Transactional, Transformational, Union and Organizational Commitment: An Examination of the Effect Flaws

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Abstract
A vast array of knowledge has been accumulated on leadership and leadership effectiveness in particular with a large number of studies over the past years. However, the effect of leadership of managers on some behavioral aspects of employees that are not in the immediate interest of managers in organizations is relatively unattended by the leadership researchers. The effect of leadership on union commitment of employees is such an issue that has been least attended by researchers. The objective of this study is to examine the effect flaws exist between transactional and transformational leadership, organizational commitment, and union commitment of unionized employees. A sample of 380 employees from the 33 public sector organizations in Sri Lanka was drawn. The parallel model testing procedure based on Structural Equation Modeling (SEM) was used for testing the hypothesized models. The results revealed that transactional and transformational leadership has a direct effect and an indirect effect as well via union commitment on organizational commitment of employees.

Key Words: Transactional leadership, Transformational leadership, Union commitment, Organizational commitment

1. Introduction
Studies on leadership and leadership effectiveness in particular have been abundant over the past years. The interest of researchers on leadership is varying from leadership behaviors to the effect of these leadership behaviors on organizational and individual outcomes. Among the various leadership behaviors studies, transactional and transformational leadership behaviors have received substantial attention of researchers in leadership studies (Stordeur, D'hoore, & Vandernberghe, 2001). As a result, a vast array of knowledge has been accumulated both on the behaviors and the effect of transactional and transformational leadership on employees’ outcomes since they have been the mostly explored leadership aspects in leadership studies (Kovjanic, Schuh, Jonas, Quaquebeke, & Dick, 2012). The effect of these two leadership styles on employee outcomes such as job satisfaction (Yin Ho, Gun Fie, Ching, & Ooi, 2009), organizational commitment (Emery & Barker, 2007), performance (Howell & Hall-Merenda, 1999), organizational citizenship behavior (Nguni, Sleegers, & Denessen, 2006), organizational identification (Epitropaki & Martin, 2005), followers’ emotions (Rowold & Rohmann, 2009) etc. is well established in leadership literature.

However, it is clear when analyzing these studies, that researchers have mostly taken a managerial perspective and has explored the effect of leadership on variables associated with employees that are in immediate interest of management.
There are some behavioral aspects associated with employees that may not be in immediate concerns of management, but may have some significant implications. As an example, behaviors associated with unionized employees can be cited. There is a seeming void in the leadership literature, of not exploring the relationships between leadership, and behavioral variables of employees which are both in immediate interest of management and not. The purpose of this study is to examine the relationship between transactional, transformational leadership behavior of managers, and organizational commitment, being a variable of management’s interest and union commitment, not being a variable of management’s immediate concerns. By doing so, the present study tried to fill the knowledge gap in leadership literature to some extent.

2. Literature Background

The following section of the paper presents a brief theoretical explanation on the variables involved in this study.

2.1. Transactional and Transformational Leadership

Transactional and transformational leadership which is also known as Full Range Leadership Theory (Antonakis, Avolio, & Sivasubramaniam, 2003), was first conceptualized by Burns, (1978), and later developed and refined by Bass (1985) and Bass and Avolio(1991). These leadership behaviors represent two types of relationship that leaders keep with their subordinates. While transactional leaders engage in contractual exchange relationship with subordinates (Piccolo & Colquitt, 2006), transformational leadership ensures a mutual beneficial social relationship with subordinates (Yulk, 2006). As a result, the type of behaviors they exhibit differs. While transformational leader transforms and motivates employees for higher performance, a transactional leader just clarifies his performance expectation and rewards for performance achievement (Bass, 1985). However, a theoretical distinction was made on the behaviors associated with these two leaderships. Accordingly, transformational leadership is associated with idealized influence, inspirational motivation, intellectual stimulation, and individual consideration dimensions , while transactional leadership has contingency rewards, management by exception (active) and management by exception (passive) behaviors (Antonakis et al., 2003).

The effect of these two leadership behaviors on organizational and employees’ outcomes also was reported to be varying. While transformational leadership has higher positive effect on job satisfaction, (Al-Hussami, 2008; Emery & Barker, 2007), organizational commitment, (Bycio, Hackett, & Allen, 1995; Chen, Chen, & Chen, 2010), and performance of employees (Vigoda-Gadot, 2007), transactional leadership was found to have a positive effect on these employee outcomes to a lesser degree (Limsila & Ogunlana, 2008 ; Nguni, Sleeers, & Denessen, 2006). Further, it was found that most of the component behaviors of transformational leadership record a positive effect on employee’s outcomes (Nguni et al., 2006), only the contingency behavior of transactional leadership has a profound effect on them (Judge & Piccolo, 2004). Anyway, these effect flaws are not universally common. It may differ from context to context depending on the dominant contextual factors operating (Wang & Rode, 2010 ; Javidan, Dorfman, Howell, & Hanger, 2010). Therefore, it needs to be tested in different contexts in order to derive more refined conclusions.

2.2. Organizational Commitment

Researchers tend to define organizational commitment differently based on their research focus and interests. However, it varies from simple definition such as “binding an individual to an organization” (Gordon, Phipot, Burt, Thompson, and Spiller, 1980), to a broader definitions of “it is related to believing and accepting the values and goals of the firm, desire to exert an extra effort for the organization and remaining in the organization (Poter, Richard, Mowday, & Paul, 1974).Later, Mayer, Allen and Smith (1993) developed more comprehensive conception of commitment by identifying its dimensions namely, affective, continuance and normative commitment of employees. Among the antecedents of organizational commitment, leadership behavior of managers stands prominent (Avolio, Zhu, Kho and Bhatia, 2004). In similar vein, transactional and transformational leadership bears a significant positive effect of organizational commitment of employees (Avolio, Zhu, Koh, & Bhatia, 2004). However while the positive effect of transformational leadership on commitment is well supported (Chen, Chen, & Chen, 2010), researchers found mixed results in relation to the possible association of transactional leadership with organizational commitment.

For instance, Koh, Steers, & Terborg, (1995) found positive relationship of transactional leadership with organizational commitment, Nguni, Sleeegers, & Denessen, (2006) recorded positive effect of transactional leadership only on commitment to stay.
Still others claimed that transformational leadership has higher positive effect of organizational commitment than transactional leadership (Koh, Steers, & Terborg, 1995; Bycio, Hackett, & Allen, 1995). Studies on the effect of Full Range Leadership behaviors on commitment vary. While some researchers have studied it as a direct effect flaw, still another section prefers to examine it though a mediating mechanism. For instance, Avolio, Zhu, Koh, & Bhatia, (2004) studied the mediating role of psycholical empower and the moderating role of structural distance between leaders and subordinates on the relationship between transformational leadership and organizational commitment. The argument for the later approach is that the effect flaws from leadership to commitment are not explainable with direct effect flaws alone in complex situations.

2.3. Union Commitment

Union commitment has been identified as one of the behavioral aspects observable with unionized employees in organizations (Snape, Redman, & Chan, 2000). Union commitment (UC) has been defined as relative strength of member’s identification with and involvement in union activities (Mowday, Richard, & Lyman, 1979). It was the Gordon, Philpot, Burt, Thompson, and Spiller, (1980) who conceptualized union commitment as having four components namely union loyalty, responsibility, willingness and beliefs in unionism. Further distinction in union commitment was identified as affective and instrumental union commitment (Snape et al., 2000).

Among the number of antecedents of union commitment (Meyer and Allen, 1997; Deery and Iverson, 1998; Snape, Redman, & Chan, 2000), leadership behavior has been found to be a significant determinant (Sadler, 2009). However, relatively little attention has been placed by researchers to examine this relationship adequately. This is especially evident in case of transactional and transformational leadership research. Among such studies, participating leadership behavior of managers (Magenaau, Martin, & Peterson, 1988) and consideration behavior (Bemmels, 1995) were found to be negatively associated with union commitment. Given the fact that both participation and consideration behaviors are dimensions of transformational leadership and transactional leadership to some extent (Limsila & Ogunlana, 2008), it can reasonably assume that the two leadership behaviors are associated with union commitment. Anyway, the possible relationship between transactional and transformational leadership and union commitment was examined in this study. This is going to be a significant contribution to the development of knowledge made by examining this unexplored relation.

3. Methodology

3.1. Population and Sample

This study was based on survey research design as a cross sectional study. The population of respondents is consisted of all clerical and related employees of 33 public sector organizations in Sri Lanka. The public sector organizations was selected since it provides an appropriate context for exploring relations among variables, given its’ high unionized work environment (Nanayakkara, 1998). 580 employees were selected using proportional stratified random sampling method. First, the number of respondents from each organization was decided proportionately and then respondents from each organization were selected randomly based on the sample frame developed for each organization. Questionnaires were distributed among the respondents by mail with a stamped envelope. Within a two months period, 240 questionnaires were returned. With a reminding call, a total of 389 completed questionnaires were collected. Ultimately, the sample of this study came to be 380 respondents with 9 filled questionnaires were found to be incomplete. However, it met the required size of the sample of this study as per the prescription for sample size by Sekaran & Bougie, (2009), since the original value is adjusted for non response rate.

3.2. Measurements

3.2.1. Leadership Behavior

Transactional and transformational leadership behaviors were assessed with 31 adapted items of MLQ (5X) rater version form of Bass and Avolio (1994). The items were scaled from 1 (Not at all) to 5 (Frequently if not always). The average reliability value of this instrument was well established (α > .75) (Antonakis et al., 2003) and the present study too recorded a high reliability value (α=.78).

The validity of the measurement was tested with Confirmatory Factor Analysis (CFA) with AMOS, as prescribed by (Byrne, 2010) where the five factor model of transformational leadership and three factor model of transactional leadership recorded a adequate model fit (χ 2 =209.4, df=9, CFI=.091, and RMSEA =.063) , indicating a satisfactory level of validity.
3.2.2. Organizational Commitment

To measure organizational commitment, 12 items organizational commitment measurement of O'Reilly & Chatman, (1986) is adapted. The reliability coefficient (Cronbach’s Alpha) was recorded well above the threshold value (α=.7) indicating a higher reliability of the measure. The measurement model of organizational commitment achieved an adequate model fit ($\chi^2 =32.4, df=2, CFI=.92, \text{ and RMSEA } =0.071$) with four factor structure as specified in the literature. Therefore, the validity of the measure was found to be adequate.

3.2.3. Union Commitment

Union commitment was assessed with union commitment measurement of Conlon and Gallagher (1987). The reliability coefficient of the 10 items measure (Cronbach’s Alpha) was above the required value (α=.7) for satisfactory level of reliability (George & Mallery, 2003). The CFA identified a four factors measurement model for union commitment with adequate model fit ($\chi^2 =22.3, df=2, CFI=.954, \text{ and RMSEA } =.072$) indicating adequate validity level.

3.3 Data Analysis Method

Structural Equation Modeling (SEM) with AMOS 16 was used for the data analysis of this study. The selection was prompted by the advantages associated with SEM over the other multivariate data analysis methods. (Sterba & MacCallum, 2010). Further, since model testing procedure was mainly used in this study, SEM was found to be more appropriate for that purpose.

3.3.1. Model Testing Procedure

Five models on the effect flaws between the variables were tested. Each model represents a series of hypothesized effects flaws between the variables. The model that fits best with sample data was considered to be explaining the effect flaws among the variables accurately in the unionized work environment of the public sector organizations in Sri Lanka. The table I depict the hypothesized models tested in this study.

4. The Results

In the models testing process, the model V achieved the best model fit values compared to the other four models. The table II contains the model fit values on each model tested. As shown in the table II, the first model with only direct effect paths from leadership to union commitment and organizational commitment fitted adequately with data ($\chi^2 =376.8, df=102, GFI=.642, CFI=.601, \text{ and RMSEA } =.061$). The model II with additional causal path from organizational commitment to union commitment achieved a better model fit than the first model ($\chi^2 =346.2, df=101, GFI=.701, CFI=.662, \text{ and RMSEA } =.062$). Since the Chi-Square difference is significant ($\Delta \chi^2 = 30.6, P<.05$) with one degree of freedom, the model II explains the causal relationship between variables better than the model I. Comparatively Model III, with an effect path from union commitment to organizational commitment indicated better fit against the model II ($\Delta \chi^2 = 24.5, P<.05$).

The fourth model with direct paths from leadership to union commitment and indirect paths to union commitment via organizational commitment gained an adequate model fit ($\chi^2 =296.5, df=99, GFI=.823, CFI=.801, \text{ and RMSEA } =.079$). Further model IV indicated an improved model fit with significant Chi-Square difference ($\Delta \chi^2 = 25.4, P<.05$) against the model III. The model V with direct paths from leadership to organizational commitment and indirect paths to organizational commitment via union commitment fitted data satisfactorily ($\chi^2 =274.2, df=99, GFI=.931, CFI=.841, \text{ and RMSEA } =.089$). This model gained an indication of better model fit having a significant Chi-Square difference ($\Delta \chi^2 = 22.1, P<.05$). As a result, it can be claimed that model V achieved the best model fit against the alternative models, with respect to the data set of this study. This is to say that model V represents best the existing causal relations between leadership behaviors, organizational, and union commitment of unionized employees. The figure I exhibits the model V with the estimated parameter values on both measurement and structural paths.

The standardized parameters estimated on the causal paths of the model are given in the table III. According to the table III, both transactional and transformational leadership have a significant positive effect on union commitment ($\beta=.331, .107, P<.05$). However, transactional leadership recorded a higher positive effect on union commitment than transformational leadership ($\beta=.331, P<.05$).
With respect to leadership behavior and organizational commitment, both transactional and transformational leadership recorded a significant positive effect while transformational leadership had the highest positive impact on commitment ($\beta=.501$, $P=.000$). The relationship between the union commitment and organizational commitment is also noted. While union commitment has a significant negative effect on union commitment ($\beta=-.331$, $P<.05$), organizational commitment has a positive effect on union commitment which is statistically non significant ($\beta=.133$, $P>05$). When these effect flaws are concerned, it is clear that transactional and transformational leadership have a direct effect and also an indirect effect via union commitment on organizational commitment in unionized work environment.

5. Discussion

The present study was intended to examine the effect flaws between the transactional, transformational leadership, organizational commitment and union commitment of employees in unionized work environment. Among the five model tested, it was revealed that model V which has direct effect paths from leadership to organizational commitment and indirect paths via union commitment as well, reported better model fit with the data set of this study ($\chi^2 = 274.2$, $df = 99$, GFI=.931 CFI=.841, and RMSEA=.089). This is to say that transactional and transformational leadership behaviors of managers have a direct effect, and indirect effect via union commitment on organizational commitment of unionized employees. However, a deeper understanding can be gained by analyzing the parameters estimated on the model V.

The estimated standardized parameters on model V revealed interesting relations among the variables of the model. First it was found that both leadership behaviors have significant impact on organizational commitment of employees. This is in line with the findings of some other studies on Full Range Leadership theory and commitment of employees (Bycio, Hackett, & Allen, 1995; Koh, Steers, & Terborg, 1995). Being parallel to the findings of Nguni, et al.(2006) ,Chen, (2004), it was the transformational leadership that has a higher positive effect on employee commitment. The higher effect of transformational leadership on commitment than transactional leadership is justifiable on the ground that while all most all dimensions of transformational leadership causes leadership effectiveness (Sadeghi & Phie, 2012), only contingent reward dimension of transactional leadership loaded significant with commitment (Lo, Ramayah, & Min, 2009). Further, it was found that both transactional and transformational leadership have a positive effect on union commitment ($\beta=.331$, and $\beta=.107$). The effect of transformational leadership on commitment is in minimum in magnitude while transactional leadership has higher positive effect on union commitment. It seems that under transformational leadership employees tend to be less committed to union than under transactional leadership. This is in congruence with the claims that supportive behavior (Magenau, Martin, & Peterson, 1988) and consideration behavior (Bemmels, 1995) of leaders which are closely parallel with transformational behavior, tend to reduce the union commitment of employees. On the other hand, structural behavior, and emphasis on task completion by leaders (Bemmels, 1995) will increase the union commitment of employees. Since these two behaviors are associated with transactional leadership, it is rational to find a higher impact of it on union commitment of employees.

Moreover, union commitment has a profound negative effect on organizational commitment. In other words, it was found that higher the union commitment of employees, lower will be the organizational commitment of employees. This is expectable with the facts that highly union committed employees tend exhibit higher level of union citizenship behavior (Edsnaape & Redman, 2006), put extra efforts for union activities (Johari, 2006), and engage in union activities more (Goeddeke & Kammeyer-Mueller, 2010). As a result of these behaviors, level of organizational commitment of employees will be low in long run resulting in a negative effect as found in the present study. Further, as a result of both negative effect of union commitment on employee’s organizational commitment and positive relationship between leadership and union commitment, an indirect effect flaw can be established between leadership behaviors and organizational commitment via union commitment. An additional fining of the study is that organizational commitment has an insignificant positive effect on union commitment. This a sign of prevailing of what is known as dual commitment scenario (Angle & Perry, 1986) in the public sector organizations to some extent. Dual commitment is a psychological state that exists in workers, holding a positive attachment to both the employer and the union (Stanger & Rosen, 1965). Though the data of this study does not support fully the existence of dual commitment situation, it provides clues for such scenario. A further study is possible with a broader sample for assessing the dual commitment scenario in the public sector organizations in Sri Lanka.
6. Conclusion

The purpose of this study is to examine the effect flaws between transactional, transformational leadership behavior of managers, organizational commitment, and union commitment of employees in the public sector organizations in Sri Lanka. The parallel model testing process revealed that the best causal relationship that can be established is that the direct effect of leadership behaviors and the indirect effect via union commitment on organizational commitment. Further, it seems that the indirect effect is prominent than the direct effect of leadership on commitment. However, a further research is recommended to assess the direction and the magnitude of indirect effect of union commitment on leadership and organizational commitment relation and to examine whether it holds mediating mechanism.

References


### Table I

**Alternative Model Tested**

<table>
<thead>
<tr>
<th>Model</th>
<th>Effect Flaws</th>
</tr>
</thead>
</table>
| Model I | Transactional, Transformational Leadership  →  Organizational commitment  
Transactional, Transformational Leadership  →  Union commitment |
| Model II | Transactional, Transformational Leadership  →  Organizational commitment  
             →  Union commitment |
| Model III | Transactional, transformational leadership  →  Union Commitment  
             →  Organizational Commitment |
| Model IV | Transactional, transformational leadership  →  Organizational Commitment  
             →  Union Commitment and  
Transactional, transformational leadership  →  Union Commitment |
| Model V | Transactional, transformational leadership  →  Union Commitment  
             →  Organizational Commitment and  
Transactional, transformational leadership  →  Organizational Commitment |

### Table II

**Models Tested and Model Fit Statistics**

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<tr>
<th>Model</th>
<th>$\chi^2$</th>
<th>$\Delta \chi^2$</th>
<th>DF</th>
<th>GFI</th>
<th>CFI</th>
<th>REMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model I</td>
<td>376.8</td>
<td>-</td>
<td>102</td>
<td>.642</td>
<td>.601</td>
<td>.061</td>
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<tr>
<td>Model II</td>
<td>346.2</td>
<td>30.6</td>
<td>101</td>
<td>.701</td>
<td>.662</td>
<td>.062</td>
</tr>
<tr>
<td>Model III</td>
<td>321.7</td>
<td>24.5</td>
<td>101</td>
<td>.762</td>
<td>.717</td>
<td>.071</td>
</tr>
<tr>
<td>Model IV</td>
<td>296.3</td>
<td>25.4</td>
<td>99</td>
<td>.823</td>
<td>.801</td>
<td>.079</td>
</tr>
<tr>
<td>Model V</td>
<td>274.2</td>
<td>22.1</td>
<td>99</td>
<td>.931</td>
<td>.841</td>
<td>.089</td>
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</table>
Figure I
The Effect Flaws with Estimated Values Between Transactional, Transformational Leadership, Organizational and Union Commitment

Table III
The Estimated Regression Values

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Label</th>
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<tr>
<td>UC ← Transformational</td>
<td>.107</td>
<td>.042</td>
<td>2.547</td>
<td>.007</td>
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<tr>
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<td>.095</td>
<td>3.484</td>
<td>.001</td>
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<td>Commitment ← Transformational</td>
<td>.501</td>
<td>.100</td>
<td>5.010</td>
<td>***</td>
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<tr>
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<td>.087</td>
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