

An Empirical Study of the Relationship between Transformational Leadership, Empowerment and Organizational Commitment

Azman Ismail^a Hasan Al-Banna Mohamed^b Ahmad Zaidi Sulaiman^c
Mohd Hamran Mohamad^d Munirah Hanim Yusuf^e

Abstract: Organizational leadership literature highlights that transformational leadership has four salient features: intellectual stimulation, individualized consideration, individualized influenced attributed, and individualized influence behavior. The ability of leaders to properly implement this leadership style may have a significant impact on organizational commitment. More importantly, recent studies in this area reveal that effect of transformational leadership style on organizational commitment is indirectly affected by empowerment. The nature of this relationship is interesting, but little is known about the mediating effect of empowerment in organizational leadership literature. Therefore, this study was conducted to examine the influence of empowerment in the relationship between transformational leadership and organizational commitment using a sample of 118 usable questionnaires gathered from employees who have worked in one US subsidiary firm in East Malaysia, Malaysia. The results of exploratory factor analysis confirmed that the measurement scales used in this study satisfactorily met the standards of validity and reliability analyses. Further, the outcomes of Stepwise Regression analysis showed that the relationship between empowerment and transformational leadership positively and significantly correlated with the organizational commitment. Statistically, this result confirms that empowerment acts as a mediating variable in the relationship between transformational leadership and organizational commitment in the organizational sample. In addition, discussion, implications and conclusion are elaborated.

Keywords: Transformational leadership, Empowerment, Organizational commitment

JEL Classification: L20, M12, M19

1. Introduction

Leadership is often referred to as a powerful and dynamic person who forms the path of a nation and this may affect the organizational management (Bono & Judge, 2003, 2005). In an organizational context, leadership is viewed as a prime force that may determine the organizational competitiveness in a global economy (Bass & Avolio, 1993, 1994; Bryman, 1992; Ismail et al., 2009). In order to support the objectives,

^a Assoc. Prof., Faculty of Defence & Management Studies, National Defence University of Malaysia, Kuala Lumpur, Malaysia, azisma08@gmail.com (Corresponding Author)

^b Lecturer, Faculty of Defence & Management Studies, National Defence University of Malaysia, Kuala Lumpur, Malaysia, hasanalbanna@upnm.edu.my

^c Lecturer, Center for Defence Foundation Studies, National Defence University of Malaysia, Kuala Lumpur, Malaysia, zaidi@upnm.edu.my

^d Lecturer, Faculty of Defence & Management Studies, National Defence University of Malaysia, Kuala Lumpur, Malaysia, hamran@upnm.edu.my

^e Lecturer, Faculty of Defence & Management Studies, National Defence University of Malaysia, Kuala Lumpur, Malaysia

leaders often choose particular interaction styles that may represent the values and motivations, the wants and needs, the aspiration and expectation of both leaders and followers (Howell & Avolio, 1993; Hartog et al., 1997; Ismail et al., 2010). For example, interactions in the traditional leadership approach emphasize on the ability of followers to accomplish job targets as set up by their superiors (Bass, 1985; Howell & Avolio, 1993; MacKenzie et al., 2001; Rowold, 2008). Conversely, interactions in the contemporary leadership approach focuses more on the quality of relationship with followers, such as building reciprocal trust, participatory decision-making, democratic style, and concern about individuals (Avolio et al., 1999; Bycio et al., 1995; Ismail et al., 2010). Many scholars think that contemporary and traditional based interaction styles have used different treatments and this may be categorized in two major forms, namely transactional leadership and transformational leadership. Both leadership styles are important to motivate employees to achieve organizational strategies and goals (Howell & Avolio, 1993; Humphrey, 2002; Ismail et al., 2009b).

In the early studies about human resource development, the internal properties of the organizational leadership were given much attention (Spreitzer, 1995; Ismail et al., 2009b; Yukl, 2002). For example, transactional leadership and transformational leadership are two main features of the organizational leadership that have received much attention for many years ago (Bass, 1999; Hartog et al., 1997; Ismail et al., 2010). Transactional leadership emphasizes on cost benefit, where the exchange of commodities (e.g., rewards) and doing job based on task roles and requirements have been a main instrument to achieve organizational and job goals. For example, in this exchange process a leader often promises to fulfill followers' needs (e.g. wages and promotion) if they comply their wishes (Bass, 1994, 1999; Burns, 1978; Jabnoun & AL-Rasasi, 2005). This leadership style is suitable to be practice in the stable organizational environments (Robbins & Coulter, 2005; Pounder, 2002).

In an era of global competition, many organizations shift the paradigms of their leadership styles from a transactional leadership to a transformational leadership as a way to achieve their strategies and goals (Bass, 1994, 1999, Howell & Avolio, 1993; Ismail et al., 2010). According to the organizational leadership scholars, such as Bass (1994), Bass and Avolio (1994), and Hartog et al. (1997), transformational leadership were defined as leaders who want to develop their followers' full potentials, higher needs, good value systems, moralities and motivation. When this development occurs this may motivate followers to unite, change goals and beliefs (Bass, 1994, 1999; Bycio et al., 1995), and look forward beyond their self-interests in order to achieve organizational interests. This leadership style suits with the dynamic organizational environments (Bartram & Casimir, 2007; Hartog et al. 1997; Pillai et al., 1999; Twigg et al., 2008).

Transformational leadership has four important features: intellectual stimulation, individualized consideration, individualized influenced attributed and individualized influence behavior (Avolio et al., 1999; Bass & Avolio, 1993, 1994; Ismail et al., 2010; Pillai et al., 1999;). Intellectual stimulation is often viewed as a leader who cares about intelligence, rationality, logic and careful problem solving in organizations (Dionne et al., 2003). Leaders implement this approach through stimulating followers to re-examine traditional ways of doing things, use of reasons before taking actions and encourage them to try novel and creative approaches (e.g., interesting and challenging tasks) (Bass & Avolio, 1994; Yammarino & Dubinsky, 1994). Individualized consideration is viewed as a leader who cares about their followers' concerns and

developmental needs. This idea encourages leaders to develop followers' potentials through proper coaching and mentoring, continuous feedback and link followers' needs to the organizational strategy and goals (Bass & Avolio, 1993, 1994; Avolio et al., 2004; Kark & Shamir, 2002). Individualized influenced attributed is related to a leader who has capabilities to clearly formulate and openly communicate the vision and goal challenges to followers (Bass & Avolio, 1994). This idea encourages leaders to motivate followers focus more on performing the targeted goals than providing them with rewards and punishments may strongly increase followers' self-confidence in accomplishing the targeted goals (Bass & Avolio, 1993; Shamir et al., 1993). Hence, individualized influence behavior is seen as a leader develops his/her capability to be a role model in providing good supports to followers who have obstacles in doing the job and encouraging followers to do the work beyond their self interests (Bass & Avolio, 1993, 1994).

Recent research in this area shows that the ability of leaders to properly demonstrate transformational style in implementing organizational functions may have a significant impact on employee outcomes, especially organizational commitment (Bycio et al., 1995; Dubinsky et al., 1995). According to organizational behavior literature, organizational commitment is theoretically defined as a component of work-related attitudes. The organizational commitment is categorized by at least three factors: a strong belief in and acceptance of the organisation's goals and values; a willingness to exert considerable effort on behalf of the organisation; and a strong desire to remain in the organisation (Mathieu, & Zajac, 1990; Mowday et al., 1979). Analysis of an individual unit shows that organizational commitment is often viewed as an interaction between job and employees, where a person who gets involved and develops pride in doing work will strongly invoke his/her work commitment and this may lead to an enhanced commitment with the organization (Cohen & Kirchmeyer, 1995; Dunham et al., 1994; Guatleng et al., 2007). Within a transformational leadership framework, the ability of leaders to properly implement transformational processes, such as intellectual stimulation, individualized consideration, individualized influenced attributed, and individualized influence behavior in managing organization functions may lead to an increased organizational commitment (Dubinsky et al., 1995; Simon, 1994). Although direct effects model based study has provided significant findings, it does not sufficiently explain how and why transformational leadership style affect organizational commitment in dynamic organizations (Avolio et al., 2004; Bycio et al., 1995).

Surprisingly, a careful observation of such relationship reveals that the effect of transformational leadership practices on organizational commitment is indirectly affected by empowerment (Avolio et al., 2004; Kark et al., 2003). According to Lee and Koh (2001), empowerment consists of two facets: "behavior of a supervisor" (also known as behavioral empowerment, that is a supervisor who empowers his/her subordinates), and "psychological state of a subordinate" (also known as psychological empowerment, that is as a result of his/her supervisor's empowering). Behavioral empowerment is developed based on a relational approach where it focuses more on the delegation of power and decision making authority. According to this approach, empowerment is based on the movement of power down an organization's hierarchy (Menon, 2001). This empowerment consists of three components: work method (degree of discretion), work scheduling (amount of control) and work criteria (degree of choice or modify). If behavioral empowerment is properly done, this can create a situation and/or environment that provides followers the tools and/or freedom to decide

how their job should be accomplished (Breaugh, 1985; Spreitzer et al., 1997). In a transformational leadership model, empowerment is viewed as a proactive and strategic management practice that exists in an organization that promotes high commitment HR practices (Menon, 2001; Spreitzer, 1995). For example, the ability of leaders to delegate the power and responsibility of controlling, making and sharing decisions to their followers will encourage them using their intellects and fullest potentials to overcome job obstacles, understanding the targeted goals and supporting the organizational interests. As a result, it may lead to achieved organizational strategy and goals (Honold, 1997; Howell & Hall-Merenda, 1999; Lashley, 1999; Lee & Koh, 2001).

Although the nature of this relationship is interesting, little is known about the mediating role of empowerment in transformational leadership models (Bartram & Casimir, 2007; Klidas et al., 2007). Many scholars argue that empowerment has been less emphasized in previous studies because they have over emphasized on internal properties of constructs (i.e., transformational leadership, empowerment and organizational commitment), a segmented approach in analyzing transformational leadership, and neglected the role of employee empowerment in developing transformational leadership models (Bycio et al., 1995; Dubinsky et al., 1995; Meyerson & Kline, 2008; Ozaralli, 2002). Consequently, it may not be able to highlight the importance of mediating effect of employee empowerment in transformational leadership literature (Avolio et al., 2004; Kark et al., 2003; Meyerson & Kline, 2008). Thus, it motivates the researchers to further explore the issue.

2. Objectives of the Study

This study has three major objectives: First, to examine the relationship between transformational leadership and empowerment. Second, to examine the relationship between transformational leadership and organizational commitment. Third, to examine the mediating effect of empowerment in the relationship between transformational leadership and organizational commitment.

3. Literature Review

Theoretical and empirical evidences have been used to support two types of relationship: 1) relationship between transformational leadership and organizational commitment; and 2) relationship between transformational leadership, empowerment and organizational commitment.

3.1. Relationship between Transformational Leadership and Empowerment

Many previous studies applying a direct effect approach to investigate the effect of transformational leadership on empowerment used different samples, such as 152 employees from various industries in Turkey (Ozaralli, 2002), and 197 undergraduate university students in Canada (Meyerson & Kline, 2008). These studies reported that the ability of leaders to properly implement transformational style (i.e., intellectual stimulation, individualized consideration, individualized influenced attributed, and individualized influence behavior) had increased followers' empowerments in performing organizational functions. Thus, it can be hypothesized that:

H1: There is a positive relationship between transformational leadership and empowerment

3.2. Relationship between Transformational Leadership and Organizational Commitment

Several previous studies applying a direct effect approach to examine the effect of transformational leadership on organizational commitment used different samples, such as 228 employees in three different US organizations (Simon, 1994), and 1,376 nurses in some US health organizations (Bycio et al., 1995), sales people group in certain US organizations (Dubinsky et al., 1995). These studies found that the ability of leaders to properly use transformational behaviors (i.e., intellectual stimulation, individualized consideration, individualized influenced attributed, and individualized influence behavior) had been a major determinant of organizational commitment. Thus, we can hypothesize that:

H2: There is a positive relationship between transformational leadership and organizational commitment

3.3. Relationship between Transformational Leadership, Empowerment and Organizational Commitment

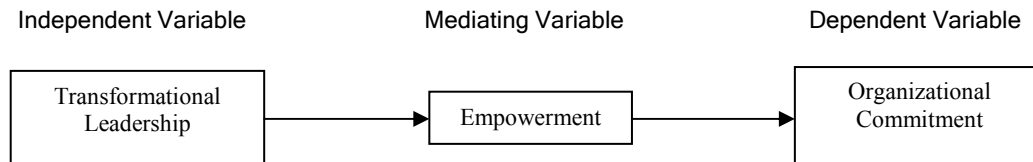
Several recent studies using an indirect effect approach have revealed the mediating role of empowerment in organizational leadership literature. For example, several studies about transformational leadership practices that were conducted based on different samples and contexts, such as 520 staff nurses in a large public hospital in Singapore (Avolio et al., 2004), and bank employees in several US banking organizations (Kark et al., 2003) showed that the ability of leaders to properly practice transformational styles (intellectual stimulation, individualized consideration, individualized influenced attributed, and individualized influence behavior) had increased their followers' empowerment to efficiently and effectively manage job functions. As a result, it could lead to higher organizational commitment in the organizations.

The leadership research literature is consistent with the notion of leadership theories, namely Burns' (1978) transformational leadership theory, and Bass's (1985) transformational leadership theory. Specifically, Burns' (1978) transformational leadership theory highlights that mutual understanding of leaders and followers in managing organizational functions may increase their moralities. Besides that, Bass's (1985) transformational leadership theory posits that interaction between leaders and followers in managing organizational functions can inspire followers to go beyond their self-interests for supporting the organization interests. An application of these theories in an organizational leadership framework shows that followers' moralities and concern about organizational interests can be developed if leaders stimulate followers' intellectuals, develop followers' potentials, design and communicate targeted goals and motivate followers' to think beyond their self interest in organizations (Avolio et al., 2004; Bartram & Casimir, 2007). If such transformational processes are properly implemented, this will increase followers' empowerment to efficiently and effectively perform their jobs (Kirkman et al., 2004; Lashley, 1999; Spreitzer, 1995) As a result, it may lead to a greater organizational commitment (Avolio et al., 2004; Kark et al., 2003, Shamir & Chen, 2003).

3.4. Conceptual Framework and Research Hypothesis

The literature has been used as foundation to develop a conceptual framework for this study as shown in Figure 1.

Figure 1. Empowerment Mediates the Effect of Transformational Leadership on Organizational Commitment



Based on the framework, it can be hypothesized that:

H3: Empowerment mediates the effect of transformational leadership on the organizational commitment

4. Methodology

4.1. Research Design

This study used a cross-sectional research design that allowed the researchers to integrate training management literature, the in-depth interview, the pilot study and the actual survey as a main procedure to gather data. The use of such methods may gather accurate and less biased data (Cresswell, 1998; Sekaran, 2003). This study was conducted at one US subsidiary company operating in East Malaysia, Malaysia. This company was initially established to focus on customized semiconductor packaging and hard disk drives. Currently, this company almost dominates the electronic export and the largest airfreight exporter in Malaysia. At the initial stage of data collection procedure, the in-depth interviews were conducted based on the guidelines established by Easterby-Smith, Thorpe and Lowe (1991) and Usunier (1998). Firstly, the researchers designed flexible interview questions which related to three issues: transformational leadership features, empowerment characteristics, and organizational commitment facets. Secondly, a purposive sampling technique was used to identify four experienced employees, namely one HR manager and three supporting staff because they have working experience more than seven years and have sufficient knowledge about leadership style practiced in the studied organizations.

Information gathered from this interview method shows that transformational leadership style is implemented to cope with the external organizational changes. Management employees use policies and procedures set up by the stakeholders (i.e., senior management team and board of directors) as guidelines to ensure integrity and accountability in implementing management functions, such as general service, human resource, finance, and technical activities. These guidelines provide insufficient power to management employees in designing broad policies and procedures but they are strongly encouraged to use their creativity and innovations in implementing transformational process, namely stimulating followers' intellectual engagement (e.g., using human resource information system, internet, automations and machineries in doing the job), developing followers' potential (e.g., implement coaching and mentoring

through work groups), motivating followers to perform targeted goals (e.g., key performance indicators), and supporting followers who have obstacles in doing the job and encouraging followers to do the work beyond their self interests (e.g., moral and financial aids). As a profitable business entity, empowerment technique was used to encourage freedom, increase commitment towards assigned jobs and improve the quality of services delivered at all levels in the organization. A thorough investigation of the in-depth interview results reveals that the ability of leaders to properly implement such transformational leadership styles have increased the capability of employees to use empowerment in implementing the job. As a result, it may lead to an increased organizational commitment in the workplace. Although the nature of this relationship is significant, little is known about the mediating effect of empowerment because of the limited empirical studies published in Malaysia.

Thirdly, information gathered from this interview method was categorized and constantly compared to the related literature review in order to understand clearly the particular phenomena under the study and put the research results in a proper context. Further, the results of the triangulated process were used as a guideline to develop the content of survey questionnaires for a pilot study. Thus, a pilot study was done by discussing the survey questionnaires with one HR manager, one assistant HR manager and two experienced supporting staff in the Human Resource Department of the organization. Their feedbacks were used to verify the content and format of survey questionnaires for an actual study. The back translation technique was used to translate the survey questionnaires in Malay and English; this may help increasing the validity and reliability of the instrument (Van Maanen, 1983; Wright, 1996).

4.2. Measures

The survey questionnaire has three sections. Firstly, transformational leadership had 20 items that were modified from the multi factor leadership questionnaires (Bass, 1994, 1999; Bycio et al., 1995; Dionne et al., 2003; Hartog et al., 1997). The items used to measure transformational leadership practices were: the person I am rating (1) seeks differing perspective when solving problems, (2) instills pride in me for being associated with him/her, (3) talks about their most important values and beliefs, (4) spends time teaching and coaching, (5) talks enthusiastically about what needs to be accomplished, (6) acts as ways that build my respect, (7) goes beyond self-interest for the good of the group, (8) considers the moral and ethical consequences of decisions, (9) suggests new ways of looking at how to complete tasks, (10) considers me as having different needs, abilities, and aspirations from others, (11) listens to my concerns and helps me to develop my strengths, (12) expresses the confidence that goals will be achieved, (13) focuses attention on mistakes, exceptions and deviations from standards, (14) assists me in giving full attention on dealing with mistakes, complaints and failures, (15) increases my willingness to work harder, (16) encourages me to perform more than they expected me to do, (17) increases my motivation to achieve individual and organizational goals, (18) encourages me to think more creatively and be more innovative, (19) sets challenging standards for all tasks given to me, and (20) gets me to rethink ideas that I had never questioned before.

Secondly, empowerment was measured using ten items that were modified from empowerment literature (Ashforth, 1989; Hackman & Oldham, 1980; Jones, 1986; Tymon, 1988). The items used to measure this variable were: (1) I am confident with my ability in doing my job, (2) The work that I do is important to me, (3) My impact on the happenings in my department is large, (4) I can decide on my own of how to go about my work, (5) My job activities are personally meaningful to me, (6) I have a great deal of control over the happenings in my department, (7) I have significant autonomy in determining the way of doing my job, (8) I really care about what I do in my job, (9) My job is well within the scope of my abilities, and (10) I have considerable opportunity for independence and freedom in how I do my job.

Finally, the organizational commitment had 12 items that were developed by Mowday, Steers and Porter (1979) called Organizational Commitment Questionnaire. The items used to measure this variable were: (1) I feel obligated to remain with my current employer, (2) I feel emotionally attached to this organization, (3) I would feel guilty if I leave my organization now, (4) This organization deserves my loyalty, (5) I owe a great deal to my organization, (6) I would be very happy to spend the rest of my career with this organization, (7) I am proud to tell others that I am part of this organization, (8) In my work, I feel that I am making significant efforts, not just for myself but for the organization as well, (9) I do not mind doing extra work even though I am not paid for the extras that I had done, (10) This organization really inspires the very best in me in the way of job performance, (11) I am willing to put in a great sense of effort beyond the normally expected in order to help this organization become more successful, and (12) I find that my values and the organizations' values are very similar. All items used in the questionnaires were measured using a 7 point Likert scale ranging from "strongly disagree" (1) to "strongly agree" (7). Demographic variables were used as controlling variables because this study also focused on employees' attitudes.

4.3. Unit of Analysis and Sampling

The targeted population of this study was about 1009 employees who work in one US subsidiary company operating in East Malaysia, Malaysia. For confidential reasons, the name of this organization is kept anonymous. This study was conducted in this company because of two major reasons: firstly, the researchers want to examine how transformational leadership styles have successfully changed the company from a customized semiconductor packaging and hard disk drives to be a leading company in the electronic export and the largest airfreight exporter in Malaysia. Secondly, the researchers want to investigate how transformational leadership styles can be accepted by the majority of employees, i.e., more than 30 ethnic groups (Sarawak indigenous) and thus motivate them to support the company strategic missions. In the first step of data collection, the researchers met the HR managers of the studied organizations to get their opinions about the rules for distributing survey questionnaires in their organizations. Due to private and confidential reasons, the managers did not allow the researchers to randomly distribute survey questionnaires to their employees who work in different departments. This constraint did not allow the researchers to use any probability random sampling techniques and 150 survey questionnaires were distributed using a convenient sampling technique to employees in every department in the organizations through the HR office. Of the number, only 118 usable questionnaires

were returned to the researchers, yielding a response rate of 78.8 percent. The survey questionnaires were answered by participants based on their consent and on a voluntary basis. The number of survey participants exceeds the minimum sample of 30 respondents as required by probability sampling technique. Thus, the data collected can be analyzed using inferential statistics (Leedy & Ormrod, 2005; Sekaran, 2003).

4.4. Data Analysis

The Statistical Package for Social Science (SPSS) version 16.0 was used to analyse the data from the questionnaire. Firstly, Exploratory Factor Analysis (EFA) was used to assess the validity and reliability of measurement scales (Nunally & Bernstein, 1994; Hair et al, 2006). Relying on the guidelines set up by these statisticians, a factor analysis with direct oblimin rotation was first done for all the items that represented each research variable, and this was followed by other tests, that is, Kaiser-Meyer-Olkin Test (KMO), Bartlett's Test of Sphericity (BTS), Eigenvalue, Variance Explained and Cronbach Alpha (α). The value of factor analysis for all items that represent each research variable was 0.4 and more, indicating the items met the acceptable standard of validity analysis. All research variables have exceeded the acceptable standard of Kaiser-Meyer-Olkin's value of 0.6 and were significant in Bartlett's Test of Sphericity, showing that the measure of sampling adequacy for each variable was acceptable. All research variables had Eigenvalues larger than 1, signifying that the variables met the acceptable standard of validity analysis (Hair et al, 2006). All research variables exceeded the acceptable standard of reliability analysis of 0.70, indicating the variables met the acceptable standard of reliability analysis (Nunally & Bernstein, 1994). Variables that meet the acceptable standard of validity and reliability analyses were used in testing the hypotheses.

Secondly, analysis of variance, Pearson correlation analysis and descriptive statistics were conducted to analyze the constructs and the usefulness of the data set (Tabachnick et al., 2001; Yaacob, 2008). Finally, Stepwise Regression analysis was utilized to test the mediating hypothesis because it can assess the magnitude of each independent variable, and vary the mediating variable in the relationship between many independent variables and one dependent variable (Baron & Kenny, 1986; Foster et al., 1998). According to Baron and Kenny (1986), the mediating variable can be considered when it meets three conditions: first, the predictor variables are significantly correlated with the hypothesized mediator. Second, the predictor and mediator variables are all significantly correlated with the dependent variable. Third, a previously significant effect of predictor variables is reduced to non-significance or reduced in terms of effect size after the inclusion of mediator variables into the analysis (Wong et al., 1995). In this regression analysis, standardized coefficients (standardized Beta) were used for all analyses (Jaccard et al., 1990).

5. Findings

5.1. Participants' Characteristics

Table 1 shows the sample profile of this study. The majority of the respondents were males (64.4 percent), 34.7 percent of the respondents' ages were between 26-30 years old, 41.5 percent of them were diploma holders. 75.4 percent of the respondents were non management employees, 24.6 percent with working experience over 10 years.

Table 1. Participants' Characteristics (N=118)

<u>Gender (%)</u> Male=64.4 Female=35.6	<u>Age (%)</u> 18-20=4.2 22-25=28.8 26-30=34.7 31-35=18.6 36-40=8.5 >40=5.1	<u>Length of Service (%)</u> <1 year =10.2 1-3 years =24.6 4-6 years =22.0 7-9 years =16.9 >10 years =26.3
<u>Race (%)</u> Malay=41.5 Chinese=17.8 Indian=0.8 Sarawak indigenous=31.4 Others=8.5	<u>Education (%)</u> SPM=29.7 STPM=12.7 Diploma=31.4 Degree=16.9 Others=9.3	<u>Job Category (%)</u> Management=24.6 Non Management=75.4

Note: SPM / MCE / Senior Cambridge: Sijil Pelajaran Malaysia / Malaysia Certificate Education
STPM / HSC: Sijil Tinggi Pelajaran Malaysia / High School Certificate

5.2. Validity and Reliability Analyses for the Measurement Scales

Table 2 shows the results of validity and reliability analyses for measurement scales. The factor analysis using Varimax with Kaiser Normalization rotation was done for four variables with 42 items, which related to three variables: transformational leadership (20 items), psychological empowerment (10 items), and organizational commitment (12 items). The factor analysis using Varimax with Kaiser Normalization rotation was done for all variables. Next, the Kaiser-Meyer-Olkin Test (KMO), which is a measure of sampling adequacy, was conducted for each variable and the results indicated that it was acceptable. Specifically, the results of these statistical analyses showed that (1) all research variables exceeded the minimum standard of Kaiser-Meyer-Olkin's value of 0.6, were significant ($p < 0.000$) in Bartlett's Test of Sphericity, (2) all research variables had eigenvalues larger than 1 with variance explained values more than 0.45, (3) the items for each research variable exceeded Factor Loadings of 0.40 (Hair et al., 2006), and (4) all research variables exceeded the acceptable standard of Reliability Analysis (RA) of 0.70 (Nunally & Bernstein, 1994). These statistical results confirmed the validity and reliability of measurement scales used for this study as shown in Table 2.

Table 2. Validity and Reliability Analyses for Measurement Scales

Measure	No. of Items	Factor Loadings	KMO	Bartlett's Test of Sphericity	Eigen Value	Variance Explained	Cronbach Alpha
Transformational Leadership	20	0.60 to 0.88	0.96	2318.7	13.3	66.6	0.97
Empowerment	10	0.41 to 0.80	0.82	542.5	4.7	46.6	0.86
Organizational Commitment	12	0.60 to 0.78	0.91	970.9	6.9	57.7	0.93

5.3. Analysis of the Constructs

Table 3 shows the results of Pearson Correlation analysis and descriptive statistics. The means for the variables are from 4.18 to 5.26, signifying that the level of transformational leadership practices; empowerment and organizational commitment are ranging from high (4) to highest level (7). The correlation coefficients for the relationship between the independent variable (i.e., transformational leadership) and the mediating variable (i.e., empowerment), and the relationship between the dependent variable (i.e. followers' performance) were less than 0.90, indicate that the data were not affected by serious co-linearity problem (Hair et al., 2006).

Table 3. Pearson Correlation Analysis and Descriptive Statistics

Variable	Mean	Standard Deviation	Pearson Correlation Analysis (r)		
			1	2	3
1. Transformational Leadership	4.79	1.42	1		
2. Empowerment	5.29	0.94	0.39**	1	
3. Organizational Commitment	4.18	1.28	0.55**	0.41**	1

Note: Significant at ** $p < 0.01$ Reliability estimation are shown diagonally (Value 1)

5.4. Outcomes of Testing Hypothesis 1 and Hypothesis 2

As described in Table 3, the results of testing a direct effect model show two important findings: firstly, transformational leadership positively and significantly correlated with empowerment ($r=0.39$, $p < 0.01$), therefore H1 was supported. Secondly, transformational leadership positively and significantly correlated with the organizational commitment ($r=0.55$, $p < 0.01$), therefore H2 was supported. This result demonstrates that the ability of leaders to properly implement transformational processes in implementing job functions have directly increased organizational commitment in the studied organization.

5.5. Outcomes of Testing Hypothesis 3

Table 4 shows the results of testing hypotheses using a stepwise regression analysis. It shows that demographic variables were entered in Step 1 and then followed by entering independent variable (transformational leadership) in Step 2, and mediating variable (empowerment) in Step 3. Organizational commitment was used as the dependent variable. An examination of multicollinearity in the Table 4 shows that the tolerance values for the relationships: (1) Between transformational leadership and organizational commitment was 0.91, and (2) Between the transformational leadership, empowerment and organizational commitment was 0.77. These tolerance values were more than tolerance value of 0.20 (as a rule of thumb), indicating that the variables were not affected by multicollinearity problem (Fox, 1991; Tabachnick & Fidell, 2001).

Table 4. The Results of Stepwise Regression Analysis

Variable	Dependent Variable (Organizational Commitment)		
	Step 1	Step 2	Step 3
<u>Control Variable</u>			
Gender	.16	.14	.13
Age	.36	.27	.23
Race	-.08	-.04	-.02
Education Level	-.03	-.06	-.03
Job Category	-.12	-.02	-.03
Years of Services	-.252	-.13	-.12
<u>Independent Variable</u>			
Transformational Leadership		.52***	.44***
<u>Mediating Variable</u>			
Empowerment			.20*
<i>R</i> ²	.11	.36	.39
Adjust R Square	.065	.314	.340
R square change	.113	.242	.030
F	2.356	8.638***	8.537***
F Δ R Square	2.356	41.208***	5.407*

Note: Significant at *p<0.05;**p<0.01;***p<0.001.

Table 4 shows the inclusion of empowerment in Step 3 of the process and reveals that the relationship between empowerment and transformational leadership were significantly correlated with the organizational commitment ($\beta=0.20$, $p<0.05$), therefore H3 was supported. This relationship explains that before the inclusion of empowerment in Step 2, transformational leadership was found to be significantly correlated with organizational commitment ($\beta=0.52$, $p<0.001$). In terms of explanatory power, the inclusion of empowerment in Step 2 has explained 36 percent of the variance in dependent variable. As shown in Step 3 (after the inclusion of empowerment in the analysis), the previous significant relationship between transformational leadership and organizational commitment did not change to non significant (Step 3: $\beta=0.44$, $p<0.001$), but the strength of relationship between such variable was decreased. In terms of explanatory power, the inclusion of empowerment in Step 3 had explained 39 percent of the variance in dependent variable. Further, this result confirms that empowerment does act as a partial mediating variable in the relationship between transformational leadership and organizational commitment in the studied organization.

6. Discussion and Implications

This study confirms that empowerment does act as a partial mediating variable in the relationship between transformational leadership and organizational commitment in the studied organization. In the organizational context, most leaders have properly implemented transformational processes via individualized consideration, individualized influenced attributed, and individualized influence behavior in order to achieve the organizational strategy and goals. The majority of the employees perceive that such leadership practices had increased their empowerment in implementing organizational functions. As a result, it may lead to an enhanced organizational commitment.

A thorough review of the in-depth interview results reveals that empowerment has not strongly mediated the effect of transformational leadership on organizational commitment, this may be affected by external factors. Firstly, the majority of respondents are male (64.4%), Malays (41.5%), ages between 26 to 30 years old (34.7%), diploma holders (31.4%), working more than 10 years (26.3%), and non-management group (75.4%). These respondent characteristics have different interests, capabilities and styles in executing jobs. In this situation, management (e.g., immediate boss and/or supervisor) does not have sufficient times to interact and closely monitor the way of their employees implementing empowerment in achieving job targets. Secondly, the majority of respondents perceive that empowerment as a democratic approach where it encourages employees to decide how their jobs should be done. Although this empowerment is recognized as good practice, majority employees view that they are more comfortable to carry out empowerment (e.g., delegation of power and decision-making authority) in solving routine jobs and less enthusiastic to implement empowerment in overcoming high risk tasks. In this condition, empowerment may not be fully utilized to accomplish important job functions.

The implications of this study can be divided into three major aspects: theoretical contribution, robustness of research methodology, and contribution to practitioners. In terms of theoretical contribution, this study revealed that empowerment has mediated the effect of transformational leadership on organizational commitment in the studied organization. This finding has supported and broadened transformational leadership studies by Avolio, Zhu, Koh and Bhatia (2004), Kark, Shamir and Chen (2003) and Ismail, Mohamad, Mohamed, Saludin, Abdullah and Yusuf (2010). With respect to the robustness of research methodology, the survey questionnaire data have exceeded the acceptable standards of validity and reliability analysis which may lead to the production of accurate and reliable findings.

Regarding practical contributions, the findings of this study can be used as a guideline by the managers to upgrade the effectiveness of leadership styles in their organizations. This objective may be achieved if the management considers some suggestions: firstly, leadership styles will be sharpened if they are continuously trained with up to date knowledge, relevant skills and good moral values. This training program can help to improve leaders' treatments in handling the needs and demands of employees who have different socio economic backgrounds. Secondly, participative leadership styles can be meaningful if followers are allowed to involve in decision making, this will motivate employees to perceive that their contributions are appreciated. Consequently, it may motivate them to use their creativeness and innovativeness in performing job. Finally, interaction between followers and leaders will increase positive subsequent personal outcomes (e.g., satisfaction, commitment, performance and ethics) if the organizations provide merit based pay (e.g., monetary incentives) to high performing employees. This pay system may motivate followers and leaders to focus more in achieving job targets. Heavily considering these suggestions may positively motivate followers and leaders to support organizational strategies and goals.

7. Limitations

The conclusion drawn from the results of this study should consider the following limitations. First, the data was only taken one time during the duration of this study. Therefore, it did not capture the developmental issues such as personal development changes of individuals, restrictions of making inferences to participants and causal connections between variables of interest. Second, this study only examines the relationship between latent variables (i.e., transformational leadership, empowerment and organizational commitment) and the conclusion drawn from this study does not specify the relationship between specific indicators for the independent variable, mediating variable and dependent variable. Third, this study only focused on transformational leadership and neglected to specifically test its dimensions (i.e., intellectual stimulation, individualized consideration, individualized influenced attributed, and individualized influence behavior). Fourth, other transformational leadership outcomes (e.g., satisfaction, organizational citizenship behavior, performance, trust, perceptions of justice and service quality) that are significant for organizations and employees are not discussed in this study (Casimir et al., 2006; Ismail et al., 2009a; McGuire & Hutchings, 2007; Ismail et al., 2009c; Pillai et al., 1999). Fifth, although a substantial amount of variance in dependent measures explained by the significant predictors is identified, there are still a number of unexplainable factors that can be incorporated to identify the causal relationship among variables and their relative explanatory power (Tabachnick & Fidell, 2001). Sixth, the respondents of this study were selected using a convenient sampling technique and their opinions might be influenced by several factors in terms of integrity, loyalty and willingness to answer questions truthfully. This might affect the ability to collect reliable data that represents the organization's environment. Finally, the sample for this study was taken from one organization that allowed the researchers to gather data via survey questionnaires. These limitations may decrease the ability of generalizing the results of this study to other organizational settings.

8. Directions for Future Research

The conceptual and methodology limitations of this study need to be considered when designing future research. First, the organizational and personal characteristics as potential variables that can influence the effectiveness of leadership styles need to be further explored. If organizational (e.g., division and ownership) and personal characteristics (e.g., gender, age, education level, length of service, job category and type of service) are used, this may provide meaningful perspectives for understanding individual differences and similarities that affect transformational leadership outcomes. Second, as suggested by prominent scholars, specific dimensions of transformational leadership such as intellectual stimulation, individualized consideration, individualized influenced attributed, and individualized influence behavior should be added in a future study so that it may represent the effectiveness of its leadership style in an organization (Casimir et al., 2006; McGuire & Hutchings, 2007; Ismail et al., 2009a). Third, the weaknesses of cross-sectional research design may be overcome if longitudinal studies are used to collect data describing the patterns of change and the directions and magnitudes of causal relationships between variables of interest. Fourth, the findings of this study may produce different results if this study is done in other

organizational sectors (e.g., manufacturing and construction companies). Finally, as an extension of this study, other theoretical constructs such as trust in the leaders and perceptions of justice need to be considered in future research because it has been recognized as a link between the transformational leadership and organizational commitment (Ismail et al., 2010; Ismail, et al., 2009b; Pillai et al., 1999). The importance of these issues needs to be further explored in future research.

9. Concluding Comments

This study proposed a conceptual framework that was developed based on the organizational leadership literature. The measurement scales used in this study satisfactorily met the standards of validity and reliability analyses. The outcomes of stepwise regression analysis confirmed that empowerment does act as a partial mediating variable in the relationship between transformational leadership and organizational commitment. This result has supported and extended leadership research literature mostly published in the Western and Eastern organizational settings. Therefore, current research and practices within transformational leadership models need to consider empowerment as a critical aspect of the organizational leadership styles, where increasing followers' empowerment in managing organizational functions may strongly reinforce positive subsequent attitudinal and behavioral outcomes (e.g., competency, performance, satisfaction, commitment, trust, and positive moral values). Thus, these positive outcomes may lead to sustained and achieved organizational competitiveness in a global economy.

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