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# THE EFFECT OF TRANSFORMATIONAL LEADERSHIP STYLE ON EMPLOYEES JOB SATISFACTION AND JOB PERFORMANCE: A CASE OF APPAREL MANUFACTURING INDUSTRY IN SRI LANKA

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## **Abstract**

*Leading employees for success is a challenging task in any organization. Hence, positive relationship between leader and employee is essential for better outcomes. This study intended to explore the effect of Leadership Style on employees' job satisfaction and job performance in ABC apparel manufacturing company in Sri Lanka. 70 subordinates age from 25 to 45 (40 males and 30 females) were selected as respondents using stratified random sampling. The Multifactor Leadership Questionnaire was used to measure the transformational Leadership style. Job Performance was measured based on the scaled developed by Borman & Motowidlo's, and Job Satisfaction was measured based on the scale developed by Porter & Lawler, and Organ. Face to face interview method was performed and data was analyzed using SPSS 20. The findings exhibit that Transformational Leadership has a positive significant relationship with job satisfaction ( $r=0.71$ ) and job performance ( $r=0.74$ ). It indicates when the qualities of transformational leadership increased the job satisfaction and thereby job performance of employees increase. Hence, the hypothesis one (H1), transformational leadership have a positive significant influence on job satisfaction is accepted. The second hypothesis (H2), transformational leadership has a positive significant influence on job performance is also accepted. The third hypothesis (H3), there is a positive significant reciprocal relationship between job satisfaction and job performance ( $r=0.70$ ) is accepted. Therefore, findings suggested leaders to develop transformational leadership qualities to improve employees' job satisfaction as well as overall job performance.*

*Keywords: Transformational Leadership, Job satisfaction, Job performance, Human resource*

## INTRODUCTION

Managing the human resource in an organization is important in achieving organizational goals. Organizational leadership styles are vital in job satisfaction of workers (Lok & Crawford, 2004). Many researchers have studied the transformational leadership (Burnes , 2004; Bass & Avolio, 1997; Cribbin, 1972; Lok & Crawford, 2004). According to Saleem (2015) successfulness of the organization is mainly determined by the management of the organization and the leadership. Many researchers have examined the relationship between leadership and job satisfaction & job performance in different settings (Koh, Steers, & Terborg, 1995; Cummings, et al., 2010). An effective leader should not consider only the productivity of the work. Leader should concern the feelings of subordinates. According to Cummings et al., (2010), transformational leaders improve employees' job satisfaction for better outcome. Miles and Mangold (2002) found that job satisfaction is supported by performance of leaders. Transformational leadership positively effects the workers' job satisfaction. Hamidifar (2009) conducted a study in Islamic Azad University in Tehran and explored that among different leadership styles transformational leadership positively determine the employees' job satisfaction. Mostly, researchers have found that transformational leadership style is the most effective and is correlated with higher job satisfaction (Yukl, 1994; Ehrhart & Klein, 2001). According to Hamidifar (2009), subordinates are more satisfied with transformational leadership style than any other style. There is a positive relationship between transformational leadership and employees' behavior and their job satisfaction (Judge & Piccolo, 2004). The transformational leadership has a significant positive impact on the level of job satisfaction of employees in general (Bushra, Usman, & Naveed, 2011).

### Transformational Leadership Styles

Transformational leadership style practices empathy, importance of collective identity, risk taking, kindness, relationship building, and goal articulation (Jin, 2010). Further, transformational leadership includes the participation in decision making and sharing of power (Aldoory & Toth, 2004). The application of transformational leadership in any organization significantly effect for the job satisfaction of workforces (Burnes , 2004). According to Aldoory & Toth (2004) transformational leadership build commitment to organizational objectives and then inspire subordinates to accomplish those objectives and performance of workers.

There are thousands of definitions of leadership in the literature (Bass B., 1990). According to Jong and Hartog (2007) leadership is a process that influences subordinates to achieve anticipated outcome. Lok and Crawford (2004) found that leadership plays a vital role

in determining the success or failure of organizations. Overall leadership behaviors can be classified into two main styles, transformational leadership and transactional leadership (Bass & Avolio, 1997). Transformational leadership style and its components will be considered in this current study. Burns (1978) and Bass (1985, 1998) introduced transformational leadership theory. Transformational leadership also is called as charismatic leadership. According to Bass & Avolio (1997), transformational leadership promotes an emotional attachment between leader and subordinates.

Table 1. Characteristics of Transformational Leadership

Characteristics	Descriptions
Idealized influence	The role modeling performance, motivating subordinates to work beyond their self-interest in order to accomplish common goals through the leader's emotional impact
Inspirational motivation	Motivating behaviors, which give subordinates' tasks meaning by providing the meaning and challenges to their work
Intellectual stimulation	Intellectual stimulation refers to the behaviors that inspire subordinates by reframing problems, by pushing them to develop creative and innovative ideas, and by approaching old situations in new ways
Individualized consideration	The leaders paying individual attention for subordinates' needs. Leader act as a coach or mentor

Avolio, Bass, and Jung (1997) identified four dimensions of transformational leadership. These are idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Idealized influence refers to the role modeling performance, motivating subordinates to work beyond their self-interest in order to accomplish common goals through the leader's emotional impact (Avolio & Bass, 2004). Inspirational motivation involves motivating behaviors, which give subordinates' tasks meaning. Leader motivates followers through symbolic actions to commit to the vision of the organization. They promote strong team spirit as a means for leading team members towards achieving desired goals (Avolio & Bass, 2004). Intellectual stimulation refers to the behaviors that inspire subordinates by reframing problems, by pushing them to develop creative and innovative ideas, and by approaching old situations in new ways (Nicholson , 2007). Individualized consideration discusses that the leaders paying individual attention for subordinates' needs. Leader act as a coach or mentor (Nicholson , 2007).

## **Job satisfaction**

Since recent years, the importance of job satisfaction has been increasing. Job satisfaction has been defined in many different ways in literature. Some consider it as a happiness relating to his or her job. The "satisfaction" is defined as an expression of the pleasure and inner peace experienced by individuals themselves in general (Mercer, 1997). Job satisfaction may be defined as the satisfaction of these job expectations (Tang & Talpade, 1999). On the other hand, Job satisfaction is the inner agreement of the workers related to their jobs (Park & Deitz, 2006). Job satisfaction is commonly known as a multidimensional concept that comprises with employee feelings about intrinsic and extrinsic job elements. According to Misener et al., (1996), job satisfaction includes specific aspects such as benefits, pay, work conditions, promotion, direction, organizational practices and relations with co-workers. Mercer (1997) considers job satisfaction as a happiness relating to their jobs. The "satisfaction" is an expression of the desire and inside peace experienced by individuals (Park & Deitz, 2006). Job satisfaction may be defined as the fulfillment of job expectations (Tang & Talpade, 1999). Various things influence employee job satisfaction such as pension, pay, fringe benefits, success, independency, appreciation, working conditions, working environment, job security, and work flexibility etc (Gigantesco, Picardi, Chiaia, Balbi, & Morosini, 2003). The level of involvement in decision-making and independency are influential factors in their levels of job satisfaction (Lounsbury, Foster, Carmody, Kim, Gibson, & Dorost, 2012). Job satisfaction comprises with two main sub factors, intrinsic job satisfaction and extrinsic job satisfaction (Kalleberg, 1977). Intrinsic job satisfaction refers to the work itself, how people feel about the nature of the job tasks themselves. Extrinsic job satisfaction refers to the external factors of the job, how people feel about aspects of the work situation that are external to the job tasks itself (Kalleberg, 1977; Mercer, 1997).

## **Job performance**

Job performance could be divided into two main parts, task performance and contextual performance (Motowidlo, Borman, & Schmit, 1997). Task performance deals with the actions that provide to complete a job to make anticipated outcome. Contextual performance explains the success of the workers in doing their job, which reinforced by their personal conduct, social and physiological atmosphere of the workplace. Task performance comprises with job-specific undertakings including core job tasks. According to Motowidlo et al. (1997), job performance has a stronger relationship with cognitive ability. A study done by Lent & Brown (2006) has shown that labeling a task performance as positive is assumed to influence workers' attitude toward their work. The main parts of task performance comprise with sustaining situation

awareness, operating facilities, performing control actions and communication tasks (Griffin & Hesketh, 2003). According to Van et al. (2000) when individuals use technical skills and knowledge to complete a task, they are engaging in task performance. Motowidlo et al. (1997), point out that researchers have often disregarded the aspects of contextual performance, which is very important to understand the job performance in addition to task performance. Contextual performance comprises with non-job-specific performances such as collaborating with co-workers and presenting commitment (Motowidlo, Borman, & Schmit, 1997).

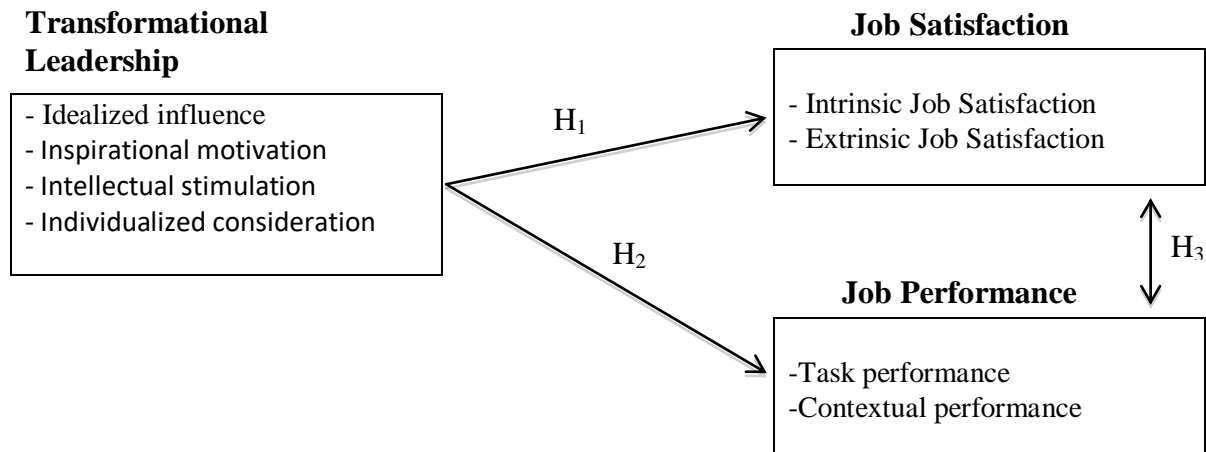


Figure 1 Conceptual Framework

Based on the above literature and conceptual framework following hypothesis were proposed.

$H_1$  Transformational leadership qualities have a positive significant influence on job satisfaction

$H_2$  Transformational leadership qualities have a positive significant influence on job performance

$H_3$  There is a positive significant reciprocal relationship between job satisfaction and job performance

## RESEARCH METHODS

### The Study and Sampling

The purpose of this research is to explore the effect of Transformational Leadership, on Employees' Job Satisfaction and Job Performance and correlation among variables. The sampling frame was the list of subordinates in an ABC apparel manufacturing company. Simple random sampling technique was used to select 70 subordinates age from 25 to 45, 40 males and 30 females as respondents.

## Measures

### ***Transformational Leadership***

The Multifactor Leadership Questionnaire developed by Bass & Avolio, (1995) was used to measure the Transformational Leadership. It comprise with four dimensions, idealized influence, idealized influenced behaviors, inspirational motivation, intellectual stimulation and individualized consideration. Questionnaires were close-ended and respondents were asked to rate items on a five-point Likert scale. Reliability and validity of this questionnaire have been tested in previous studies (Boamah, 2017).

### ***Job Satisfaction***

Job satisfaction was measured using the scale developed by Porter & Lawler (1968), incorporating the concept of fairness suggested by Organ (1988a). Satisfaction is divided into two components as intrinsic satisfaction and extrinsic satisfaction with three points for each. Example item is: “My job is challenging,” The higher average score is the higher level of job satisfaction.

### ***Job Performance***

Job performance was measured based on Borman and Motowidlo's (1993) scale and incorporated both task performance and contextual performance. The task performance was measured based on McAllister's (1995) scale, and incorporated aspect of attendance and coordination (Fisher, 1980). A model item is “I outperform my colleagues”. Contextual performance was measured using the eight items scale developed by Organ's (1988b) and Farh's et al. (1997). A model item is “I actively help my colleagues with their work”. The higher score is the better the job performance.

Based on the above measures, and previous studies conceptual framework is given in Fig:01 to examine the relationship between transformational leadership and employee's job satisfaction and job performance of apparel manufacturing industry workers in Sri Lanka.

## **ANALYSIS AND RESULTS**

Primary data collected was subject to correlation analysis to test the hypotheses (see Figure 2). The research results exhibited that the Transformational Leadership has a positive significant relationship with job satisfaction. The correlation coefficient  $r$  measures between transformational leadership and job satisfaction is 0.71 ( $r = 0.71$ ). It indicates when the qualities of transformational leadership increased the job satisfaction of employees also increased. Hence, the hypothesis one ( $H_1$ ), transformational leadership qualities have positive significant

influence on job satisfaction is accepted. This finding is in line with the previous findings that the transformational leadership positively significant effects on subordinates' job satisfaction. (Marnis, 2012; Hamidifar, 2009; Fatima, Ahmad, & Asvir, 2011). The correlation coefficient  $r$  measures between transformational leadership and job performance is 0.74, ( $r=0.74$ ) which means the second hypothesis ( $H_2$ ), transformational leadership has a positive significant influence on job performance is accepted. The third hypothesis ( $H_3$ ), there is a positive significant reciprocal relationship between job satisfaction and job performance ( $r= 0.70$ ) is accepted.

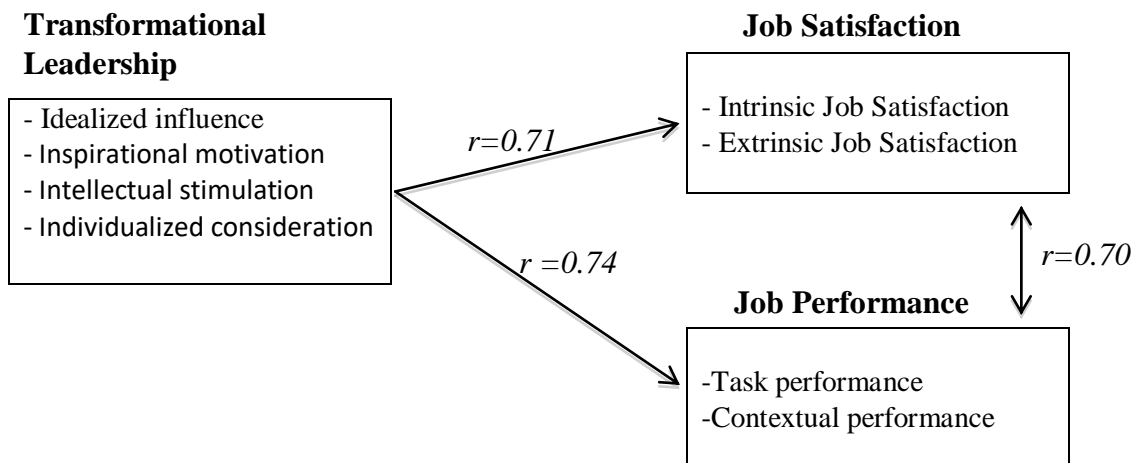


Figure 2 Path analysis of transformational Leadership, Job Satisfaction and Job Performance

## CONCLUSION

Findings of the study indicated that the transformational leadership has positive significant influence on job satisfaction and job performance. Therefore, findings suggested for leaders to develop transformational leadership qualities to improve employees' job satisfaction as well as overall job performance. This study explored the subordinates' perception on Transformational leadership, job satisfaction and job performance. Future research could include more aspect such as job retention, team performance, organizational commitment and how it works in different cultural setting. Workers are the most vital strength in an organization. Hence, leaders should lead and inspire their workers in their daily work and accomplish the organizational goals. Based on the above findings of this research, transformational leadership is more vital in terms of employees' job satisfaction and job performance. Transformational leadership qualities have a significant effect on their job satisfaction and job performance. Moreover, the results of this research study recommend that appeal manufacturing sector may need to improve the level of commitment in terms of increasing job satisfaction in factories by giving reward, introducing new policies and work conditions. Furthermore, supervisors should take actions to improve the job satisfaction of their workers providing strong leadership and mentoring.



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