

Relationship Between Transformational, Transaction and Laissez-faire Leadership Styles and Employee Commitment

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Abstract:

The study aimed to find empirical evidence of relationship between transformational, transaction and laissez-faire leadership styles and employee commitment in the insurance sector of Sri Lanka. Multifactor Leadership Questionnaire, which formulated by Bass and Avolio's in 1997 was used to determine leadership style and the Organizational Commitment was obtained using the Revised Version of Meyer and Allen's (1997) Three-Component Model of employee commitment. Leadership was identified as the independent variable and organisational commitment as the dependent variable. The analysis showed that there is a strong positive relationship between transformational leadership and organizational commitment with $r = 0.872$. A weak, but significant, positive relationship was found between transactional leadership and organizational commitment with $r = 0.257$. Also a weak, but significant negative correlation was found between laissez-faire leadership and organizational commitment with an $r = -0.375$. The Overall findings from this study suggest that transformational, transactional and laissez-faire leadership behaviors do play important roles in determining levels of organizational commitment.

Keywords: Insurance Industry, Transformational Leadership style, Transactional Leadership style, Laissez-faire Leadership style, organizational commitment.

Introduction

Human capital is identified as the exclusive resource which makes a difference and provides a competitive advantage to an organization. If any organization is to prosper, it should attract and retain competent employees. Insurance sector of Sri Lanka is one of the fastest growing industries in the country; the competition within the industry has opened the doors to a new revolutionary period (Mendis, K., Silva, D., & Mitsuhashi, I. 2009). The industry is innovative than ever before. Introduction of more than half a century of new policies with special features in the preceding half a decade is a clear indicator of the revolutionary innovation (Mendis, K., Silva, D., & Mitsuhashi, I. 2009). High competition and growth in the sector has made human resources management tougher. In this circumstance, all the competitors are struggling to attract and retain the best performance. The labour turnover is approximately 15%. Moreover, the employees are rotating within the industry, and most companies are losing their employees to their competitor (Mendis, K., Silva, D., & Mitsuhashi, I. 2009).

In a circumstance where there is a rapid growth in the industry and competition among the competitor is high and competitor doors are always open to good performers. Effective leadership is identified as one of the key elements to keep the employees committed to the organisation. Understanding and promoting effective "leadership" is considered important in coping and dealing successfully with environmental pressures. Organisations should actively consider leadership approaches and use them to educate managers on the complexities of leading people. Furthermore, leaders need to manage and motivate their employees to reach their maximum potential, to be engaged, to embrace change, and to make good technical decisions. If operational level employees who mostly interact with customers are satisfied and committed to their job, they tend to share the firm's customer-oriented values, exhibit low levels of role stress and deliver the highest level of service quality.

Literature Review

Numerous researches conducted before have found that there is a strong relationship between leadership style and employee commitment and that leadership can affect many work related behaviours such as, employee's attitudes, motivation and performance. Organisational commitment is an important issue that has been and would always be of great importance for organisations. Organisations tend to look for committed employees to accomplish its strategic objectives, vision and mission. Definitions of organizational commitment remain varied. At its simplest, Allen and Meyer (1994) suggest that organizational commitment may be thought of as the psychological tie between the organization and the employee, which increases the chance that the employee will remain with the organization and contribute above-average effort to the organization. Organisation commitment is an indicator of employee's performance & turnover and it is the relative strength of an employee's identification with and involvement within an organisation.

According to Allen and Meyer (1990), organisational commitment is a multi-dimensional variable comprised of three components: affective, continuous, and normative commitment. Affective commitment is the employee's emotional attachment and identification with the organization. Continuance commitment is defined as dedication based on the costs of leaving the organization while the normative component is best described as the employee's obligatory feelings to stay in his or her current situation.

There are various leadership styles discussed in the literature but this study is only limited to the Full Range Leadership (FRL) approach developed by Bass and Avolio (1994; 1997) encompassing a range of leader behaviors. This model, describes leaders as utilizing a wide range of different forms of leader behaviors. The range of behaviors starts with transformational leader behaviors to transactional leader behaviors reaching to the lowest leader interaction of laissez-faire leader behavior (Bass & Avolio, 1994). These leadership styles have been described to have a direct effect on individual and organizational level outcomes (Bass, 1990a; Yukl & van Fleet, 1992).

According to Burns (1978) transformational leaders ensure that followers are consciously aware of the importance of sharing organizational goals and values. They also find ways to ensure that followers know how to achieve these goals. Burns (1978) further states that transformational leaders motivate their followers to go beyond their own self-interests and extend effort on behalf of the organization by appealing to the higher order needs of followers. Yukl (1989) defined transformational leadership as a process of influencing major changes in attitudes and assumptions of organizational members and building commitment for the organizational mission and objectives. Transformational leaders are said to appeal to higher ideals and moral values of followers, heighten their expectations and spur them to greater effort and performance on behalf of the organization (Bass, 1990a; 1995; Bass & Avolio, 1990b). Bass and Avolio (1990b) suggest that transformational leaders inspire followers with a vision of what can be accomplished through extra personal effort, thus motivating followers to achieve more than they thought they would achieve. The relationship between a transformational leader and followers is characterized by pride and respect (Bass & Avolio, 1990a). The employees often develop a high level of trust and confidence in such a leader. The employees are proud to identify themselves with the leader and develop a strong sense of loyalty to them. Bass and colleagues (Avolio, Bass & Jung, 1995; 1999; Bass, 1985; 1997) have identified five factors which represent behavioral components of transformational leadership: 1) idealized influence (attributes), 2) idealized influence (behavior), 3) inspirational motivation, 4) intellectual stimulation and 5) individualized consideration. Idealized influence attributes occur when followers identify with and emulate those leaders who are trusted and seen as having an attainable mission and vision. Idealized influence behavior refers to leader behavior which results in followers identifying with leaders and wanting to emulate them. Leaders demonstrating idealized influence or charisma instill pride in their subordinates and command respect (Bass, 1990; Bass & Avolio, 1990). Idealized influence is coupled with an emotional attachment of the followers to identify with the leader. Inspirational motivation implies that leaders behave in ways that motivate and inspire those around them by providing meaning and challenge to their followers' tasks. Avolio, Waldman and Yammarino (1991) postulate those antecedents, such as past personal accomplishments, the development of communication skills and the role modeling of other leaders, create the potential to inspire others. This potential is realized in part by the interplay with individualized consideration and intellectual stimulation when the person is in a leadership role. Such behavior strengthens the leader's inspirational appeal; because it makes followers feel valued, self-confident and assured that their leader can overcome obstacles and help the group to meet new challenges and opportunities. A leader's level of inspirational motivation is further strengthened if a vision of where the group is heading is shared by co-workers. Intellectual stimulation occurs when leaders encourage their followers to be innovative and creative by questioning assumptions, reframing problems and approaching old situations in new ways, it also occurs when the leader prompts the followers to provide alternative solutions to the problems and challenges. Avolio and his colleagues (1991) argue that the most important benefit of transformational leadership is that followers do not resist self-development and frequently demonstrate an enhanced commitment to their job, co-workers and the organization.

Bass and Avolio described transactional leadership in terms of two characteristics: the use of contingent rewards and management by exception. They described contingent reward as the reward that the leader will bestow on the subordinate once the latter has achieved goals that were agreed to. Contingent reward is therefore the exchange of rewards for meeting agreed-on objectives. By making and fulfilling promises of recognition, pay increases and advancement for employees who perform well, the transactional leader is able to get things done. Bass (1985a) therefore argues that by providing contingent rewards, a transactional leader might inspire a reasonable degree of involvement, loyalty, commitment and performance from subordinates. Transactional leaders may also rely on active management by exception which occurs when the leader monitors followers to ensure mistakes are not made, but otherwise, allows the status quo to exist without being addressed (Bass & Avolio, 1995). In passive management by exception, the leader intervenes only when things go wrong. In general, one can conclude that transactional leadership is an exchange relationship that involves the reward of effort, productivity and loyalty. The leader helps the follower to identify what needs to be done to accomplish the

desired results. The leader, however, only takes the follower's basic needs into account. Therefore, as Bass (1985a) contends, transactional leadership uses satisfaction of lower order needs as the primary basis for motivation. The focus in transactional leadership is on role clarification. The leader helps the follower in understanding exactly what needs to be done in order to meet the organization's objectives and goals. A successful result of transactional leadership would be an expected outcome. Both the transformational and transactional leaders are described as leaders who actively intervene and try to prevent problems, although they use different approaches. When researching these two active forms of leadership, one finds that they are often contrasted with the third style of leadership, which is called laissez-faire leadership. Bass describes the laissez-faire leader as an extreme passive leader who is reluctant to influence subordinates' considerable freedom, to the point of abdicating his/her responsibilities. In a sense, this extremely passive type of leadership indicates the absence of leadership. Laissez-faire style of leadership is also referred to as management-by-exception (Bass & Avolio, 1990a). Management-by-exception characterizes how leaders monitor negative subordinates' behavior and exert corrective action only when subordinates fail to meet objectives. Leaders who manage by exception intervene only when procedures and standards for accomplishing tasks are not met. It can therefore be concluded that by 'laissez-faire', it is meant that the leader is not sufficiently motivated or adequately skilled to perform supervisory duties.

Empirical studies conducted by previous researchers found that there is a relationship between leadership and employee commitment and the strength of the relationship and direction may vary according to the leadership style. Following are empirical evidence by previous researchers. Billingsley and Cross (1992) reported a positive relationship between leader support and commitment. Tao and his colleagues (1998) also found that supervisory behavior predicted internalization ($R^2 = 0.180, p < 0.01$). In three separate studies, Popper, Maysless and Castelnovo (2000) found evidence to support the hypothesis that a positive correlation existed between transformational leadership and attachment. Podsakoff, MacKenzie and Bommer (1996) found that leadership behaviors explained 48% of the variance in organizational commitment and 55% of trust. Kent and Chelladurai (2001) found that individualized consideration has positive correlation with both affective commitment ($r = 0.475, p < 0.001$) and normative commitment ($r = .354, p < 0.001$). Hayward, Goss and Tolmay (2004) also found that transformational leadership has moderate positive correlation with affective commitment ($r = 0.5278, p < 0.0001$). Lower correlation coefficients between transformational leadership and normative, as well as continuance, commitment were found. No correlation was found between transactional leadership and affective, normative and continuance commitment.

When reviewing the existing literature, a gap can be identified as there has been no study carried out in a competitive industry where there is high labour turnover. Hence this study aims to thrash out the impact of leadership style of leaders on employee commitment in an exceedingly competitive industry where competition and labour rotation within the industry is high.

Hypothesis

Hypothesis 01:

There is no statistically significant relationship between transformational leadership and affective commitment to the organization.

There is a statistically significant relationship between transformational leadership and affective commitment to the organization.

Hypothesis 02:

There is no statistically significant relationship between transformational leadership and continuance commitment to the organization.

There is a statistically significant relationship between transformational leadership and continuance commitment to the organization.

Hypothesis 03:

There is no statistically significant relationship between transformational leadership and normative commitment to the organization.

There is a statistically significant relationship between transformational leadership and normative commitment to the organization.

Hypothesis 04:

There is no statistically significant relationship between transactional leadership and affective commitment to the organization.

There is a statistically significant relationship between transactional leadership and affective commitment to the organization.

Hypothesis 05:

There is no statistically significant relationship between transactional leadership and continuance commitment to the organization.

There is a statistically significant relationship between transactional leadership and continuance commitment to the organization.

Hypothesis 06:

There is no statistically significant relationship between transactional leadership and normative commitment to the organization.

There is a statistically significant relationship between transactional leadership and normative commitment to the organization.

Hypothesis 07:

There is no statistically significant relationship between laissez-faire leadership and affective commitment to the organization.

There is a statistically significant relationship between laissez-faire leadership and affective commitment to the organization.

Hypothesis 08:

There is no statistically significant relationship between laissez-faire I leadership and continuance commitment to the organization.

There is a statistically significant relationship between laissez-faire I leadership and continuance commitment to the organization.

Hypothesis 09:

There is no statistically significant relationship between laissez-faire leadership and normative commitment to the organization.

There is a statistically significant relationship between laissez-faire leadership and normative commitment to the organization.

Methodology

Instrumentation

Two questionnaires were used in this research to obtain information on leadership and organisational commitment, namely the Multifactor Leadership Questionnaire (MLQ) and Organisation Commitment Questionnaire. Both self – rater and rater versions of Multifactor Leadership Questionnaire, which formulated from Bass and Avolio's (1997) Full Range Leadership Development Theory was used to determine leadership style the questionnaire contained 45 statements corresponds to one of the nine components of either transformational, transactional or laissez - faire leadership styles. The transformational leadership style is divided into idealized charismatic behaviours and attributes factors including idealised influence (attributed), idealized influence (behaviour), inspirational motivation, individualized consideration and intellectual stimulation. Transactional leadership style is divided in to two factors contingent rewards and management by exception: Management by exception is also divided into management-by-exception active (MBEA) and management –by-exception passive (MBEP). Thus MLQ 5X (revised) contained 9 factors. Five point Likert Scale was used by the participants to mark the most suitable answer, the scale was ranging from 0 – 4 (0 – not at all, 1 – once a while, 2 – sometimes, 3- fairly often, 4-frequently if not always).

Organisation commitment was measured using Baraim's version of Meyer & Allen's 1997 organisational commitment questionnaire (OCQ), which is a 12 item adaptation of the multi – dimensional approach. The Cronbach's alpha reliability coefficients were calculated to estimate the reliability of the OCQ instrument and the average \Cronbach's alpha reliability coefficient for the OCQ instrument is 0.901. Again the Likert Scale was used by the participants to mark the most suitable answer, the scale was ranging from 0 -4 (0 – Strongly disagree, 1 – Disagree, 2 – Neutral, 3- Agree, 4- Strongly Agree)

Data Analysis

Data collected through questionnaire was analyzed through Microsoft excel 2007 and SPSS 15.

Results

Response Rate

Out of the 150 managers surveyed in the sample, 45 managers successfully completed and returned the questionnaires, resulting in a response rate of 30%. A sample of 500 subordinates was surveyed from a population of approximately 3000. A total of 155 questionnaires were completed and returned, resulting in a response rate of 31%. Finally the total sample size including leaders and their corresponding raters equals 200. This indicates a total response rate of approximately 31%.

Demographic Data

Demographic data was collected in various aspects. Tables 4.1, 4.2, 4.3 and 4.4 present the summary of the results. The statistics revealed that 60% of the participants were males and 53% have so far spent at least 11 years with the organization, while 62% have postsecondary qualifications. Moreover the statistics shows that

only 10% of the participants are at the age 50 or above.

Table 4.1 Demographic data: Gender

	Frequency	Percentage
Male	120	60%
Female	80	40%

Table 4.2 Demographic data: Education Level

Education	Frequency	Percentage	Cumulative Frequency	Cumulative Percentage
Masters	10	5%	10	5%
Bachelors	24	12%	34	17%
Professional Qualifications	34	17%	68	34%
Diplomas	56	28%	124	62%
A/L	76	38%	200	100%

Table 4.3 Demographic data: Age

Age	Frequency	Percentage	Cumulative Frequency	Cumulative Percentage
20 to 29	78	39%	78	39%
30 to 39	64	32%	142	71%
40 to 49	39	20%	181	91%
50 to 59	19	10%	200	100%

Table 4.4 Demographic data: No of years of working in the organization

Working Experience	Frequency	Percentage	Cumulative Frequency	Cumulative Percentage
21 and above	19	10%	19	10%
16 to 20	48	24%	67	34%
11 to 15	38	19%	105	53%
6 to 10	52	26%	157	79%
1 to 5	43	22%	200	100%

Descriptive Statistics - Mean & Standard Deviation Scores

Table 4.5 Descriptive Statistics: Transformational Leadership

Questions	N	Mean	Standard Deviation
IAS	200	2.83	0.72
IIBS	200	2.78	0.69
IMS	200	2.90	0.73
ISS	200	2.78	0.63
ICS	200	2.53	0.69
Transformational	200	2.77	0.58

- IIA Idealized Influence (Attributed)
- IIB Idealized Influence (Behavior)
- IM Inspirational Motivation
- IC Individualized Consideration
- IS Intellectual Stimulation

**Table 4.6 Descriptive Statistics: Transformational Leadership
 Transactional Leadership**

Questions	N	Mean	Standard Deviation
CRS	200	2.75	0.71
MBEAS	200	2.37	0.84
MBEPS	200	1.01	0.84
Transactional	200	2.09	0.45

CR Contingent Rewards
 MBEA Management-by-Exception-Active
 MBEP Management-by-Exception-Passive

Table 4.7 Descriptive Statistics: Laissez- Faire Leadership

Questions	N	Mean	Standard Deviation
Laissez- Faire	200	0.81	0.76

Table 4.8 Descriptive Statistics: Organizational Commitment

Scale	Code	N	Mean	Standard Deviation
Affective Commitment	ACS	155	5.29	1.83
Continuous Commitment	CCS	155	4.29	1.10
Normative Commitment	NCS	155	4.98	1.07
Organizational Commitment	OC	155	4.85	0.78

Table 4.9 Pearson Correlation Results

		ACS	CCS	NCS	OC
IIAS	Pearson Correlation	0.472	0.364	0.525	0.663
	Sig. (2-tailed)	0	0	0	0
	N	155	155	155	155
IIBS	Pearson Correlation	0.618	0.601	0.388	0.688
	Sig. (2-tailed)	0	0	0.004	0
	N	155	155	155	155
IMS	Pearson Correlation	0.705	0.685	0.341	0.765
	Sig. (2-tailed)	0	0	0	0
	N	155	155	155	155
ISS	Pearson Correlation	0.484	0.39	0.426	0.444
	Sig. (2-tailed)	0	0	0	0
	N	155	155	155	155
ICS	Pearson Correlation	0.53	0.218	0.502	0.53
	Sig. (2-tailed)	0	0	0	0
	N	155	155	155	155
Transformational Leadership TFL	Pearson Correlation	0.572	0.418	0.464	0.872
	Sig. (2-tailed)	0	0	0	0
	N	155	155	155	155
CRS	Pearson Correlation	0.71	0.093	0.692	0.776
	Sig. (2-tailed)	0	0.764	0	0
	N	155	155	155	155
MBEAS	Pearson Correlation	0.195	0.67	0.41	0.253
	Sig. (2-tailed)	0.148	0	0.014	0.014
	N	155	155	155	155
MBEPS	Pearson Correlation	0.253	0.198	0.237	0.338
	Sig. (2-tailed)	0.014	0.057	0.023	0.001
	N	155	155	155	155
Transactional Leadership TAL	Pearson Correlation	0.451	0.508	0.619	0.257
	Sig. (2-tailed)	0.015	0	0	0.015
	N	155	155	155	155
Laissez –Faire Leadership LFL	Pearson Correlation	-0.382	-0.402	-0.63	-0.375
	Sig. (2-tailed)	0.001	0.009	0.019	0
	N	155	155	155	155

Table 4.5, 4.6&4.7 contains descriptive data for the five transformational leadership subscales, three transactional subscales, and one laissez – faire subscale. All leadership variables hold a sample size of 200. The mean values for each of the transformational leadership subscales are all relatively close to 3 and those for transactional leadership ranges from 1.01 to 2.75. The mean value for laissez – faire is less than 1. The greatest standard deviation in the leadership factors is for Management by exception both Active and Passive which attained approximately 0.84 standard deviation scores.

In some instances, the overall scores for the transformational and transactional leadership subscales are slightly less than what Bass and Avolio (1997) consider ideal levels for effective leadership. For the most effective leadership they suggest mean scores of greater or equal to 3.0 for individualized consideration, intellectual stimulation, idealized influence (behavior), idealized influence (attributed) and inspirational motivation. Bass and Avolio (1997) also suggested a mean score of 2 for contingent reward, which is lower than the current study's mean score of 2.75. The suggested range for management by exception (active) was 1.0 to 2.0 and the mean score obtained for the current study was 2.37, which is slightly outside the range. Suggested score for management – by- exception (passive) is 1.0 which is equal to what we obtained in this research. Lastly suggested score for laissez-faire is 0.0; however mean for the current study was higher with 0.81.

These scores suggest that some employees perceived their immediate managers as not displaying the ideal levels of transformational leadership behaviors. These behaviors included engendering trust, inspiring a shared vision, generating enthusiasm, encouraging creativity and providing coaching. The mean for contingent reward suggests that some employees perceived their immediate managers as doing an above average job of clarifying expectations and recognizing accomplishments. This was also the case for the management by exception (active) mean, which implies that some employees perceived their immediate managers as taking corrective action in a timely manner. Mean score for management by exception (passive) suggests some employees perceived that their immediate managers tended to wait too long before resolving a problem or taking corrective action. Mean score for Laissez – faire shows that employees perceived that their managers were taking decisions.

Table 4.8 contains descriptive data for the three organizational commitment scales. All commitment variables, where leaders did not rate themselves, have a sample size of 155, including that there are no visible inconsistencies in capturing the data. The scores clearly suggest that a significant amount of central tendency existed, as the means of all components are slightly above the average. The highest standard deviation is Affective Commitment (AC), with a value of 1.83. Meyer and Allen (1997) do not provide guidance about expected, desired, average or ideal means for organizational commitment scales (namely affective, continuance and normative commitment). Instead they and other researchers (Allen & Meyer 1996, Dunham, Grube & Castaneda 1994) examined whether there was a positive or negative relationship between the different types of organizational commitment, the outcomes that are being measured as well as the pattern for those findings. The desired pattern is having the highest scores for affective commitment, followed by normative commitment and then continuance commitment.

The hypotheses of the study are concerned with establishing a relationship between leadership style and employee commitment. The relationship between leadership style and organizational commitment was investigated using two – tailed Pearson analysis. This provided correlation coefficients which indicated the strength and direction of linear relationship. The p –value indicated the probability of this relationship's significance. The results of the correlations analysis are presented below. As discussed earlier the guideline for assessing resultant correlation coefficients is as follows: coefficients less than 0.5 represent a weak relationship, coefficients greater than 0.5 but less than 0.8 represent a moderate relationship and coefficients greater than 0.8 represent a strong relationship.

The values obtained $r = 0.572$, indicates that there is a moderate significant positive relationship between transformational leadership style and affective commitment, $r = .419$, indicates that there is a weak but positive relationship between transformational leadership style and continuance commitment, $r = .464$, indicates weak but positive relationship between transformational leadership style and normative commitment.

The strongest relationship was seen with affective commitment. This means that leadership behaviors which involve engendering trust, inspiring a shared vision, generating enthusiasm encouraging creativity, providing coaching and recognizing accomplishments, do explain the variation in how employees feel about wanting to stay with the organization and do explain some of the variation in how employees feel about needing to or feeling obligated to stay with the organization. The more they display and practice these behaviors, the more employees may want to, need to or feel obligated to stay.

The correlation analysis indicated a weak, but significant, positive relationship between transactional leadership and organizational commitment. The values obtained $r = .457$ indicates weak but positive relationship between transactional leadership style and affective commitment, $r = .508$ indicates that there is a moderate significant relationship between transactional leadership style and continuance commitment, $r = .619$ indicates a significant positive relationship between transactional leadership style and normative commitment. Transactional

leadership had a positive relationship with affective, continuance and normative commitment. While transformational leadership is seen affecting the affective commitment mostly, the transactional leadership is found affecting mostly both continuous and normative commitment. This means that leadership behaviors which involve motivating employees through rewards, monitoring and clarifying roles, explain to good extent the variation in how employees feel about needing to or feeling obligated to stay with the organization. Managers may be able to improve their transactional leadership behaviors by giving negative feedback in a timely manner and using languages that is both clarifying and encouraging.

Moreover, a weak, but significant negative correlation was found between laissez-faire leadership and organizational commitment. The values $r = -0.382$ indicates weak but significant negative relationship between laissez-faire leadership and affective commitment, $r = -0.402$ indicates weak significant negative relationship between laissez-faire leadership styles and continuance commitment, $r = -0.63$ indicates significant negative relationship between laissez – faire leadership style and normative commitment. This means that leadership behaviors which refrain from getting involved when problems rose, avoid decision making and inactive will negatively impact on organizational commitment especially on normative commitment. This explains some of the variation in how employees feel about not being obligated to stay with the organization.

Conclusion & Policy Implications

The research findings reveal that transformational leadership is the most suitable leadership in industry where the labour turnover is very high, as the two-tailed correlation analysis showed that there is a positive relationship between the transformational leadership and organizational commitment.

Empirical evidence appears to support the hypothesis that leadership style can affect the development of organizational commitment. These research findings put forward that transformational and transactional leadership behaviors are positive in relationship with affective, continuance and normative commitment.

Moreover it can be seen that in the Sri Lanka Insurance Industry which operates in a competitive business environment, both transformational and transactional leadership behaviors have almost similar influence on organizational commitment.

This indicates that transformational and transactional leadership behaviors were interdependent and have an interactive effect on organizational commitment. Depending on the situation these two types of leadership behaviors can be displayed concurrently in order for change to occur in organizational commitment. Therefore managers might be able to increase employees' levels of organizational commitment, especially the affective commitment by improving both transformational and transactional leadership behaviors. This is critical to the organization as affective commitment results in better performance and more meaningful contributions than normative commitment and continuance commitment (Meyer & Allen, 1997).

The research findings support Bass (1985a) views that transformational and transactional leadership paradigms comprise of complementary rather than polar constructs, with transformational leadership building on transactional leadership, but not vice versa, Bass recognizes that both styles may be linked to the achievement of desired goals and objectives. Bass, Avolio and Goodheim (1987) also viewed that the two styles are complementary in the sense that transformational leadership style is ineffective in the total absence of transactional relationship between leadership and subordinates.

Because transformational and transactional leadership styles have been found to have a significant positive relationship with organizational commitment, the organization should attempt to develop these two leadership styles within their environment as committed employees are most desirable. By implementing programs that encourage leaders to develop transformational and transactional leadership styles, the organization will be able to improve the commitment levels of its employees.

The organizations that require their employees to develop organizational commitment should provide comprehensive training that will encourage leadership to exhibit leadership behaviors such as building trust, inspiring a shared vision, encouraging creativity, emphasizing development and recognizing accomplishments. Leaders can play a role in building commitment by assuring that the organization makes effort to address both the work content and the work context by encouraging management practices to minimize employee alienation. They should demonstrate their commitment to the employees by sharing information, provide for the development and growth of employees within the organization and offer more than market related incentives.

In this era of empowered employees and teams, leaders still need to communicate to their subordinates that the organization respects them and values the contributions that they make.

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