THE EXAMINATION OF THE RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP AND EMPLOYEES’ ORGANIZATIONAL COMMITMENT WITH THE MODERATING EFFECT OF ALLOCENTRISM: AN INDIVIDUAL LEVEL ANALYSIS OF CULTURAL VALUES

Seçil BAL TAŞTAN
Marmara University Faculty of Business Administration Department of Business Administration Lectured in English
Ph.D.
seciltastan@marmara.edu.tr

Emre İŞÇİ
Marmara University Faculty of Health Sciences
Ph.D.
emreisci@marmara.edu.tr

Abstract
The aim of this study is to investigate the role of transformational leadership style perceptions of the employees on their organizational commitment level and to evaluate the moderating role of allocentrism on this relationship. It was concluded that employees’ perceptions of transformational leadership, organizational commitment and allocentrism significant and positive relationships between each other. Transformational leadership with its four dimensions had significant and positive moderate relationship with organizational commitment while perceived allocentrism had significant and weak positive relationship with OC. Finally, it was revealed that moderating role of allocentrism on the relationship between transformational leadership and organizational commitment was confirmed.

Key Words: Transformational Leadership, Organizational Commitment, Allocentrism, Cultural Values

JEL Classification: M19

1. INTRODUCTION
The aim of this research is to examine the role of transformational leadership style perceptions of the employees on their organizational commitment level and to test the moderating role of allocentrism on this relationship.
1.1. Literature Review and The Definitions

Transformational Leadership
The four sub-dimensions of transformational leadership are charismatic leadership, inspirational motivation, intellectual stimulation and individualized consideration. Bass (1990) characterized transformational leadership as the ability to elicit support and participation from followers through personal qualities rather than through reward or punishment (Catano et al., 2001:3). It is found that “transformational leaders seek to alter the organization’s culture and change the group’s needs and wants” (Bass, 1990). Transformational leaders motivate followers to achieve performance beyond expectations by transforming followers’ attitudes, beliefs, and values for gaining compliance (Rafferty and Griffin, 2004).

Organizational Commitment
Organizational commitment (OC) refers to the nature of the relationship of the member to the system as a whole (Grusky, 1966:489). Two general factors which influence the strength of a person’s attachment to an organization are the rewards he has received from the organization and the experiences he has had to undergo to receive them as implied by the Social Exchange Theory (Blau, 1964). The focus in this study is on the attitudinal approach to OC. Mowday et al. (1982) defined this type of OC as the relative strength of an individual’s identification with, and involvement in, a particular organisation. OC can be seen as the extent to which employees identify with their organisation and managerial goals, show a willingness to invest effort, participate in decision making and internalise managerial values (O’Reilly and Chatman, 1986). Allen and Meyer (1996:253) proposed a three component conceptualization of OC, comprising affective commitment (AC), continuance commitment (CC), and normative commitment (NC), each of which ties individuals to their organizations. A distinction between these three reflects the nature of the psychological bonding of each OC component with the organization. Individuals with strong AC remain with the organization because they want to, those with strong CC stay because they need to, and those with strong NC continue to work because they feel they ought to (Meyer and Allen, 1991; Meyer et al., 2002; Cichy et al., 2009). Commitment has been analysed from several perspectives. It has served as both a dependent variable for antecedents such as personal and demographic factors (Ferris and Aranya, 1983), organizational, managerial and job characteristics factors (Dick and Metcalfe, 2001; Dvir et al., 2004; Feather and Rauter, 2004); and as a predictor of various outcomes such as turnover, intention to leave, absenteeism, job
performance, job satisfaction, organizational citizenship behaviors (Rusbult and Farrell, 1983; Ferris and Aranya, 1983; Meyer and Allen, 1997; Hartman and Bambacas, 2000; Nazari and Emami, 2012). In this study, organizational commitment will be handled with its three dimensions which are explained by Meyer and Allen (1997); AC, CC and NC and will be examined in relation with individuals’ leadership perceptions in the workplace.

### Cultural Values and Collectivist Orientation

Hofstede (1984) conceptualized individualism/collectivism (I/C) as an unidimensional variable that distinguishes between national cultures (Ramamoorthy and Carrol, 1998:572). Collectivism refers to a state wherein an individual’s identity is submerged in the broader society or group to which one belongs. The individualist entity, on the contrary, emphasizes individual needs over the group needs (Ramamoorthy and Carrol, 1998). One of the key defining characteristics of I/C is the emphasis placed on individual goals versus collective goals. Although cultural differences may exist across cultures, a few studies have suggested that global organizations may still be able to find a fit between employees and their managerial practices to the extent intra-cultural variations on I/C at the individual levels may exist (Parkes et al., 2001; Ramamoorthy and Flood, 2002; Ramamoorthy et al., 2007). When individualism and collectivism are measured at the individual level, they are called idiocentrism and allocentrism (Triandis et al., 1985; Triandis, 1995; Smith and Bond, 1999; Wasti, 2003; Jung et al., 2009). In this study, collectivist orientations will be investigated at individual levels which correspond to allocentrism.

### 1.2. Theoretical Framework and Hypotheses

#### Leadership Style and Organizational Commitment

There are various studies which investigate the relationship between leadership styles and OC in the literature. The relationship between transformational leadership style and commitment has also been examined. Blau (1985) revealed that a consideration leadership style was found to have a greater influence than a concern for structure leadership style (or task-oriented style) on commitment. Confirmation is found in Williams and Hazer’s (1986) study that found consideration leadership style to be one of their antecedents to commitment. The important role of superiors in aspects of organizational commitment is also shown by Benkhoff (1997) who confirmed that employees who regard their superiors as competent, trustworthy and having a transformative management style report significantly that they share the values of the organization and feel proud to be
members. Other researchers have found that all of the sub-dimensions of transformational leadership are strongly, positively associated with OC (Bycio et al., 1995; Rafferty and Griffin, 2004; Walumbwa, 2005). Bycio et al. (1995) examined the relationships among the sub-dimensions of transformational and transactional leadership and continuance commitment and found significant positive associations. The studies showed that transformational leadership influences OC, without the use of rewards or punishments and elicits support from members for the organization through their acceptance of the organization’s values, goals, and behaviors based on interaction with the transformational leader (Bass, 1990; Catano et al., 2001; Dvir et al., 2004). Additionally, Loke (2001) investigated the leadership behaviors’ effects on OC for nurses in hospitals and has indicated that use of transformational leadership behaviors and OC outcomes were significantly correlated. In summary, there are evidences that the practices and behaviors of leaders will affect the level of OC and specifically it is expected that transformational leadership style will have a relationship with OC of the subordinates. Therefore, the following hypothesis is generated.

**H1:** The employees’ perceptions of transformational leadership style will have a significant relationship with their organizational commitment levels.

**Transformational Leadership Style, Allocentrism and OC**

Walumbwa et al. (2007) recently found that the individual-level construct, allocentrism, moderated transformational leadership processes in such a way that allocentric followers reacted more positively when they perceived their leader being transformational. Several scholars have argued either implicitly or explicitly that the concept of transformational leadership should work better when followers possess strong group-oriented personal values or followers’ cultural orientation is collectivistic (Jung et al., 1995; Pillai and Meindl, 1998). There are several reasons why collectivistic values as either a cultural orientation or personal disposition would facilitate transformational leadership: As Jung and Yammarino (2001) stated, “since transformational leadership increases followers’ for the sake of the group and organization, such leadership increases allocentrism among followers” (Jung et al., 2009:591). As a result, followers' motivational states with a transformational leader are expected to shift from self-interests to collective-interests and they would be expected to experience their success through group accomplishments (Jung et al., 2009). In addition, collectivistic followers are more likely to accept a leader’s challenge to put organizational objectives ahead of their personal ones, focus on teamwork, and embrace a collective vision and identity.
(Pillai and Meindl, 1998; Jung et al., 2009). Therefore, collectivistic orientation, either as a cultural value or personal disposition, would enhance the positive effect of transformational leadership on work outcomes. Moreover, the relationship between OC and cultural values has been studied and studies on the relationship between collectivism and commitment have shown significant results. Parkes et al. (2001) found support for the hypotheses that collectivism was positively related to commitment. Similarly, Clugston et al. (2000) also reported that allocentrics tended to exhibit greater commitment to the group than idiocentrics. Theoretically, a positive relationship between collectivism and commitment was expected because collectivism espouses trust, loyalty, and commitment (Wasti, 2003; Ramamoorthy et al., 2007). Ramamoorthy and Carrol (1998) stated that in collectivist societies employees are expected to show loyalty and commitment to the organization and generally tend to stay with the organization for a longer period of time including life-time employment relationships. Other researchers addressed that allocentrics maintain longer-term relations with their organizations and value interpersonal skills and relations more than idiocentrics who are more motivated by self-interests and personal goals (Jung and Avolio, 1999; Wasti, 2003; Wendt et al., 2009). Thus, the strength of the relationship between transformational leadership perception and OC is likely to be influenced by allocentric characteristics, as a result of interaction. Therefore, the following hypothesis is generated:

H2: The employees’ perceptions of allocentrism will have a significant relationship with their organizational commitment levels.

H3: Allocentric values will moderate the relationship between employees’ perceptions of transformational leadership style and their organizational commitment levels.

2. METHODOLOGY

2.1. Sample and Procedure

Sample of the study consisted of full-time private sector employees who report to a manager in their companies. 250 questionnaires were distributed and 180 usable surveys from 22 organisations located in Istanbul were returned. The unit of analysis was individual-level, time horizon of the study was cross-sectional.

2.2. Instruments

Five-point likert scales were used for measuring totally 46 items of the questionnaire (from 1=Never to 5=Always for transformational leadership, from 1=Strongly Disagree to 5=Strongly Agree for OC and allocentrism).
Measurement of Transformational Leadership: 20 items of transformational leadership questions of Multifactor Leadership Questionnaire (MLQ) (Bass and Avolio, 1995) were used in the research which were also used with Turkish version in a study of Yıldırım (2004).

Measurement of Organizational Commitment: The OC was measured with the scale of Allen and Meyer (1993) consisting 18 items and Turkish version of the questionnaire was recently used in a study of Ayanolğlu Şişman (2007) and the Turkish translation of the items were double-checked for the current study.

Measurement of Allocentrism: INDCOL Scale (Singelis et al., 1995) was used for measuring allocentrism. This scale had 32 items (8 for horizontal individualism, 8 for vertical individualism, 8 for horizontal collectivism and 8 for vertical collectivism dimensions). This scale categorizes individualism and collectivism as horizontal (indicating equality) and vertical (indicating hierarchy) (Kağıtçıbaşi, 1997; Wasti, 2003). In this study, allocentrics were referred as individuals who had scored above the median in Horizontal Collectivism and therefore 8 items of horizontal individualism were used.

3. FINDINGS
3.1. Descriptive Findings
The sample comprised of 180 employees working in various organizations (Hospital, Banking, Insurance, Service, Retail, Education). In the sample, there were 105 females (45.3%) and 75 males (54.7) and the participants’ ages varied between 20 and 50. 72 per cent of the sample was between the ages 20 to 34. The respondents were also quite educated: 56.1 % of the respondents had at least a Bachelor degree, 11.4 per cent had received degrees from vocational schools, and 25 per cent of the respondents were university graduates. Only 5.5% had education below university degree. Almost half of the respondents were single (46.2%), and the other half were married (51.8%); 2 per cent were divorced or separated. The respondents held a variety of occupations. Most of them were office workers (32.5%). Blue-collar workers constituted 7.5 % of the sample; 11.6 % of the respondents were technicians, 18.5% were supervisors, 13.8% were professionals, and 13.2% were managers. The tenure category was 1–5 years (34.7), 6-14 years (43.4), and over 15 years (21.9).

3.2. Factor and Reliability Analysis
The relevant items for each one of the four dimensions of transformational leadership skills were averaged. All items were averaged to create what we label as general transformational leadership skills. The Cronbach alpha values for these
dimensions (charismatic leadership, inspirational motivation, intellectual stimulation and individualized consideration.) were 0.85, 0.77, 0.85, and 0.93, respectively. Next, the relevant items for each one of the three dimensions of organizational commitment were averaged. All items were averaged to create organizational commitment level. The Cronbach alpha values for these dimensions (affective commitment, continuous commitment, normative commitment) were 0.88, 0.89, 0.92. Finally, item and factor analysis were performed to evaluate each item of allocentrism scale. 7 items were remained with high internal consistency and 1 item was excluded. The remaining 7 item was averaged and introduced to the analysis as a total construct. The Cronbach alpha for the total allocentrism sale was 0.87.

3.3. Testing the Hypotheses

The Relationships between the Variables

Table 1 shows that all three variables of the research model are significantly related to each other. “Transformational leadership” had moderate positive significant relationship with organizational commitment (r=0.511; p<.01) and had weak positive significant relationship with allocentrism (r=0.296; p<.01). Besides, allocentrism also had weak positive significant relationship with organizational commitment (r=0.304; p<.01). These results “supported H1 and H2” which have indicated that there would be significant relationship between transformational leadership and OC and between allocentrism and OC.

Table 1. Correlation Analysis of Variables (Pearson Correlation Analysis)

<table>
<thead>
<tr>
<th>VARIABLE:</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Transformational Leadership</td>
<td>1</td>
<td>0.511*</td>
<td>0.296*</td>
</tr>
<tr>
<td>2. Organizational Commitment</td>
<td>0.511*</td>
<td>1</td>
<td>0.304*</td>
</tr>
<tr>
<td>3. Allocentric Values</td>
<td>0.296*</td>
<td>0.304*</td>
<td>1</td>
</tr>
</tbody>
</table>

N:180; * p<.01

The Effect of Transformational Leadership and Allocentrism on OC

In order to examine the explanatory power of transformational leadership as the independent variable on employees’ OC, regression analysis was conducted. The results showed that averaged transformational leadership had significant effect on OC (β=.355; p=.000). Moreover, allocentrism had significant positive effect on level of OC (β=.204; p=.000). Table 2 reveals that average transformational leadership style with all four dimensions are statistically significant (p value: 0.00 < 0.05) in predicting the OC explaining the 42.6% of the variance in OC. Moreover, in Table 2, it is seen that allocentrism had the explanatory power of
17.7% (p value: 0.00 < 0.05) on OC. As such, it is suggested that allocentrism had a significant positive effect on OC.

### Table 2. Regression Analysis Results

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Beta</th>
<th>t value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership</td>
<td>0.355</td>
<td>4.255</td>
<td>0.000</td>
</tr>
</tbody>
</table>

R = 0.446; R² = 0.426; F = 89.228; p = 0.000

### The Moderating Effect of Allocentrism

For testing the moderator effect of a variable, hierarchical multiple regression analysis was conducted with several steps of analysis (Baron and Kenny, 1986). Baron and Kenny (1986) have emphasized that the moderating hypothesis is supported if the interaction term is significant in the last/third model. In this study, these stages were followed in order to test the moderating role of role allocentrism and in the final step of the hierarchical regression, the interaction term was entered which contributed to an increase in R² (from 0.426 to 0.448) for the employee OC. This change in R² represented the increase in the explanatory of the research model. As a result, perceived allocentrism was revealed as moderating the relationship between transformational leadership and OC.

### Table 3. Hierarchical Multiple Regression Analysis: The Moderating Role of Allocentrism

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>R²</th>
<th>ΔR²</th>
<th>F</th>
<th>F Change</th>
<th>p</th>
<th>Beta</th>
<th>T</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership</td>
<td>0.446</td>
<td>0.426</td>
<td>89.228</td>
<td>90.320</td>
<td>0.00</td>
<td>0.355</td>
<td>4.255</td>
<td>0.00</td>
</tr>
<tr>
<td>Transform Leadership Allocentrism</td>
<td>0.447</td>
<td>0.427</td>
<td>75.808</td>
<td>19.456</td>
<td>0.00</td>
<td>0.355</td>
<td>4.269</td>
<td>0.00</td>
</tr>
<tr>
<td>Transform.Leadership Allocentrism</td>
<td>0.451</td>
<td>0.448</td>
<td>46.474</td>
<td>4.223</td>
<td>0.00</td>
<td>0.405</td>
<td>3.111</td>
<td>0.00</td>
</tr>
<tr>
<td>Tran.Leadership x Allocentrism</td>
<td>0.450</td>
<td>0.449</td>
<td>46.474</td>
<td>4.223</td>
<td>0.00</td>
<td>0.405</td>
<td>3.111</td>
<td>0.00</td>
</tr>
<tr>
<td>Tran.Leadership Allocentrism</td>
<td>0.450</td>
<td>0.449</td>
<td>46.474</td>
<td>4.223</td>
<td>0.00</td>
<td>0.405</td>
<td>3.111</td>
<td>0.00</td>
</tr>
</tbody>
</table>

These results “supported H3” which has stated that allocentric values will moderate the relationship between employees’ perceptions of transformational
leadership style and their organizational commitment levels (The higher the perception of allocentric values, the stronger the relationship between perceived transformational leadership style and employees’ OC” was supported).

4. CONCLUSION

In this study, the relationship between transformational leadership perception and employee organizational commitment was investigated and the moderating role of perceived allocentrism on this relationship was evaluated. The interpretation of the results has showed that all variables of the research model had significant and positive relationships between each other. It was also revealed that transformational leadership with its four dimensions had significant and positive moderate relationship with OC while perceived allocentrism had significant and weak positive relationship with OC. Moreover, according to the findings, it was revealed that transformational leadership had significant positive effect on OC and moderating role of allocentrism was supported. These findings supported the previous literature evidences which have addressed that transformational leadership had significant association with employee organizational commitment level (e.g. Shamir et al.,1993; Dvir et al.,2004; McColl-Kennedy and Anderson,2005; Nguni et al.,2006; Moss et al., 2007; Nazari and Emami,2012) as well as the influence of collectivist values on transformational leadership style and organizational commitment (e.g. Lincoln et.al.,1981; Triandis et al.,1988; Randall,1993; Pillai and Meindl,1998; Ramamoorthy and Flood,2002; Wasti,2003; Walumbwa et al., 2007). However, as a limitation of this study, the survey was performed among the employees working in private sector organizations located in Istanbul/Turkey. It is recommended to perform future studies within larger samples in various sectors for the reliability of the findings.

BIBLIOGRAPHY


