



# The Relationship between Leadership Style and Employee Outcomes: The Mediating Role of Organizational Commitment

Ilzar Daud,<sup>1\*</sup> Nur Afifah<sup>2</sup>

<sup>1,2,\*</sup> Management Study Program, Faculty of Economics and Business,  
Universitas Tanjungpura, 78124, Pontianak Indonesia

## ABSTRACT

**Objective** – The objective of this study is to examine the relationship between transformational leadership styles and job performance and the mediating role of organizational commitment in the relationship between transformational leadership style and job performance in State-Owned Banks in West Kalimantan, Indonesia.

**Methodology/Technique** – The data used to evaluate the model was gathered from the State-Owned Banks in West Kalimantan, Indonesia. 200 permanent employees of those State-Owned Banks participated in the survey. The Structural Equation Modelling (SEM), using LISREL software was employed to examine the relationship among the constructs in this study, which are transformational leadership style, organizational commitment, and job performance.

**Findings** – The findings of this study conclude that transformational leadership style significantly affects job performance and organizational commitment, whereas organizational commitment significantly influences job performance. Briefly, organizational commitment mediates the relationship between transformational leadership styles and job performance in State-Owned Banks in West Kalimantan, Indonesia.

**Novelty** – Most of the previous studies were carried out in western countries, raising doubts about generalizations in research results in developing countries such as Indonesia. Therefore, the novelty of this research is carried out in the context of developing countries, especially in State-Owned Banks in West Kalimantan, Indonesia.

**Type of Paper:** Empirical.

**Keywords:** Transformational Leadership Style; Organizational Commitment; Job Performance.

**Reference** to this paper should be made as follows: Afifah, Ilzar D. N. (2019). The Relationship between Leadership Style and Employee Outcomes: The Mediating Role of Organizational Commitment, *J. Mgt. Mkt. Review*, 4 (2): 100 – 106 [https://doi.org/10.35609/jmmr.2019.4.2\(1\)](https://doi.org/10.35609/jmmr.2019.4.2(1))

**JEL Classification:** L22, M12, M19.

## 1. Introduction

Leadership research is of interest to many researchers. Although research on leadership has been widely conducted, it is one of the most difficult topics to understand because everyone's leadership style is different (Einstein & Humphreys, 2001). Therefore, the need to conduct research on leadership has increased the interest of researchers to better understand and explore leadership issues.

\* Paper Info: Revised: March 11, 2019

Accepted: June 19, 2019

\* Corresponding author: Ilzar Daud

E-mail: [ilzar\\_daud@yahoo.com](mailto:ilzar_daud@yahoo.com)

Affiliation: Faculty of Economics and Business, Universitas Tanjungpura, Pontianak Indonesia

One form of leadership is transformational leadership. Bass (1985) describes transformational leadership as the future of the organization, which has adopted a vision throughout the organization and provides higher inspiration than what can be imagined by other people within the organization.

Organizational commitment can be explained by the benefits of having employees within the organization. Among the benefits of having committed employees as described by Fugate et. al. (2004) and Harter et. al. (2009) is that if employees are committed to the organization it can lead to lower turnover rates, greater productivity, and long-term strategic benefits. Some previous researchers such as Avolio et. al. (2004) and Ramachandran and Krishnan (2009) explain that one of the most important determinants of employee commitment is a leadership style that encourages followers to think critically and innovatively. Transformational leadership style in this study has a characteristic of investigating follower's preferences of transformational leadership styles that will encourage their commitment to the organization. Research on transformational leadership style and organizational commitment has gained increased attention in recent years and this has contributed to a large number of studies on issues of leadership and commitment (Walumbwa & Lawler, 2003).

Another variable in this study is the outcome of employee performance or job performance. Job performance is an important element that affects an organization's performance. George et. al. (2005) argues that 'job performance is formally defined as the quantity and quality of task accomplishment-individual, group, or organizational'. That explanation shows that most of the previous studies on leadership issues were carried out in western countries. As a result, there may be doubts about the generalizations based on previous research findings that are applied in developing countries such as Indonesia. Thus, further study of transformational leadership, organizational commitment, and job performance is very important in the context of developing countries such as Indonesia.

## **2. Literature Review**

### **2.1 Transformational Leadership Style and Job Performance**

Some studies have shown that leadership style has a positive influence on job performance (Walumbwa, 2008). In particular, transformational leadership influences employee performance in many ways and has a greater impact on the performance of subordinates so that it greatly differs from other types of leadership (Bass et. al., 1987). Additionally, this type of leadership also significantly affects job performance (Boerner et. al., 2007; Chi, et. al., 2008; House, 1971; Pradeep, 2011; Wen Chi & Ying Pan, 2011). On the basis of the literature and empirical study above, the following hypothesis is proposed:

H1: Transformational leadership style positively influences job performance.

### **2.2 Transformational Leadership Style and Organizational Commitment**

Emery and Baker (2007) found that transformational leadership has a positive relationship with bank employees and their commitment to the food business where they work. Likewise, previous studies also found that transformational leadership has a significant impact on organizational commitment (Nguni et. al., 2006; Chi et. al., 2008; Jyoti, 2015). Hence, based on the literature and empirical studies above, the following hypothesis is proposed:

H2: Transformational leadership style positively influences organizational commitment.

### 2.3 Organizational Commitment and Job Performance

According to George et. al. (2005), individuals who have low organizational commitment tend to have low work motivation so that their performance does not meet the expectations of the organization. Carmeli and Freund (2004) argue that organizational commitment has a positive affect on job performance. Similarly, research conducted by Chen et. al. (2006) suggests that a high level of organizational commitment positively affects performance. Other research also confirms that there is a positive correlation between measures of organizational commitment and job performance. (Yiing & Zaman, 2009; Daud et. al., 2015). Thus, on the basis of the literature and empirical studies above, the following hypothesis is proposed:

H3: Organizational commitment positively influences job performance.

### 2.4 Organizational Commitment Mediates the Relationship between Transformational Leadership Style and Job Performance

Leadership styles will influence organizational commitment and employee performance since they have the responsibility to lead their employees to achieve the goals of their work. Therefore, leadership style is one of the important factors that affects organizational commitment (Yiing & Zaman, 2009). In addition, organizational commitment will both significantly and positively affect job performance (Chi, et. al., 2008). Yiing and Zaman (2009) conclude that leadership style affects organizational commitment and in turn, organizational commitment will ultimately influence job performance and mediate the relationship between leadership style and job performance. Therefore, based on the literature and empirical studies above, the following hypothesis is proposed:

H4: Organizational commitment mediates the relationship between transformational leadership style and job performance.

Therefore, the following conceptual research model was developed based on the theoretical and empirical evidence:

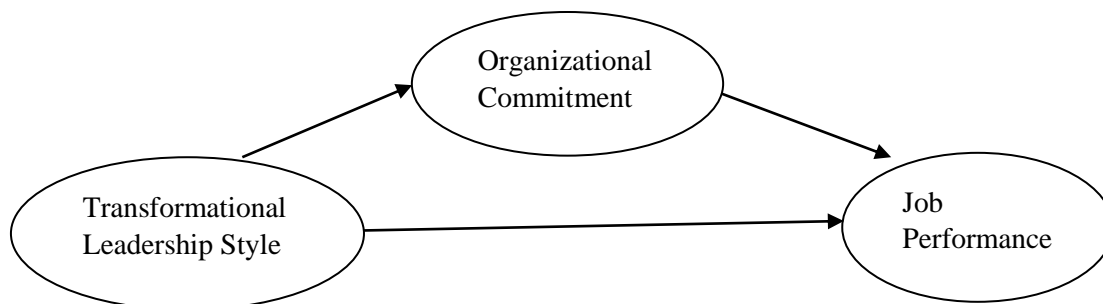


Figure 1. Conceptual Research Model: Organizational Commitment mediates the relationship Between transformational leadership style and job performance.

## 3. Research Methodology

The research design used in this study is a Quantitative Survey. While Structural Equation Modeling (SEM) using LISREL 8.8 software was employed to examine the relationships among the constructs, which are transformational leadership style, organizational commitment, and job performance. The sample of this study consisted of 200 permanent employees working at the State-Owned Banks in West Kalimantan, Indonesia. The theoretical basis used in this study was the Multifactor Leadership Questionnaire (MLQ)

developed by Bass and Avolio (1995, 2000 and 2004). With respect to organizational commitment, the writer adopted the measurement of the already existing Organizational Commitment Questionnaire (OCQ) developed by Mowday et. al. (1979). Further, the measurement for job performance adopted in this study was Job Performance Measured developed by Porter and Lawler (1968).

## 4. Results

### 4.1 Analysis of Measurement Model of Simplified Research Variables

The overall model for goodness of fit test, validity test and reliability test of the measurement model of research using GOFI, SFL, CR, and VE, are presented in Table 1. Table 1 shows that all GOFI scores fulfilled the criteria of good fit. The validity of the observed variables in Table 1 shows good validity since they had  $SFL > 0.50$ . In addition, the measurement model of the latent variable TL Style, Org Commi and Job Perfm all have good reliability ( $CR \geq 0.70$  and  $VE \geq 0.50$ ).

Table 1. GOFI, Validity and Reliability of Measurement Model of the Research Model

Variable	SFL $\geq 0.5$	Error	CR $\geq 0.7$	VE $\geq 0.5$	Conclusion
TLStyle			0.75	0.53	Good Reliability
IILV	0.81	0.37			Good Validity
IMLV	0.79	0.42			Good Validity
ISLV	0.58	0.67			Good Validity
OrgCommi			0.84	0.67	Good Reliability
WCOLV	0.87	0.55			Good Validity
JobPerfm			0.82	0.74	Good Reliability
WRELV	0.72	0.51			Good Validity
WBLV	0.96	0.08			Good Validity

Table 2. Result Summary of Analysis of Structural Model of the Research Model

Path Between 2 Variables	t-value	Coefficient	Conclusion
TLStyle → JobPerfm	3.65	0.05	Significant
TLStyle → OrgCommi	4.04	0.23	Significant
OrgCommi → JobPerfm	4.15	0.68	Significant

Table 3. Summary of Indirect Effect between 2 Research Variables

Path	t-value	Coefficient	Conclusion
TLStyle → OrgCommi → JobPerfm	2.69	0.16	Significant

## 5. Discussion

The results of this study provide a positive answer to the hypothesis stating that transformational leadership style has a significant relationship with job performance so that it is accepted, with a t-value of

3.65 greater than 1.96, (Igbaria et. al., 1997). Therefore, the results of this study support the results of research conducted by Pillai and William (2004) and Boerner et. al. (2007). Likewise, the hypothesis stating that transformational leadership style has a significant relationship with organizational commitment is also accepted, with a t-value of 4.04 greater than 1.96, (Igbaria et. al., 1997). The results are also consistent with the results of Lo et. al. (2009), Jyoti (2015) and Riaz et. al., (2010).

The hypothesis that organizational commitment has a significant relationship to job performance is also accepted, with a t-value 4.15 greater than 1.96, (Igbaria et. al., 1997). The results of this study are also in line with the previous studies conducted by Rashid et. al. (2003), Chungtai and Zafar (2006), and Malhotra et. al. (2006). The hypothesis that organizational commitment mediates the relationship between transformational leadership style and performance is also accepted, with a t-value of 2.69 greater than 1.96, (Igbaria et. al., 1997). Hence, the results of this study are reinforced by several previous studies, such as research by Podsakoff et. al. (1990) and Yukl (2002).

## 6. Conclusion

The results of this study clearly indicate that, as hypothesized, there is a statistically significant relationship between transformational leadership style and job performance. There is also a statistically significant relationship between transformational leadership style and organizational commitment and between organizational commitment and job performance. Furthermore, the study demonstrates that organizational commitment mediates the relationship between transformational leadership and job performance. In particular, this study also indicates that in the context of Indonesian State-Owned Banks, transformational leadership style influences its subordinates to encourage progress within an organization. In addition, a leader can motivate his subordinates well so that they will increase their commitment to the organization to be more responsible for their work and create a sense of satisfaction in work which in turn will positively influence job performance.

## References

- Avolio, B. J., Zhu, W., Koh, W. and Bhatia, P. (2004). Transformational Leadership and Organizational Commitment: Mediating Role of Psychological Empowerment and Moderating Role of Structural Distance. *Journal of Organizational Behavior*, 25, 951-968. <https://doi.org/10.1002/job.283>.
- Bass, B. M. (1985). Leadership and performance beyond expectations. Collier Macmillan <http://agris.fao.org/agris-search/search.do?recordID=US201300430719>
- Bass, B. M., Avolio, B. J. and Goodheim, L. (1987). Biography and Assessment of Transformational Leadership at the World-class Level. *Journal of Management*, 13(1), 7-9. <https://doi.org/10.1177/014920639201800304>.
- Bass, B. M., & Avolio, B. J. (1995). MLQ multifactor leadership questionnaire: Technical report. Binghamton University, NY: Center for Leadership Studies <https://www.mindgarden.com/documents/MLQGermanPsychometric.pdf>
- Boerner, S., Eisenbeiss, S. A. and Griesser, D. (2007). Follower Behavior and Organizational Performance: The Impact of Transformational Leaders. *Journal of Leadership and Organizational Studies*, 13(3), 15-26. <https://doi.org/10.1177/10717919070130030201>.
- Carmeli, A. and Freund, A. (2004). Work Commitment, Job Satisfaction, and Job Performance: An Empirical Investigation. *International Journal of Organization Theory and Behavior*, 6(4), 289-309. <https://doi.org/10.1108/IJOTB-07-03-2004-B001>.
- Chen, C. F. (2006). Job Satisfaction, Organizational Commitment, and Flight Attendants' Turnover Intentions: A Note. *Journal of Air Transport Management*, 12, 274-276. <https://doi.org/10.1016/j.jairtraman.2006.05.001>.
- Chi, H. K., Yeh, H. R., & Chiou, C. Y. (2008). The mediating effects of internal marketing on transformational leadership and job performance of insurance salespersons in Taiwan. *The Business Review*, 11(1), 173-180 <http://www.jaabc.com/brcv11n1preview.html>
- Chughtai, A. A., & Zafar, S. (2006). Antecedents and Consequences of Organizational Commitment among Pakistani University Teachers. *Applied HRM Research*, 11(1), 39 <http://121.52.153.178:8080/xmlui/handle/123456789/634>

- Daud, I., Bujang, S., & Afifah, N. (2015). The Relationship between Transformational Leadership Characteristic, Organizational Commitment, and Job Performance of the Employees of Four State-Owned Banks in Pontianak, West Kalimantan. *Global Journal of Business and Social Science Review*, 3(4), 44-51 [http://gatrenterprise.com/GATRJournals/the\\_relationship\\_between\\_transformational\\_leadership\\_characteristic\\_organizational\\_commitment.html](http://gatrenterprise.com/GATRJournals/the_relationship_between_transformational_leadership_characteristic_organizational_commitment.html)
- Einstein, W., & Humphreys, J. (2001). Transforming leadership: Matching diagnostics to leader behaviors. *The Journal of Leadership Studies*, 8 (1), 48-60. <https://doi.org/10.1177/107179190100800104>
- Fugate, M., Kinicki, A. J., & Ashforth, B. E. (2004). Employability: A psycho-social construct, its dimensions and applications. *Journal of Vocational Behavior*, 65, 14-38. <https://doi.org/10.1016/j.jvb.2003.10.005>
- George, J. M., Jones, G. R., & Sharbrough, W. C. (2005). Understanding and managing organizational behavior. Upper Saddle River, NJ: Pearson Prentice Hall [http://www.usheproduction.com/design/tools/samples\\_PHHE\\_SuppCovers\\_v10.pdf](http://www.usheproduction.com/design/tools/samples_PHHE_SuppCovers_v10.pdf)
- Harter, J. K., Schmidt, F. L., Killham, E. A., & Agrawal, S. (2009). Q12 meta-analysis: The relationship between engagement at work and organizational outcomes. Omaha, NE: Gallup <https://www.hrbartender.com/images/Gallup.pdf>
- House, R. J. (1971). A path goal theory of leader effectiveness. *Administrative science quarterly*, 321-339 <https://www.jstor.org/stable/2391905?seq=1&cid=pdf-reference>
- Igbaria, M., Zinatelli, N., Cragg, P., & Cavaye, A. L. M. (1997). Personal computing acceptance factors in small firms: A structural equation model. *MIS Quaterly*, 21 (3), 279-305. DOI: 10.2307/249498
- Jyoti, J., & Bhau, S. (2015). Impact of transformational leadership on job performance: Mediating role of leader-member exchange and relational identification. *SAGE Open*, 5(4) <https://journals.sagepub.com/doi/pdf/10.1177/2158244015612518>
- Lo, M. C., Ramayah, T., & Min, H. W. (2009). Leadership styles and organizational commitment: a test on Malaysia manufacturing industry. *African Journal of Marketing Management*, 1(6), 133-139 <http://citeseerx.ist.psu.edu/messages/downloadsexceeded.html>
- Malhotra, N. K., Kim, S. S., & Patil, A. (2006). Common method variance in IS research: A comparison of alternative approaches and a reanalysis of past research, *Management Science*, 52 (12), 1865-1883. <http://dx.doi.org/10.1287/mnsc.1060.0597>
- Mowday, R. T., Steers, R. M., & Porter, L. W. (1979), The measurement of organizational commitment, *Journal of Vocational Behaviour*, 14: 224-247. [https://doi.org/10.1016/0001-8791\(79\)90072-1](https://doi.org/10.1016/0001-8791(79)90072-1)
- Nguni, S., Slegers, P., & Denessen, E. (2006). Transformational and transactional leadership effects on teachers' job satisfaction, organizational commitment, and organizational citizenship behavior in primary schools: The Tanzanian case. *School Effectiveness and School Improvement*, 17, (2): 145-177. <https://doi.org/10.1080/09243450600565746>
- Podsakoff, P. M., MacKenzie, S. B., Moorman, R. H., & Fetter, R. (1990). Leadership, culture, and performance: The case of the New Zealand public sector. *Journal of Change Management*, 3 (4), 376-399. <https://doi.org/10.1080/714023843>.
- Porter, L. W. and Lawler, E.E. (1968). *Managerial Attitudes and Performance*, Irwin-Dorsey, Homewood, IL <http://agris.fao.org/agris-search/search.do?recordID=US201300464056>
- Pradeep, D. D., & Prabhu, N. R. V. (2011). The relationship between effective leadership and employee performance. In *International Conference on Advancements in Information Technology* (Vol. 20, pp. 198-207) <https://pdfs.semanticscholar.org/2dc9/c1b1b36a7ac68a4b75b61d07a33860a28017.pdf>.
- Rashid, M. Z. A., Sambasivan, R., & Johari, J. (2003). The influence of corporate culture and organizational commitment on performance. *Journal of Management Development*, 22 (8), 708-728.
- Riaz, T., Akram, M. U., & Ijaz, H. (2011). Impact of transformational leadership style on affective employees' commitment: An empirical study of banking sector in Islamabad (Pakistan). *The Journal of Commerce*, 3(1), 43 <https://search.proquest.com/docview/898708959?pq-origsite=gscholar>
- Walumbwa, F. O., Avolio, B. J., & Zhu, W. (2008). How transformational leadership weaves its influence on individual job performance: The role of identification and efficacy beliefs. *Personnel Psychology*, 61(4), 793-825 <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1744-6570.2008.00131.x>
- Walumbwa, F. O., & Lawler, J. J. (2003). Building effective organizations: transformational leadership, collectivist orientation, work-related attitudes, and withdrawal behaviors in three emerging economies. *International Journal of Human Resource Management*, 14, 1083–1101. <https://www.tib.eu/en/search/id/BLSE%3ARN138944953/Building-effective-organizations-transformational/>

- Wen Chi, N., & Ying Pan, S. (2011). A multilevel investigation of missing links between transformational leadership and task performance: the mediating roles of perceived person-job fit and person-organizational fit. *Journal of Business Psychology*, 27, 43-56. DOI: 10.1007/s10869-011-9211-z
- Yiing, L.H., & Zaman, A.K. (2009). The moderating effect of organizational culture on the relationship between leadership behavior and organizational commitment and between organizational commitment and job satisfaction and performance. *Leadership Organization Development Journal*, 30 (1): 53-86. DOI: 10.12691/jbms-4-2-1
- Yukl, G. A. (2002). *Leadership in organizations* (5rd ed.). Eaglewood Cliff. NJ: Prentice Hall  
<http://www.paperbackswap.com/Leadership-Organizations-5th-Gary-A-Yukl/book/0130323128/>