

THE INFLUENCE OF TRANSFORMATIONAL
LEADERSHIP STYLE TOWARDS
ORGANIZATIONAL COMMITMENT

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ABSTRAK

Kajian ini adalah mengenai pemboleh ubah yang mempengaruhi terhadap komitmen organisasi dalam PT Pertamina (bahagian pemasaran), Palembang, Indonesia. Objektif kajian ini adalah untuk mengkaji pengaruh gaya kepemimpinan terhadap komitmen organisasi dari segi jantina, umur, dan tahap pendidikan.

Sebanyak 117 soal selidik telah diedarkan berdasarkan jumlah pekerja Pertamina di Palembang. Pekerja didekati secara rawak dan diberi soal selidik. Walau bagaimanapun, disebabkan beberapa batasan seperti pekerja jadual sibuk dan keengganan untuk mengambil bahagian, ia mengambil sedikit masa untuk mengumpul kembali soal selidik. Selepas diberikan beberapa tempoh masa, hanya 98 yang berjaya dikutip. Dan selepas memeriksa soalan yang hilang untuk soal selidik yang sah, hanya 88 soal selidik yang boleh digunakan sebagai balas sah dari responden. Baki soal selidik hanya dikumpulkan dan tidak mengambil bahagian dalam penyelidikan ini. Kemudian, data yang diperolehi daripada kajian ini dianalisis dengan menggunakan analisis deskriptif.

Hasil kajian ini telah dinyatakan transformasi gaya kepimpinan adalah amat mempengaruhi terhadap komitmen organisasi di kalangan pekerja di PT Pertamina (bahagian pemasaran) Palembang di Indonesia dari segi jantina, umur, dan tahap pendidikan

ABSTRACT

This paper was study about the variables that influence significantly towards organizational commitment in PT Pertamina (Marketing Division), Palembang, Indonesia. The objective of this research is to examine the influence of leadership style towards organizational commitment in terms of gender, age, and level of education.

A total of 117 questionnaires were distributed based on the total Pertamina employee in Palembang. Employees are randomly approached and given the questionnaire. However, due to some limitations such as busy schedule worker and unwillingness to participated, it took some time to collect back the questionnaire. After given some period of time, only 98 are successfully collected back. And after checking the missing question for valid questionnaire, just 88 questionnaires those can be used as valid questionnaire from respondent. The remaining questionnaires are just collected and not take part on this research. Later, the data obtained from the study was analyzed by using descriptive analysis.

The findings of this study was stated transformational leadership style is significantly influence towards organizational commitment among employee in PT Pertamina Palembang in Indonesia in terms of gender, age, and level of education.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter presents the background of this research, problem statement, research questions, objectives of the study, and then followed by the significance of the study, scope of the study, and lastly organization of the research.

1.2 Background of Study

Organizational commitment plays an important role in the study of organizational behavior (Buelens, M., Sinding, K. & Waldstrom, C, 2011). Many past researchers such as Awan & Mahmood (2009), Boles, Madupalli, Rutherford & Wood (2003), Fischer (2008), and Rego et al. (2008) and organizations take high concern regarding to organizational commitment due to it can determine many works related to interactions between employees and organizations. The main objective of this research is to assure that transformational leadership style influence an employee's decision to stay longer in organizations.

According to Boles, Madupalli, Rutherford and Wood (2007), organizational commitments have received considerable attention due to the importance that managers place on retaining personnel. Meanwhile, organizational commitment has strong relationships with job performance in the workplace. Yousuf (1997), found out that low commitment is leading to a high rate of turnover, whereas the higher the level of job

satisfaction through job security entails high level of organizational commitment which further leads to improved employee job performance. It is necessary for employers to maintain talented employees who perform their jobs well. Maintaining high levels of affective organizational commitment is important for organizational survival and well being (Fischer, 2008). The organization needs to grip to those employees for long periods of time so that the organization can gain benefit from their efforts. Organizational commitment influences whether employees stay as a part of the organization or leave to pursue other jobs. Feinstein and Vondrasek (2001) analyzed that the effects of job satisfaction on organizational commitment among the restaurant employees and the findings proved that satisfaction level would predict their commitment to the organization.

Organizations need to consider commitment as a necessary thing to tie talented employees. Meyer & Herscovitch (2001) defined that commitment is a force that binds an individual to a course of action that is relevance to a particular target. Since organization required hanging on their employee with some action such as applying suitable leadership style for making employees enchant and automatically creating a pleasure environment to working. This means, that employees have a stronger desire to remain as a member of the organization. Moreover, the employees will stay longer since they feel organization concerns about their needs.

Employees who feel that their organization supported their needs were more likely to score high on affective commitment (Driscoll & Randall, 1999). Organizational commitment makes mutual benefit for both employers and employees. As long as the organizations apply suitable leadership style to in their organizations, they can be

indicated as comfortable environment to work. Hence this makes employees enhance their performance and feel their belongings to organization, and give positive direction for organizational commitment. Lee and Olshfski (2002) believe that organizational commitment offers considerable promise in describing the positive behaviors.

However, organizational commitment has been widely studied for the past three decades. Moreover, literature has established the facts that's conceptual framework including factors of leadership style, organizational culture and employee commitment constitute links between one another (Awan and Mahmood, 2010).

Strong leadership positively affects satisfaction and performance of individuals, teams and organizations (Barling *et al's*, 1996). According to Buelens, M., Sinding, K. & Waldstrom, C. (2011) leadership plays an important role in determining organization commitment. Since leadership is a study behavior of an individual that results in non coercive influence when a person is directed and coordinated the activities of a group toward the accomplishment of a shared goal (Rowden, 2000). Furthermore, leaders' duty is to give directions about vision and mission on how to achieve company goals. Leaders may be trained to craft a vision that will guide followers through the change and help them see its advantages (Oreg & Berson 2011). Therefore the employee who has strong vision leader will be more committed to their work.

However, having good vision is one of the characteristic of charismatic leader. Charisma is defined as a set of intense feelings on the part of the followers of loyalty, respect, affection, acceptance, faith, increased personal power, and excitement that the leader expresses, embodies, and is capable of achieving the central values that give meaning to

the followers (Rowden, 2000). Smith (1982) found that a charismatic leader increases self assurance and voluntary working longer hours. In the past decade, studies have found that high correlation between charismatic leadership and transformational leadership. Since it was introduced by Burns (1978) and Bass (1985), transformational leadership theory has evolved to describe five dimensions of leader behavior: idealized influence (Idealized attributed and Behavior), inspirational motivation, intellectual stimulation, and individualized consideration.

Firstly, idealized influence is a degree to which leaders behave in charismatic ways that cause followers to identify with them. Secondly, inspirational motivation is a degree to which leaders' articulate visions that are appealing to followers. Thirdly, intellectual stimulation is a degree to which leaders challenge assumptions, take risks, and solicit followers' ideas. Lastly, individualized consideration is a degree to which leaders attend to followers' needs, act as mentors or coaches, and listen to followers' concerns.

Hence, this research is to assure the influence of the leadership style which can give effects the tenure duration of employees. The company was chosen in this research is PT. Pertamina. Will same outcomes come out from previous researchers? Or any different result will come because this study is conducted in State Owned Government in Indonesia.

According to Meyer and Allen's (1991) three-component model of commitment, prior research indicated that there are three "mind sets" which can characterize an employee's commitment to the organization: Affective commitment, Continuance Commitment and Normative Commitment. This research focuses in exploring affective organizational

commitment. Avolio and Bass (1991) found that among three categories of leadership style, transformational leadership ranks as the most effective style, followed by transactional and laissez faire style. Although there are many factors that could effect organizational commitment, such as job satisfaction and organizational justice, transformational leadership style is chosen for this research because of their importance and leaders can be trained which will influence organizational commitment in the organization directly

1.3 Problem Statement

Organizational commitment is mainly related to the employee's desire to continue working with a particular organization. It is because organizational commitment has a major construct to someone to a particular occupation in a particular organization. A challenge and a main problem that are being faced by PT. Pertamina is the way managers to maintain commitment between employees and organization. Most of them just concern on task oriented and result oriented, but seldom to consider about people oriented. The problem becomes wider since the leadership style those applied is dissatisfied for employee. Because of this problem, many employees decide not to established commitment in order to make working duration longer. Managers often do not realize that their leadership style can influence employee commitment in their own company. As such successful company, PT. Pertamina, should keep their own talented employees in order to support their daily operation. Besides that employee commitment also takes direct impact on organizational account for financial performance. Harter,

Schmidt and Keyes (2002) stated that employee commitment percentiles influence company success rate. Moreover, employees' commitment is important in order to support organization strategic goal. The top, middle, operational managers and entire staff must work collaborately and corporately to gain company vision and mission. It is of strategic importance to understand why employee join and do their work, in order to understand and even predict reaction to managerial actions. So commitment can provide a useful frame of references for understanding human behaviors for both employees and organizations. Shore & Wayne (1993) found that organization suggests that perceptions of "caring" on the part of the organization may lead employees to experience affective attachment. Eisenberger et al. (1990) observed that positive relationship between affective commitment and the extent to which employees believe the organization provides them with needed support, values their contribution, and cares about their well-being.

1.4 Research Questions

1. Does the transformational leadership influence significantly towards organizational commitment?
2. Is there any significant difference between female and male employee in terms of organizational commitment?
3. Is there any significant difference in organizational commitment across age groups of employee?
4. Is there any significant difference in organizational commitment across education levels of employee?

1.5 Research Objectives

1. To examine the influence of leadership style towards organizational commitment.
2. To examine the any significant difference between female and male employee in terms of organizational commitment.
3. To examine any significant difference in organizational commitment across age groups of workers.
4. To examine any significant difference in organizational commitment across education level of workers.

1.6 Significance of Study

This study can be used to give information about how transformational leadership style influencing in formation of organizational commitment. The most important point from this research is to give information to senior managers that organizations can increase existing potential employee's commitment by choosing suitable leadership style and encourage PT. Pertamina management to strategically plan ways to improve transformational leadership behavior. Most importantly, if there is exists a relationship between transformational leadership and organizational commitment, training programs could be arranged to develop these behaviors in leaders in the PT. Pertamina department in Palembang. Furthermore, this research aims to encourage future similar endeavors by gain valuable knowledge, and also as a literature for further study about transformational leadership style on organizational commitment. Moreover, this research has a high expectation in providing information of organizational commitment especially in Indonesian State Owned Enterprises sector to enhance competitive business to be run effectively and efficiently.

1.7 Scope and Limitation of Study

This study primarily designs to review the influence of transformational leadership style towards organizational commitment in Indonesia, specifically in Indonesian State Owned Enterprises sector. The object for the data collection was the employees assigned at the PT. Pertamina which is being operated under Indonesian State Owned Enterprises. A Survey instrument of questionnaire was distributed to employees to collect data and

response to conduct this study. The study was conducted at PT. Pertamina Marketing Division, branch office in Palembang, Indonesia. There are some limitations encountered during the course of completing this research study. There are such limited cost and time constraint. There have been valuable knowledge gains from this research which will be of benefit for future similar endeavors.

1.8 Organization of the Thesis

The research is framed into 5 chapters as follows: Chapter 1 provides the introduction, background of study, problem statement, research objectives, research questions, significance of study, and scope and limitation of study. Chapter 2 focuses on literature review and previous research findings regards to organizational commitment and leadership style that are contribute to the study. Chapter 3 develops research methodology which covers research framework, hypotheses, research design, operational definition, measurement of variables/instrumentation, data collection, sampling, data collection procedures and techniques of data analysis. Chapter 4 covers on the results of the study and discussion. Lastly Chapter 5 presents conclusion of the study and recommendation for future research. References and appendices, including SPSS outputs and questionnaire were attached at Appendixes.

1.9 Conclusion

This chapter discusses the purpose of this research, background of study which summary the overview of transformational leadership style and organizational commitment, problem statement, research objective which can be used to developed hypothesis and theoretical framework, research question, significance of study, scope and limitation of study, and lastly the organization of the research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter presents some relevant literatures from previous studies related to organizational commitment, and transformational leadership style is presented to support and to develop the theoretical framework of this research. This chapter also explores transformational leadership style that will influence employee commitment.

2.2 Organizational Commitment

Organizational commitment has been widely studied for almost past three decades. Many researchers have conducted about this study. However, organizational commitment enhances opportunity to employers for making their employees to stay in their organization longer. Employers must create satisfaction conditions such as apply best leadership style practice in order to make employees satisfy and lead to organizational commitment. When employees are sure that they will grow and learn with current employers, their level of commitment to stay with that particular organization is higher (Okpara, 2004). But contrast, when employees are dissatisfied at work, they are less committed and will look for other opportunities to quit (Lok & Crawford, 2003). Moreover, Popescu (2011) also believed people who are committed are less likely to quit and accept other jobs.

According to Miller (2003) organizational commitment refers to a state in which employee identifies with a particular organization and its goals, and wishes to maintain

membership in the organization. Thus, organizational commitment is a key for establishing good relationship between employer and employees in organization in order to achieve organizational goal. It involves active relationship with the organization in which individuals are willing to give something of them in order to help the organization succeed and prosper (Meyer & Allen, 1997). Collaboration and good cooperation between employer and employees can be created through organizational commitment. According to Meyer and Allen's (1991) three-component model of commitment, prior research indicated that there are three "mind sets" which can be characterized as an employee's commitment to the organization: Affective commitment, Continuance Commitment and Normative Commitment.

Affective organizational commitment is defined as the emotional attachment, identification and involvement that an employee has it with its organization and goals (Mowday *et al's*, 1997). Affective commitment is an emotional attachment to the organization (Sharma & Bajpai, 2010). Therefore, it is clearly that affective commitment plays an important role in determining employee commitment. On the other hand, Williamson *et al's* (2009) believed that continuous commitment is predicted by employees' perceptions of the cost associated with remaining with an organization and normative commitment is predicted by employee's experience prior to and subsequent to organizational entry. This research focuses in exploring affective organizational commitment. Since, Avolio and Bass (1991) found that among three categories of leadership style, transformational leadership ranks as the most effective style, followed by transactional and laissez faire style.

2.3 Leadership Style

There are many definition of leadership; it can be as a person, a behavior, an act, a process or even a style. Conger (1999) defined leadership as a person. He views leadership as individuals who establish direction for working group of individuals. Rowden (2000) believed that leadership is defined as the behavior of an individual that results in non coercive influence when that person is directing and coordinating the activities of a group toward the accomplishment of a shared goal. Awan & Mahmud (2009) also defined leadership in terms of behavior. They found leadership is a behavior pattern used by leader to resolve the organizational issues.

Benis and Goldsmith (1994) defined leadership as what leaders do such as acting with integrity and competence, interpreting reality, explaining the present and painting a picture of the future. There was researcher view leadership as a process. Jacques and Clement (1994) defined leadership as a process in which one person sets the purpose or direction for other and gets them to move along together with him / her in that direction with competence and commitment. Bass & Avolio (1990) defined leadership as a style. They described three well known styles of leadership, such as transformational, transactional, and laissezz faire.

Based on various definitions above, leadership definition is complex and can be seen in multiple perspectives. In this research, leader is defined as a person who motivates, inspire and guide entire of group member task for achieving organizational goal. Leader is responsible for any decisions making and determining organization life. There are many theories about leadership style. Leadership Skills and traits (Stogdill, 1974);

Theory X and Y managers (McGregor, 1960); Servant leadership (Greenleaf, 1970); and last Bass & Avolio (1990) developed concept of transactional, transformational and laissez faire leadership.

2.3.1 Transformational Leadership Style

Bass (1985) found that there are five dimensions of transformational leadership which are idealized attributes, idealized behaviors, inspirational motivation, intellectual stimulation, and individual consideration.

Idealized Attributed: Idealized attributes leaders means the leaders who can demonstrate a sense of power and confidence, are able to instill pride in followers for being associated with them, and help followers go beyond their own self interests for the good of the group. Idealized attributes influence followers by providing vision, respect, trust and confidence from followers (Avolio, Waldman and Yammarino, 1991). Transformational leaders behave in ways that result in them being role models for their followers. The leaders are admired, respected and trusted.

Idealized Behavior: According to Bass & Avolio (1994) in idealized behavioral, transformational leaders serve as role models and behave in ways that result in them being role models for their followers. They explained that transformational leaders with idealized behavioral hold conversations regarding to the most important values and beliefs, they specify that the significance of having a strong sense of purpose, and emphasize the worth of having a collective sense of the organization's mission.

Inspirational Motivation: Inspirational motivation is the behavior of the transactional leaders that transmit enthusiasm, optimism, and the ability to have one's vision of the future accepted and shared among followers (Harland, Harrison, Jones & Palmon, 2005). Transformational leaders behave in ways that motivate and inspire people rounds by providing meaning and challenge to their follower's work. Based on previous studies that inspirational motivation as increasing confidence, interest, and communication (Avolio, Waldman and Yammarino, 1991). Besides that, inspirational motivation also communicates a clear, attainable picture of the organization's future and inspires the followers to try harder and develop themselves beyond the norm (Tickle, Brownlec & Nailon, 2005). Leaders with inspirational motivation speak optimistically and enthusiastically about the future and the goals that need to be obtained and express confidence in achieving goals. Tichy (1986) believed that combination of idealized influence and inspirational motivation could help to promote change at all levels throughout the organizational system. It can be concluded that, leaders with inspirational motivation emphasized as a crucial role in the development of the vision and communicating the important of the organization's mission and objectives that must be achieved.

Intellectual Stimulation: Transformational leaders stimulate their follower's efforts to be innovative and creative by questioning assumptions, reframing problems and approaching old situations in new ways. The leaders who can support their followers aggressively for facing organizational's problems from every perspectives in new way. Bass and Avolio (2004) stated that leaders who practice intellectual stimulation do not criticize their followers for having different ideas but rather encourage them to take risks

when necessary. Kelly (2006) stressed that possibly the most important aspect of intellectual stimulation is on how it relates to the intelligence of the followers. The intellectual stimulation involves engaging the rationality of followers getting them to challenge their assumptions and to think about old problems in new ways (Kelloway and Barling, 2000). Gerome (2008) stated that intellectual stimulation refers to leader ability to appeal to the intellect of followers so that they question assumptions, question the status quo, and see innovative solutions to problems.

Individualized Consideration: Transformational leaders pay special attention to each individual's needs to achievement and growth by acting as a coach or a mentor. Hence, Avolio and Bass (2004) stressed that an individualized consideration leader is always thought as a leader who acts as a mentor to his followers. Beside that, transformational leaders who practice individualized consideration see that the differences among their followers and treat them as individuals by recognizing each followers need and abilities. They also attempt to raise their capacity as leaders and equipped their followers with supervision role by taking the responsibility of developing their respective followers.

According to Avolio (2004), transformational leadership influence follower organizational commitment by encouraging followers to think critically, involving followers in decision making process, inspiring loyalty and appreciating the different needs each follower. This is also supported by Kelly (2006), individual consideration is the characteristics that show how much a leader gives personal attention to followers. This research more concerns on about transformational leadership since Egan, Sarrros and Santora (1995) studied both of transformational and transactional leadership style and found that transformational leadership was more prevalent than transactional

leadership and laissez faire approaches. They also found that leadership style were independent of the organizational type. Transactional leadership is not often found in organizational settings (Gibson, 2011).

2.3.2 Transactional Leadership Style

According to Colquitt, Lepine & Wesson, (2009) transactional leadership is a process where the leader rewards or disciplines the follower based on performance. There are two underlying characteristics of transactional leadership are that leaders use contingent rewards to motivate employees and leaders apply corrective action when followers fail to achieve organizational goal. Transactional leadership is comprised of two key behaviors that involved the exchanged of organizational rewards and punishment: contingent reward and management by exception (Bass & Avolio, 2004). Transactional leaders provide contingent rewards by specifying roles and task requirements and rewarding desired performance, or they may monitor the meeting of standard and intervene when the standards are not met (Sternberg , 2005). Studied shows that contingent reinforcement can influence a variety of employee attitudes, perceptions, and behaviors such as job performance; followers believe that accomplishing objectives will result in their receiving desired rewards.

2.4 Theories Related to the Research

2.4.1 Trait Theory

According to Shead (2007), Leadership trait theory is the idea that people are born with certain character traits. Trait theories arise in the late 1940s and early 1950s where by many past researcher develop this leadership theory such as Stogdill, (1948) and Mann, (1959). According to Zaccaro (2007), trait theories are still theories are still focus on a small set of individual attributes such as big five personality traits, to neglect of cognitive abilities, motives, values, skills, expertise and problem solving skills. He explained this trait based perspective dominated empirical and theoretical work in leadership.

Lim and Daft (2004) claimed that traits theory is the distinguishing personal characteristics of a leader, such as intelligence, honesty, self confidence, and appearance.

2.4.2 Behavioral Theory

Behavioral theories of leadership are based upon the belief that great leaders are made, not born (Cherry 2010). According to this theory, people can learn to become through teaching and observation. In the late 1940s and early 1950s, historical studies tend to focuses on traits theory which has been discussed. In about late 1950s and near 1960s, the behavioral leadership started to be more developed. However, behavioral theory is another sequel from trait theory. It was response to the seeming inability of trait theory to explain leadership effectiveness and to the human relations movement (Buelens *et al*, 2011). The thrust of early behavioral leadership theory was to focus on leaders' behavior

instead of on personality traits. It was believed that leader behavior directly influenced the effectiveness of the work group.

2.4.3 Theory X and Y managers

McGregor (1960) found two sets of managerial assumptions named theory X and Y. Firman (1973) examined the connections between theory X and Y assumptions and leadership behavior. McGregor (1960) found that managers those practicing theory X orientation believe what are their employees looking for based on only lower order psychological and safety needs through tangible rewards such as pay and bonuses as well as the prevention in disincentives way such as threats and discipline. However, Theory X managers believe employees possess unfavorable opinions about work, are incapable of self direction, need top down direction, must be forced to work, and avoid taking responsibility for organizational results, whereby Theory Y orientation stated that employees have an instinctual motivation to perform, hold themselves accountable for achieving results, and are capable of self direction and self control (Russ, 2011).

According to Bayer (2004) that Theory X managers act more like dictators. They are more likely to use coercion with employees and set up tight controls in the organization. He added that employees are treated like parts of a machine and could be replaced when broken. By comparison, Theory Y managers delegate more. Since they set broad goals with the company and allow more creativity on the part of employees to accomplish them. That could be reason why McGregor believed that theory Y was the better management style.

2.5 A summary of journals review

A summary of journals review is given in Table 2.1 displayed about some of sample journal from past researchers who also conduct research regarding the variables those related in this research. The researcher to review and elaborate the result finding and can be used as sources those can be supported and encourage in research framework development. There are three variables those researcher is interested to get better comprehend in this research which are organizational commitment as dependent variable, and two independent variables which are leadership style and organizational commitment.

Table 2.1

Journals Review

Title	Journal, Author & Year	Variable(s)	Tool(s) of Analysis	Findings	Variable(s) Used
The Interactive effect of collectivism and organizational rewards on affective organizational commitment	Williamson, I. O., Burnett, M. F, & Bartol, K. M. (2009). <i>Cross Cultural Management: An International Journal, 16, 28-43.</i>	Affective organizational commitment Collectivist orientation	Confirmatory Factor Analytic (CFA) Model	There is a positive relationship between Organizational rewards and Affective organizational commitment, but Collectivist orientation has negative relationship to affective organizational commitment.	Affective organizational commitment
Servant leadership versus transformational leadership in voluntary service organizations.	Scheider, S. K., & George, W.M. (2011). <i>Leadership & Organization Development Journal, 32, 60-77</i>	Transformational leadership style Affective organizational commitment:	Regression Analysis	There is a positive relationship between Transformational leadership style and commitment.	Work redesign: a. skill variety b. task identity c. task significance d. autonomy e. feedback Psychological Empowerment: a. meaning b. competence

					c. self-determination d. impact
Investigating the relationship among leadership styles, emotional intelligence and organization commitment on job performance: A study of salespeople in Thailand	Chi, H. K., Tsai, H. P., & Chang, P. F. (2007). <i>The Journal of Human Resource and Adult Learning, 3</i> , 199-212.	Leadership Styles a. transformational leadership b. transactional leadership Organizational Commitment: a. affective commitment b. normative commitment c. continuance commitment Emotional Intelligence Job Performance	Regression Analysis	leadership styles, organization commitment, Emotional Intelligence, correlated positively with Job Performance	Leadership Styles a. transformational leadership b. transactional leadership Organizational Commitment: a. affective commitment b. normative commitment c. continuance commitment

<p>Influence of Rewards on Workers Performance in an Organization</p>	<p>Ajila, C. & Abiola, A. (2004). <i>Journal Social Science</i>, 8, 7-12</p>	<p>Organizational rewards a. Extrinsic rewards b. Intrinsic rewards Workers Performance</p>	<p>Pearson Correlation</p>	<p>There is positive relationship between extrinsic reward and workers Performance. But there is no significant relationship between intrinsic rewards and workers performance</p>	<p>Organizational rewards a. Extrinsic rewards b. Intrinsic rewards</p>
<p>Influence of psychological empowerment on affective, normative and continuance commitment. A study in the Indian IT industry.</p>	<p>Jha , S. (2011). <i>Journal of Indian Business Research</i>, 3, 263-282.</p>	<p>Psychological Empowerment: a. meaning b. competence c. self-determination d. impact Organizational Commitment: a. affective commitment b. normative commitment c. continuance commitment</p>	<p>Canonical Correlation Simple and Multiple Regression</p>	<p>The psychological empowerment influences affective and normative commitment positively. However, no relationship was found between psychological empowerment and continuance commitment.</p>	<p>Organizational Commitment: a. affective commitment b. normative commitment c. continuance commitment</p>

<p>Transformational and Transactional leadership: A meta analytical test of their relative validity</p>	<p>Judge, T.A and Piccolo, R.F (2004) <i>Journal of Applied Psychology</i> , 89 (5), 755-768.</p>	<p>Leadership Styles a. transformational leadership b. transactional leadership c. laissez faire</p>	<p>Regression Analysis</p>	<p>The coefficient for transformational leadership was significant, controlling for the three transactional leadership style and laissez faire</p>	<p>Leadership Styles a. transformational leadership b. transactional leadership</p>
<p>Effects of Leadership style on organizational performance as viewed from human resource management strategy</p>	<p>Wang et al (2010) <i>African Journal of Business Management</i>,4, 3924-3936</p>	<p>Leadership Styles a. transformational leadership b. transactional leadership c. charismatic leadership d. visionary leadership e. culture based leadership</p> <p>Organizational Performance a. Financial Performance b. Business Performance c. Organizational Effectiveness</p> <p>Human Resource management strategy a. Development strategy b. Motivational strategy c. Reinforcement strategy d. Transfer strategy</p>	<p>Regression Analysis</p>	<p>Employee will be inspired with more potential by such leadership styles and make more mental and physical efforts for organizations. Organizations can start adjusting the leadership style if wanting to promote organizational performance.</p>	<p>Leadership Styles a. transformational leadership b. transactional leadership</p>

2.6 Conclusion

Managers must know how to lead as well manage; management as the process of setting and achieving goals of the organizations through the functions of management in relation to planning, organizing, directing (or leading), and controlling (Kotter, 1990). He added leadership as dealing with inspiration, motivation, influence and change. Some of past researcher reviewed theories regarding traits of leaders in order to make successful while others of theories reviewed several traits would be beneficial to be success but left a fuzzy interpretation for achieving such as trait to be successful. The benefits of this research is try to elaborate the importance of strong leader and employee relationship to ascertain the success of any organization.

CHAPTER 3

METHODOLOGY

3.1 Introduction

This chapter explores about the research framework, hypothesis, and methodological aspects of the research which consist of research design, operational definitions, sampling, population, data collection procedures and techniques of data analysis. Operational definition will present from each variable (organizational commitment and transformational leadership style) and questionnaire was adopted from past researcher. Data are collected from the population and selected sample. And lastly this chapter discusses about the technique that used for analyzing data.

Based on the research framework, this study is designed to identify the influence of the leadership style as the independent variables towards organizational commitment as the dependent variable.. The variables selected for investigation are reflected in the hypotheses. The data collection process is used to examine the influence of independent variables towards dependent variable. In this study, a quantitative method was used. Hence, a set of questionnaires was used as an instrument in this study.

3.2 Research Framework

Independent Variable
Variable

Dependent



Figure 3.1

Theoretical framework of the research

3.3. The Association between Leadership Style and Organizational Commitment

Leadership has played an important role in human development and it has referred to the procedure of influencing major change throughout an organization and its membership in order to push an organization toward common goals and objectives (Slack, 1997).

Leader has supported their worker by creating more self-confident and involved a sense of belonging, and shared a common sense of direction which emerge as committed and loyalty to organization.

According to Bass (1998), a leader could help employees to comprehend greater in both of individual and organizational achievements. Hence, previous studies found the positive relationship between leadership style and organizational commitment (Rai & Sinha, 2000). That can be possibly have an influence on the development of organizational commitment include trust and leadership (Mathebula, 2004).

This research attempts to take a closer step by indentifying first leadership style from selected sample such as employee in organization while using the Multifactor Leadership Questionnaire (MLQ). This research is also to obtain a correlation between transformational leadership style and organizational commitment as they relate one to another in an organization. Lee (2004) found out that transformational leadership correlates significantly with organizational commitment with samples of research and development professional in Singapore.

Transformational leadership has stimulated employees to seek new ways to approach problems and challenges, and to identify employee's needs. Leaders are able to motivate their employee to get more involved in their work, and resulting in higher levels of organization commitment; transformational leadership behaviors to be significantly related to organizational commitment and inversely related to job and work withdrawal

(Walumba & Lawler, (2003); Wange and Shi (2004). Hence, the hypothesis is proposed as follow:

H: Transformational leadership style is significantly influence to organizational commitment.

3.4 Research Design

This research is an affirmative study that aims to assure the influence of transformational leadership style towards organizational commitment among employees at PT. Pertamina in South Sumatra region, Indonesia. The research was designed in accordance with the principle of cross sectional study, whereby the data collection is gathered just once. The independent variable of this research is transformational leadership style and the dependent variable is organizational commitment.

3.5 Operational Definition

Operational Definition is designed for making and producing questionnaire.

The first section (Section A) consists of demographic data of respondent such as gender, age, level of education and how long have they been working in this particular company.

The second Section (Section B) entails of the affective organizational commitment. The items were adopted from Allen and Meyer (1991) with cronbach's alpha obtained previously was 0.83.

Dimension for organizational commitment consists of the employees are happy to spend the rest of their career with this organization, enjoy discussing about their organization, feel as if this organization's problems are their own too, they do not think that could

easily become as attached to another organization as this one, feel like part of the family at organization, feel emotionally attached to this organization, they think this organization has a great deal of personal meaning, and they feel a strong sense of belonging to their organization.

The third Section (Section C) uses Multi Factor Leadership Questionnaire (MLQ – Form 5X) in order to determine transformational leadership style. The questionnaire was adapted from Bass & Avolio (1997) consist of 20 items (as cited by Ismail, 2011) where the reliability coefficients (Cronbach's alpha) were 0.94. There are five dimensions of Leadership style are: Idealized Attributes, Idealized Behavior, Inspirational Motivation, Intellectual Stimulation and Individual Consideration.

Dimension for leadership consists of instills pride for being associated with him/her boss, boss beyond self-interest for the good of the group, acts in ways that builds subordinate respect, having sense of power and confidence, talks about his/her most important values and beliefs, specifies the importance of having a strong sense of purpose, considers the moral and ethical consequences of decisions, emphasizes the importance of having a collective sense of mission, boss talks optimistically about the future, enthusiastically about what needs to be accomplished, articulates a compelling vision of the future, expresses confidence that goals will be achieved, re-examines critical assumptions to question, seeks different perspectives when solving problems, gets subordinate to look at problems from many different angles, suggests new ways of looking at how to complete assignments, spends time teaching and coaching, treats subordinate as an individual rather than just a member of a group, considers as having

different needs, abilities, and aspirations from others, and last helps employee to develop their strengths.

3.6 Measurement of Variables/Instrumentation

The questionnaire consists of three sections including personal background, organizational commitment, and transformational leadership style.

In this research, structured questionnaire is used and consists of 3 sections. They include demographic, organization commitment, and transformational leadership style.

Table 3.1
Measurement of Variables

Part	Variable	References	Item
Section A	Demographic	Gender, age, level of education, and how long have they been working.	4
Section B	Organizational Commitment	Allen and Meyer (1990)	8
Section C	Leadership style	Bass and Avolio (1995). Multifactor Leadership Questionnaire (MLQ)	20

Measurement scale are based on Likert Scale of 1 to 5, where 1= Strongly Disagree, 2= disagree, 3= neutral, 4= agree, and 5= strongly agree. The Likert scale design is used to examine how strongly subjects agree and disagree with statements on five point scale (Cavana et al, 2001).

3.7 Pilot Study

For ascertaining reliability and validity of the insignificant number of the distributed questionnaires, a pilot study was conducted before the questionnaires were distributed. A pilot study was conducted at PT. Pertamina Palembang. A total of 20 questionnaires were used in the pilot test. Table 3.2 below shows the guideline suggested by Hair *et al.* (2007) to interpret data values.

Table 3.2

The rules of Thumb for Cronbach's Alpha Coefficient Size

Alpha Coefficient Range	Internal Consistency Reliability
< 0.6	Poor
0.6 to < 0.7	Moderate
0.7 to < 0.8	Good
0.8 to < 0.9	Very Good
≥ 0.9	Excellent

From the Table above, it can be seen the questionnaire's Cronbach's Alpha which has below 0.6 is considered poor, and from 0.6 to 0.7 is considered moderate. Furthermore,

from 0.7 to 0.8 is categorized as good, and from 0.8 to 0.9 is very good, and lastly for Cronbach's Alpha more than 0.9 is considered excellent.

3.8 Reliability

The reliability of measure indicates that the extent to which the measure is without bias (error free) and hence offers consistent measurement across time and across the various items in the instrument (Sekaran, 2001). Nunnally & Bernstein (1994) stated that reliability analysis was conducted to measure the internal consistency of research. The reliability result for all variables of this research will be shown in Table 3.3

Table 3.3
Reliability Coefficient of Variables

Variables	Total Items	Alpha
Dependent Variable		
Organizational Commitment	8	0.769
Independent Variable		
Transformational Leadership Style	20	0.747

Table 3.3 presents the reliability coefficient for each variable. From the analysis using cronbach's alpha, the reliability coefficient between dependent and independent variable

has been proven. The Cronbach's alpha for dependent variable (organizational commitment) is 0.769. Furthermore, the Cronbach's alpha for Independent variable which is Leadership is 0.747. Whereby, based on the rules of Thumb for Cronbach's Alpha Coefficient Size (see Table 3.2), the entire variable's reliability are more than 0.7 which are considered good. It has proven that all variables are indicated have strong internal consistency among dependent and independent variables. Based on these results, questionnaires can be distributed for tools in determining variable in this research.

3.9 Data Collection

Data collection is a necessary aspect of this study. The questionnaire was distributed and gathered to all staff of Pertamina in South Sumatra region in Bahasa Indonesia. The population is 117 employees. The survey was done from executive level and above. A total of 117 questionnaires were distributed to respondents (same with population size in order to get better response rate). Simple random sampling was used in this study. The simple random sampling is the best when the generalisability of the findings to the whole population (Sekaran, 2001).

3.10 Data Collection Procedures

In collecting data from respondents, researcher uses a personally administered to ask permission from Human Resources Department Manager to distribute the questionnaires to PT. Pertamina (Marketing Division) employees in Palembang. The researcher distributed 117 questionnaires based on the total Pertamina employee in Palembang. Employees are randomly approached and given the questionnaire. However, due to some

limitations such as busy schedule worker and unwillingness to participated, it takes some time to collect back the questionnaire. After given some period of time, only 98 questionnaires are successfully collected back. After checking the missing questions for valid questionnaire, just 88 questionnaires can be used as valid questionnaire from respondents. The remaining questionnaires are just collected and not take part on this research.

3.11 Techniques of Data Analysis

After the questionnaires were collected back, researcher apply the Statistical Package for Social Science version 14.0 (SPSS 14.0) software analyses for analyzing the data and using concrete method includes Descriptive statistics and Inferential Statistics such as Simple Regression, T – test and ANOVA to determine the relationship. The data would be summarizing using appropriate both descriptive and inferential statistics. Furthermore, the researcher carried out the frequency analysis for the respondent's demographic factors of gender, age, education background, and length of working.

3. 11 .1 Descriptive Analysis

Descriptive statistics are the methods used to organize, display, describe, and explain a set of data by using table, graphs and summary measures (Johnson and Christensen, 2000). In this research, descriptive statistics such as normality test, frequency, mean and standard deviation are used to obtain the features of all data.

3. 11. 2 Inferential Statistics

Inferential Statistics is a process of a drawing conclusion from the data that are subject to random variation (Iskandar, 2011). He explained that Inferential Statistics also used to make inferences about a population from sample in order to make assumptions about wider population and enable to make predictions about future.

3.11.2.1 ANOVA

Prior to performing the inferential statistical analysis, the level of significant of 0.05 was determined as critical level for decision making (Wan, 2009). Decision about hypothesis are recording to the significant level where $p = 0.05$, or at 95 percent confidence level where the null hypothesis will be rejected.

3.11.2.2 Simple Regression

The regression analysis was use for examining the influence of Leadership style towards organizational commitment. According to Haie et al. (2009), the first assumption for regression analysis is to examine the regression coefficients for each independent variable. He added that these coefficients describe the average amount of change in Y (dependent variable) given unit a change in the X (independent variable), it has to execute in determining the relationship of each independent variable with dependent variable. There is also present beta (β) coefficient which used to establish variables are relatively more important.

According to Cavana et al. (2001), the general formula of regression is

$$Y = a + bX,$$

Where: Y = Organizational Commitment (the variable that is being predicted or explained)

X = Leadership Style (the variable is predicting or explaining the value of Y).

a or Alpha, a constant (equals the value Y when the value of X = 0)

b or Beta, the coefficient of X (determining how much Y value changes for each one unit change in X value)

3.12 Conclusion

This chapter discusses about the research framework, research design, operational definitions, and measurement of variables, pilot study, reliability test, data collection, data collection procedures, and technique of data analysis. It is important in determining research method. Since, research method is al tools to support the results of the analyzed data.

CHAPTER 4

RESULTS AND DISCUSSION

4.1 Introduction

This chapter provides the results and findings of the research. The data were analyzed using SPSS software version 14.0 to conduct validity test, reliability test, T test and regression analysis. The T test were used to analyzed data include the demographic profile such as gender, age, and level of education, while simple regression were used to analyze the relationship and the effect of transformational leadership style towards organizational commitment.

4.2 Response Rate

The data collection in this research used such as questionnaires paper, is distributed to 117 employees in PT. Pertamina Palembang, and a total of 98 questionnaires are collected back. Due to the uncompleted answers in the questionnaire, 10 questionnaires were not usable and treated only as respondents without included in the data analysis. The response rate was 75% as some of questionnaire were fully completed and used in this research where the remains were abandoned and not counted in this research analysis.

The Table below shows the response rate of respondents:

Table 4.1

Response Rate

	Total	Percentage
Questionnaire distributed	117	100%
Questionnaire collected	98	83%
Valid Questionnaire	88	75%

4.3 Analysis of Respondents

The majority of respondents were males; it could be because the company industry is in Oil and Gas field that is more dominated by male employees. For respondents' age are mostly ranges from 26-35 years old. For the educational background, there are four categories are listed such as High School, Diploma, Bachelor Degree and Postgraduate) and most of the respondents' educational backgrounds were bachelor degree (56%). From the demographic profile it can be seen that many of respondents have the length of the working over 6 years (58%). The profile of respondents' personal information is presented below. Several charts will be used to display the samples for some categorical variables measured on percentage scale.

4.3.1 Respondents' Gender

Table 4.2
Respondent's Gender

Gender	Frequency (N)	Percent (%)
Male	66	75%
Female	22	25%
Total	88	100%

Table 4.2 (Respondent's Gender) shows that almost 76 % or 66 respondents are dominated by males. While, the females respondents are 24 % or 22 respondents only. This brings the sum of total population of 88 respondents. The profile for respondents' gender is displayed in Figure 4.1.

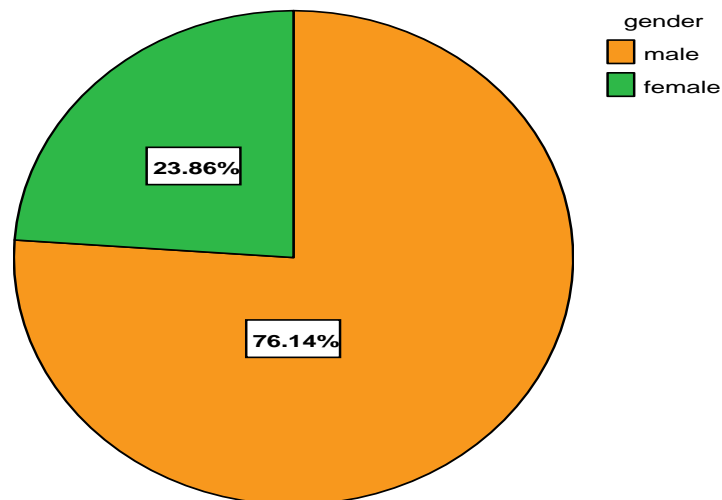


Figure 4.1
Respondent's gender

4.3.2 Respondents' Age

Table 4.3
Respondent's Age

Age	Frequency (N)	Percent (%)
<= 25 years old	8	9.09 %
26 - 35 years old	36	40.91 %
36 - 45 years old	14	15.91 %
46 – 55 years old	30	34.09 %
Total	88	100 %

Based on Table 4.2 (Respondent's Age), majority or almost 42 % of employee's age of PT. Pertamina employees in Palembang are 26 – 35 years old. It could be reason because on those age range are considered as productive time. Thus, organization has good effort to employs young age people. But surprisingly, in the second largest class followed by 46 – 55 years old employees, as much as 34 % or 30 employees. In the third largest age, a total of 14 employees or nearly 16 % are 26 – 35 years old. The minor class is employee under or 25 years old as much as 9 % or 8 people only. The profile for respondents' age is presented in Figure 4.2

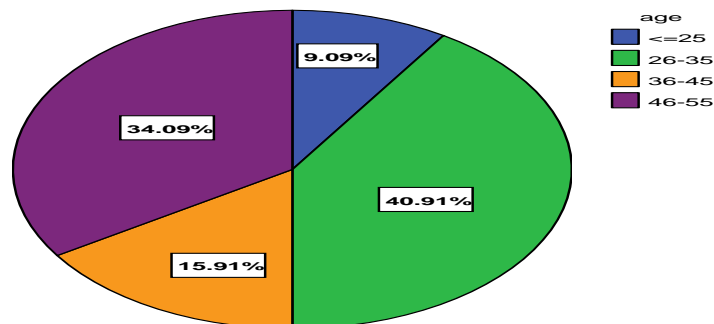


Figure 4.2
Respondent's Age

4.3.3 Respondents' Level of Education

Table 4.4

Respondent's Level of Education

Level of Education	Frequency (N)	Percent (%)
High School	12	18.64 %
Diploma	15	17.06 %
Bachelor	48	64.55 %
Postgraduate	13	14.77 %
Total	88	100 %

Table 4.4 shows that 48 respondents or almost 65 % of respondents' education's level is Bachelor. The number of respondent who had Diploma level is 15 respondents or 17 % and those with High school education backgrounds consist of 12 respondents or 18 %. Lastly, the number of respondent who have Postgraduate degree is only 14 % or 13 respondents. The profile for respondents' gender is shown in Figure 4.3

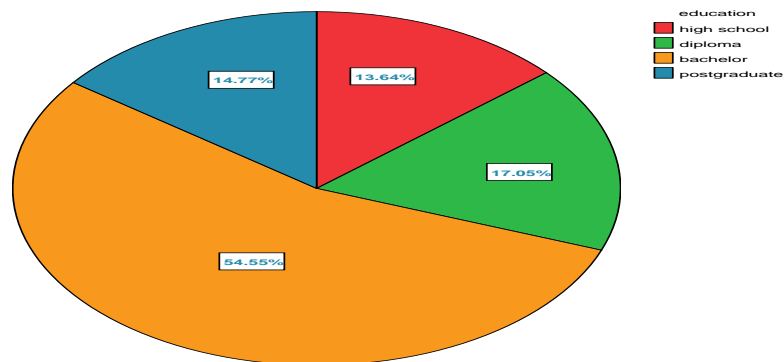


Figure 4.3

Respondent's Level of Education

4.3. 4 Respondents' Length of Working

Table 4.5
Respondent's Length of Working

Length of Working	Frequency (N)	Percent (%)
< 1 year	3	3.41 %
1- 3 year	16	20.45 %
4-6 year	20	22.73%
> 6year	47	53.41 %
Total	88	100 %

From the Table 4.5, it is shown that half of respondent (53 %) or 47 respondents have already worked in Pertamina Palembang for more than 6 years. It can be seen that PT. Pertamina in Palembang has lower job turn over by keeping their employee's loyal and fulfill their employee's satisfaction. The second largest number followed by 20 respondents or 22.73% having their working length is 4- 6 years. The staffs who have been working 1- 3 years are only 16 respondents or 20%. The smallest number is 3 % or 3 employees who can be categorized as new workers in PT. Pertamina due to their length of working period is less than 1 year. The profile for respondents' gender is shown in Figure 4.4

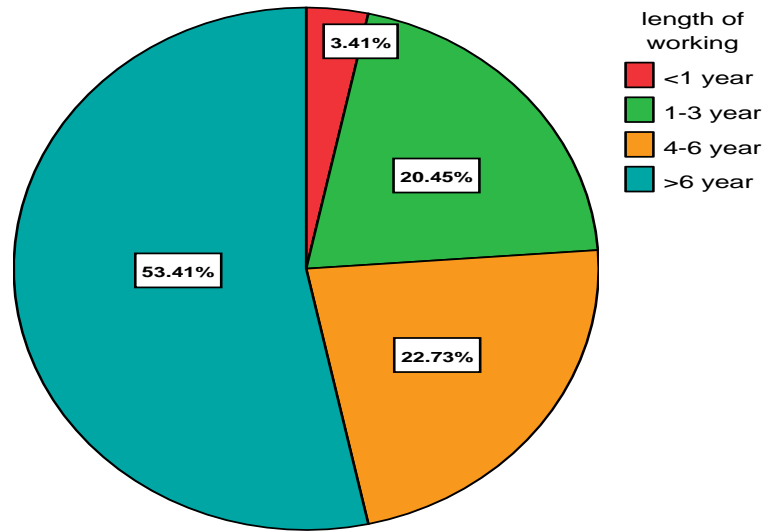


Figure 4.4
Respondent's Length of working period

4.4 Regression Analysis

Regression analysis is used to analyze the effect of transformational leadership style towards organizational commitment. Regression analysis is also used to determine the relationship between dependent and independent variable.

In this section, the correlation between each variable will be explored. In analyzing Hypothesis 1, researcher used simple regression analysis. All the results of hypotheses testing are shown in table 4.6 to 4.8

H1. Transformational Leadership Style is influence significantly towards Organizational Commitment.

Table 4.6

Model Summary of the effect of Transformational Leadership Style towards Organizational Commitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,511(a)	,261	,252	3,117

a Predictors: (Constant), Leadership Total

b Dependent Variable: Commitment Total

Table 4.6, shows the result on the influence of transformational leadership style and organizational commitment that was evaluated by using simple regression analysis. From Table 4.6, it can be seen that the result for the correlation between dependent and independent variable.

It is proven that there is a significance influence between leadership style and organizational commitment. The correlation of those variables is symbolized by R, which has value of 0.511 and is categorized as medium correlation. Furthermore, refer to the table above, the R square (R²) value is 0.261, those value identifies the portion of the variance accounted for by transformational leadership style in PT. Pertamina Palembang that is precisely 26,1 % of variance in organizational commitment. While the rest 73,9% were influenced by other factors that are not considered in this research.

The adjusted R square (R2) is seen as population estimate, when comparing the R square (R2) values between models with different number of independent variable because it is more precise for a small number of respondents. Where the value of adjusted R is 0.252, it indicates that as much as 25.2% changes of organizational commitment can be explained by transformational leadership style. The other 74.8% are explaining by other factor those not study in this research.

Table 4.7

ANOVA of the effect of Transformational Leadership Style towards Organizational Commitment

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	294,769	1	294,769	30,335	,000(a)
	Residual	835,674	86	9,717		
	Total	1130,443	87			

a Predictors: (Constant), Leadership Total

b Dependent Variable: Commitment Total

By referring to ANOVA in Table 4.8, the F value of 30.335 is significant at the $p = 0.000$. Because of $p < 0.05$; so regression analysis could be used to predict organizational commitment. In the column *df* (degree of freedom), the first number represents the number of independent variables (1) which is leadership style, the second number (86) is the total number of complete responses for the variable in the equation (*N*) minus the

number of independent variables (K) minus 1 ($N-K-1$)((88-1-1)= 86). The F statistic produced ($F= 30.335$) is significant at the level 0.000 level. This result has supported the first hypothesis (H1) which was stated that leadership style is significantly influenced to organizational commitment. Hence, the hypothesis (H1) is accepted. Furthermore this finding is also supported by Walumbwa and Lawler, (2003) who stated that leadership have stimulated employee to seek new ways to approach problems and challenges, and to identify employee's needs. Leaders were able to motivate their employee to get more involved in their work, resulting in higher levels of organization commitment.

Table 4.8
Coefficients of the effect of Transformational Leadership Style towards Organizational Commitment

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14,065	3,304		4,257	,000
	Leadership Total	,236	,043	,511	5,508	,000

a Dependent Variable: Commitment Total

From Table 4.8, it is stated that column Beta under Standardize coefficients, which is beta (β) value is 0.511 for transformational leadership style that is significant at the 0.000 level. The value of B (constant) is 14.065 which is stated that if the leadership style is omitted, it will cause the value of organizational commitment is 14.065. Besides that, the coefficient of 0.236 for leadership style is also given on the table under unstandardized coefficients.

According to Cavana et al. (2001), the general formula of regression is

$$Y = a + bX,$$

Based on the value of B constant and the coefficient of Leadership style, the regression equation is

$$Y = 14.065 + 0.236 X$$

Where: Y = Organizational Commitment (the variable that is being predicted or explained)

X = Leadership style (the variable is predicting or explaining the value of Y)

a or Alpha, a constant (equals the value Y when the value of X = 0)

b or Beta, the coefficient of X (determining how much Y value changes for each one unit change in X value)

4.5 Independent Sample T- Test

Independent sample T- test is analyzing used by compares the means between two unrelated groups on the same continuous on a dependent variable. Independent Sample T- Test related nonparametric tests compare two sets of measurements (data expressed using an interval or ratio scale). According to Sekaran (2001), The T-test takes into consideration the means and standard deviation of the two groups on the variable and tests whether the numerical difference in the means is significantly different from 0

(zero). After compares the means value from two unrelated group, it can interpreted that the group with the highest means are more related to dependent variable.

H2. Is there any significant difference between female and male employee in terms of organizational commitment?

Table 4.9

One Sample Test of Gender

One-Sample Test						
	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
gender	27.104	87	.000	1.239	1.15	1.33

From the Table above the p level is significant at 0.00. Since the $p < 0.05$ it can be considered so regression analysis could be used to predict organizational commitment. This result has answered the second hypothesis (H2) which was stated that there is any significant difference between female and male employee in terms of organizational commitment.

Table 4.10

Group Statistics of Gender

Group Statistics

gender	N	Mean	Std Deviation	Std Error Mean
Commitment male	67	52.16	3.675	.449
Female	21	32.19	3.459	.755

From the Table above, the output indicates that there is a significant difference in employee commitment between the two genders. The male employees have mean (M= 52.16, SD= 3.675) was significantly higher than the female employee mean (M= 32.19, SD= 3.459). It was exhibit that male employee have greater level of employee commitment than female employee.

H3. Is there any significant difference in organizational commitment across age groups of worker?

Table 4.11

Group Statistic of Age

Group Statistics

Age	N	Mean	Std Deviation	Std Error Mean
Commitment less than 35	23	32.17	3.605	.386
35 and above	65	66.37	3.872	.246

This result has answered the second hypothesis (H3) which was stated that there is any significant difference in organizational commitment across age groups of worker. To make easier, the group of age has categorized as < 35 years old and ≥ 35 years old. The employees aged less than 35 years old has (M=32.17, SD=3.605). And more than 35 years old and above has (M= 66.37, SD=3.872). By compares of these two means, it can be seen the ≥ 35 years old group has higher means value than < 35 years old group. It can interpret that the employees aged 35 years above are more committed to organization.

4.6 ANOVA

In this study was test by using Analysis of Variance (ANOVA). Because there are more than two groups and organizational commitment is measured on an interval scale, ANOVA is appropriate to test this hypothesis. ANOVA is an analysis of variance in which there is only one independent variable. It can be used to compare mean differences among more than two groups on interval or ration scaled dependent variable (Sekaran, 2001). The results of ANOVA show whether or not the means of the various groups are significantly different from one another, as indicated by the F statistics

H4. Is there any significant difference in organizational commitment across education levels of employee?

Table 4.12

Anova test for educational level

ANOVA

Commitment Total					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	211.296	2	105.648	9.770	.000
Within Groups	919.147	85	10.813		
Total	1130.443	87			

From the Table 4.13, we note that the $F=9.770$. This value is significant at $p= 0.00$ level. Since the level of $p<0.05$, implies that Hypothesis 4 is answered. The result indicates

that there is significant difference in organizational commitment level across education level of workers.

Table 4.13

Descriptive Test of employee education level

Descriptives

Commitment Total

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
High school n diploma	27	29.89	2.764	.532	28.80	30.98	26	37
Bachelor	48	38.38	4.057	.441	32.49	34.26	28	39
Postgraduate	13	32.46	3.841	1.343	29.54	35.39	27	39
Total	88	32.17	3.605	.384	31.41	32.93	26	39

Based on the Table 4.15, the high school and diploma group has lower means value (M=29.89, SD= 2.764) than Postgraduate (M=32.46, SD=3.841). While bachelor has the highest means value (M= 38.38, SD = 4.057). So it can conclude that employee who has the bachelor education background is more committed to organization than employee who has educational background in high school, diploma and postgraduate.

4.7 Conclusion

In this chapter researcher summarizes the analysis results from distributed questionnaire by using descriptive analysis and inferential statistics. For descriptive analysis include response rate, demographic characteristic such as respondent's gender, age, level of

education and length of working. Besides that, inferential statistics is also used for testing hypothesis. From the above findings, by implementing simple regression analysis it was concluded that transformational leadership style is significantly influence toward organizational commitment in PT. Pertamina Palembang and there is exist significant difference level influence across by gender, age and level of education.

CHAPTER 5

DISCUSSION AND CONCLUSION

5.1 Introduction

This chapter discusses the interpretation of findings from earlier chapter. Furthermore researcher will discuss by reviewing from research theories and previous studies findings in organizational commitment to make comparison to the findings of this research. In presenting the discussion and conclusion based on the research objectives exhibited in chapter one.

The objectives of this research are listed below:

1. To examine the influence of transformational leadership style towards organizational commitment.
2. To examine the any significant difference between female and male employee in terms of organizational commitment.
3. To examine any significant difference in organizational commitment across age groups of workers.
4. To examine any significant difference in organizational commitment across education level of workers.

Finally, the chapter ends with conclusions and some future recommendation or suggestion for the both organizations as well as for future endeavors.

5.2 Research Process Overview

The purpose of this research is to assure the influence of leadership style towards organizational commitment in PT. Pertamina Palembang. Since organizational commitment plays important key in organizational success. Whereby, by implementing organizational commitment, which can bind their employee to achieve together mission and vision. Besides that, organizations take high concern regarding organizational commitment due to it can determine many work related interactions between employees and organizations. By reviewing the research theories presented in previous chapter such as Trait theory, Behavioral theory and Theory X and Y managers. This research finding is comparing to the previous research findings.

In order to get primary data to be the sample, researcher has distributed 117 questioners at PT. Pertamina Palembang. The data which successfully collected was analyzed by using SPSS software 14.0. However descriptive analysis and inferential statistic were implemented to screening data collection. Descriptive analyses were used in examining response rate and personal background of respondent while, simple regression were used to analyses the correlation as well as influence between dependent and independent variable.

5.3 Discussion

By using simple regression analysis in analyzing hypothesis one (H1) which stated transformational leadership style is significantly influence towards organizational commitment. This research found out that hypothesis one (H1) is accepted. Where it is proven that there is a significance influence between leadership style and organizational commitment. The correlation of those variables is symbolized by R, which its value is 0.511 and categorized as medium correlation. Furthermore, the R square (R²) value is 0.261 which identifies the portion of the variance accounted for by leadership style in PT. Pertamina Palembang that is precisely 26,1 % of variance in organizational commitment. Besides that, it is strengthened by significant value at the 0.000 level. This finding is also supported by previous researcher. According to Bono and Judge (2003); leadership has been conceptually and empirically linked to organizational commitment, there has been little empirical research focusing on the processes by which leaders influence followers' level of organizational commitment.

The next hypothesis (H2) which stated there is any significant difference between female and male employee in terms of organizational commitment tested by Independent Sample T- Test. However, it was founded that there is a significant difference in employee commitment between the two genders. The male employees have mean (M= 52.16, SD= 3.675) was significantly higher than the female employee mean (M= 32.19, SD= 3.459). It shows that male employee have greater level of employee commitment than female employee.

The hypothesis (H3) was tested by Independent Sample T- Test too. The hypothesis three stated there is any significant difference in organizational commitment across age groups of workers. To make easier, the group of age has categorized as < 35 years old and ≥ 35 years old. The employees aged less than 35 years old has (M=32.17, SD=3.605), and group more than 35 years old and above has (M= 66.37, SD=3.872). By compares of these two means, it can be seen the ≥ 35 years old group has higher means value than < 35 years old group. It can interpret that the employees aged 35 years above are more committed to organization.

The last hypothesis (H4) was stated there is any significant difference in organizational commitment across education level of workers. By using ANOVA analysis has found that the high school and diploma group has lower means value (M=29.89, SD= 2.764) than Postgraduate (M=32.46, SD=3.841). While bachelor has the highest means value (M= 38.38, SD = 4.057). So it is proven that employee who has the bachelor education background is more committed to organization than employee who has educational background in high school, diploma and postgraduate.

5.4 Recommendation

From this research, there are some recommends that could be implemented to enhance organizational commitment in PT. Pertamina Palembang. The finding of this research has already demonstrated the quality of leadership has a profound impact on employee engagement. The organization must choose wisely in implementing the suitable leadership style in the organization. Fiedler et al's (1976) found that leadership

effectiveness is identified by choosing the right leadership style for certain situation. In other word, fielder considers the effectiveness of performance of any group depends on the interaction of leaders' styles and the nature of situation whether the situation is suitable or unsuitable for the leader (As cited by Navaretnam, 2001). Hence it is highly recommended that Pertamina Palembang must implement best leadership style for increasing organizational commitment.

5.5 Conclusion

This research main objective is to determine the influence of transformational leadership style applied in PT. Pertamina Palembang towards employee commitment. However, in this research the objectives has stated in chapter 1. The first objective is to examine the influence of leadership style towards organizational commitment. The second is to examine any significant difference between female and male employee in terms of organizational commitment. The third is to examine any significant difference in organizational commitment across age groups of workers, and the last is to examine any significant difference in organizational commitment across education level of workers.

It can conclude that all objectives have been achieved whereby the results shown that transformational leadership style influenced the organizational commitment among employees in PT. Pertamina Palembang across by gender, age, and level of education. The researcher hopes this research will be useful in giving knowledge and information to PT. Pertamina Palembang in order to increase their employee commitment by applying and implementing suitable leadership style in organization.

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