

Mediating Role of Organizational Commitment on the Impact of Transformational Leadership on Job Satisfaction

¹S. Narendra Rathnaraj, ²Dr. A. Vimala

¹Ph.D. Scholar in Management, ²Professor and Head, Dept of Extension and Career and Guidance, Bharathiar University, Coimbatore, Tamil Nadu, India.

¹naren.snr@gmail.com, ²dravimalabu@gmail.com

Abstract: The purpose of the present research is to understand the mediating role of organizational commitment on the impact of transformational leadership on job satisfaction among the employees of construction sector. 342 employees were selected for the present study. The employees were given a structured questionnaire to assess the leadership style, job satisfaction and organizational commitment. Structural equation modelling – partial least squares method was adopted to test and study the research instruments. The results revealed that there is a positive impact of transformational leadership on job satisfaction and organizational commitment. It was also found that organizational commitment has a mediating effect on the impact of transformational leadership on job satisfaction. Also found that organizational commitment has an effect on job satisfaction. From the results and analysis, it is perceived that the transformational leadership is preferable leadership for construction sector that can used to increase organizational commitment and improve job satisfaction among the employees.

Keywords: Construction, Job Satisfaction, Leadership, Mediating effect, Organizational commitment, Transformational leadership.

I. INTRODUCTION

Leadership by definition is stated as a process by which an person attempt to influence a group of individuals towards achieving a common goal. Leadership and its styles have an immense bearing on the employee's performance and growth that which leads to a positive organizational outcome.

Leadership is also looked upon as a process in which a person brings out the best in themselves and others. Leadership is the ability of a manager to influence, motivate, and enable employees to contribute toward organizational success. Managers do employ various leadership styles to lead and direct their employees or group for instance autocratic, bureaucratic, laissez-faire, charismatic, democratic, participative, transactional, and transformational leadership styles. There is no universal leadership style that is commonly used across the organizations. Different leadership styles are employed when different situation arise. An effective leader is a one who knows when one must exhibit a particular approach.

Literature on leadership identifies transformational leadership, transactional leadership and laissez-faire leadership as the three common leadership styles in the current climate, with transformational leadership and

transactional leadership being the most dominant. Job satisfaction is found to be one of the most popular and widely researched topics in the psychology of an organization. Job satisfaction is defined as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences.

Various studies on job satisfaction has been studied as a consequence of many individual and work environment characteristics and as a forerunner to many outcomes. Employees whose job satisfaction are positive and high are often less absent, less likely to leave, more productive, more likely to display organizational commitment, and more likely to be satisfied with their lives.

Literature suggests that an employee's job satisfaction is strongly influenced by leadership style. Current leadership styles are related to job satisfaction by varying degrees. Several studies have indicated that transformational leadership results in higher levels of job satisfaction than transactional or laissez-faire leadership.

Organizational commitment has been defined by many scholars on various situations and backgrounds. For the present study the, definition of organizational commitment is taken from Porter et al. (1974) as "the relative strength of an individual's identification with and involvement in a

particular organization". According to various scholars, organizational commitment has three fundamental components: Identification, involvement and loyalty. Where, Identification is defined as the strong belief and working towards the success of organizational goals and values involvement is defined as the willingness to put a significant effort into the organization and loyalty as the strong commitment or desire to stay with the organization.

A substantial amount of literature has been researched into the relationships between leadership and organizational commitment, organizational commitment and job satisfaction and leadership and job satisfaction. However, the mediating role of organizational commitment on leadership style and job satisfaction has received very little importance in past research despite its due importance.

The overall aim of the study was to investigate the relationship between leadership styles and employee job satisfaction levels within the organization. Also, the study aims to find the mediating role organizational commitment on the leadership style and job satisfaction. A quantitative study was conducted to accomplish the objectives of the study. Questionnaires were administered to employees within the selected target population in the organization. The data received were analyzed using statistical packages.

II. CONSTRUCTION SECTOR

The construction industry in India is the second largest industry, after agriculture, which contributes directly and indirectly towards the economic growth of the nation. The construction industry has been a major contributor to the gross domestic product (GDP) of the country. Jain (2016) put it that the construction sector employs around 33 million people in the country and influences many associated industries such as cement, steel, technology, and skill enhancement.

India has a substantial demand for the leadership in the construction industry, for reasons that include planning, performance, management, job satisfaction, organizational commitment, etc. Employee's job satisfaction is indispensable for a quality work for effective organizational performance. Leadership styles have a great influence on employee's job satisfaction and organizational commitment. The emphasis of this present research study is to examine and analyse the significance of transformational leadership style in the construction industry in India. The results can be used to make suggestions for the proper implementation of leadership skills in the construction sector in India.

III. LITERATURE REVIEW

The prominent leadership styles are followed in organizational today are transactional and transformational leadership styles as propounded by Burns (1978). Transformational leaders aim at the follower's motivation

and personal development. The aim of transformational leadership is to merge employee's aspirations and needs with goals and outcome of the organisational. In addition to that, transformational leaders are able to foster followers' commitment to the organisations and inspire them to exceed their expected performance [03] [04] [05] [15] [18] [22].

Transformational leadership is a new paradigm of leadership that attracts scholars' attention [16] [22]. The concepts of transformational and transactional leadership are among the most popular and current approaches to understanding leader effectiveness. It was first mentioned in 1978 by James McGregor Burns [06] [11], and was developed as a new paradigm of leadership by Bass (1985), Bass and Avolio in 1995, 1999, and 2004 [01] [11] [18].

The process of constructing commitment toward the organization's objectives and making employees more confident in achieving the objectives of the organization is major function of transformational leadership [23]. Under this, leaders use values, vision, commitment to a mission, and passion to strengthen and move others towards accomplishment of goals [17]. Leaders who understand and implement transformational leadership are proactive in developing employee capabilities, help charting new directions, mobilize resources, facilitate and support employees, and respond to challenges faced by the organization. [02] [08].

This type of leadership increases organizational effectiveness and productivity. In comparison to transactional leaders, a transformational leader successfully leads an organization toward effectiveness, satisfies subordinates and motivates them to put their extra effort in success of the organization. Transformational leaders can encourage the followers to put the organizational vision and goals before their personal interest [19]. Transformational leadership consists of five constructs namely idealized influence (attribute and behaviour), intellectual stimulation, inspirational motivation, and individualized consideration.

Organizational Commitment

Meyer & Allen, 1991 defines organizational commitment as a psychological condition characterizes individual relationship with the organization and affects his decision to continue or not in the organization. This relationship includes the emotional orientation towards organization and the individual's perception of leaving organization cost and the moral obligation to stay in organization. [14]. Robbins (2009) defines organizational commitment as employees' attitudes towards the organization in which they work. organizational commitment as an attitude is individuals' desire to remain in organization, their efforts

to the organization, and their acceptance of organization values and objectives [20].

Organizational commitment reflects employee's loyalty to their organizations and is determined by a number of personal and other factors. Organizational commitment is characterized by three psychological factors: the individual's acceptance of the goals and values of the organization, the desire to try to achieve the goals, and the desire to remain in the organization [24].

Job Satisfaction

Job satisfaction is a practical or emotional response towards various aspects of an employee's work as given by Schermerhorn (1993) [21]. Parvin & Kabir (2011) state that job satisfaction is suggested by some researchers to be the aspect of need fulfilment [13]. Ellickson and Logsdon (2002) defined job satisfaction as the degree to which employees enjoy their work [09]. The research by Hackman and Oldham's (1980) was found to be similar. They surveyed the blue and white-collar workers and determined that completing tasks was not as important as job security and compensation for blue-collar employees. The findings also indicated that motivating and differentiated assignments which are of higher importance to white-collar workers when compared to blue-collar workers [10].

IV. STATEMENT OF THE PROBLEM

The present study is formulated to assess the impact of leadership style on job satisfaction. The primary objective framed for the research is to understand the mediating role of organizational in the impact of transformational leadership on job satisfaction among the employees of construction sector. The current construction market has significant management issues regarding how to increase the job satisfaction of employees in order to meet the organizational goals. The current workforce possesses a substantial challenge for today's leaders. The effective leadership strategies are needed to be developed in handling the workforce in order to improve the organizations performance and operations. The present research has been taken in the construction sector due to the gap identified from the previous studies. Also, the past study reveals that there is a scarce information on the link between transformational leadership and job satisfaction in the context of the construction industry.

V. RESEARCH QUESTIONS

1. What is the style of leadership that are being followed in construction sector?
2. What is the impact of the leadership styles on employee job satisfaction ?

3. Is there a difference in the level of job satisfaction when organizational commitment acts as a mediating variable between leadership style and job satisfaction?

VI. SIGNIFICANCE AND SCOPE OF THE STUDY

Despite the advancement of the construction companies. They require a proper and effective leadership to manage and complete the project on time to get the customer satisfaction with the effective team work. An organization should focus on having effective leadership qualities to accomplish their objectives and to encourage the employees to achieve the organizational goals at an individual level.

The growth of the development industry has been disrupted because of the inconsistency in leadership as managers lacked the essential leadership styles to guide the organization towards its desired goals. the speed of employee job satisfaction is firmly connected to the accomplishment of the organizational goals. The result of the study will help the construction sector to exercise better leadership for their effective management. Additionally, it offers the suggestion to the employees and the sector that what kind of leadership will help the organization to attain its commitment and for satisfaction as whole.

VII. OBJECTIVES FRAMED FOR THE STUDY

1. To find the Socio-demographic profile of the respondents of the construction sector.
2. To identify the association between the respondent's demographic variables on transformational leadership style, Job Satisfaction and Organizational Commitment.
3. Assess the impact of relationship between leadership styles on Job satisfaction.

VIII. METHODOLOGY

The below mentioned conceptual framework was adopted for the present study to assess the mediating role of organizational commitment on the impact of transformational leadership on job satisfaction.

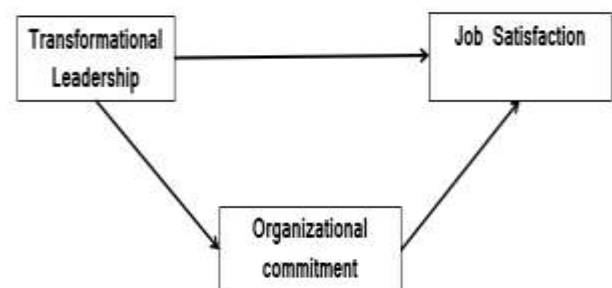


Fig 1: Conceptual framework

Hypotheses

Based on the review of literature the following hypotheses were formulated for the present study.

H₀₁: There is no positive impact of transformational leadership on job satisfaction

H₀₂: There is no positive impact of transformational leadership on organizational commitment

H₀₃: There is no positive impact of organizational commitment on job satisfaction

H₀₄: There is no mediating role of organization commitment in the impact of transformational leadership on job satisfaction.

Sampling

The present research is descriptive in nature. A structured questionnaire was used to collect the first-hand data from the respondents of construction sector. From the population, the sample size is arrived as 342. The multi stage random sampling method was adopted to select the sample and for the data collection.

The sampling population of the present study is the employees of major construction companies in the Coimbatore district, Tamil Nadu. The collected data was organized, classified and analyzed by using necessary statistical tools to arrive result of the framed objective.

IX. FINDINGS

Data analysis was carried out using IBM SPSS and Smart PLS. A significance level of $p < .05$ will be used for the statistical tests. The proposed model and hypotheses were tested with structural equation modeling (SEM) which includes SEM-PLS, Correlation, Regression by using Smart PLS software.

From the socio-economic profile of the respondents, majority of them were within the age group 31 and 35 years (30.7%), were male (77.2%) and were married (79.8%). A majority (48.8%) of respondents have said that they live in urban areas. In the educational qualification of respondent's majority (69.6%) of them were undergraduates and were having a total experience of 6 to 10 years (27.2%). Regarding the monthly income of the respondents the majority (48.8%) were in the income group of Rs 50,000 to Rs 1,00,000. Most (60.5%) of the respondents belonged to non-managerial position in their organization.

Reliability

Three measurements are used in this present study: Transformational leadership, Job satisfaction and organizational commitment. Cronbach's alpha score ($\alpha = 0.957$) was found to be excellent ($\alpha > 0.7$) hence all measurements showed the acceptable level of reliability to carry out further study.

X. RESULTS

Hypothesis testing

The study aims to understand the mediating role of organizational commitment and the impact of transformational leadership on job satisfaction. Partial least squares method has been used to test the framed hypothesis of the present study.

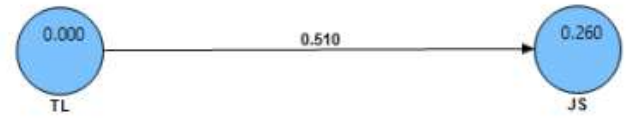


Fig 2: Impact of Transformation leadership on Job satisfaction

For the first hypothesis (**H₀₁**), the figure 2 shows that there is positive correlation between transformational leadership on job satisfaction ($R = 0.510$) and the R^2 value ($R^2 = 0.26$) shows that there is 26% of impact on job satisfaction by transformational leadership also it is evident that there is positive impact between the variables. To test the significance of the relationship between transformational leadership and job satisfaction the model was bootstrapped and the test was performed in PLS.

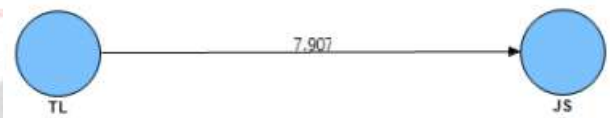


Fig 3: Impact of Transformation leadership on Job satisfaction (bootstrapped)

This model was bootstrapped to find the normal distribution ($N = 5000$). From the bootstrapping model figure 3, the t value ($t = 7.907$) has high enough t-statistic score, more than the minimum score ($t > 1.96$). So, the framed null hypothesis cannot be accepted. Hence it is observed that there is an impact of transformational leadership style on job satisfaction.

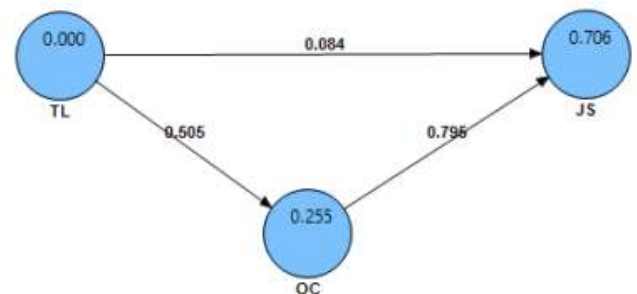


Fig 4: Mediating role of organizational commitment

Figure 4 brings out the testing of second (**H₀₂**), third (**H₀₃**) and fourth (**H₀₄**) null hypothesis. In the figure it is observed that there is positive correlation ($R = 0.505$) between transformational leadership and organizational commitment. And it is also observed that there is a positive correlation ($R = 0.796$) between organization commitment and job satisfaction. However, when

organizational commitment is introduced as a mediating variable the direct impact of transformational leadership on job satisfaction becomes insignificant ($R = 0.084$). From the above figure 4 it is also observed that R^2 value ($R^2=0.255$) shows that there is a 25.5% impact on organizational commitment by transformational leadership. Furthermore, it is observed that there 70.6% on job satisfaction by organizational commitment. Hence it can be said that organizational commitment has a mediating role on the impact of transformational leadership on job satisfaction.

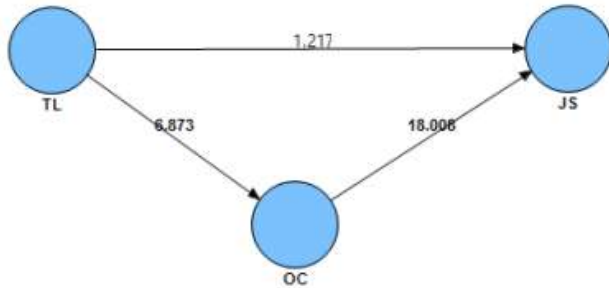


Fig 5: Mediating role of organizational commitment (bootstrapped)

The SEM result was bootstrapped to find the significance of the dependent, independent and mediating variables. Figure 5 shows the bootstrapped model, there is significance ($t=6.873$) between transformational leadership and organizational commitment, also there is a significance ($t=18.008$) between organizational commitment and job satisfaction. However, it is observed that there is insignificance ($t=1.217 < 1.96$) on the impact of transformational leadership on job satisfaction when organizational commitment has a mediating effect. Hence it can be inferred that organizational commitment has indirect role in the impact of transformational leadership on job satisfaction. Hence the framed null hypotheses two, three and four can be *rejected*.

XI. CONCLUSION

Transformational leadership has been the fascination many researchers and scholars in the field of management. The present study proves the mediating role of organizational commitment on the impact of transformational leadership on job satisfaction on the employees of construction sector. The findings and results have revealed that transformational leadership has a direct impact on job satisfaction. However, when organizational commitment is introduced as mediating variable the impact of transformational leadership of job satisfaction becomes insignificant. But the impact of transformational leadership on organizational commitment and the influence of organization commitment on job satisfactions becomes significant. Hence it can be concluded that organizational commitment has an indirect role in the impact of transformational leadership on job satisfaction.

REFERENCES

- [1] Avolio, B. J., & Bass, B. M. (2004). Multifactor Leadership Questionnaire. Manual and Sampler Set (3rd ed.). Redwood City, CA: Mind garden. http://dx.doi.org/10.1207/s1532754xjpr1602_2
- [2] Bass, B. 1990. Bass & Stogdill's handbook of leadership: Theory research and managerial applications (3rd ed.). Free Press, New York, NY.
- [3] Bass, B. M. 1985. Leadership and performance beyond expectations. Free Press: New York.
- [4] Bass, B. M. 1998. Transformational leadership: Industry, military, and educational impact. Mahwah, NJ: Erlbaum.
- [5] Bass, B., & Riggio, R.E. 2006. Transformational Leadership (2nd ed.). Mahwah, NJ: Lawrence Erlbaum
- [6] Brandt (nee Hautala), Tiina. (2006). The relationship between personality and transformational leadership. Journal of Management Development. 25. 777-794. [10.1108/02621710610684259](https://doi.org/10.1108/02621710610684259).
- [7] Burns, J. M. 1978. Leadership. New York: Harper & Row
- [8] Ellickson, M. C., & Logsdon, K. (2002). Determinants of job satisfaction of municipal government employees. Public Personnel Management, 31(3), 343–358. <https://doi.org/10.1177/009102600203100307>
- [9] Hackman, J. R., & Oldham, G. R. (1980). Work redesign. Reading, Mass.: Addison-Wesley.
- [10] Hinkin, T. R., & Schriesheim, C. A. (2008). An examination of "non-leadership": From laissez-faire leadership to leader reward omission and punishment omission. Journal of Applied Psychology, 93(6), 1234–1248. <https://doi.org/10.1037/a0012875>
- [11] Kabir, M., & Parvin, M. M. (2011). Factors Affecting Employee Job Satisfaction of Pharmaceutical Sector. Australian [6] Journal of Business and Management Research , 1 (9), 113–123.
- [12] Kreitner, R., & Kinicki, A. 2007. Organizational behavior. 7th edition, McGraw-Hill Irwin
- [13] Meyer, J. P., and Allen, N. J. (1991). A three-component conceptualization of organizational commitment. Human Resource Management Review, 1, 61-89.
- [14] Mii, M., Nicole, H., Karlos, A., Jaakko, K., & Ali, J. 2006. Project-based management as an organizational innovation: Drivers, changes, and benefits of adopting project-based management. Project Management Journal, Vol. 37, No. 3, pp. 87-96.

- [15] Northouse, P. G. 2010. Leadership, theory and practice (5th ed.). Sage, Thousand Oaks, CA.
- [16] Pierce, Jon L. & Newstrom, John W. (2008): Leaders & the Leadership Process: Readings, Self-Assessments & Applications, McGraw Hill/Irwin, New York, USA
- [17] Rathnaraj, S. Narendra, and A. Vimala. "Role of Transformational and Transactional Leaderships in Job Satisfaction: in a Select Public Sector Organisation." *SCMS Journal of Indian Management* 15, no. 3 (2018): 91-97.
- [18] Reuvers, Mark & Van Engen, M. & Vinkenburg, Claartje & Wilson-Evered, Elisabeth. (2008). Transformational Leadership and Innovative Work Behaviour: Exploring the Relevance of Gender Differences. *Leadership and Innovation*. 17. 10.1111/j.1467-8691.2008.00487.x.
- [19] Robbins, S.P. (2009) Essentials of Organizational Behavior. 8th Edition, Pearson Education, Inc., Prentice Hall, Diamond.
- [20] Schermerhorn, J. R. (1993). Management for Productivity. Hoboken, NJ: John Wiley & Sons Inc.
- [21] Sivanathan, N., & Fekken, G. C. 2002. Emotional intelligence, moral reasoning and transformational leadership. *Leadership and Organization Development Journal*, Vol. 23, No. 3/4, pp. 198-204.
- [22] Yukl, G. A. 2005. Leadership in organizations (6th ed.). Upper Saddle River, NJ: Prentice-Hall.
- [23] Aldaibat, Bassam. (2017). IMPACT OF LEADERSHIP STYLES IN ORGANIZATIONAL COMMITMENT. *International Journal of Business and Management Review*. 5. 25-37.

