

IMPACT OF LEADERSHIP STYLES ON EMPLOYEE ORGANIZATIONAL COMMITMENT IN PRIVATE HIGHER INSTITUTIONS AT DESSIE CITY ADMINISTRATION

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ABSTRACT

The current study was seeks to determine the impact of leadership styles on employee organizational commitment constructs among academic staff of private higher education institutions (PHEIs) in Dessie city Administration (DCA). A quantitative methodology and self-administered surveys of the Organizational Commitment Questionnaire (OCQ) and the Multi Factor Leadership Questionnaire (MLQ) was used to collect data from 104 respondents. The data was presented by tables and percentage taken from out view of SPSS. The data was analyzed using Statistical Package for the Social Sciences (SPSS), version 20.0. Descriptive analysis, Spearman correlation analysis, regression analysis and independent sample T-test were also used to test for relationships between the independent variable (leadership style) and the dependant variable (organizational commitment). Total participants of the research were 104 of which 89 employee and 15 leaders with response rate of 63%. Two separate instruments, namely multifactor leadership questionnaire (MLQ) and organizational commitment questionnaire (OCQ), were used to measure leadership styles and employees' organizational commitment respectively in five PHEIs. The results of the study reviled that both transformational and transactional leadership styles have positive and significant impact on all types of employee commitment namely affective, continuance and normative, but transformational is dominant. Liaises fair leadership style has no relationship with employee commitment. A relatively new finding indicated that transactional leadership has only greater effect on normative. Liaises fair leadership style has no effect with employee commitment.

Key Words: Impact, leadership, Leadership style and employee commitment

1.1. BACKGROUND OF THE STUDY

The work area is changing rapidly and demands of highest quality product and service is increasing. To stay in the competitive advantage on the face of these pressures, employee commitment is crucial. This fact is applicable in every organization particularly to small and medium size business .The need for improving education, training and development of organizational workforce is written much more

recently. Hersey & Blanchard (1984) organizations great emphasis must be given to improve the quality of leadership for business success and achieving employee commitment and there by its profitability.

Leadership is interesting common concept as most of the people are consciously or unconsciously involved in the process of being influenced or influencing others in the role of leadership. People are interested to know the components that make an ordinary person a great leader (Bateman & Snell, 2002) as cited (Wiza and Hlanganipai,

2014). Leadership styles are behaviors or processes in which leaders the way act or participate that enable many things to be done in the success of organization (Bass & Avolio, 1993). Therefore, leadership in this study is related to the person who is appointed by the organization or owner to follow up the whole or sub activities of the organization as well as the subordinates report to whom in the context of a work place relationship. Leadership styles are the most prevalent factors that influence employees' attitudes and behaviors including organizational commitment (Alkahtani, 2015).

Over the last decades private higher education institutions in Ethiopia shows increasing in number. In recent year's government adopt privatization of earlier government owned institutions and different service sectors become free. The education sector is one, among them. Consequently, many investors and academicians started to enroll themselves in to it. Education is one of the backbones of modernization and a power, the societies' demand for higher education centers had increased instantly. But, the few public higher education institutions could not manage to satisfy all those needs. Thus, the above fact opened the channel to growing of a number of private higher education institutions to fulfill those unsatisfied desires as well as investment in private higher education institutions by Ethiopian entrepreneurs is continued to grow.

1.2. STATEMENT OF THE PROBLEM

Yammarino and Dubinsky (1992) cited as Clinebell et al. (2013) supports that an employee's perception of the immediate supervisor to be one of the major determinants of employee attitudes in the work place, including organizational commitment. This assumption initiates for a deeper examination of distinct leader-ship styles employed in the day to day leader follower relationship. The main question arises with respect to how distinct styles or behaviors

employed by a leader affect the form and level of employee's commitment. As advocated by Meyer and Allen's (1991, 1997) building on principles of need, satisfaction and exchange, employees are more likely to willingly contribute to the success of the organization and remain employed longer when their needs are satisfied within the work place. The leader acting as the closest mediator in the employment environment is entrusted to ensure satisfied and committed employees. Thus, the leader should be very familiar with any impact his/her demonstrated behavior has on followers' perceptions towards the workplace, or even the organization as a whole, and adapt his/her leadership behaviors in order to enhance followers' commitments.

Awan & Mahmood (2009) depict that employees with good commitment reflects the quality of leader-ship in the organization. Therefore, it is logical to assume that leadership behavior would have a significant impact with the development of employee commitment. This study examines the impact of leadership styles on organizational commitment in higher private educational institute located at DCA. Educational institutes are playing a vital role in the prosperity and progress of the country by addressing education to generation and providing quality education to the surrounding community. So employee expectations towards their supervisors are need to be addresses. In this regard the study attempt to great contribution for those PHEIs. The researcher was tried to analyze the type of effective leadership style which highly increases the employees' commitment. Therefore the purpose of this research was to examine the relationship between distinct leadership styles (transformational, transactional and liaises fair leadership styles) and separate dimensions of organizational commitment namely affective commitment, continuance commitment and normative commitment in PHEIs found at DCA. According to observation and other information no researches conduct up to now under those

organizations on impact of leadership styles on employee organizational commitment. Besides to privatization and business competition those PHEIs have role of delivering education which is one of the tool of distracting poverty. So that the researcher trigger off to conduct the study.

1.3. REVIEW OF LITERATURE

Leadership in this study is related to the person who is appointed by the organization or owner to follow up the whole or sub activities of the organization as well as the subordinates report to whom in the context of a work place relationship. Leadership styles are the most prevalent factors that influence employees' attitudes and behaviors including organizational commitment (Alkahtani, 2015).

Clinebell *et al.*, (2013) indicate that transactional type of leadership is being referred to as traditional and was named based on the argument that there are certain underlying transactions or negotiations or bargains between managers and employees where followers are introduced to what certain behavior is expected from them in order to become entitled to the compensation or reward for their compliance to the postulated requirements.

Mahmood (2009) show that the leadership style (in their case, autocratic or laissez-faire) has no effect on the commitment of employees in university libraries. Instead, most of the library professionals seemed to be highly committed with their organizations i.e., they favored result-oriented culture. Similarly, Lok & Crawford (1999) reported that the leadership style variable, a bureaucratic environment, often resulted in a lower level of employee commitment and performance, whereas Hunt and Liesbscher (1973) [as cited in Bučiūnienė & Škudienė, 2008] discovered a negative association between these two variables.

Likewise, Bycio *et al.* (1995) examined how transformational leadership and transactional leadership affected employee levels of affective

commitment, continuance commitment, and normative commitment. Findings revealed that transformational leadership was a better predictor of affective, continuance, and normative commitment than transactional leadership.

Clinebell *et al.*, (2013) findings shows both leadership styles transformational and transactional positively affect all dimensions of organizational commitment to varying extents. Meanwhile, passive/avoidant leadership style was found to have a negative effect with affective commitment only.

In many researches in the literature it was determined that there was a strong relationship between leadership styles and employee commitment (Lo *et al.*, 2009; Lo *et al.*, 2010; Avolio *et al.*, 2004; Bučiūnienė & Škudienė, 2008; Lok & Crawford, 1999; Awan & Mahmood, 2009; Ponnu & Tennakoon, 2009, Temesgen, 2011). These studies were generally conducted in business organizations, yet there have been few researches conducted in education organizations specifically in Ethiopia.

1.4. OBJECTIVES OF THE STUDY

- To examine the impact of transactional leadership style on affective, continuance, and normative employee commitment
- To examine the impact of laissez-faire leadership style on affective, continuance, and normative employee commitment?

1.5 RESEARCH DESIGN

Descriptive research method was used to determine the relationship between the employee commitment and leadership styles and also to establish any association between these variables. In this study employee organizational commitment dimensions are dependent variables and leadership styles are independent variables. Quantitative research approach and surveying method were adopted to examine the relationship between dependent and independent variables.

Population and Sample Design

The target population of five PHEIS in DCA consists of leaders /deans and academic staff. The target population contains 20 leaders and 145 full time academic staff. Complete survey or census study which means all of 165 respondents were studied. As cited in Air University Sampling and Surveying Handbook Surveys (2002) complete survey is called a “census” involves contacting the entire group or the total population or “universe.” It reduces risk by providing potential information and to avoid the charge of using “biased data”. It is also at best, produce results that can minimize misleading information. There for Complete enumeration or all population was surveyed i.e.165 questionnaires were distributed for quality information that leads to effective and efficient study.

Data Collection instrument

There were two types of close ended instruments used in this study, leadership questionnaire or multi-factor leadership questionnaire (MLQ) and organizational commitment questionnaire (OCQ).

Multifactor Leadership Questionnaire (MLQ Form 5X)

The study was used Multifactor Leadership Questionnaire (MLQ) form 5X instrument to measure leadership styles and their underlying behaviors originally introduced and later reexamined, to a wide extent, by Bass, Avolio and Jung (1999).

For the purpose of this study a quantitative methodology involving a close-ended questionnaire was used as measuring instrument. The close-ended questionnaires can be administers to groups of people simultaneously, since they are less costly and less time consuming than other measuring instruments. Instruments, namely multifactor leadership questionnaire (MLQ) used in this research to obtain quantitative information on leadership styles. There were 27 items filled by individuals with three sub leader

ship styles transformational leadership 15 item, transactional 9 items and laissez-faire 3 items using the following given rating scale.

These items are rated using a 5-point Liker scale labeled as 0 = not at all, 1 = once in a while, 2 = sometimes, 3 = fairly often, 4 = frequently. High score shows high effectiveness of leadership style perception while low score implies low effectiveness perception in the scale.

Organizational commitment questionnaire (OCQ)

This instrument was measured organizational commitment .Organizational commitment questionnaire (OCQ) developed by Meyer and Allen (1990) used to obtain quantitative information on commitment. This Organizational Commitment Questionnaire consists of three dimensions as “Affective commitment”, “Continuance commitment” and “Normative commitment”. The selected OCQ is a self-scoring questionnaire and the responses to each of the 15 items (5 items for each dimension) are rated.

OCQ item using a 5-point Likert scale labeled as 0 = strongly disagree, 1 = disagree, 2 = neither agree nor disagree, 3 = agree, 4 = strongly agree. High score shows high employees’ organizational commitment perception while low score implies low perception in the scale.

1.6. DATA ANALYSIS AND RESULTS

Correlation between transformational leadership and employee commitment

As seen from the results, transformational leadership has relatively good significant positive correlation with affective commitment (0.532**) and normative commitment (.489**) whereas relatively weak, but significant, positive relationship with continuance commitment (0.347**).

These findings suggest that there is a positive, although not very strong, with transformational leadership style and the three

dimension of commitment (affective commitment, continuance commitment and normative

commitment). For affective commitment, this suggests that leadership behaviors which involve building trust, inspiring a shared vision, encouraging creativity, emphasizing development, and recognizing accomplishments is somewhat positively related to how employees feel about wanting to stay with the PHEIs. For continuance commitment, this finding suggests transformational leadership behaviors are related to how employees feel about having to stay with the organization. Continuance commitment is more likely related to transferability of skills, education, retirement money, status, and job security, and alternative employment opportunities (Allen & Meyer, 1990; Shore & Wayne, 1993; Hunt & Morgan, 1994; Meyer et al., 2004). Normative commitment shows relation for transformational leadership, as belongingness, loyal, and sense of obligation to PHEIS at DCA.

According to the analysis results, there is very weak, but positive and significant relationship between transactional leadership style and continuance commitment (0.210*) but there is moderate positive and significant correlation with affective commitment (.414**) and normative commitment (.481**). The positive correlation between transactional leadership style and normative commitment suggests that leadership behaviors involving rewards, highlighting problems, and positive reinforcement related to how employees feel about ought to stay with the organization (Bass & Avolio, 1993). This relationship also indicates that the leaders' and followers' associations affects employees' moral identification with an organization and relates to their feelings of responsibility (Allen & Meyer, 1990).

Regression analysis result of leadership styles on dimensions of commitment

Commitment \ Leadership style	Affective commitment	Continuance commitment	Normative commitment
Transformational LS	.284*	.120*	.239*
Transactional LS	.171*	.044**	.231*
Laissez-faire LS	-.004	-.011	-.002

** Regression is significant at the 0.01 level

* Regression is significant at the 0.05 level

1.7. SUMMARY AND CONCLUSIONS

The results of the central tendency showed that from independent variables, the most indicator of leadership style is transformational leadership followed by transactional leadership and liaises-fair leadership. From independent variables affective is the most predictor of employee commitment followed by normative and continuance commitment. Independent sample t test also showed that there is no significant differences between the perception of two samples (employee and leaders) on all dimensions of leadership with an exception to idealized influence (attribute), intellectual stimulation (IS), and liaises-fair (LF).Results from Pearson's Product Moment Correlation Coefficient revealed that, transformational leadership and transactional leadership have positive and significant relation to all dimension of commitment. Transformational leadership on affective and normative commitment and transactional leadership only on normative commitment have moderate relationship. But both have weak relation on continuance, transactional also has weak relation on affective commitment. Liaises-fair leadership has no significant relationship to all dimension of commitment. Regression result showed that transformational leadership style has weak but positive significant impact on all dimension of employee commitment namely affective,

continuance and normative. Transactional leadership has very weak but positive and significant impact on all three dimension of commitment. Liaises-fair leadership style has no significant effect on all types of employee commitment.

The results of the study confirm earlier findings have greater effect of transformational on affective and normative commitment. Transactional leadership style has greater impact on continuance commitment. But in this study transactional has greater impact on normative commitment. In congruence with leadership theory and previous empirical studies, a relationship was also found between transformational leadership style and normative commitment. Also, as supported by existing literature, the effect of transformational leadership on normative commitment is slightly lower when compared to the relationship with affective commitment. A relatively new finding reveals transactional leadership style to be a better predictor of normative commitment confirming the importance of having a sense of responsibility and obligation to the organization or community. Passive/avoidant leadership style has no significant effect on all types of commitment, which means in these PHEIs avoidant or ignorant leadership is not perceived by employees

1.8. RECOMMENDATION

Based on the findings and conclusions of the study, the researcher forwards the following recommendations to the management of PHEIs at DCA considered in this study. The interaction of transformational and transactional leadership styles are potentially important point of influence in affecting attitudes toward commitment to the organization. Leaders of PHEIs should pay more attention to developing efficient team work and express warm concern and trust to co-workers through transformational leadership behaviors in order to increase commonality.

Based on the findings regression analysis transactional leadership style affected normative commitment positively better than affective and continuance commitment. Leaders should make sound system of benefits, promotion, and development in order to increase employees' responsibility and obligation towards organization. As most of employees and leaders experienced adult age group it is expected to have good potential and knowledge. Therefore management of PHEIS should form good working environment for effective teaching learning process. In PHEIS at DCA majority of leaders and employees are male. Human resources of those organizations should have to encourage equality of gender in order to increase females' economic beneficiary. The absence of differences on perception between leaders and employees leadership style, indicated that leadership styles practically exercised by leaders and employees understanding similar. This further predicts coordination of workers and their leader. Liaises-faire leadership has no correlation with employees' commitment; leaders should avoid such behaviors like displaying indifference, overlooking achievements, and ignorance of problems to improve the commitment levels of employees.

1.7. FUTURE RESEARCH

The findings of this study not generalized to the whole education industry. The present findings should, not touch higher and lower public education organizations, and also lower private education. There for in future research it will examine in public education institutions and non higher private organizations. Further research may examine other types of leadership styles in both private and public education sectors for understanding of their impact on three types of commitment namely affective, continuance and normative commitment.

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