Transformational leadership and organizational citizenship behavior: An empirical investigation

Liderazgo transformacional y comportamiento ciudadano organizacional: una investigación empírica

UDIN, Udin 1

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ABSTRACT:
This paper aims to explore whether transformational leadership is associated with organizational citizenship behavior of employees working in Indonesia’s pharmaceutical sector. This study applies partial least squares (PLS) established structural equation modeling (SEM) technique to analyze 244 employees. The results demonstrate that transformational leadership is significantly associated with organizational citizenship behavior.

Keywords: Transformational leadership, organizational citizenship behavior, structural equation modeling.

RESUMEN:
Este documento tiene como objetivo explorar si el liderazgo transformacional está asociado con el comportamiento de ciudadanía organizacional de los empleados que trabajan en el sector farmacéutico de Indonesia. Este estudio aplica la técnica de modelado de ecuaciones estructurales (SEM) de mínimos cuadrados parciales (PLS) para analizar a 244 empleados. Los resultados demuestran que el liderazgo transformacional está significativamente asociado con el comportamiento de ciudadanía organizacional.

Palabras clave: liderazgo transformacional, comportamiento de ciudadanía organizacional, modelación de ecuaciones estructurales.

1. Introduction

Modern organizations experience increasing competition due to globalization, technological change, politics, and economics. Many experts argue that public organizations, along with organizations at the central and local government levels, must improve their performance to reflect the presence of organization in other countries (Kim, 2009; van der Voet, 2014). Leaders, therefore, must act more quickly in encouraging and motivating followers to achieve goals in groups and organizations; doing organizational transformation by explaining their vision in the future, and effectively encouraging employees growth (Bass & Avolio, 1994; Jun, 2017).

Some studies have reported that transformational leadership plays an important role to achieve organizational goals and foster the development of employee innovative behaviors and other work behaviors, such as organizational citizenship behavior (OCB) (Cho & Dansereau, 2010; Kim, 2009; Mi et al., 2019; Qiu, Alizadeh, Dooley, & Zhang, 2019; Schyns & Veldhoven, 2010).
Previous research that examined the relationship between transformational leadership and organizational effectiveness more focus on organizations in North America than in Asia. Furthermore, several studies have examined these relationships in the situation of the public zone in Asia (Avolio, Zhu, Koh, & Bhatia, 2004; Kim, 2009), but it has no highlighted to Indonesian public sector in particular. Therefore, this study focuses on pharmaceutical organizations in Asia particularly in Indonesia by identifying methodological issues concerning the linkage between transformational leadership and OCB.

2. Literature Review and Hypothesis Development

2.1. Organizational Citizenship Behavior (OCB)

OCB is defined by Organ (1988) as extra-role behavior that goes beyond the roles and responsibilities described. Barker (2006); Handayani, Udin, Yuniawan, Wikaningrum, and Supriyati (2018) defines OCB as an unrestricted and facilitative behavior that has no linked to the formal reward system of organization and can lead to gain organizational effectiveness.

Organ (1988), Podsakoff, MacKenzie, Paine, and Bachrach (2000) divided OCB into five sub-dimensions: civic virtue, conscientiousness, altruism, courtesy, and sportsmanship. Civic virtue refers to active embarrassment in dealing with organizational problems and issues, such as offering ingenious ideas to encourage organizational growth and development (Babcock & Strickland, 2010). Conscientiousness refers to the behaviors that in accordance with organizational guidelines and directions, such as not taking unneeded rest and announcing to work on time. Altruism means helping peers in need. Courtesy is linked to the actions that can counter problems, such as escaping practices that adjust others work harder and giving sufficient notice to employees so that they can manage over workload. Sportsmanship refers to the acts of tolerance of various problems that exist within the organization (Organ, 1988).

2.2. Transformational Leadership

According to MacKenzie, Podsakoff, and Rich (2001), transformational leadership is to motivate followers to try and show their performance go beyond the simple exchange of rewards. Bass and Avolio (1994) argued that transformational leadership is motivating followers to exceed their expectations by making awareness of the importance of particular goals, making followers incorporate self-interest for the prosperity of the organization, and motivating them to complete, grow, and self-actualize.

Bass and Avolio (1994) classified transformational leadership dimensions into four categories: (1) Idealized influence: Transformational leaders become role figure for followers, facilitate approval of group goals, and encourage them to raise their organizational goals; (2) Intellectual stimulation: Leaders help followers to determine contemporary approaches when they look crucial challenges; (3) Individual consideration: Leaders pay more attention to the needs of followers, act as mentors, and listen to the followers complaints; and (4) Inspirational motivation: Leaders communicate great hopes to followers, inspire them through strong inclination to commit and grow into part of a shared vision of the organization.

Transformational leadership behaviors get high attention in terms of its relationship to OCB followers (Handayani et al., 2018; Kim, 2014; Piccolo & Colquitt, 2006; Shahab, Sobari, & Udin, 2018; Suhana, Suharnomo, Mas’ud, & Udin, 2019; Suhana, Udin, Suharnomo, & Mas’ud, 2019; Sulistiyani, Udin, & Rahardja, 2018). The scientists found a positive influence of transformational leadership on OCB - particularly with regard to helpful behavior and organizational compliance (Leithwood & Jantzi, 2000), and helpful behavior, organizational compliance and civic virtue (Kim, 2014). When transformational leaders function as a role model and pay special attention to the needs of individual followers and common goals, they encourage followers to engage in self-sacrificing behavior related to OCB (Kim, 2014). Based on strong logical and factual evidence, the proposed hypothesis is:

\[ H1: \text{Transformational leadership positively related to OCB}. \]

3. Methodology

The population of this study was all civilians who work in the pharmaceutical sectors in four large cities of Southeast Sulawesi - Indonesia, which was Kendari, Kolaka, Bau-bau, and Wakatobi city. The sample was conducted using simple random sampling techniques. The technique of data
collection was done by distributing 268 questionnaires. After deletion of incomplete responses, 244 questionnaires were usable and analyzed. Out of 244 respondents, 52% were male and 48% were female. In addition, the respondents generally were dominated by the age of 31–40 years (40%) and 41–50 (30%). With respect to the educational level of respondents, the majority (87%) was graduated from university and 13% went to senior high school.

The total questionnaires consisted of 16 items. Entire items were measured using a 5-point Likert scale where 1 = strongly disagree and 5 = strongly agree. OCB was measured using 5 items including altruism, conscientiousness, civic virtue, courtesy and sportsmanship (Podsakoff, MacKenzie, Moorman, & Fetter, 1990). Transformational leadership was measured using 4 items including idealized influence (charisma), intellectual stimulation, individualized consideration, and inspirational motivation which adopted from Multifactor Leadership Questionnaire (MLQ-5X) (Bass & Avolio, 1994).

4. Result and Discussion

The measurement model showed that all of the standardized factor loadings of each construct were high (above 0.50) that ensured the convergent validity (Hair, Black, Babin, & Anderson, 2010). Composite reliability and Cronbach α for all the four constructs was above 0.70 that ensured the internal consistency (Hair et al., 2010). The average variance extracted (AVE) from all constructs exceeds the cut-off criterion of 0.50 and were greater than the squared correlations between any pair of constructs (refers to Table 1).

<table>
<thead>
<tr>
<th>Construct indicators</th>
<th>Factor Loadings</th>
<th>Cronbach α</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational citizenship behavior</td>
<td>0.873</td>
<td>0.909</td>
<td>0.674</td>
<td></td>
</tr>
<tr>
<td>• OCB1</td>
<td>0.926</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• OCB2</td>
<td>0.593</td>
<td></td>
<td></td>
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<tr>
<td>• OCB3</td>
<td>0.670</td>
<td></td>
<td></td>
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<tr>
<td>• OCB4</td>
<td>0.927</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>• OCB5</td>
<td>0.924</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Transformational leadership</td>
<td>0.639</td>
<td>0.774</td>
<td>0.571</td>
<td></td>
</tr>
<tr>
<td>• TL1</td>
<td>0.800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• TL2</td>
<td>0.526</td>
<td></td>
<td></td>
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<tr>
<td>• TL3</td>
<td>0.552</td>
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<tr>
<td>• TL4</td>
<td>0.813</td>
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</tbody>
</table>

Table 2 contained the results of the SmartPLS M3 Version 2.0 software process that was carried by Ringle, Wende, and Will (2005) which was performed to test the proposed hypothesis.

<table>
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<tr>
<th>S.E</th>
<th>T-value</th>
<th>Results</th>
</tr>
</thead>
</table>
The empirical results showed that transformational leadership positively related to OCB (0.729, t-value = 21.911). This finding supported hypothesis H1. Through mentoring and coaching, transformational leaders shape employees behavior and nurture them to become better individuals. Transformational leaders have a long-term vision for the organization and prepare their subordinates to achieve it. They assist employees in visualizing their own goals and organizational goals. Transformational leaders also provide direction by inspiring employees to make extra efforts and place organizational goals above individual goals (Jha, 2014).

Transformational leaders often emphasize collaboration, attainment of tasks collectively, learn through shared experience, discipline and flexibility of decision-making, and delegate jurisdiction to gadget ideas that encourage employee participation in the formation and fulfillment of the ideas. Thus, transformational leadership frames a work climate where employees touch motivated, competent and independent to experience psychological empowerment (Jaiswal & Dhar, 2015; Ozaralli, 2003; Smith, Eldridge, & DeJoy, 2016; Yue, Men, & Ferguson, 2019). In other words, the more transformational leaders act as exemplary models, paying particular attention to employee achievement and growth through coaching and mentoring; articulate vision; and encourage employees to show innovation and creativity in new ways, the more likely employees have identification with organizational values, goals, and norms. When employees associate their progress with their organizations and establish organizational values, goals, and norms, they tend to work together to generate a positive contribution to the organization (Piccolo & Colquitt, 2006), which in turn prepares employees more likely to reinforce their colleagues (altruism), presenting positive objectives for organizational improvement (civic virtue), in accordance with organizational procedures and regulations (conscientiousness), avoiding practices that cause other employees jobs more problematic (courtesy), and being forgiving to organizational problems (sportsmanship) (Lavelle et al., 2009).

5. Conclusion

Overall, this study extends theory and empirical research that transformational leadership is positively related to employee work attitudes, such as OCB. The result of this study provides the theoretical basis for leadership management. According to the finding, organizations especially top management should improve leadership skills in terms of inspirational motivation, individual considerations, intellectual stimulation and idealized influence. There is an interesting point in this study that transformational leadership has a significant consequence on employee work attitudes. The results of this study provides implications for management that organizations can train leadership in terms of inspirational motivation, individual considerations, intellectual stimulation and idealized influence to encourage and improve OCB of employees.

Like most other studies, this study has the limitation that must be considered, that is related to the generalization of research. Using simple random sampling technique tends to decrease one’s belief that the sample is representative of the population. Similarly, the clan or tribe of each region in Indonesia needs to be considered to obtain a convincing result of the research. Although this study demonstrates the relevance of transformational leadership, psychological empowerment, and affective commitment to OCB, this study does not take into account a number of other variables that may influence reported results. Therefore, future studies should incorporate the experimental and longitudinal design to establish further conclusions on the direction of causality.

Bibliographic References


1. Universitas Muhammadiyah Yogyakarta, Yogyakarta, Indonesia. E-mail: udin_labuan@yahoo.com