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Influence of transformational leadership on employees outcomes: Mediating role of empowerment

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The purpose of the study is to find the relationship of transformational leadership with organizational commitment and innovativeness, and to know if empowerment mediates the relationship between the transformational leadership, the organizational commitment, and the innovativeness. It was hypothesized that transformational leadership is positively related with organizational commitment, innovativeness, and empowerment. Empowerment tends to mediate the relationship between transformational leadership, organizational commitment and innovativeness. The data was collected through questionnaire from different organizations of telecom sector. The analysis of the study supported all research hypotheses that there is a significantly positive relationship between transformational leadership, organizational commitment and innovativeness. The results of the study also support the mediating impact of empowerment between transformational leadership and organizational commitment and innovativeness.

Key words: Transformational leadership, empowerment, innovativeness, organizational commitment.

INTRODUCTION

The contemporary scenario of the business world projected uncertainty in the environment. The business organizations are more open to the environment and have to cope with the challenges faced by external stakeholders. Further, globalization of business activities and rapid intervention of technologies provided a challenging climate to business executives. This dynamic and uncertain environment requires prompt decisions and work plans to gain competitive edge in the market. Hence, role of leadership has got more importance to reap up the benefits of this volatile business scenario. The growing significance of leaders’ role in the present business environment has shifted researchers’ attention to explore the nature, working, and philosophy of leadership; which could change the situation through its applications. The leadership roles are in consistent with environment for initiating strategies and its implementation (Krishnan, 2005). The idea of leadership initially originated by social scientists, that can be as defined as “the process of guiding and directing the behavior of people in the work environment” (Nelson, 2000).

The transformational leadership is more concerned with the values, beliefs and behaviors of the followers. Therefore most of the studies on transformational leadership proposed its positive effect on employee motivation, commitment, job satisfaction, job performance, innovation, creativity, long-term loyalty and discretionary behaviors (Dvir et al., 2002; McCann et al., 2006). However, the identical procedure through which transformation leadership put influence on outcomes has not been studied (Avolio et al., 2004). Most of the work has identified the consequences of transformational leadership without explaining the possible mechanism of achieving those consequences. Therefore now focus should be shifted towards the process and mechanism to understand how transformational leadership leads to such outcomes (Bass, 1999; Kark and Shamir, 2002).

The emerging themes in the leadership style

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emphasized the role of empowerment and shared influence for the task accomplishment (Gronn, 2000). Great leaders delegate power to their followers in order to operationalize their vision into reality and give confidence to their followers to accomplish their work with maximum efforts. Moreover, these leaders take empowerment as a tool for motivating their employees at work place and make them more accountable for their responsibilities. Finally, empowerment develops a sense of shared vision and values that impact a source of psychological insp-iration for employees who in turn become more loyal with organization (Bennis and Nanus, 1985). Dvir et al. (2002) argued that empowerment leads to self efficacy which in turn develops sense of independence both in the thinking and in the behavior of employees. The purpose of this study is to find the relationship between transformational leadership, employees’ innovative behaviors, and commitment. The second imperative purpose included in the scope of this study is to find out that empowerment mediates the relationship between transformational leadership and employees’ innovative behaviors and commitment.

**LITERATURE REVIEW**

Among different types of leadership; transformational style of leadership has gained more popularity and attention, due to its logic, arguments, and components (Gardner et al., 1998; Howell et al., 1993). The transformational leadership style motivates employees so that they can work for outrageous timings and can show discretionary or unspecified behavior (Bass, 1985). Bass (1985) articulated the roles of transformational leader, influence philosophy, interaction standards, and personal traits. The transformational leader shows sympathetic attitudes towards his followers and remains compassionate leader during instructions, directions, and interactions. He utilizes his power, experience and knowledge through friendly discussion and interaction, support advice and recognition and, finally, through transparent and favoring integration behaviors. This responsive, social, and pleasant attitude towards followers, besides having all relevant coercive powers and authority, facilitates and encourages them to impart their needs and ideas with leader and to develop their skill, knowledge, expertise in an open and relaxed environment. The interactive and supportive attitudes of transformational leaders help them to engage their followers in persuasion of their goal and motivate them enough so that they may show discretionary behaviors (Bass, 1985).

**Transformational leadership and innovativeness**

Innovations can produce potential results for the organizations; therefore, several organizations consider innovation as a key objective for their performance (Drazin et al., 1999). Similarly, creative practices of the employees lead to organizational success (Redmond et al., 1993). Lee (2007) reported that leaders can trigger creative sense in the employees. As leaders have influence on the followers further they are controller of the organizational means and powers, thus, they can easily shape the followers’ attitude towards creativity.

The leadership role is critical for the employee performance. For many reasons, transformational leadership could develop creative and innovative ability in employees. First, transformational leaders present vision, share it with employee, realize its importance and importance of associated values, align these values with employees, which in turn enhance their understanding, improve their ability of critical examination of situation, understand different contextual elements (Bennis and Nanus, 1985; Spanglar and Woycke, 1991). Second, transformational leaders’ supportive attitude strengthens the relation with followers and aligns values and beliefs (Bass, 1995). Third, aligned values and beliefs of employees with the organization provide a source of inspiration which convert employees’ intentions toward loyalty and they perform better in organizational tasks (Shamir et al., 1993).

Fourth, intellectual stimulation of transformational leaders encourage followers to expand their thinking horizon and include all possibilities and opportunities which they could avail to enhance their performance (Sosik et al., 1997). Fifth, the supportive attitude of transformational leaders provide their followers sound experience and exposure support which in turn develop followers’ capabilities, skills, expertise and knowledge and convert their vision from temporary to permanent, from short-term to long-term, and equipped them to enhance their performance (Jung et al., 2003).

The relationship of transformational leadership and innovation has been proved in more cases, however, in certain studies, this relation has become controversial or less significant. This variation in this relationship is caused due to specification of the studies. For example, research studies (Shin and Zhou, 2003; Kahai et al., 2003; Jaussi and Dionne, 2003) reported no relation between transformational leadership and innovation. These research studies are specific to the data collected from students in an experimental setting in United States. Therefore, results of these studies cannot be generalized. On the other side plenty of research studies from different experimental setting and field settings produced same identical results which established the significant results of transformational leadership and innovation (Keller, 1992; Waldman et al., 1994). For example, Jung et al. (2003) reported positive relation between leadership and innovation in their study of 32 Taiwanese companies. While reasonably expected to strengthen organization...
and transformational leadership would enhance innovation in the organization, few studies have investigated the existence and nature of this link (Mumfort et al., 2002). Based on the ongoing discussion, an empirical investigation proposed the following hypothesis:

H₁: Transformational leadership has positive relationship with employees' innovativeness.

Transformational leadership, empowerment, and innovativeness

Usually, transformational leaders provide a learning environment to their followers by sharing vision, supporting them through their experience, exposure and knowledge, give them power to execute task at work place, finally, enhance their self efficacy and confidence (Bass, 1985). Consequently, self developed and empowered workers would involve in creative and innovative activities for achieving their targets. Avolio and Gibbson (1988) further elaborated the empowerment and delegation issue by arguing that transformational leaders want to achieve their goals through their followers with intervention and interception of their routine work. Rather, leaders are interested in developing the required skills, expertise and knowledge of their followers. Zhou (1998) reported that work autonomy leads to innovation at work place. Consistent to Zhou (1998), the research of Dvir et al. (2002) reported that followers are more confident to work under transformational leadership style.

Creativity is a process in transformational leadership style. Where delegation of power creates a sense of psychological confidence in self efficacy, which in turn, empowers employees to develop their creative ability, and can work freely for innovations (Jung et al., 2003). Hence, delegation of authority ensures autonomy at work place to bound employees more responsible and indulges in their work that consequently promotes creativity (Sheldon, 1995; Momford and Gustafon, 1988). Psychological attachment of leader with the followers boosts followers' trust on leader and increases their confidence and empowers them to work for the organization (Conger, 1999).

This empowerment further heightened in challenging environment (Avolio et al., 2004); cumulative effects of delegation and association of leader with followers systematically develop their attitude suitable for creativity and innovation (Jung and Sosik, 2002; Jung et al., 2003). Contrary to empowerment, centralization of power at upper level prohibits capacity building and self efficacy enhancement which has inverse relation with creativity and innovation (Damanpour, 1991). Previous studies have provided the specific relationships among leadership, innovation and empowerment. As transformational leadership has a direct impact on organizational innovation, this relationship can be mediated by the extent of the empowerment in the organization climate. Thus, it is hypothesized that:

H₂: The relationship between transformational leadership and employees’ innovativeness is mediated by empowerment.

Transformational leadership and organizational commitment

Organizational commitment is psychological state which reflects an individual’s aligned behaviors with organizational objectives and his involvement with organizational tasks (Mowday et al., 1982). Organizational commitment on the part of employees is his identification and involvement with the organization (Shamsuri, 2006). Organizational commitment includes three major concepts. First, employee’s feeling of belongingness, association and recognition with the organization, second, employee's level of involvement in organizational activities, and finally, employee’s acceptance of organizational authority over him (Ngodo, 2008).

Recently, researches identified both individual and organizational factors as antecedents of organizational commitment (Eby et al., 1999; Meyer and Allen, 1997). One of those factors leadership was also a determinant of organizational commitment (Mowday et al., 1982). Currently, a number of research studies found positive and direct relation of organizational commitment with transformational leadership in different settings and in different environments (Bono and Judge, 2003; Dumdum et al., 2002; Walumbwa and Lawler, 2003).

Transformational leaders develop organizational commitment among employee through empowering them to take initiative and critically analyze the situations, sharing vision with them, providing them support by role model and intellectual stimulation (Avolio, 1999; Bass and Avolio, 1994).

Transformational leaders encourage their employees to take initiatives and take risk by adopting new method for accomplishment of tasks and motivate them to work collectively aligned with organizational objectives that ultimately increase organizational commitment (Walumbwa and Lawler, 2003). Empowering employees by confirming their participation in decision making process results in higher organizational commitment (Rhodes and Steers, 1981). Further, individual considerations and supportive attitude of leaders are determinants of organizational commitment as well (Bycio et al., 1995; Allen and Meyer, 1996):

H₃: Transformational leadership has positive relationship with organizational commitment.
Transformational leadership, empowerment and commitment

The philosophical approach of transformational leadership is to empower employees to make them more committed with organization (Avolio, 1999). Lowe et al. (1996) suggested that transformational leaders change their followers’ values, needs, identities, beliefs, goals, ambitions and priorities and boost their confidence and trust to enable them to produce higher efforts.

Empowerment is a process of delegating both the authority and responsibility to subordinate which develops a sense of control over job being done by the employees (Wellins, Byham, and Wilson, 1991). Thus, empowerment is a source of motivation among subordinates to deliver them control and power over the job they perform (Thomas and Velthouse, 1990). The intrinsic beliefs of individual to have sense of control motivate him when he perceives power and control over job (Henkin and Marchiori, 2002). The empowered employees design their own course of action and are committed with that action because they designed and played it. Commitment is therefore an identity with the task or with the organization and individual feels association and identification with the organization. Whereas empowerment is psychological feelings; have a sense of control over particular situation (Porter et al., 1974). Followers of transformational leaders recognize their leader and in turn they recognize the leader’s organization by intellectual conceptualization of empowerment (Laschinger et al., 2001).

Transformational leaders visualize appealing future prospects to their followers which cause them to increase their level of motivation and commitment with the leader. Transformational leaders easily accomplish their tasks when they postulate higher level of integrity, solidarity and moral and behavioral standard in front of their followers (Avolio, 1999; Luthans and Avolio, 2003; Transformational leaders show their concern with closed consideration at individual level and they are keen in observing followers’ future needs for development. Thus, transformational leaders play the consistent role of coaching and guiding their followers to enhance their ability to perform better (Avolio, 1999; Bass and Avolio, 1994; Kark and Shamir, 2002). Empowering employees on their job makes a sense of responsibility and commitment with the organization (Wayne et al., 2000).

Empowered employees feel themselves on a position which is influential for execution of their activities and they feel a sense of responsibility for the work they have done which reciprocates their firm commitment and optimal efforts for the job (Spreitzer, 1995). Empowered employees are more committed with their organization (Kraimer et al., 1999). Thomas and Velthouse (1990) suggested that empowered employees owned their work because they have power and responsibility to get work done. Further, they sense their work and responsibility which results in higher level of commitment with organization (Wiley, 1999):

H₄: The relationship between transformational leadership and organizational commitment is mediated by empowerment.

Figure 1 shows the schematic diagram of the research work.

RESEARCH METHODOLOGY

Sample and data collection

The data was collected through questionnaire from seven organizations including both the public and the private organization. Purposive sampling technique was the sampling frame used in this research. This purposive sampling presents the advantages of choosing sample according to specific characteristics and situations. The questionnaires were personally administered to first line and middle level managers.

The respondents were given a brief explanation about the objectives of the study so that they could fill the questionnaire accurately by keeping the correct context in their mind. Further, they were assured of keeping all the information confidential and
anonymous. A total of 120 questionnaires were given to employees, out of that, 93 questionnaires were returned back. Out of returned questionnaires 5 questionnaires were not filled properly, therefore, they were excluded from the study and total sample size was 88 (response rate 73.33%). The age group of the respondents was 23 to 56 years with average mean of 31.11 years. The gender distribution was 72.1% male and 27.9% female, experience of the respondents reported between 1 to 28 years with the average mean of 6.26. The educational level of employees was mostly university graduates. Out of total useable sample, 62.7% respondents had 16 years of education and 28.6% had 14 years of education.

Measures

All responses were acquired through self-report measures in which the responses were taken on 5-point Likert-scale ranging from 1 = strongly disagree, 2 = disagree, 3 = neither disagree nor agree, 4 = agree, and 5 = strongly agree. The higher values represented higher level of the construct in the questions. As English is the official language in Pakistan, and medium of instructions in all educational institutions, especially in colleges and universities, 97% of our sample subjects are graduate and highly educated.

Transformational leadership

Twenty (20) items transformational leadership (MLQ, Short Form 5X) questionnaire was used to measure the transformational leadership. Examples of the items of subcomponent of transformational leadership were as for Idealized attributes, “my managers goes beyond self-interest for the good of the group”. For inspirational motivation, “My managers express confidence that goals will be achieved. For intellectual stimulation, “My manager seeks differing perspectives when solving problems”. For individual consideration, “My manager treats others as individuals rather than just as a member of a group”. The reliability of the data collected for this study was α = 0.87 for 20 items scale of transformational leadership. A coefficient alpha value for 20 item version reported in previous study was 0.88 to 0.89.

Empowerment

Four (4) component (meaning, competence, self-determination and impact) 12 items scale of empowerment was used to measure. An item was adopted from Spreitzer (1995). The sample items included are, “the work I do is very important to me“, “I am confident about my ability to do my job“, “I have significant autonomy in determining how I do my job“, and “my impact on what happens in my department in large”. The reliability of the items on the bases of which data were collected Cronbach’s alpha was = 0.87 by using SPSS-16. The reliability of empowerment reported in previous studies ranged from 0.62 to 0.80.

Organizational commitment

Six (6) items scale (Allen and Mayer, 1997) was used to measure the commitment of employees with organization. Sample items included were, “this organization deserves my loyalty” and “I do not feel it would be right to leave my organization now”. The reliability for organizational commitment on the data collected was α = 0.86. Previous studies have reported that reliability of this measure ranged from 0.72 to 0.90.

Innovativeness

Innovativeness was measured using six (6) items version, from Ellonen et al. (2008). Each question of the instrument was measure on five point Likert scale. Examples of the item included was “this organizational unit improves its business processes constantly”. The alpha reliability for innovativeness was α = 0.805. Pervious study had a good reliability (α = 0.77).

Procedure

Six companies from telecom industry were selected for the data collection to participate in the study. We selected the telecom companies for study due to the high competition in the telecom industry. They needed highly motivated employees and new ways to attract the customers. These are the important factors for the survival of a company in the industry due to highly competitive market and rapid changes in technology.

The respondents were given the questionnaire at their place of work. Instructions about how to fill the questionnaire were given; and also explained the purpose of the present study to each respondent. Confidential treatment of information was assured because some questions were sensitive in nature; so that the respondent may be able to answer each question fairly.

RESULTS AND DISCUSSION

Table 1 shows descriptive statistics, and correlations among variables used in this study. The means and standard deviations of variables are also given in the table. The mean for Transformational leadership was 3.26 (S.D = 0.575) and the mean of two outcome variables (innovativeness and organizational commitment) were 3.19 (S.D = 0.512) and 3.15 (S.D = 0.595). The mean of the mediating variable (empowerment) was 2.94 (S.D = 0.409).

Table 1 shows that transformational leadership and innovativeness displayed positive relationship (r = 0.462 p < 0.01) consistent with Jung et al. (2003). The association between transformational leadership and organizational commitment was (r = 0.479, p < 0.01) which is consistent with the findings of Castro et al. (2008). In order to specify and then evaluate the theoretical relationships among relevant constructs, empirical tests that measure the relationships among the constructs were conducted and then interpreted. These tests include linear regressions in order to test the hypotheses. As H1 and H2 where independent, variable was expected to be positively associated with its dependent variables. These hypotheses were analyzed by using linear regressions analysis in SPSS 17.

Goodness of fit

The goodness-of-fit index is done to estimate that how well the research framework/ research model counter parts the experiential data. The goodness-of-fit of the
The research framework/ research model developed may be determined by the GFI, AGFI, RMSRA and the $\chi^2$/df ratio. The goodness of fit index (GFI) and adjusted goodness of fit index (AGFI) which specifies the degree of resemblance or of discrepancy were mutually explained by the research framework/ research model. The value of GFI and AGFI lies in the range between 0 and 1, value close to 0 indicating poor fitness of the research model, whereas, value close to 1, indicating good fitness of research model. GFI values >0.90 and AGFI values >0.80 are considered to indicate reasonable fit. The value of GFI is 0.978 and AGFI is 0.962 in this research model, showing a good fit of the research model to the observed data.

Root mean square error of approximation (RMSEA), the value should be small, that is, less than 0.5. The value of RMSEA in this model is 0.061, signifying that only some of the variances were left unexplained by the proposed model.

Comparative fit index (CFI) evaluate research model fit to imperfectly fitting baseline model, value close to 1 indicate good fit. In this research, the value of CFI is 0.956, showing a good fit of the research model to the observed data. Chi-square explains the overall fitness of the research model, and is considered as classic goodness-of-fit measure. The $\chi^2$/df ratio is 137.428; the value of ratio of less than 2 is taken as an indicator of good fit. All models show good fit on some metrics (for example, CFI >0.90) but only $\chi^2$/df ratio are outside target limits (for example, $\chi^2$/df ratio >2). In general, the fit results of all the indices are numerically close to the results reported by Venkatesh et al. (2002). These results recommend that the structure of this research model is a reasonably correct and reliable study. However, because overall model fit is $\chi^2$/df ratio less than ideal, it may be likely to get better on the models in future research.

**Mediating effects**

To test the mediating effects of empowerment on the relationship between transformational leadership and organizational commitment and innovativeness, AMOS7 is used. $H_2$ and $H_4$ proposed that empowering employees by leaders will mediate the relationship between transformational leadership and innovativeness and organizational commitment. Then, we compared the path coefficients from transformational leadership with innovativeness and organizational commitment. Table 2 and Figure 2 shows that coefficient of the path from transformational leadership to empowerment was positive and significant ($\beta = 0.31, P < 0.05$), as were the coefficients of the path from empowerment to innovativeness ($\beta = 0.22, P < 0.05$) and organizational commitment ($\beta = 0.32, P < 0.05$).

The path coefficient from transformational leadership to innovativeness and organizational commitment is positively significant with $\beta = 0.32, P < 0.05$ and $\beta = 0.27, P < 0.05$ respectively. As expected, the path coefficient was higher in the high empowerment group ($\beta = 0.31$) then in low empowerment group with innovativeness $\beta = 0.27$ and the path coefficient was lower in low empowerment group with organizational commitment ($\beta = 0.32$) partially mediate the relationship. The difference between the direct relationship of transformational leadership, innovativeness and organizational commitment is different from the mediated relationship by empowerment of employees’ in organization. The differences were statistically significant and support our $H_2$ and partially supported our $H_4$.

**Conclusion**

The present study was undertaken by keeping in view the importance of leadership’s role in the organizational performance. The present era is that of technology, so innovations are increasing with a fast pace which are in the need of transformational leaders who are considered as quite appropriate for handling the innovation related matters within the organizations. This study has proven that transformational leaders are those who have a high trust on their employees and in turn they delegate maximum authority to their followers. When employees are
Table 2. Goodness-of-fit statistics.

<table>
<thead>
<tr>
<th>Goodness of fit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi Sq</td>
<td>137.428</td>
</tr>
<tr>
<td>DF</td>
<td>1</td>
</tr>
<tr>
<td>P-Value</td>
<td>0.000</td>
</tr>
<tr>
<td>Chi Sq / DF</td>
<td>137.428</td>
</tr>
<tr>
<td>GFI</td>
<td>0.978</td>
</tr>
<tr>
<td>AGFI</td>
<td>0.962</td>
</tr>
<tr>
<td>CFI</td>
<td>0.956</td>
</tr>
<tr>
<td>RMESA</td>
<td>0.061</td>
</tr>
</tbody>
</table>

Figure 2. The result of empowerment model (SEM). TL= transformational leadership, Emp= empowerment, Ino= innovativeness, Orgcm= organizational commitment.

Table 3. Hypothesis testing based on regression weights.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Estimate</th>
<th>S0.E0.</th>
<th>C.R.</th>
<th>P</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emp &lt;--- TL</td>
<td>0.3149</td>
<td>0.0372</td>
<td>8.4659</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Ino &lt;--- TL</td>
<td>0.2736</td>
<td>0.0468</td>
<td>5.8470</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Orgcm &lt;--- TL</td>
<td>0.3154</td>
<td>0.0614</td>
<td>5.1357</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Ino &lt;--- Emp</td>
<td>0.2199</td>
<td>0.0647</td>
<td>3.4017</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Orgcm &lt;--- Emp</td>
<td>0.3195</td>
<td>0.0848</td>
<td>3.7660</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

TL= transformational leadership, Emp= empowerment, Ino= innovativeness, Orgcm= organizational commitment.

are empowered, they will be in a better position to take initiative for bringing innovativeness to their respective organizations and also they are very much committed to their organizations. These result support our hypothesis that transformational leadership by the top manager can enhance
organizational commitment and innovativeness of employees directly and indirectly by creating an organizational culture in which employees are encouraged to freely discuss and try out innovative ideas and approaches. Further results of the study reported central role of empowerment in the relation of transformational leadership, innovativeness and commitment. Transformational leadership can achieve employee’s commitment and innovativeness through empowerment. In other words, transformational leadership focuses on empowering employees at workplace by delegating power to subordinates and involves them into decision making which in turn lead to increase their level of commitment and innovativeness for organization.

Limitations and future research

This study made a meaningful contribution in the existing body of literature. But still there is some limitation in the study which needs to be mentioned. First, data were collected from a single telecom industry in Pakistan which could restrict the generalizability to other sectors. Future research could be conducted to collect data from other industries in order to check the result similarities or differences. Second, Study design was to check existing relation of transformational leadership with innovation and commitment. This was one time activity, no pretest or posttest was applied to check treatment. Therefore, a longitudinal study could better determine the role of transformational leadership. This could be performed in controlled environment such as lab setting, lab experiment or field experiment.

Future research should incorporate other variables because this study identified only one mediating role which is empowerment. Other factors like trust, procedural justice, leader-employee connectivity and communication could be treated as intervening variables or could be taken as to check moderating effects. It should also be noted that the age, experiences, qualification, level of responsibilities were not included as control variables.

REFERENCES


