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THE EFFECTS OF TRANSFORMATIONAL LEADERSHIP ON ORGANIZATIONAL COMMITMENT IN INDIA'S INFORMATION TECHNOLOGY INDUSTRY

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ABSTRACT

This paper deals with the effects of transformational leadership on organizational commitment in India's Information Technology Industry. Two hundred and ninety two professionals working in India's Information Technology industry participated in the study. The Multifactor Leadership Questionnaire 5X-Short form (MLQ) and Three-Component Model (TCM) Employee Survey were administered. The survey measured transformational leadership and organizational commitment variables and results were analyzed using regression and correlation. Fifteen hypotheses examined the relationship among transformational leadership variables and organizational commitment variables. Findings were consistent with existing literature. In addition, this study also identified areas of further study.

KEYWORDS

India's IT industry, multifactor leadership questionnaire 5X-Short form (MLQ), organizational commitment, Three-Component Model (TCM), transformational leadership.

INTRODUCTION

India is the world's largest sourcing destination for the information technology (IT) industry, accounting for approximately 52 per cent of the US\$ 124-130 billion market. The industry employs about 10 million Indians and continues to contribute significantly to the social and economic transformation in the country. Today, IT organizations have to be more flexible, more nimble and more adept than ever before. Managers must not only need to be involved in the day-to-day activities of their company but they must also effectively provide vision that will lead, inspire, and motivate employees. This vision will be necessary to help others embrace change, create new products, improve processes, lower costs, and be more competitive in a global economy (Friedman, 2005). Bass and Avolio (2002) pointed to transformational leadership as a way to get more from followers. Transformational leadership has also been found to heighten levels of organizational commitment (Arnold et al., 2001; Barling et al., 1996).

Employees are the most important resources of Information Technology organizations. The sustained profitability of an organization depends on its workforce organizational commitment (Lok P, Crawford J). Organizational commitment shows the psychological attachment of an employee to the organization (Kate W, Masako T). According to Meyer and colleagues (2002) there are three types of organizational commitment: Affective, Continuance and Normative Commitment. Affective commitment relates to an employee's emotional attachment to the organization and its goals. Continuance commitment shows cognitive attachment between an employee and his or her organization because of the costs associated with leaving the organization. Finally, normative commitment refers to typical feelings of obligation to remain with an organization (Meyer JP). The purpose of this study then emerges as the need to identify the relationship between transformational leadership and organizational commitment in India's Information Technology Industry.

REVIEW OF LITERATURE

Transformational leadership refers to a leadership type in which leaders possess charisma and provide intellectual stimulation, individualized consideration and inspirational motivation to followers (Bass, 1985, 1998; Burns, 1978; Avolio and Bass, 1988, Bass and Avolio, 1994; Bass et al., 1987; Bennis and Nanus, 1985; Burns, 1978; Pawar and Eastman, 1997; Tichy and Devanna, 1986; Yukl, 1989). Transformational leaders create a dynamic organizational vision that often necessitates a metamorphosis in cultural values to reflect greater innovation (Pawar and Eastman, 1997). Transformational leadership also seeks a bonding between individual and collective interests allowing subordinates to work for transcendental goals (Bass, 1985, 1998; Pawar and Eastman, 1997). Bass (1985) considered charisma as one of the four characteristics of transformational leadership. Charisma is a fire, a fire that ignites followers' energy and commitment, producing results above and beyond the call of duty (Klein and House, 1995).

Mowday, Porter and Steers (1982) defined organizational commitment as a strong belief in the organization's goals and values and a willingness to exert considerable effort on behalf of the organization. Organizational commitment is regularly conceptualized as an affective attachment to an organization as a consequence of an individual sharing the organization's values, their desire to remain in the organization, and their willingness to exert effort on behalf of the organization (Mowday et al., 1982). Such an attachment may be considered as emotional response demonstrating a strong desire to maintain membership in the organization (Testa, 2001).

The review of literature indicated transformational leadership within an organization significantly affects organizational commitment, and provides the significant influence of transformational leadership within different professions. Therefore, the study focused on the relationship between transformational leadership and organizational commitment in the IT industry in India.

IMPORTANCE OF THE STUDY

Leadership is one of the most important factors that can motivate and enhance the organizational commitment of an employee. A number of studies show that successful transformational leadership can improve employees' commitment. However, no such research yet focuses on India's IT industry. Therefore, the major purpose of the study is to determine how transformational leadership affects organizational commitment in India's IT industry.

STATEMENT OF THE PROBLEM

India's IT industry must survive while facing heightened competition and economic globalization. Leadership is one of the best ways for an organization to succeed, and companies can achieve this through effective management. Organizational commitment reflects the extent to which an individual identifies with an organization, and is committed to its goal and success. Transformational leaders motivate followers to increase their commitment to an organization.

Therefore, the research model herein has been developed to gain a better understanding of the predictability of organizational commitment based on transformational leadership in India's IT industry. Two instruments were used to determine the direct and indirect impact transformational leadership has on employees' organizational commitment: (a) Multifactor Leadership Questionnaire (MLQ), and (b) Three-Component Model (TCM) Employee Survey.

OBJECTIVE

To assess the impact of transformation leadership on Organizational Commitment in India's Information technology Industry.

HYPOTHESES

The study examined following 15 research hypotheses, which are presented in both the null and directional formats.

1. H1: Transformational leadership (Idealized Influence (Attributed)) would be related to Affective Commitment in India's IT industry.
- H1₀: Transformational leadership (Idealized Influence (Attributed)) would be not related to Affective Commitment in India's IT industry.
2. H2: Transformational leadership (Idealized Influence (Attributed)) would be related to Continuance Commitment in India's IT industry.
- H2₀: Transformational leadership (Idealized Influence (Attributed)) would be not related to Continuance Commitment in India's IT industry.
3. H3: Transformational leadership (Idealized Influence (Attributed)) would be related to Normative Commitment in India's IT industry.
- H3₀: Transformational leadership (Idealized Influence (Attributed)) would be not related to Normative Commitment in India's IT industry.
4. H4: Transformational leadership (Idealized Influence (Behavior)) would be related to Affective Commitment in India's IT industry.
- H4₀: Transformational leadership (Idealized Influence (Behavior)) would be not related to Affective Commitment in India's IT industry.
5. H5: Transformational leadership (Idealized Influence (Behavior)) would be related to Continuance Commitment in India's IT industry.
- H5₀: Transformational leadership (Idealized Influence (Behavior)) would be not related to Continuance Commitment in India's IT industry.
6. H6: Transformational leadership (Idealized Influence (Behavior)) would be related to Normative Commitment in India's IT industry.
- H6₀: Transformational leadership (Idealized Influence (Behavior)) would be not related to Normative Commitment in India's IT industry.
7. H7: Transformational leadership (Inspirational Motivation) would be related to Affective Commitment in India's IT industry.
- H7₀: Transformational leadership (Inspirational Motivation) would be not related to Affective Commitment in India's IT industry.
8. H8: Transformational leadership (Inspirational Motivation) would be related to Continuance Commitment in India's IT industry.
- H8₀: Transformational leadership (Inspirational Motivation) would be not related to Continuance Commitment in India's IT industry.
9. H9: Transformational leadership (Inspirational Motivation) would be related to Normative Commitment in India's IT industry.
- H9₀: Transformational leadership (Inspirational Motivation) would be not related to Normative Commitment in India's IT industry.
10. H10: Transformational leadership (Intellectual Stimulation) would be related to Affective Commitment in India's IT industry.
- H10₀: Transformational leadership (Intellectual Stimulation) would be not related to Affective Commitment in India's IT industry.
11. H11: Transformational leadership (Intellectual Stimulation) would be related to Continuance Commitment in India's IT industry.
- H11₀: Transformational leadership (Intellectual Stimulation) would be not related to Continuance Commitment in India's IT industry.
12. H12: Transformational leadership (Intellectual Stimulation) would be related to Normative Commitment in India's IT industry.
- H12₀: Transformational leadership (Intellectual Stimulation) would be not related to Normative Commitment in India's IT industry.
13. H13: Transformational leadership (individualized consideration) would be related to Affective Commitment in India's IT industry.
- H13₀: Transformational leadership (Individualized Consideration) would be not related to Affective Commitment in India's IT industry.
14. H14: Transformational leadership (individualized consideration) would be related to Continuance Commitment in India's IT industry.
- H14₀: Transformational leadership (Individualized Consideration) would be not related to Continuance Commitment in India's IT industry.
15. H15: Transformational leadership (individualized consideration) would be related to Normative Commitment in India's IT industry.
- H15₀: Transformational leadership (Individualized Consideration) would be not related to Normative Commitment in India's IT industry.

RESEARCH METHODOLOGY

In this study, the two sets of instruments that were selected to collect data from the samples are Multifactor Leadership Questionnaire (MLQ), and TCM Employee Commitment Survey (TCM). Instruments were developed through previous studies and tested for supported validity and demonstrated reliability.

RELIABILITY AND VALIDITY OF SURVEY INSTRUMENTS

Multifactor leadership questionnaire (MLQ): Transformational leadership behaviors were measured by the MLQ-5X with the permission of Mind Garden Incorporation. Through extensive examination of this instrument, the developers ascertained the reliabilities for the total items and for each leadership factors scale ranged from .74 to .94 (Bass & Avolio, 1995). All of the scales' reliability was generally high ($\alpha > .77$). However, the reliabilities within each data set generally indicated the instrument was reliably measuring each of leadership variables across the data sets, with some minor deviations (Bass & Avolio, 2002). The positive correlations among the transformational leadership scales are consistent with previous studies obtained by Bass and Avolio (1990). The average inter-correlation among the transformational leadership scales is .83. Discriminant validity measures for all dimensions of the MLQ-5X were determined to range from .46 to .68; these generally exceeded the cut-off recommended in the literature (Bass & Avolio, 2002).

TCM Employee Commitment Survey: According to Allen and Meyer (1990), the reliability for the affective commitment scale (ACS) is .87; continuance commitment scale (CCS) is .75; and normative commitment scale (NCS) is .79. In a study of an examination of construct validity of TCM, Allen and Meyer (1997) further examined the substantial body of evidence relevant to the construct validation of the ACS, CCS, and NCS. In the internal consistency, according to Allen and Meyer (1997), the median reliabilities are .85, .79, and .73 for ACS, CCS, and NCS respectively.

DATA COLLECTION

Two instruments are used for the study. The survey was developed into an online electronic survey using www.surveymonkey.com. The amount of time to take this survey was approximately twenty minutes. The researcher sent an introductory email to IT employees working in India, requesting them to take the survey through a link. The survey was made available for thirty days and each member was allowed to respond once.

Each of participants had to read a cover page, the two questionnaires (MLQ-5X and TCM), and a demographic survey. The cover page provided an assurance of confidentiality, a statement regarding the purpose of the study, and detailed instructions about completing the questionnaires. Participants were instructed that each survey instrument was used independently and anonymously to preserve the confidentiality of responses.

RESULTS & DISCUSSION

In the study, survey instruments were included (a) Multifactor Leadership Questionnaire (MLQ-5X) and (b) TCM Employee Commitment Survey. There were 292 surveys returned. The return rate of the study was 58.4%. Survey data was collected by the SPSS 21.0 software statistical package to process the use of descriptive statistics, simple regression analysis, and correlation analysis.

DESCRIPTIVE STATISTICS

Descriptive statistics were used to describe the basic features of the data in the study. Descriptive statistics provided simple summaries about the sample and about the observations that have been made. Table 1 presented the mean and standard deviation for each variable.

TABLE 1: DESCRIPTIVE STATISTICS FOR INDEPENDENT AND DEPENDENT VARIABLES (n=292)

Variable	N	Minimum	Maximum	Mean	Standard Deviations
Idealized Influence (Attributed)	292	1.00	5.00	3.4295	0.76918
Idealized Influence (Behavior)	292	1.00	5.00	3.4541	0.83659
Inspirational Motivation	292	1.00	5.00	3.6747	0.78274
Intellectual Stimulation	292	1.00	5.00	3.3075	0.74779
Individualized Consideration	292	1.00	5.00	3.2887	0.85424
Inspirational Motivation	292	1.00	5.00	3.6747	0.78274
Intellectual Stimulation	292	1.00	5.00	3.3075	0.74779
Individualized Consideration	292	1.00	5.00	3.2887	0.85424
Affective Commitment	292	1.00	5.00	3.2685	0.68827
Normative Commitment	292	1.00	5.00	3.1360	0.62626
Continuance Commitment	292	1.00	5.00	3.1336	0.55918

REGRESSION

Once the data were reviewed and the descriptive characteristics identified, several linear regressions were run. Using liner regression the hypotheses were tested and the results were analyzed. Table 2 presented the Regression results for Transformational leadership on Affective Commitment. The dependent variable was affective commitment. The results showed that R square values for Idealized Influence (Attributed), Idealized Influence (Behavior), Inspirational Motivation, Intellectual Stimulation and Individualized Consideration were 0.074, 0.103, 0.106, 0.090 and 0.179 respectively. The p value was lower than .01 (significant), which meant that the null hypothesis H1₀, H4₀, H7₀, H10₀ and H13₀ must be rejected because the R square was greater than zero, thus providing support for the alternate hypothesis H1, H4, H7, H10 and H13.

TABLE 2: REGRESSION RESULTS FOR TRANSFORMATIONAL LEADERSHIP ON AFFECTIVE COMMITMENT

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R	R Square	Adjusted Square	Std. Error of the Estimate
	B	Std. Error	Beta						
(Constant)	2.432	0.178		13.690	0.000	0.273	0.074	0.071	0.66336
Idealized Influence (Attributed)	0.244	0.051	0.273	4.823	0.000				
(Constant)	2.359	0.163		14.502	0.000	0.320	0.103	0.099	0.65316
Idealized Influence (Behavior)	0.263	0.046	0.320	5.755	0.000				
(Constant)	2.217	0.183		12.088	0.000	0.325	0.106	0.103	0.65194
Inspirational Motivation	0.286	0.049	0.325	5.859	0.000				
(Constant)	2.356	0.175		13.476	0.000	0.300	0.090	0.087	0.65776
Intellectual Stimulation	0.276	0.052	0.300	5.350	0.000				
(Constant)	2.147	0.146		14.741	0.000	0.423	0.179	0.176	0.62461
Individualized Consideration	0.341	0.043	0.423	7.958	0.000				

Table 3 presented the Regression results for Transformational leadership on continuous commitment. The dependent variable was continuous commitment. The results showed that R square values for Idealized Influence (Attributed), Idealized Influence (Behavior), Inspirational Motivation, Intellectual Stimulation and Individualized Consideration were 0.059, 0.099, 0.090, 0.062 and 0.057 respectively. The p value was lower than .01 (significant), which meant that the null hypothesis H2₀, H5₀, H8₀, H11₀ and H14₀ must be rejected because the R square was greater than zero, thus providing support for the alternate hypothesis H2, H5, H8, H11 and H14.

TABLE 3: REGRESSION RESULTS FOR TRANSFORMATIONAL LEADERSHIP ON CONTINUOUS COMMITMENT

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R	R Square	Adjusted Square	Std. Error of the Estimate
	B	Std. Error	Beta						
(Constant)	2.530	0.146		17.379	0.000	0.242	0.059	0.055	0.54347
Idealized Influence (Attributed)	0.176	0.041	0.242	4.251	0.000				
(Constant)	2.406	0.132		18.174	0.000	0.315	0.099	0.096	0.53158
Idealized Influence (Behavior)	0.211	0.037	0.315	5.658	0.000				
(Constant)	2.346	0.150		15.604	0.000	0.300	0.090	0.087	0.53433
Inspirational Motivation	0.214	0.040	0.300	5.357	0.000				
(Constant)	2.518	0.144		17.462	0.000	0.249	0.062	0.059	0.54253
Intellectual Stimulation	0.186	0.043	0.249	4.375	0.000				
(Constant)	2.619	0.127		20.652	0.000	0.239	0.057	0.054	0.54389
Individualized Consideration	0.157	0.037	0.239	4.194	0.000				

Table 4 presented the Regression results for Transformational leadership on normative commitment. The dependent variable was normative commitment. The results showed that R square values for Idealized Influence (Attributed), Idealized Influence (Behavior), Inspirational Motivation, Intellectual Stimulation and Individualized Consideration were 0.003, 0.036, 0.028, 0.028 and 0.045 respectively. The p value was lower than .01 (significant), which meant that the null hypothesis H3₀, H6₀, H9₀, H12₀ and H15₀ must be rejected because the R square was greater than zero, thus providing support for the alternate hypothesis H3, H6, H9, H12 and H15.

TABLE 4: REGRESSION RESULTS FOR TRANSFORMATIONAL LEADERSHIP ON NORMATIVE COMMITMENT

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R	R Square	Adjusted Square	Std. Error of the Estimate
	B	Std. Error	Beta						
(Constant)	3.029	0.153		19.816	0.000	0.053	0.003	0.001	0.57078
Idealized Influence (Attributed)	0.039	0.044	0.053	0.896	0.000				
(Constant)	2.619	0.161		16.250	0.000	0.190	0.036	0.33	0.61596
Idealized Influence (Behavior)	0.150	0.046	0.190	3.289	0.001				
(Constant)	2.650	0.172		15.432	0.000	0.168	0.028	0.25	0.61848
Inspirational Motivation	0.133	0.046	0.168	2.894	0.004				
(Constant)	2.669	0.167		15.985	0.000	0.166	0.028	0.024	0.61865
Intellectual Stimulation	0.141	0.049	0.166	2.865	0.004				
(Constant)	2.621	0.144		18.195	0.000	0.212	0.045	0.042	0.61308
Individualized Consideration	0.158	0.043	0.212	3.695	0.000				

According to above descriptions, hypotheses 10 to 15₀ were rejected via the statistical investigation. That signified the all of hypotheses in the study were acceptable. Table 5 showed the results of hypotheses.

TABLE 5: THE RESULT OF REGRESSION ANALYSIS

Hypotheses	Variables	Test Result
Hypothesis 1	Idealized Influence (Attributed) on Affective Commitment	Do Not Reject
Hypothesis 2	Idealized Influence (Attributed) on Continuance Commitment	Do Not Reject
Hypothesis 3	Idealized Influence (Attributed) on Normative Commitment	Do Not Reject
Hypothesis 4	Idealized Influence (Behavior) on Affective Commitment	Do Not Reject
Hypothesis 5	Idealized Influence (Behavior) on Continuance Commitment	Do Not Reject
Hypothesis 6	Idealized Influence (Behavior) on Normative Commitment	Do Not Reject
Hypothesis 7	Inspirational Motivation on Affective Commitment	Do Not Reject
Hypothesis 8	Inspirational Motivation on Continuance Commitment	Do Not Reject
Hypothesis 9	Inspirational Motivation on Normative Commitment	Do Not Reject
Hypothesis 10	Intellectual Stimulation on Affective Commitment	Do Not Reject
Hypothesis 11	Intellectual Stimulation on Continuance Commitment	Do Not Reject
Hypothesis 12	Intellectual Stimulation on Normative Commitment	Do Not Reject
Hypothesis 13	Individualized Consideration on Affective Commitment	Do Not Reject
Hypothesis 14	Individualized Consideration on Continuance Commitment	Do Not Reject
Hypothesis 15	Individualized Consideration on Normative Commitment	Do Not Reject

CORRELATION ANALYSIS

Correlations between organizational commitment and transformational leadership variables were calculated. Table 6 presented the results of correlation analysis. The researcher tested correlation coefficients to find out which factor of transformational leadership had higher relationship with organizational commitment. Five variables of transformational leadership (idealized influence (Attributed), idealized influence (Behavior), inspirational motivation, intellectual stimulation, and individualized consideration) were individually compared to organizational commitment. The examination found that all five variables were statistically significant to the p value less than .01.

TABLE 6: CORRELATIONS AMONG ORGANIZATIONAL COMMITMENT AND TRANSFORMATIONAL LEADERSHIP

Variable	Organizational Commitment	Idealized Influence (Attributed)	Idealized Influence (Behavior)	Inspirational Motivation	Intellectual Stimulation	Individualized Consideration
Organizational Commitment	1	0.244**	0.288**	0.288**	0.231**	0.336**
Idealized Influence (Attributed)	0.244**	1	0.741**	0.787**	0.683**	0.749**
Idealized Influence (Behavior)	0.288**	0.741**	1	0.853**	0.689**	0.721**
Inspirational Motivation	0.288**	0.787**	0.853**	1	0.704**	0.722**
Intellectual Stimulation	0.231**	0.683**	0.689**	0.704**	1	0.709**
Individualized Consideration	0.336**	0.749**	0.721**	0.722**	0.709**	1

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

FINDINGS

Survey data were collected by SPSS 21.0 and used descriptive statistics, simple regression analysis, and correlation analysis to test the 15 hypotheses. As indicated by the above results of the 15 regression analyses, all of the hypotheses were supported. The findings are the same as previous studies. While factors of transformational leadership were individually compared to organizational commitment, The strongest relationship existed between individualized consideration and organizational commitment (.336). The correlation involved that a moderate and positive relationship between individualized consideration and organizational commitment in India's IT industry. The second highest relationship was between idealized influence (Behavior) / Inspirational Motivation and organizational commitment (.288). The next highest relationship was between Idealized Influence (Attributed) and organizational commitment (.244). The Intellectual Stimulation had a lowest and positive correlation with organizational commitment (.231).

RECOMMENDATIONS/SUGGESTIONS

The study had important implications for researchers in the IT industry. From a practical perspective, the results suggested the need for more transformational leaders in India's IT industry. Organizational commitment has been especially shown to be positively related with transformational leadership. Further, since

transformational leaders can be trained (Bass, 1990a), training directors and administrators working to be transformational leaders should be the top priority of IT industry. In addition, the IT industry should look for candidates for leadership positions on the basis of their potential to be transformational leaders.

CONCLUSIONS

Effective leadership on a global scale is critical as Information technology organizations journey through the 21st century where change and uncertainties are inevitable. The findings of the current study confirmed the theory of previous studies on the impact of Transformational leadership of IT managers on employee's organizational commitment. The current study adds to the body of knowledge in the areas of transformational leadership, organizational commitment and India's information technology industry. From academic viewpoint, the study provided evidence of the applicability of the transformational leadership theory in IT industry and presented that transformational leaders exist within India's IT industry.

SCOPE FOR FURTHER RESEARCH

Multifactor Leadership Questionnaires (MLQ) had three major subscales, but only the transformational leadership scale was used in the study. For future research, it might be a consideration to compare transactional leadership styles and Laissez-Faire leadership styles in similar studies, and analyze transformational leadership, transactional leadership, and laissez-faire leadership, which may have a stronger and more significant influence on organizational commitment. Further research might discuss the relationship between the leadership styles and organizational cultures, and examine how they influence employees' organizational commitment.

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