The Impact of Transactional Leadership on Employee Commitment

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This descriptive research study aims to propose a conceptual framework showing the causal relationship of transactional leadership on employee commitment. The target population is workers associated with construction companies in Jordan. The 240-sample size was determined using Slovin's equation, and data was gathered through a self-administered questionnaire. Respondents were chosen by a simple random sampling technique to eliminate predisposition in determination and to guarantee broad populace representation. Data was analysed with the Structural Equation Modelling strategy which utilises IBM-SPSS-Amos 24.0. The investigation discovered that transactional leadership contributed a substantial and positive effect on Employee Commitment. The appraisal of a conceptual model would increase comprehension and awareness of the contribution of transactional leadership on employee commitment. Meanwhile, this investigation proposes another model to the current research, namely the Employee-Directed Transactional Leadership Model.

Key words: Transactional Leadership, Employee Commitment, Employee-Directed Transactional Leadership Model, Construction Companies, Jordan.
Introduction

Worldwide business is expanding and changing rapidly with fast-paced, inventive and innovative advancements (Emeagwal & Ogbonmwan, 2018). Yearly reports and explanations indicate that people are considered the most important resources for a business organisation, highlighting effective and sufficient staff as vital to a business’s success and survival (Tabouli et al, 2016).

Leadership is a concept which holds expansive intrigue as many individuals are either deliberately or unwittingly engaged with various forms of leadership roles. People are interested in knowing and understanding the elements that transform a normal individual into a great leader (Bateman & Snell, 2002). Further, leadership quality influences employees’ perceptions of their occupations. Pioneers’ activities in the present affiliations has undergone changes, and the accomplishment of any affiliation relies upon the activity styles employed by these pioneers (Saleem, 2015). Moreover, leaders often set a tone that affects how employees feel about their managers and management systems (Allen & Grisaffle, 2001). Employees are therefore increasingly dedicated when bolstered by effective and supportive leadership styles (Benggio, 2012; Riaz et al, 2012; Clark et al, 2009; Nyengane, 2007).

While different types of leadership styles exist, this study examines that of Transactional Leadership. Bass (1985) suggests that transactional leadership comprises two qualities: the utilisation of contingent rewards and management by exception. Bass (1985) further contends that by providing contingent rewards, a transactional leader can evoke loyalty, involvement and commitment from subordinates. The transactional leader therefore encourages employees to perform to higher standards (Den Hartog et al, 1997).

Additionally, administrators aim to determine new strategies to increase employee commitment and thereby affect positive change, including lowering dimensions of turnover, improving occupational performance and creating progressively focused organisations (Fesharaki & Sehhat, 2017). Likewise, employee commitment is extremely important for pioneers or managers to motivate their workers (Riaz et al, 2017). Directors should also advance employee commitment to increase network achievement and relieve the obstructions of inventory networking and management execution (Alfalla-Luque et al, 2015).

Committed employees are also less inclined to perform poorly in their occupations, such as being late, missing work or leaving their workplace for another (Wiza & Hlanganipai, 2014). Directors impact the level of employees’ commitment (Benggio, 2012) through either positive or negative leadership styles; workers display commitment when managed by appropriate styles of administration (Benggio, 2012; Riaz et al, 2012; Clark et al, 2009; Nyengane, 2007; Mitchell, 2002).
The construction sector is viewed as one of the largest industries of productive operation (Department of Commerce, 2017) and vital to the economy. Construction sub-sectors are identified by their diverse and complex approach to economic and other social changes (Jordan chamber of industry, 2017). While the construction sector in Jordan plays a key role in economic activities (Jordan chamber of industry, 2018), the country suffers from serious drawbacks. Weak businesses negatively affect the labour market and lead many skilled and educated job seekers to migrate outside of Jordan, leaving predominantly unskilled individuals to fill the country's employment availabilities (World Bank Report, 2016).

The impact of transactional leadership on employee commitment within the construction industry in Jordan has not yet been explored or analysed. As a result, testing this inductive model approach is important for future studies to close the research gap and provide a more comprehensive view of transactional leadership in relation to employee commitment. This study therefore aims to analyse this relationship within a construction organisation in Jordan.

**Theoretical Background and Hypothesis Development**

*Transactional leadership style*

Transactional leaders revolve around the physical and security needs of subordinates. The relationship that emerges between the leader and the adherent depends on trade or reward framework dealings (Bass & Avolio, 1995; Bass, 1990). Transactional leadership comprises two administration standards: firstly, leaders must honour or denounce their adherents' activities, and should secondly focus on all deviations and abnormalities (Waldman et al, 2001). This drives transactional leaders to reward employees for good performance and penalise them for poor behaviour (Bass, 1990).

Three components of the transactional leadership style include contingent rewards, active management by exception and passive management by exception (Bass & Avolio, 1995). The contingent reward depends on a dealing trade framework in which the leader and the subordinates collaborate to achieve the organisational objectives, for which the leader will award incentives. Leaders must adequately explain requirements and offer acknowledgment when objectives are accomplished (Bass & Avolio, 1995). In the active form of management by exception, a leader constantly monitors subordinates for deviations from prescribed standards, taking immediate action in response to performance that falls below expectations (Cole & Bedeian, 2007). Finally, leaders who typify passive management by exception are unaware of performance problems until brought to their attention by others (Cole & Bedeian, 2007). While passive and active management by exception employ negative feedback, the
latter is applied on an intermittent rather than a continuous reinforcement schedule (Cole & Bedeian, 2007).

**Employee commitment**

Improvements in connected technology has seen the creation of new occupations with growing needs to fill these skills-based workforce positions. Employee commitment is being fused with required organisational objectives and as such, performance satisfaction and labour requirements are increasing (Krajcsák, 2016).

Employee commitment is fundamental in optimal business performance as it reflects how much laborers identify with and support their organisation and its policies (Beloor et al, 2017). Types and levels of commitment are further described as fundamental forms in understanding the tempers and practices of business employees (Mueller et al, 1992). An employee’s commitment profile may also depend on a complex combination of natural factors, like financial conditions and HRM practice, and individual differentiations, like workforce collaboration and independence (Meyer et al, 2017). Similarly, employee commitment depends on the quality and efficiency of the organisation, as well as the fulfillment of the consumer (Conway & Briner, 2014).

Three factors of employee commitment have been outlined in the literature as effective employee commitment, continued employee commitment and normative employee commitment (Meyer and Allen, 1991). Effective commitment refers to the relationship between organisation and personnel regarding social aspects (Krajcsák, 2016); continued commitment is defined as the desire for individuals to remain in their employment status (Mayer & Schoorman, 1992), and finally normative commitment is portrayed as a labourer's degree of commitment to the affiliation, which mirrors an assumption of commitment to continue with employment (Meyer & Allen, 1991).

Little research has been conducted on the association between transactional leadership and employee commitment (Tyssen et al, 2014; Bučiūnienė & Škudienė, 2008; Nyengane, 2007). This paper therefore examines the connection between this transactional leadership style and commitment levels of employees, as reflected in segment 2.3.

**Relationship between transactional leadership style and employee commitment**

suggest that both transactional and transformational leadership behaviors emphatically impact on employee commitment. Further transactional leadership has been observed to be especially powerful in settings without a mutual history of followers and leaders. Transactional leadership therefore assists leaders in amplifying and bettering their impact on higher employee commitment.

Baloch et al (2014) investigated the connection between transactional leadership and employee commitment in 312 private-part school instructors in Pakistan. This study revealed transactional leadership as a more grounded indicator of employee commitment than transformational leadership.

Bučiūnienė and Škudienė (2008) also studied the connection between employee commitment and the style of leadership in Lithuanian assembling organisations. Their results showed that of 191 studies participants, the most grounded connection was found between effective commitment and transactional leadership. The continuance commitment was marginally identified with transactional leadership, and the normative commitment was strongly associated with transactional leadership.

Garg and Ramjee (2013) examined 197 respondents (163 subordinates and 34 managers) in the Parastatal organisations in South Africa. Their study revealed that a frail, yet positive, relationship exists between the transactional leadership of directors and normative employee commitment. Likewise, Teshome (2013) suggests that transactional leadership has a substantial and positive relationship with normative commitment through a study of 115 respondents (95 scholarly staff and 20 leaders) in private higher education institutions at Addis Ababa City. Silva and Mendis (2017) also found a positive correlation between transactional leadership and employee commitment in the insurance sector of Sri Lanka.

Nyengane (2007) similarly explored this relationship at a South African electric utility and found a weak, yet still positive, connection between transactional leadership behaviours and continual employee commitment. Finally, Mester and et al. (2003) explore these relationships in 276 rating personnel and 52 leaders from a world-class building organisation in South Africa. Results of this study also demonstrate that transactional leadership directly and positively connect with high employee commitment. Based on this previous literature, it is hypothesised that the transactional leadership style has a significant and direct impact on organisational employee commitment.

**Research Methodology**

This study utilises a descriptive research design to explore the relationship between transactional leadership and employee commitment. Quantitative data was gathered through tailored questionnaires. From the 600 construction company labourers in Jordan, 240 workers
were chosen using Slovin’s formula and were dependent on the simple random sampling technique. Of this initial sample, 217 appropriate participants were then chosen, showing a reaction pace of 90.416%.

This randomised sampling technique when choosing construction companies and participants eliminates bias from the present study. Further, consent from the site chief in selecting these participants was secured prior to creation of the survey questionnaire. Labourers were also instructed to respond truthfully and were guaranteed that such responses would be utilised solely for research reason and be treated with confidentiality.

Data was analysed using the SEM method in IBM SPSS AMOS 24.0. This paper aims to clarify the modelling and testing methodology for the impacts of the transactional leadership style on employee commitment.

**Validation of measures**

Prior to testing the conceptual model, several validity and reliability issues must be addressed and clarified. The internal reliability of estimating instruments was evaluated by Cronbach’s alpha, all estimations of which were between 0.852 and 0.899. In general, Cronbach results of 0.7 or above qualify as criteria for internal consistency of the arrangement scales (Hair et al, 2014; Zikmund & Babib, 2010). A confirmatory factor analysis was also used to assess the construct, convergent and discriminate validity of latent constructs preceding the execution of SEM. The measurement model supported the data satisfactorily (RMSEA = 0.079, ChiSq/df = 2.87, CFI = 0.902), thus accomplishing construct validity. All items loaded significantly on their latent factor with results higher than 0.60. Through the confirmatory factor analysis (CFA) methodology, the examination approved the constructs for convergent validity by figuring fitness indexes, average variance extracted (AVE) and discriminate validity index of the latent constructs. Discriminate validity was determined by identifying whether a given construct substantially correlated with another ordinarily varying construct (Campbell, 1960). Through the CFA technique, discriminate validity could be assessed by estimating the AVE in relation to the squared correlation between constructs (Fornell & Larcker, 1981). As the mail diagonal measure of the correlation matrix is more conspicuous than the measures underneath or to the left side, the discriminate validity can thereby be appropriately tested (see Table 1 below).
Table 1: Discriminate validity index summary

<table>
<thead>
<tr>
<th></th>
<th>Transactional leadership</th>
<th>Employee commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional</td>
<td>0.8047</td>
<td></td>
</tr>
<tr>
<td>leadership</td>
<td></td>
<td>0.7918</td>
</tr>
</tbody>
</table>

Note: Values on the diagonal are the square root for AVE. Off-diagonal components are the squared correlations between factors.

The normality assessment was conducted by estimating skewed worth and kurtosis for each item. The skewed estimation was calculated to be inside the range of -0.507 to -0.984, and kurtosis was between -0.311 and 1.33. As proposed by Hair et al (2014), the skewed essential level of -2.58 and 2.58 was successfully cultivated, indicating that the data was normally distributed.

Data analysis

To test the hypotheses, SEM was performed using IBM SPSS AMOS 24.0. SEM must begin with focal points in order to assess associations among latent constructs exhibited by observed variables. Relationships must then be considered among measurement errors. Lastly, quantified recursive associations between constructs can be determined.

Findings

The following stage was to test the hypothesis utilising the 217 respondents from the sample. Table 2 demonstrates a solid effect for the last model in anticipating the impacts ($\beta=0.398$, $P=0.023$). It suggests that the model is powerful and that the connections are developed in accordance with said model as true and accurate representations. It can thus be concluded that transactional leadership had a direct positive impact on employee commitment.

Table 2: The significant effect of transactional leadership on employee commitment

<table>
<thead>
<tr>
<th>Construct</th>
<th>Path</th>
<th>Construct</th>
<th>Beta Estimate</th>
<th>Standard Error</th>
<th>Critical Region</th>
<th>P-Value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee commitment</td>
<td>&lt;---</td>
<td>Transactional leadership</td>
<td>0.398</td>
<td>0.175</td>
<td>2.277</td>
<td>0.023</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Discussion

Results of this study support the hypothesis that transactional leadership has a significant and direct impact on employee commitment. Jordanian construction company workers who possess ideal transactional leadership behaviours were found to display higher commitment from representatives’ sides, a conclusion supported by prior research (Tyssen et al, 2014;
Bučiūnienė & Škudienė, 2008; Nyengane, 2007). Bučiūnienė and Škudienė (2008) studied 191 mid-level managers from five different Lithuanian companies and found that transactional leadership dictates affective employee commitment, normative commitment and continual commitment. Similarly, Tyssen et al (2014) confirmed that transactional leadership has positive effects on employees’ commitment to project work. Their analysable data sets comprised of 163 respondents from Switzerland, 19 from Austria and 124 from German. Further, Baloch et al (2014) suggest that transactional leadership has a stronger impact on employee commitment than transformational leadership after studying a sample of 312 private section college educators in Pakistan. Silva and Mendis (2017) found a weak yet positive correlation between transactional leadership and employee commitment in responses from the Sri Lankan insurance sector, a finding mirrored in Garg and Ramjee's (2013) study of 197 members (163 subordinates and 34 managers) from parastatal organisations in South Africa. Similarly, Teshome (2013) confirms the positive impact of transactional leadership on employee normative commitment through studying a sample of 115 members (20 leaders and 95 scholarly staff) of private higher education institutions (PHEIs) at Addis Ababa City. Mester et al (2003) demonstrate that transactional leadership influences affective employees’ commitment in a sample of 276 rating staff and 52 pioneers from a world class engineering organisation in South Africa. Finally, Nyengane (2007) states that transactional leadership positively influences the continuance of employees’ commitment through examining a sample of 162 subordinates and 35 managers at a South African electric utility.

In line with the various, yet somewhat restricted, examinations on transactional leadership and employee commitment (see section 2.3), this study further analysed the complex connection between transactional leadership styles and affective, continuous and normative commitment. This examination considered the existing inductive model to fill the literature gap and proposes a new approach to describe and define the complex relationship characteristics, known as the Employee-Directed Transactional Leadership Model.

Conclusions

This examination aimed to present a recently created model on the relationship between transactional leadership and employee commitment to be specific as Employee-Directed Transactional Leadership Model. The descriptive research paper is the primary empirical study in this field, which has analysed a target population in Jordan. This study therefore has profitable contributions to the existing research and can serve future inquiries on this subject.

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REFERENCES


