tested next. The fit indices of this model was very good, although they were lower than the fit indices of the previous model, $\chi^2 = 3.512, p = .096; \chi^2/df = 1.756$; GFI = .961; AGFI = .939; CFI = .941; RMR = .044, and RMSEA = .063.

![Figure 3: Organizational commitment as a mediating variable on the relationship between transformational leadership style and job satisfaction.](image)

When comparing the fitted models, the goodness of fit indices indicated that the second model is the one with the best fit of the relationships among perceived transformational leadership style, job satisfaction, and organizational commitment. This is the model that suggested that the relationship between perceived transformational leadership style and organizational commitment is mediated by employees' job satisfaction.

4. Discussion
The current study attempted to examine the association between transformational leadership style and employee commitment and job satisfaction among Egyptian employees. As predicted, transformational leadership was found significantly correlated with both job satisfaction and organizational commitment. This results support a significant body of research which indicated that the transformational leadership is a significant predictor of individual and group performance (Hater & Bass, 1988; Waldman, et al., 1990; Podsakoff et al., 1996; Bogler, 2001; Erkutlu, 2008).

The correlational analysis indicated that idealized influence (charismatic leadership) had the strongest relationship with employees' job satisfaction. These results are justified since Project GLOBE has indicated that both Charismatic/Value-Based and Team Oriented leadership are viewed positively in Egypt. Egyptian employees become more satisfied if their leaders match their conceptions about leadership. Dictatorship was the preferred leadership style in Egypt since pharaohs, thus Egyptian employees view their leaders as an elite, distinctive and transcendent group. Accordingly, effective leaders, who can satisfy their employees' needs, are expected to lead by portraying a self-assured image. Again, this is consistent with the Islamic definition of the leader who should not be weak.

Furthermore, correlational analysis indicated that individual consideration had the strongest relationship with employees' organizational commitment. It was concluded from Project GLOBE that in-group collectivism and humane orientation are more important in Egypt compared with other western countries (e.g. U.S.A.). Thus, employees-leader relationships in Egypt are more emotional and personal. To Egyptian employees, the leader should be more than an executive; he should act like a father who cares about his family members. This parental role for leaders is impeded in the Arabic and Islamic culture (Javidan, et al., 2006).

The mediating analysis indicated that job satisfaction mediates the relationship between perceived transformational leadership style and organizational commitment. This is consistent with a significant body of research that indicated that transformational leadership increases employees' job satisfaction which contributes in gaining more loyal
and committed employees (Shim et al., 2002; Nguni et al., 2006; Chen et al., 2009).

Although the results of the current study stressed the fitness and the importance of second model, in which job satisfaction mediates the relationship between perceived transformational leadership style and organizational commitment, the other two models presented in the literature review also gained a considerable fitness that cannot be ignored. All in all, these results stress on the complexity and dynamicity of the relationships among perceived transformational leadership style, job satisfaction and organizational commitment.

The results of this study have several implications for theory and future research. First, since most empirical evidence on the effects of transformational leadership has been more confined to the Western world than in developing countries including the Arab world, the present study continues and extends this line of research. By taking Egypt as a case study, it examines the effects of transformational leadership on employees’ job satisfaction and organizational commitment in a non-Western culture. In addition the results of the current study sustain Bass’s (1985, 1997) claim about the universality of the transformational and transactional leadership paradigm across different countries and cultures (Bass, 1997). According to Hofstede (1991), there are several cultural differences between Egypt and Western societies, e.g., Egypt has a lower score on individualism and a higher score on power distance than Western countries like U.S.A. The results of the present study confirmed the fact that, in spite of these cultural differences, transformational leadership is not necessarily confined to the Western world. It is also found in other societies which are more collective compared to the Western societies (Koh et al., 1995; Bogler, 2001; Yu et al., 2002). However, it is suggested that more research in the Arab world context is needed in order to further confirm Bass’s claim of the universality of transformational and transactional leadership across different cultures.

Studying leadership, using country as unit of analysis, has important implications for managers and academics. In multinational companies, managers should understand the similarities and differences between the parent and host cultures with respect to leadership styles. With this understanding they can better predict the difficulties in adopting organizational policies and leadership practices. Furthermore, multinational companies can develop training programs for their expatriates based on this understanding. Academics can understand the limits of generalizability cultural specificity of their findings and theories (Kabasakal & Dasmalchian, 2001).

From a theoretical point of view, the findings of the current study help us understand how transformational leadership behaviors influence employees’ work attitudes and behavior. According to Bass (1985) transformational leadership is defined with respect to how followers perceive and act toward the leader. For example, followers try to imitate their transformational leaders; they trust their leader’s judgment; they support the leader’s values, and usually adopt them, and frequently form strong emotional relationships with their leader. Furthermore, it is suggested that transformational leadership characteristics, i.e., idealized influence, intellectual stimulation and individual consideration within their subordinates, have a direct effect on the dimensions of service quality (Parasuraman et al., 1988). Further, from a practical standpoint, the knowledge resulting from this study can be used to develop general strategies to improve organizational leadership. These findings have implications for the training and development of current and future leaders. The MLQ is a good tool to discriminate between transformation, transactional, and laissez-faire leadership styles, thus several training programs could be developed to work on improving the behaviors and skills that result in effective transformational leadership. Preliminary findings from a supervisory training program developed to improve transformational leadership have already produced some promising results (Bass & Avolio, 1990; 1994).

Additionally, these findings can help improve the way leaders are recruited and promoted in many organizations (Kuhnert & Russell, 1990). Some researchers suggest that the MLQ can be used as a discriminatory selection tool (Waldman et al., 1990). Thus, traditional selection methods should be replaced by more effective and modern tools including this questionnaire (Hogan & Hogan, 1994).

Limitations

Several limitations of the current study should be acknowledged. First, the sample of the study consists of only men. Thus results may not be generalized to female employees. Second, the current study was conducted among employees who belong to the private sector which is increasing and currently dominates the economic system in Egypt. The public sector, in its large part, is still dominated by traditional autocratic leadership styles. Third, since all of the participants in this study were Egyptian; the results might not be generalizable to other Arab nationalities. Although Arab countries share many cultural and historical commonalities, there are
important economic and social differences between them (Neal et al., 2005). Fourth, causality cannot be assessed in this cross-sectional study.

5. Conclusion

In conclusion, this study investigated the relationships between transformational leadership style and job satisfaction and organizational commitment. In support of HI and H2, the results of the study showed that there are significant correlations between transformational leadership style and job satisfaction and organizational commitment. Furthermore, the structural investigation confirmed the mediating role of job satisfaction on the relationship between transformational leadership style and organizational commitment. This study makes three important contributions. First, it draws attention to the similarities between the Islamic leader and the transformational leader. Second, it helps to confirm Bass’s claim about the universality of the transformational and transactional leadership paradigm across different nations and societies. Finally, it reveals the complexity and dynamicity of the relationships among perceived transformational leadership style, job satisfaction and organizational commitment.

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