

Job Satisfaction and Job Commitment through Transformation Leadership

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Abstract

The organization performance and its growth mostly depend on its leadership style. Transactional leadership and organizational performance have positive trend for job satisfaction and for career satisfaction in the banking sector. The aim of this study is to find the relationship between organizational performance, transactional leadership and job satisfaction in banking sector. A questionnaire type survey was done among different private banks of Pakistan to collect the data. Based on literature review a theoretical model was formulated, and statistical analysis were performed using SPSS statistical software to test all these hypotheses. Results of this study concludes that transformational leadership has significant impact on job satisfaction and organizational commitment, and job satisfaction and organizational commitment are strongly correlated.

Introduction

The idea of leadership and its practices is wide and may differ from one person, or situation, to the other. The conceptualization of leader is many-fold various aspects of human Endeavour such as politics, businesses, academics, social works, etc. The old version means leadership is personality function and ability. Now there is dramatic shift in idea that it not only personal trait but also characteristics of the situation and environment in which he finds himself (Messick and Kramer, 2004). Members of organization are able to achieve their personal goals and objective until and unless there is strong leadership support. Leadership style in an organization is one of the factors that play significant role in enhancing or retarding the interest and commitment of the individuals in the organization. Glantz (2002) emphasizes the need for a manager to find his leadership style. Contemporary literature on leadership mainly focuses on the two main dimensions of leadership i.e. transactional and transformational leadership. Transformational leaders alter the beliefs and attitudes of followers and inspire the subordinates in their own interests parallel with the betterment of the organization (Burns, 1978).

Thus the important goal of this transformational perspective is to cultivate knowledge about leading and managing, especially knowledge for practice – knowledge of the how of leading and managing and to see its effect the organization citizenship behavior and job satisfaction (2). The major effects for job satisfaction is that it suggests that making the workplace satisfying can also increase OCBs (3). Employees who consider fairness in their organizations demonstrate more OCB, in result the organization achieve higher levels of job satisfaction and, make more positive evaluations of authority have better performance, organization commitment and demonstrate lower levels of work withdrawal (4).

For many years, importance of organizational commitment and its relationship with Job satisfaction has been acknowledged. The author proposes that reciprocal relationship. This reciprocity is between organizational commitment and job satisfaction. A happy and satisfied employee leads to commitment of organization. A positive commitment leads to Job satisfaction.

Problem Statement

In the present era of hyper competitive environment and value demanding customers put great pressure on businesses to not only improve their effectiveness but also put consideration on leadership development. Leadership development is the key factor of success for organizations. Leadership needs that leads employees to satisfaction, motivation and commitment. The leaders not only equipped with techniques and skills to overcome the knowledge era challenges but also right type of leadership should be practiced.

Research Objective(S)

Following are research objective(s):

1. To measure the impact of Leadership (Transformational Leadership) on Job Satisfaction
2. To measure the impact of Leadership (Transformational Leadership) on Job commitment
3. To measure the impact of Job satisfaction on Job Commitment
4. To measure the impact of Job Commitment on Job satisfaction

Research Question(S)

Following are research Question(s):

1. How much Leadership (Transformational Leadership) explain Job Satisfaction?
2. How much Leadership (Transformational Leadership) explain Job Commitment?
3. How much Job Satisfaction explains Job commitment?

4. How much Job commitment explains Job Satisfaction?

Significance of the Research

The Leadership and its outcomes are highly appreciated, studied and researched in the present era. These relationships and outcomes have achieved high importance from number of years in Organizational Behavior and Human Resource researches and case studies. The glorification of these concepts is because of resulted and objectives achieved by the number of organizations to put these concepts in practice. An effective Leadership practice leads to Job Satisfaction and Job Commitment. These practices results a happy and satisfied work environment. This is evident in both qualitative and quantitative reviews.

The scheme of the study is hypothesis testing. The sequence of the study is as follow, Introduction, Literature review, Conceptual Model, hypothesis, research methodology, data results and interpretation, discussion and managerial implications.

Literature Review

Leadership (Transformation Leadership)

Previous literatures show that different leadership styles considered more effective tools for the success of an organization. Leadership known as the progressive way in which first focuses on its qualities, then highlight the specification of a good leader, emphasizes on the leaders behaviors and at end provide the information about the situations in which some thing is happen (contextualized ability) (Hussain Haider & Riaz, 2010).

By using the five different journals a study conducted on leadership which states that by adopting or using different leadership styles leaders can increase the self efficacy of their employees and organization can runs on a successive way by achieving the desired outcome. Results show that transformation leadership can considered as competitive edge because due to the rapid change in the environment leadership is very necessary so that employees could adopt environmental changes which an organization faces. This is only done by a good transformational leadership (HANJUNKAR et al.2014)

This study was conducted to explain the different findings that relate to the leadership - style, job satisfaction and commitment. The study shows that leadership style (consultative & consensus) is prevailing in constructive firms of UAE. However all the consequences provide the true picture that job satisfaction strongly affected by leadership style while employees commitment moderately influences by the leadership style. (Randeree & Ghaffar Chaudhry, 2012).

Different leadership qualities like better and effective communication, to solve the different problems, listening power, providing information, to encourage the employees of the organization by different motivating factor, impose the duties to the workers according to their work, producing interpersonal skills in workers, working capabilities, to take right action at right time and gain desired results significantly affect the leaders and as well as the job satisfaction. (Navaretnam, 2011).

The study was conducted to check which leadership style is more appropriate for the small scale business. So the study concludes that transactional leadership style is more appropriate than transformational leadership style. Result shows the performance of small scale business positive significant effected by transactional leadership behaviors. While positive and insignificantly related with the transformational leadership behaviors. (Obiwuru Timothy, Okwu, Akpa, & Nwankwere, 2011).

(Ismail Azman, 2013) States different studies have been analyzed in Malaysia to determine the relationship between different leadership behaviors for any type of enterprise which organizations adopt in different situations. Everybody knows that leadership encourages the employees to build up their skills, efficiency and their capabilities. By encouraging the employees productivity increase and job success highly effect by the motivation. By different training workshops can increase the leadership effectiveness and organization achieve the work performance.

(Krishnan, 2012) concludes that leadership style (transformational) not only positively increase the organization productivity but it also increases the employees personal productivity.

Job satisfaction

The organization performance and its growth mostly depend on its leadership style. Transactional leadership and transformational leadership have positive trend for job satisfaction and for career satisfaction. The study concludes that job success mostly relates to the transactional leadership style instead career satisfaction highly strongly related to the job satisfaction and transformational leadership. In simple words job satisfaction mostly depends on transactional and transformational leadership style rather than career satisfaction. (Hussain Haider & Riaz, 2010)

Conducted that job satisfaction of public sector employees which include (extrinsic satisfaction& intrinsic satisfaction) strongly related with the organization commitment which include (effective commitment and normative commitment) because in public and private sector job attributes, working conditions and the way

to interact with each other are totally different? (Markovits, Davis, Fay, & Dick, 2010).

Semiconductor firms like multinational firms and transactional firms have great financial investment in Malaysia. By increasing the productivity level every firm can meet the satisfaction level. This study states that independent variables (organization culture, current leadership and participative leadership style strongly positively related to the job satisfaction or have positively effect on the job success(Somaye Gharibvand, Mazumder, Mohiuddin, & Su, 2013).

Different studies analyzed to determine the effect of job success on motivation workers while Motivation level has great effect on organization productivity thus organization can achieve the desired performance. The study provides the significant results where motivation has significant impact on job satisfaction. (Aziri, 2011).

Examines peoples views about their job which they are currently doing , to know about their job success sclae from highly success factors to low sussecc factors, and to know about the various job characteristics who compete the satisfaction level inhis study. (George, 2008).

The positive views of the employees of their job activies consider as their satisfaction about their job. Job satisfaction positively associatec with the organization outcomes as well as the employees personal outcome. Rewars system increases the job success. Various dimensions of job success which an employee demonds meet the organization success level like incentives, salary, ranking etc. (Kaliski, 2007)

(Armstrong, 2006) Conducted a study to differentiate between the job success elements and the job dissatisfy elements. The results shows that the activates that area most closely related to the job demand are consider as job success elements while the elements which are not fulfill the demand factors are known as dissatisfaction elements.

Organization commitment

Organization commitment and leadership (transformational leadership) have strong significant, positive and moderate relationship in an organization. This study was conducted on vocational principles leaders on their vocational teachers (Khasawneh, Omari, & Abu-Tineh, 2012).

As the loyal employees of organizations can increase the employee's commitment similarly different personality traits of leaders may become the causes of low performance of an organization. Thus for achieving the commitment of employees with their organization personality traits and leadership are more effective tools and both are necessary for organization commitment. (Saputra, 2014).

(Verma & Krishnan)Concludes that hybrid leadership (masculinity & feminist) always meet the consistence commitment but if leaders are only masculine then by transformational leadership affective commitment will increase.

The study was conducted to determine the most favorable leadership style between the transformational leadership and transactional leadership and its effect on job commitment. The result concludes that according to the position of the senior leader engineers has significant effect on leadership and job commitment. (Raja & Palanichamy, 2011).

(Khasawneh, 2012) the study generates the positive result between the organozation commitment and transformation leadership in the presence of various organization structure, culture, norms & values.

Job commitment and organization citizenship attitudes can enhance the leader's emotions, skills, and capabilities when they are facing different troubles in the organization. (Kark, 2012)

Different constitutes characteristic have been studied and these shows significant impact on job commitment of the workers and the organization performance. (M. D., 2006)

Previous studies preferred that sincerity relationship of worker with the organization can achieve the commitment. (Luthans, 2005)

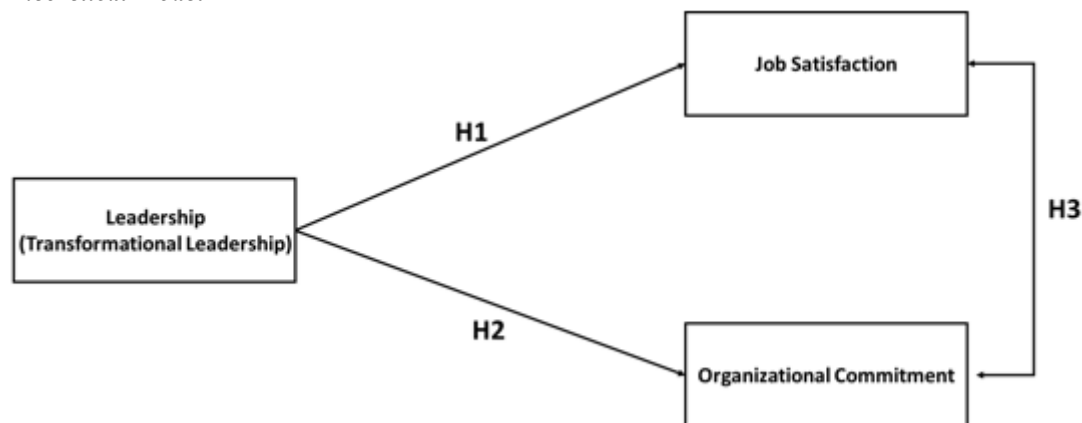
Job commitment of school staff has positively significant effect on school output but here are some factors which positively and some negatively affect the job commitment. (Sezgin F., 2009)

According to androgyny studied it is conclude that femininity has most strong positive commitment as compared to the masculinity commitment. (Kul, 2013)

Staff members of school can highly significantly increase the school performance and significantly relate to the job commitment. However their negative attitudes can cause the job burnout condition. (Dee JR., 2006)

Based on the above literature review the below given theoretical model is formulated. The relationship of variables is well explained above and given in hypothesis. This relationship exists in literature. This relationship is need to tested and verify in the research.

Theoretical Model



Hypothesis

H1: There is positive association between Leadership (Transformational Leadership) and Job satisfaction.

H2: There is positive association between Leadership (Transformational Leadership) and Organizational Commitment.

H3: There is positive correlation between Organizational Commitment and Job Satisfaction.

Methodology

Present research is based on data collection through survey questionnaire. The research belongs to positivist school of thought of research. This mean the data is collected primary bases and the objectives of research are supposed to be achieved through quantitative method. The research is based on hypothetical research design which has cross sectional nature of data. This mean data is collected at one spot respondent for further analysis. The unit of analysis is individual. The research aims to analysis and measure the responds thoughts (intentions) towards the variables listed in theoretical model and well explained in literature review. The population frame for present research is the banking employees of private banks in Gujrat. The sampling techniques will be based on the convenience and the availability of respondents. The sample size should be above 100 as explained by SEKRAN (2003) for this type of studies is sufficient for accurate analysis and results. The base of items will be base on 10 respondents per item. The author will be use the SPSS IBM r 21 version for data analysis. The analysis includes both descriptive and inferential statistics. In descriptive statistics frequency and descriptive will be calculated and in inferential statistics CFA, correlation and regression (multivariate and simple) will be used. The reason behind the chosen of banking industry is boom of industry in present economic circumstances and the research gap is available in this sector. The items of questionnaire are taken from following researches.

TRANFFORMATIONAL LEADERSHIP questionnaire in this research is taken from the previous research (Wearing and Mann, 2000), and this scale is called “The Global Transformational Leadership Scale” {GTL} by Caeless. Respondent will response on a 5-point Likert scale which measures the behavioral frequency (0=rarely or never to 4 = very frequency). JOB SATISFACTION questionnaire is taken from the previous research by JSS (Paul E. Spector, 1994) Job Satisfaction scale Paul E. Spector 1994. ORANIZARIONAL COMMITMENT questionnaire are adopted from the previous research Allen and Meyers’s (1996) scale. The measures of effective, normative and continuance commitment are included in this scale. All the items of this (1-7) Likert scales are included in my research.

Data collection

In this study survey was conducted to collected data, total 300 questionnaires were distributed among different branches of private banks in Jhang (Punjab). Total 128 (response rate 42.66 %) questionnaires were collected back among which all were male workers. While putting data in SPSS it is found date 28 questionnaires were not filled completely and these questionnaires were rejected because of missing data. At this stage total 100 questionnaires were left for the final analysis, and it is an adequate sample size for statistical analysis. Questionnaire consist two parts, first part consist demographic information of the participants as shown in Table 1. The second part of the questionnaire comprises 31 questions, 7 questions related to leadership, 9 questions related to job satisfaction and 15 questions were related to organizational commitment.

Table 1: Demographics of participants

Items	Category	Number	%
Age (in years)	18-25	40	40
	25-40	43	43
	40-50	17	17
	Above 50	0	0
Family status	Single	71	71
	Married	29	29
Education	14 years	24	24
	16 years	76	76
Employment level	Branch Manager	17	17
	Operational officer	18	18
	Remittance	22	22
	General banking	43	43
Employment status	Permanent	87	87
	Temporary	13	13
Experience	0-5 years	64	64
	5-10 years	36	36

Results

Before the further analysis a Cronbach's Alpha reliability test is necessary and above 0.7 value is acceptable for consistency of data (Nunnally, 1978). The obtained reliability test value 0.93 is acceptable as it is according to the recommended value. Pearson correlation results are shown in table 2.

According to the formulation and hypothesis in this study, the supposed hypothesis can be found in two different regression analysis as stated in hypothesis 1 (Positive association between leadership and job satisfaction) and hypothesis 2 (positive association between leadership and organizational commitment). So, according to our hypothesis we have to analyze each of them separately.

Table 2. Correlations

		JobSatisfaction	OrganizationalCommitment	Leadership
JobSatisfaction	Pearson Correlation	1		
	Sig. (2-tailed)			
	Sum of Squares and Cross-products	89.762		
	Covariance	.907		
	N	100		
OrganizationalCommitment	Pearson Correlation	.905**	1	
	Sig. (2-tailed)	.000		
	Sum of Squares and Cross-products	75.159	76.920	
	Covariance	.759	.777	
	N	100	100	
Leadership	Pearson Correlation	.902**	.814**	1
	Sig. (2-tailed)	.000	.000	
	Sum of Squares and Cross-products	118.498	99.079	192.443
	Covariance	1.197	1.001	1.944
	N	100	100	100

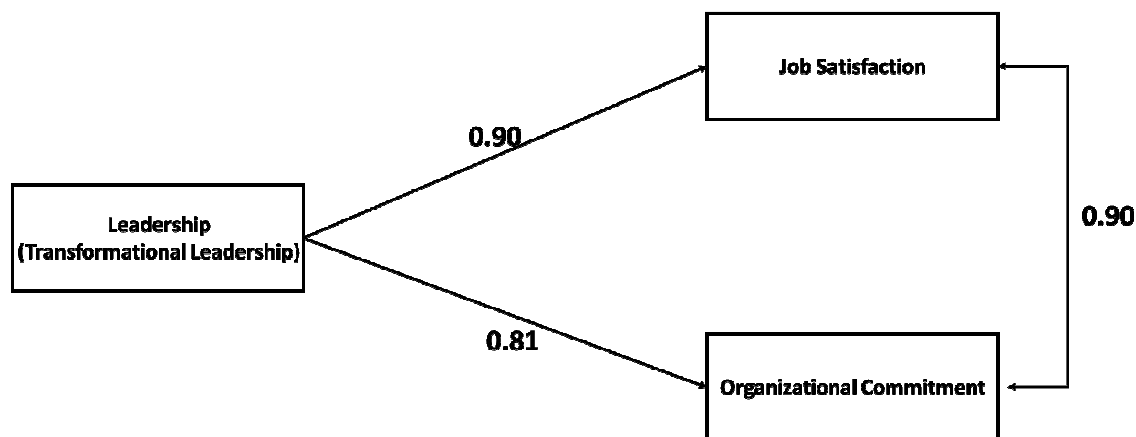
** . Correlation is significant at the 0.01 level (2-tailed).

First results are analyzed for H1, results of H1 are represented in Table 3. In this hypothesis leadership value is 0.90 which is a strong impact on job satisfaction. It shows that leadership have a significant impact on the job satisfaction as p-value is 0.00. and unstandardized coefficient have value of 2.339, which indicates a positive impact. Thus it is stated that supposed hypothesis H1 (Positive association between leadership and job satisfaction) is true hypothesis.

Table 3. Impact of Transformational leadership on Job satisfaction (H1).

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	2.339	.117		19.919	.000	2.106	2.572				1.000	1.000
Leadership	.616	.030	.902	20.633	.000	.557	.675	.902	.902	.902	1.000	1.000

a. Dependent Variable: JobSatisfaction



Now results of H2 are analyzed, results of H2 are represented in Table 4. In this hypothesis leadership value is 0.81 which is an strong impact on organizational commitment. It shows that leadership also have a significant impact on the job satisfaction as p-value is 0.00 here. and unstandardized coefficient have value of 2.311, which indicates a positive impact. Thus it is stated that supposed hypothesis H2 (Positive association between leadership and Organizational commitment) is also true hypothesis

Table 4. Impact of Transformational leadership on Organizational commitment (H2).

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	2.311	.146		15.850	.000	2.022	2.601				1.000	1.00
Leadership	.515	.037	.814	13.890	.000	.441	.588	.814	.814	.814	1.000	1.00

a. Dependent Variable: OrganizationalCommitment

Conclusion

Based on the obtained results all assumed hypothesis are found to be significant, as leadership have significant impact on job satisfaction and organizational commitment, and job satisfaction and organizational commitment are significantly correlated. Thus it is evaluated that leadership is the most important factor in the banking industry to improve employee's job satisfaction and organizational commitment. Banking industry is one of the important industry in the country, and can be called as the back bone of any country. If employees of this sector are not satisfied with their job they cannot give their maximum potential to their organization and their productivity will be decreased, which will be cause to decline of this sector.

Limitations

During this research the collection of data was a major task for author as it is shown that response rate was very low, it was because of workers attachment to their position, they need to completely concentrate their work so it was difficult to manage spare time, maximum number of responses were filled only in lunch breaks. This study is only valid for the supposed hypothesis, and the results of this study might be changed by changing the direction of hypothesis.

Future Directions

The analysis for this study was done without considering any specific group. This study can be prolonged further by categorizing of data in terms of their demographics, e.g. educational differences, age differences, etc. and can be evaluated separately for each group.

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