

Transformational Leadership Impact on Organizational Effectiveness

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ABSTRACT

This study aimed to analyze the impacts of transformational leadership on organizational effectiveness in training and development sectors. The research considers the impact of transformational leadership through its dimensions; idealized influence, inspirational motivation, intellectual stimulation, and individual consideration with their influence on organizational effectiveness. In the research, mixed type method is used and it contains quantitative and qualitative elements. The data is analyzed using SPSS and linear regression with a significance level of $p < 0.05$. The result of the research indicates that transformational leadership has positive and significant impact on organizational effectiveness through its components which are inspirational motivation, intellectual stimulation, and individual consideration. And finally, the research brought the researcher to conclude that transformational leadership has significant positive impact in training and development sectors. Recommendation also provided that leaders may need to focus on these elements of transformational leadership to improve the outcomes for organizational effectiveness.

Keywords: Transformational Leadership, Organizational Effectiveness

1. INTRODUCTION

1.1. Introduction to the Problem

This research focused on the impact of transformational leadership to achieve and maintain a highly effective organization. However, the bulk of research has focused on training and development institute; the organization for training and development fields require more study in this area. A deeper understanding is needed regarding whether transformational leadership impacts the organizational performance among the youth-development organizations. Bass (1985) [1] contrasted the transactional and transformational leadership and the results were obtained with each approach. Avolio and Bass's (1999) [2] Multifactor Leadership Questionnaire (MLQ) identifies and defines the four factors of transformational leadership, and has been widely validated.

1.2. Background of the Study

Leadership is an influential relationship among leaders and followers who intend the real changes and outcomes that show their shared-purposes. It is very important for the accomplishment of organizations through their

structure (Beukman, 2005) [3]. Transformational leadership is a type of leadership approach, that causes change in the people life as well as the organization. It is about creating, increasing and inspiring the interest of the subordinates, creating awareness and acceptance between the subordinates and encouraging them for the good of the organization (K. Rukmani, 2010) [4]. Both private and public organizations need transformational change (Atif Al-Quran, 2015) [5]. Transformational leaders should analyze and understand the surrounding and be able to influence the change in order to support the organization (Sinem Somunoğlu İkinci, 2014) [6]. According to Abasilim (2014) [7] organizational achievement depends on employee commitment, job satisfaction and performance. Others also stressed that the process for the application of transformational leadership is the greatest challenge in the world. The major problems related to the performance of the organizations and good governance are related to effective leadership. This problem is more critical for developing countries. It is important to conduct studies to evaluate and determine the impact of transformational leadership with the view of enabling public institute leaders and employees to understand its influence for organizational effectiveness.

1.3. Statement of the Problem and Purpose

Financial the major problem for training and development organizations according to national youth policy of India. GoI (Government of India) needs to increase investment in the training and development institutes to capture the demographic-divided youth that present a considerable economic opportunity today, in which the government should capitalize on. GoI is currently spending approximately Rs 2,710 (\$37) on every young individual through various Ministries, of which Rs 1,100 (\$15) is through targeted programs. In order to capitalize on this opportunity, the government would need to invest more in youth across the various priority areas. Not only that mainstream youth issues in the development process, but it is also evident that the youth will play a crucial role in the future development in the nation. Hence, it is necessary that the issues related to youth are mainstreamed and this becomes a national priority.

1.4. Purpose of the Study

1. Exploring the relationship of transformational leadership and organizational effectiveness in the target sector.
2. To examine how the leadership impacts on the selected government sectors organizational effectiveness in line with transformational leadership.
3. To find how leaders influence employees to work for organizational effectiveness in the selected sectors.
4. To explain transformational leadership influence on employees' commitment to organizational effectiveness against the selected sectors.

1.5. Research Questions

The main purpose of this research is to answer the questions related to transformational leadership by aligning with its four components and organizational effectiveness. Therefore, the main research question focused on the impact of transformational leadership on organizational effectiveness. To support this main question, there are other sub-research questions. These are:

1. How can transformational leadership influence the organizational effectiveness?
2. How transformational leadership dimensions are implemented in training and development institutes.
3. How transformational leadership can be related with organizational effectiveness in the target sectors?
4. How the leadership impacts on the selected government sectors organizational effectiveness in line with transformational leadership?
5. How transformational leadership influence employee's performance for organizational effectiveness in the selected sectors?

2. BACKGROUND

2.1. Definition of Leadership

Burns (1978) [8] mentioned transformational leadership as the leaders inducing followers to act for certain goals that represent the values and motivations -- the wants and needs, the aspirations and seven expectations -- of both leaders and followers... the genius of leadership lies in the manner in which leaders see and act on their own and their followers' values and motivations. Piccolo and Colquitt (2006) [9] noted that the followers of truly exceptional leaders regarded their jobs as more challenging and important. Investigative measure level questions were taken from Avolio and Bass's (1999) [2] Multifactor Leadership Questionnaire and focused on employee perceptions of evidence of transformational leadership in the existence of organization.

2.2. Seminal Research

There were three studies that cumulatively tested eight specific hypotheses based on the three main hypotheses. Overall, those studies showed support for seven of the eight hypotheses, of which two were replicated. Avolio and Bass's (1999) [2] Multifactor Leadership Questionnaire (MLQ) is prevalent in the literature as a measurement tool in the transformational leadership research. This instrument has been validated and cited extensively in various forms in the literature to examine the transformational and transactional leadership. The MLQ identifies and defines the characteristics of transformational leadership, which are: Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration. Transformational leadership play a significant role in organizational effectiveness. The hypothesis of the study follows:

H1: Transformational leadership has a positive effect on the following follower and organizational effectiveness: Effectiveness, extra effort to work, satisfaction with leader and organizational effectiveness.

H1a: Transformational leadership has a statistically significant and positive relationship with members' satisfaction across organizational effectiveness.

H2: Team longevity (short-term, long-term or permanent) does moderate the effect of transformational leadership on employee productivity.

2.3. Transformational Leadership

Based on Bass and Avolio (1993) [10], leaders attempting to renew an organization may look to create organizational cultures that are "hospitable and conducive to creativity, problem solving, risk taking, and experimentation". Block (2003) [11] exposed that it is incumbent upon leaders to develop the transformational leadership ability of supervisors at every level in order to change the cultural

attitudes and beliefs of employees. An organizational culture emerges widely based on its leadership. On contrast, an organization's culture can also affect the emergence of the organization's leadership.

2.4. Transformational Leadership and Organizational Effectiveness

As stated by Rukmani et al., (2010) [4] organizational effectiveness is influenced by transformational and transactional leadership. Transforming leaders are examples for the followers by working to the benefit of the group members and the organization (transformational leadership) Organizational effectiveness depends on leadership styles through socializing the policies and plans, rules and regulations, offering incentives, instructions, cooperation and build efficient work environment and this motivates the employees for good. Avolio and Bass in 1988 [12] and 1994 [13] stated that a leader has good ethical quality and precedence group interest. Transformational leadership is the power of the leader to motivate the followers to achieve more than planned (Suleman Sabir et al., 2011) [14].

2.5. Implications of the Literature Reviewed

The study was employed focusing on evaluating the efficiency and effectiveness of the reform programs. The major focuses were to analyze to what extent the leaders of organizations became transformational leaders and improve their organizations for the designed reform programs. But their research did not critically identify the impact of transformational leadership for the effectiveness of organizations. This research identifies the impact of transformational leadership using its dimensions for organizational effectiveness.

METHODOLOGY

3.1. Instrumentation / Measures

The formal data collection instrument in this research was a structured interview guide that consists of some planned questions based on the four elements of transformational leadership as stated by Avolio and Bass (1999) [2]. Follow-up questions were provided as needed to extract the additional data, and all respondents were digitally documented by the researchers and then were transcribed later. Data was collected through Google doc and then was typed for inclusion in this research. Initial field notes relating to observations were handwritten and organized according to the type of observation (individual, organizational, etc.), then was also typed for inclusion in this research.

3.2. Data Collection

In this study primary data is collected mainly by using questionnaire that is distributed to the respondents and secondary data was gathered from the sectors yearly work accomplishment reports and by reviewing literatures related to the selected topic.

3.3 Data Analysis

Since there are both qualitative and quantitative data, the analysis followed both qualitative and quantitative methods. The collected data has to be changed and interpreted into meaningful information, figure and statement in order to show the result. Qualitative data was analyzed by using the thematic content analysis and the results were displayed in a text form. SPSS (Statistical Package for the Social Sciences) software version 20 was used to analyze the quantitative data in order to analyze and interpret the collected data. Linear regression analysis was performed to exhibit the weight of the relationship between the dependent and independent variables.

3.4. Validity and Reliability

This study encompassed 250 workers working in public sectors and out of these workers 131 reacted to the distributed questionnaires. From the rest 32 respondents 11 refused to respond and 21 couldn't return the questionnaire. Therefore, the respondent's rate for this study is 88.5%. Reliability and validity are important elements in the evaluation of measurement instruments. Reliability is the level of data collection technique or analysis procedures that produces consistent results and validity is concerned with whether the findings are existed as they are expected (Saunders et al., 2009) [15]. Validity and reliability leads to significant interpretations of data. Reliability and validity are two significant components in the assessment and evaluation of instruments. Reliability is another word for consistently or investigation techniques that produces the same result consistently and validity produces the result what it is intended to be reliability of this study was measured by Cronbach's Alpha technique, in which the alpha values range from 0 to 1. If the items are interrelated to each other the value of Alpha is increased. In this study Cronbach's Alpha technique is used to measure the Reliability, whereas the alpha values range from 0 to 1. This technique is used to measure the internal consistency, if the average of the inter-item correlation increases then the Cronbach's alpha also increases. Reliability of idealized influence, inspirational motivation, intellectual stimulation, individual consideration and organizational effectiveness was measured. The reliability of each item is between the minimum and maximum acceptable values as shown in the below table.

Table 1 Reliability Analysis

Constructs	Cronbach's alpha
Idealized influence	0.868
Inspirational motivation	0.818
Intellectual motivation	0.802
Individual consideration	0.796
Organizational effectiveness	.092

4. RESULTS

4.1. Demographic Profile of the Respondents

The table shows 54.2% Male population and 45.8% Female population. The age of the respondents was divided into five categories. Out of 131 respondents' majority of them are between 25-39 years' age around 71.8%. The study also undertaken the educational background of the respondents. Majority of them are graduates and postgraduates, 45% are graduates and 42% are postgraduates and doctoral degree holders are around 13% respectively. This shows all of them are well educated and can clearly understand the purpose of the questionnaires sent to them. The table also showed the research experience of the respondents. 64.1% showed it as a great deal, 24.4% said extensive rest showed little. The table also showed the evaluation experience of the respondents, among which 62.6% said a great deal, 19.1% said little, 16.8% responded as extensive.

Table 2 Characteristics of the Respondents

		Count	Table N %
Gender	Female	60	45.8%
	Male	71	54.2%
	Total	131	100.0%
Age	Less than 25	9	6.90%
	25-39	94	71.80%
	40-54	24	18.3%
	55-69	4	3.1%
	70 or older	0	0.0%
	Total	131	100.0%
Academics Degree	Doctoral degree	17	13.0%
	Master degree	55	42.0%
	Bachelor degree	59	45.0%
	Total	131	100.0%
Extent of your professional research experience	None	1	0.8%
	Very little	2	1.5%
	Some	12	9.2%
	A great deal	84	64.1%
	Extensive	32	24.4%

	Total	131	100.0%
Extent of your evaluation experience	None	1	0.8%
	Very little	3	2.3%
	Some	12	9.2%
	A great deal	84	64.1%
	Extensive	31	23.7%
	Total	131	100.0%
Extent of your professional management experience	None	0	0.0%
	Very little	2	1.5%
	Some	25	19.1%
	A great deal	82	62.6%
	Extensive	22	16.8%
	Total	131	100.0%

4.2. Quantitative Data Analysis

4.2.1. Idealized Influence

Idealized influence is the leaders' ability to take care of the employees personal goals aligned with organizational goals and to influence the organizational effectiveness. The below graph shows the employees response towards the leaders idealized influence behavior. 35% showed fairly often, 33% sometimes, 27% showed frequently. This shows the leaders are able to inspire and influence the employees. The idealized influence has its effect on employees towards achieving the organizational effectiveness in operations.

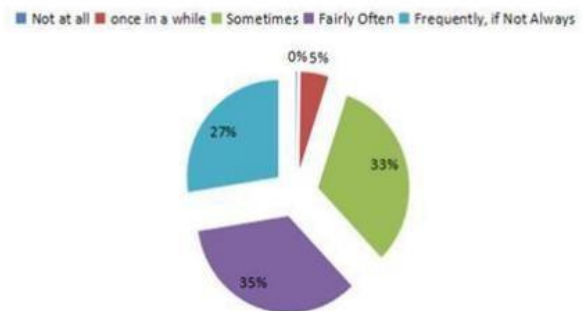


Figure 1 Idealized Influence Analysis

4.2.2. Intellectual Stimulation

Leaders in this group encourage their subordinates to be creative and innovative and followers are supposed to investigate new approaches as well as develop new ways of dealing with their working environment (Ingo Winkler, 2014) [16]. The below graph shows the majority of the responses 33% falling on fairly often 31% on frequently and 29% on sometimes. This explains the leaders in the firm are encouraging the employees' creativity, innovation and enhancing their potential. The results show that employees are encouraged to participate in problem solving, improving

their own abilities and thus improving the organizational process. The graph shows that the employees are able to adapt to situations and encourage organization run new tasks in new innovative way.

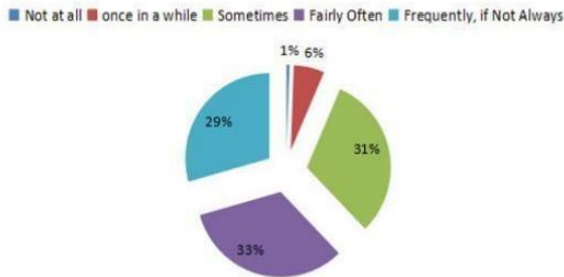


Figure 2 Intellectual Stimulation Analysis

4.2.3. Inspirational Motivation

As per Inspirational Motivation, the transformational leader is able to communicate the expectations of their team and shows the commitment of the team towards the achievement of the organizational goals and thus enhancing the organizational development.

The below graph shows 36% fairly often, 30% frequently, 28% sometimes. This shows the employees are encouraged to work in innovative ways and work towards the task. They are motivated to work in a new intellectual way towards organizational success. It encourages the knowledge sharing and team spirit of the employees. the leaders motivate the employees' personal interest and encourage them to work towards the organizational goals.

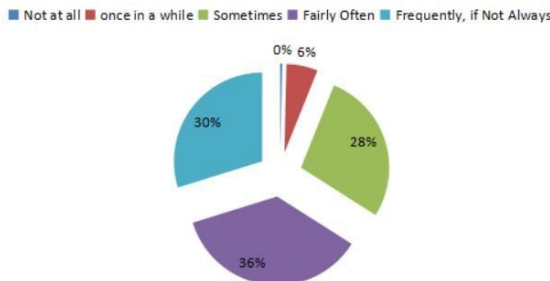


Figure 3 Inspirational Motivation Analysis

4.2.4. Individualized Consideration

Transformational leaders show genuine concern towards their team needs and feelings. As per this each individual is unique and considers their differences. The leader delegates the task and supports and directs their employees towards achieving the task.

The below graph shows the majority of the employees' view falls on sometimes 35%, fairly often 33%, frequently falls on 27%. This shows the leaders are assigning the task not the keeping employees' individual interests and differences. This is the lack of transformational leadership in the team and may lead to failure towards achieving the organization goals. For the success of the organization, the leaders must consider the individual differences and thus

encourage the team spirit which leads to organization success.

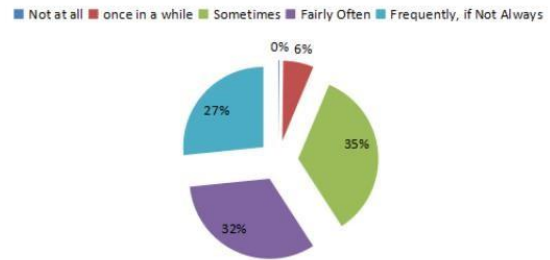


Figure 4 Individual Consideration Analysis

4.2.5. Organizational Effectiveness

The below graph shows the respondents' view on organization effectiveness 34.86% responded fairly often, 33.02% sometimes, 27.53% fairly often. this shows that the employees are agreeing that their organization is effective and achieving their goals, however 33.02% shows sometimes which means though the employees are believing their leaders, there is still scope of improvement in the leadership and work towards achieving the organizational goals by encouraging their employees, considering their individual interests and motivating them to work towards achieving the organizational success.

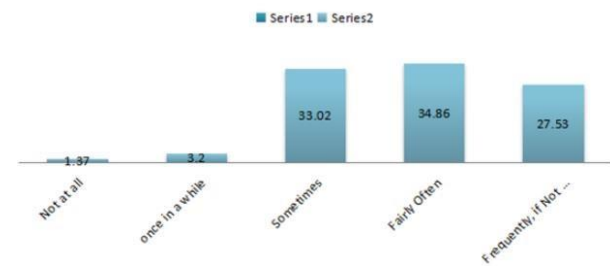


Figure 5 Organization Effectiveness

4.3. Regression Analysis

4.3.1. Diagnosis Test

Before applying regression analysis some assumptions were conducted to ensure the appropriateness of data for regression analysis.

Multilinear Regression Analysis

No. of respondents = 131

Table 3 Multicollinearity Test

	Organizational Effectiveness	Idealized Influence Scores	Inspirational Motivation Scores	Intellectual Stimulation	Individualised Consideration Scores
Organizational effectiveness	1	.726	.686	.668	.679
Idealized Influence Scores	.726	1	.788	.736	.640
Inspirational Motivation Scores	.686	.788	1	.826	.669
Intellectual Stimulation Scores	.668	.736	.826	1	.706
Individualised Consideration Scores	.679	.640	.669	.706	1

The above table shows that the indicators are Idealized Influence scores, Inspirational Motivation Scores, Intellectual Stimulation Scores, Individualized Consideration Scores was reflecting positively and significant related to Organization effectiveness in the present study.

4.3.2. Linearity Test

To identify the relation between the Organizational Effectiveness and independent variables Individualized influence (x1), Inspirational Motivation (x2), Intellectual stimulation (x3) and individualized consideration (x4) are normal P-P Plot of regression standardized residual is used. It shows that, in scatter plot residuals no large difference and the result observed the relationship is linear.

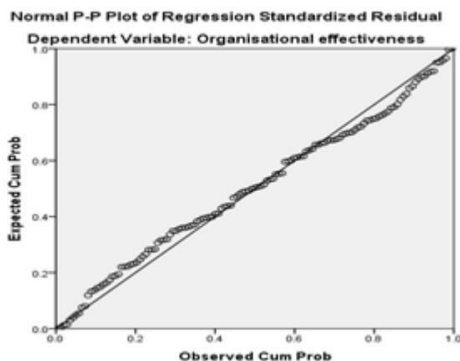


Figure 6 Linearity Test

4.3.3. Normality Test

Normality test is a form of model selection. Multiple linear regression analysis requires all variables to be normal. This assumption can be checked by using a histogram and a fitted-normal curve to show the best result.

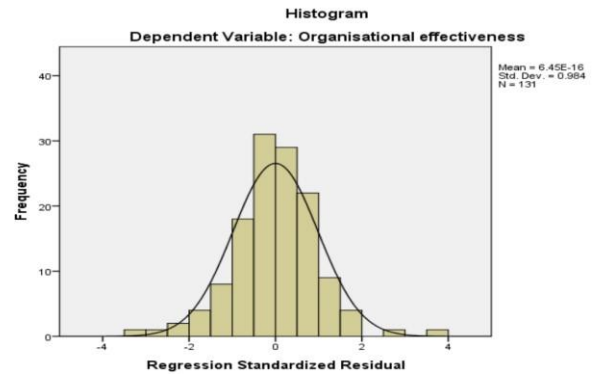


Figure 7 Normality Test

4.4. Correlation Analysis between Organizational Effectiveness and the Variable

Table 4 Correlation Analysis

	Organizational Effectiveness	Idealized Influence Scores	Inspirational Motivation Scores	Intellectual Stimulation	Individualised Consideration Scores
Organizational Effectiveness	1	.726**	.686**	.668**	.679**
Idealized Influence Scores	.726**	1	.788**	.736**	.64**
Inspirational Motivation Scores	.686**	.788**	1	.826**	.669**
Intellectual Stimulation Scores	.668**	.736**	.826**	1	.706**
Individualised Consideration Scores	.679**	.64**	.669**	.706**	1

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

The above table shows that all the variables are correlated with organizational effectiveness. Idealized Influence highly correlated (.726), Individualized Consideration (.679), Intellectual Stimulation Motivation (.668) and Inspirational Motivation (.686) are significant at 0.001 level. It shows that there is a significant relationship between transformational leadership and organizational effectiveness.

4.5. Regression Analysis between Organizational Effectiveness and the Independent Variables

The overall regression model is summarized as follows:

Table 5 Regression Analysis Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.784 ^a	.615	.603	6.05961

The table explain R square value is .615 which shows that there is a significant relation between idealized influence, inspirational motivation, intellectual stimulation and individual consideration and organizational effectiveness

among the variables. The results describe that idealized influence, inspirational motivation, intellectual stimulation and individual consideration have 61% organizational effectiveness.

4.6. Regression Coefficients

Regression coefficient shows the relationship between dependent and independent variables.

Table 6 Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	10.449	3.378		3.093	.002
X1 (Idealized Influence)	.717	.176	.384	4.081	.000
X2 (Inspirational Motivation)	.407	.368	.124	1.105	.271
X3 (Intellectual Stimulation)	.233	.347	.072	.671	.503
X4 (Individualised Consideration)	1.002	.271	.300	3.695	.000

The result shows that idealized influence and Individual consideration are significantly contributed towards Organizational Effectiveness for the specific sample. As the above table shows the all the variables are statistically significant at 1% significant level. Therefore, inspirational motivation, intellectual stimulation, idealized influence and individual consideration have great contribution in the improvement of organization effectiveness in the case of the targeted offices, since the significant value is below 0.05. According to the table 100% change in inspirational motivation of the employees leads to 38.8% change on organizational effectiveness, 100% change in 41 idealized influence of the leader leads the organization effectiveness to 12.5% change, 100% change in intellectual stimulation results the organizational effectiveness to change 26.1% and 100% individual consideration brings 23.2% change on the organizational effectiveness.

All the variables have positive relationship with organizational effectiveness. This shows increase in the variables results increase in the organizational effectiveness of the selected offices.

Table 7 Collinearity Diagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions				
				(Constant)	Idealized Influence Scores	Inspirational Motivation Scores	Intellectual Stimulation Motivation Scores	Individualized Consideration Scores
1	1	4.952	1.000	.00	.00	.00	.00	.00
	2	.022	15.068	.85	.00	.03	.05	.02
	3	.013	19.492	.00	.07	.08	.02	.92
	4	.008	25.241	.13	.64	.00	.50	.04
	5	.005	30.301	.01	.29	.88	.43	.02

a. Dependent Variable: Organizational effectiveness

5. CONCLUSION & RECOMMENDATION

5.1. Conclusion

This study investigated transformational leadership impact on organizational effectiveness in public sectors. The results have shown that transformational leadership

dimensions are affecting organizational effectiveness. However, the findings showed that implementation of transformational leadership in the selected organizations was not a regular task and leaders do not take into consideration. This result the targeted offices not to be successful in their task accomplishment. This is because of transformational leadership influences organizational effectiveness by increasing employee commitment and motivation towards their assigned task. The researcher came to conclusion that low task accomplishment is due to lack of application of transformational leadership dimensions because they have significant positive relationship with organizational effectiveness. And also, motivation and inspiration of followers leads to work for inspirational goals.

5.2. Recommendation

In order to improve organizational effectiveness; motivated, initiated and inspired employees are needed. On the basis of the study results, the following recommendations are forwarded:

1. Transformational leadership should be known by all people at all levels of organization to have a positive impact on the overall accomplishments.
2. It is suggested that managers/leaders to be trained to use transformational leadership dimensions.
3. Clearly show that leader’s impact on employee motivation and inspiration to work towards organizational goal achievement since some leaders may not be clear about effect of their leadership style on employee task engagement and task accomplishment.

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