# TRANSFORMATIONAL LEADERSHIP BEHAVIOUR AND ITS EFFECTIVENESS OUTCOMES IN A HIGHER LEARNING INSTITUTION

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#### **ABSTRACT**

The great impacts of globalization, technology advancements and competitive environment have forces higher learning institutions to adapt to strategic change so that they could remain relevant and competitive advantages. Hence, the need effective leadership behavior has become more critical than ever. Previous studies showed that transformational leaders' support is seemed to be an essential factor in promoting effective organization. However, to what extend this is true in especially in the local public universities. Therefore, this study was intended to examine the relationship between transformational leadership behavior and its augmentation effects among the academics in a Malaysian higher educational institution. Using a stage cluster sampling, a total of 169 academic staff from Universiti Teknologi MARA participated in the study. The result revealed the academic staff perceived that their superiors exhibited a transactional leadership style rather than transformational leadership style. There was a positive and moderate relationship between transformational leadership and leadership outcomes. The implications of the study were discussed in this paper.

Field of Research: Transformational, Transactional, Effectiveness, Extra –Effort, Satisfaction

## 1. Introduction

Changes taking place in higher learning institutions in Malaysia have been shaped by global and local environment (Amir Sadehgi et al, 2012). Tan (2002) reviewed that changes in the global environment include reforms in foreign universities brought about by the emergence of knowledge of economy and the liberalization of trade. On the other hand, changes in the local environment include economic structure and the government's policy on higher learning institutions (Malaysia Ministry of Education, 2008; National Higher Education Action Plan, 2007). As a result, universities and colleges are facing pressures or forces such as increasing demands for accessibility, equity in the face of decreasing resources and demand for more public accountability (Tan, 2002). According to Rosser, Johnsrud, and Heck (2003), increases in competition for scarce resources and a decrease in public trust in higher education practices have resulted in demands for universities and colleges to demonstrate their productivity, effectiveness and efficiency. Dealing with such issues requires that universities increase their responsiveness to individual learner needs, societal goals and aspirations and economic development. Hence, Universiti Teknologi Mara (UiTM) is no exception. Therefore, in bringing about a change event, universities administrators, academic leaders and change agents need to know the values of their workforce and identify work habits which can strengthen or weaken change initiatives (Asma et al. 2001). Paradoxically, studies showed that up to 70% of new planned changes fail (Beer and Nohria, 2000). Previous studies showed that transformational leaders' support is seemed to be an essential factor in promoting effective organization (Bass and Avolio, 1997; Bass et al. 2003; Cremer and Knippenberg (2008). However, to what extend this is true in especially in the local public universities.

## The nature of transformational leadership behavior

The original ideas of transformational and transactional leadership theory was first developed by Burns (1978) based on political scenario, and later, Bass (1985) refined this theory and introduced it into organizational context. Nevertheless, Bass and Avolio (1994, 1997) extended the theory of leadership that consists of transformational, transactional, laissez-faire and augmentation effects. According to Bass (1985) transactional leadership develops from the exchange process between leaders and subordinates wherein the leader provides reward exchanges for subordinates' performance. On the other hand, transformational leadership behaviors go beyond transactional leadership and motivate followers to identify with the leaders' vision and sacrifice their interest for that of the group or the organization. In addition, Bass (1985) defines the transformational leaders as one who arouses awareness and interest in the group or organization, increases the confidence of individuals or groups and attempts to move the concerns of subordinates to achievement and growth rather than existence. These leaders seek new ways of working, new opportunities and prefer effectiveness to efficiency (Lowe, Kroeck & Subramanian, 1996). The characteristics of transformational leadership described by Bass (1985) are:

- Charismatic leaders : provide vision and a sense of mission, instill pride and gain respect and trust
- Idealized influence; leaders behave as role models for their followers; they became admired, respected and trusted. The leader's behavior is consistent rather than arbitrary, and the leader shares in any risk taken. The leader demonstrates high standards of ethical and moral conduct and avoids using power for personal gain.
- Inspirational motivation: transformational leaders are inspiring and motivating in the eyes of their subordinates by providing meaning and challenge to their followers' work.
- Intellectual stimulations: an intellectually stimulating leader arouses in subordinates an awareness of problems, recognition of their beliefs and values and an awareness of their own thoughts and imagination.
- Individualized consideration: the leader with individualized consideration will give personal attention, treat each employee individually, and coach and advise him/her.

On the other hand, by comparing transformational leadership behavior, Bass (1985) described transactional leaders as one who prefers a leader member -exchange relationship, whereby the leader fulfils the needs of the followers in exchange for their performance meeting basic expectations. This leader has a preference for risk avoidance to allow them to achieve goals (Yamamarino, Spangler and Bass, 1993). Bass (1990) summarizes several different types of behavior inherent in transactional leadership.

- Contingent reward: these reward are for good effort, good performance and to recognize accomplishments
- Management by exception (active): this behavior involves monitoring subordinates and correcting actions, when necessary, to ensure that work is carried out effectively.
- Management by exception (passive): this involves intervening only if standards are not deviations from acceptable performance standards.

Transactional and transformational leadership are known to bring about great attention among many scholars in leadership studies. Adopting either transformational or transactional leadership behavior helps in the success for the organization effectiveness (Laohavichien et al., 2009). Exclusively, both transformational leadership and transactional leadership assist in predicting

subordinates' satisfaction with their leaders (Bennett, 2009). Nevertheless, there were some instances where both factors do not contribute to satisfaction to subordinates and partly provide as explanatory variables. For example, certain studies (Chen et al, 2005) found that it is the combination of the transactional leadership's contingent rewards and the transformational leadership's care for individual needs that contribute to a dynamic and contented workforce. Another research (Jansen et al, 2009) similarly concluded that the difficult intricacy of the work and job objectives can be best monitored and administered by the transactional leadership while the transformational leadership allows such complex process to become less daunting and more acceptable.

### Transformational leadership behavior and its effectiveness outcomes

One of the essentials elements of leadership that provides toward leadership effectiveness is the style of the leaders (Amir Sadeeghi et a al, 2012). A leadership style is a relatively stable pattern or behavior display by leaders (Eagly and Johannesen- Scmidmt, 2001) while guiding employees at workplace towards organizational achieving goals (Certo and Certa, 2006). Theories in transformational leadership, in particular, have highlighted the importance of leadership being able to cooperate with the leader towards collective goals and personal involvement in the job (Shamir et al, 1993; Bass, 1995, Burns, 1978) Accordingly, identifying leader's abilities to promote positive attitudes and behavior towards job and the organization may be of great importance to the effective functioning of the organizations (Dirks and Ferrin, 2002). Hence, transformational leadership behavior has been judged to be important because of its connection with effective leaders. In this context, Molero (2007) stated that one of the main predictions of the model of Bass (1985, 1998) is termed as augmentation effect. Judge and Piccolo (2004) suggested that augmentation is something to amplify or extend. Nonetheless, literature showed that this effect of transformational leadership increases the explanatory capacity of transactional leadership to predict followers' satisfaction and achievement (Avolio & Howell, 1992; Waldman, Bass, & Yammarino, 1990). Bass (1998) quoted that transactions are at the base of transformations. In fact, transactional leadership results in followers meeting expectations, upon which their end of the bargain is fulfilled and they are rewarded accordingly. On the other hand, transformational leadership is required so that it could motivate employees to move beyond expectations. Therefore, without the foundation of transactional leadership, transformational effects may not be possible (as cited in Judge and Piccolo, 2004). In sum, Bass et al (2003) suggested that transformational leaders are expected to enhance the performance capacity of their followers by setting higher expectations and generating a greater willingness to address more difficult challenges. Transactional contingent reward leadership should also relate positively to performance in that such leaders clarify expectations and recognize achievements that positively contribute to higher levels of effort and performance.

Given this juncture, leaders who employ in transformational behavior could produce many positive outcomes. Indeed, empirical evidence has suggested that the positive effect of transformational leadership on effectiveness and performance is connected to outcomes that most organizations, individuals, and leaders probably would value (Burke et al, 2006; Judge and Piccolo, 2004). Hence, in this study, leadership effectiveness outcomes were measured using the three augmentation effects of transformational leadership as proposed by Bass (1995) which are individual extra effort, job satisfaction and perceived unit effectiveness. Extra effort is related to extra roles made by the subordinates to fulfill a task or goal because of the leadership behavior of their superior. Extra effort means going beyond expectation, where subordinates are willing to do more than the expectations set by the superiors. The element of unit effectiveness means the capability of the superior in executing their tasks and leading the subordinates to meet the goal of the division. The subordinate perceived that their leaders as effective to them and to the unit as well. Job satisfaction represents subordinates satisfaction towards their superior in approaching their day to day job. Bass (1995)

explained the dimensions involved in measuring job satisfaction are the methods used in leading and working with subordinates in a satisfactory manner. Literature showed that there were strong correlations between scores on transformational leadership and extra effort, (Bycio et al., 1995) and performance evaluations (Hater & Bass, 1988). Besides, transformational leadership appears to produce higher performance at the group (Sosik, Avolio, & Kahai, 1997) and organization or business unit (Howell & Avolio, 1993) levels as well. As a result of these positive effects, transformational leaders should be rated as more effective by others in a position to observe their behavior. A study done by Morelo et al (2007) revealed a positive relationship between transformational leadership and augmentation effects. However, Vecchio et. al (2008) carried out a study and collected samples from 179 high school teachers and their principals were examined with hierarchical regression analysis. Augmentation analysis indicated that transactional leadership had a stronger role in explaining unique criterion variance beyond the contribution of transformational leadership, than did transformational leadership relative to transactional leadership.

Having much said about transformational leadership and its impact of organizational effectiveness and outcomes, conversely, little is known about preparing effective leadership in the contexts of higher educational institutions (Bolman and Deal, 1992). Besides, according to Trivellas and Dargenidou (2009) leadership in higher learning settings is problematic due to dual systems, conflicts between professional and administrative authority, the unclear goals and other special properties of normative and professional organizations. Nevertheless, academic leaders and departments play important roles in the success of institutions of higher education (Coats, 2000). The senior academic managers (namely the Dean, Campus directors, coordinators, administrators) would have to fulfill the most difficult roles, namely that of leading employees through the cultural transformation, structural and operational changes designed to achieve a number of key organizational goals. There must be a paradigm shift in terms of attitudes, beliefs and values among the faculty members (Wan Hanisah, 2005). Nonetheless, literature on leadership at higher educational institution is relatively small (Bass, 1990) particularly in Malaysian higher education institutions (Lo et. al, 2010). The question seems to be whether the leaders of HE institutions are ready to handle such massive change and if they exhibit the necessary transformational leadership behaviors to do so. Therefore this study was intended to investigate the nature of leadership behavior exhibited by the superior as perceived by the academic staff in a higher learning institutions and to what extend does the leadership style correlates with effective leadership outcomes?

## Objective of the study

The objectives of the study were three-folds, namely to determine (a) leadership behavior exhibit among the superior as perceived by the academic staff of UiTM; (b) the level of effective leadership outcomes among academic staff of UiTM (c) the relationship between transformational and transactional leadership behavior on effective leadership outcomes

## 2. Methodology

This study employed a survey method using cross sectional research design. A self report questionnaire was used to gather information related to the objectives of the study. This study was based on a conceptual framework that combines part of the adapted theory of transformational leadership theory (Bass, 1985). The perceived leadership behavior is reflected in the transformational leadership theory (Bass, 1985). An instrument called the multifactor leadership style questionnaire (MLQ-5x form) was developed from Bass and Avolio (1990) and used in the study. The instrument consisted of 45 items which measured the full-range of leadership styles and behaviors namely Transformational Leadership, Transactional Leadership and augmentation Effect among the Subordinates. The leaders' behaviors depicted in each item were measured using 5-point

scale where 4= "frequently, if not always", 3 = "fairly often", 2 = "sometimes", 1 = once in a while" and 0 = "not at all". The MLQ is strongly predictive of leader performance (Bass, 1997). The constructs of effective leadership outcomes in this study were measured using augmentation effects towards leadership behavior of the superior as perceived by the academic staff of UiTM. The augmentation effects were individual extra effort, job satisfaction and leader effectiveness. Sample items for each respective subscale would be, "Uses method of leadership that is satisfying"; "Gets me to more than I expected to do", is effective in meeting my job-related needs. The samples were drawn from the academics of UiTM from main and branch campuses of the Malaysian Peninsula. Hence, using Krejice and Morgan's table (1970), a sample size of 357 was determined. However, a total of 169 academics participated in this study. Pearson's Product –Moment Correlation Coefficient (r) was used to measure the strength and direction of the relationship between the two variables.

### 3. Findings

Table 1: Analysis on the perceived leadership behavior exhibit by the superior of UiTM

Leadership behavior	Mean	Std deviation
Transformational leadership	2.19	0.79
Idealized influence (attribute)	2.18	0.88
Idealized influence (Behavior)	2.25	0.88
Inspirational motivation	2.47	0.88
Intellectual stimulations	1.89	0.66
Individual considerations	1.97	0.92
Transactional leadership	2.28	0.55
Contingent reward	2.13	0.90
Management by exception (active)	2.22	0.88
Management by exception (passive)	1.52	0.91

Mean indicator- low- 0-1.33; moderate- 1.34- 267; high- 2.68-4.00

Table 1 displays the leadership behavior of the superior as perceived by the academic staff of UiTM. The finding revealed that the academic staff perceived that their superior exhibit a moderate transformational leadership (mean scores= 2.19, std dev= 0.79), transactional leadership (mean scores= 2.28, std dev= 0.55) respectively. However, the academic staff perceived their superiors exhibit more transactional leadership behavior as compared to transformational leadership. Further analyses were also carried out in each components of transactional and transformational leadership behavior as shown in table 1. The result showed that all the components in transformational leadership were moderate. Namely, they were Idealized influence (attribute) Idealized influence (behavior), Inspirational motivation, Intellectual stimulations and Individual considerations, and the mean scores of 2.18, 2.25 and 2.47, 1.89 and 1.97, respectively. However, the highest mean was inspirational motivation (2.47) and the lowest mean scores (1.89) was intellectual stimulation. The finding also showed the all the dimensions in the transactional components mean scores were moderate. Namely they were Contingent rewards and Management by Exception (active), and Management by Exception (passive) with means scores of 2.13, 2.22 and 1.52 respectively. This study supports the study done by Amir Sadeghi et. al. (2012). The findings suggest that the academic staff of UiTM recognizes that their superiors namely deans and coordinators have exhibited both the elements of transformational and transactional leadership behavior.

Objective 2: Analysis on the level of effective leadership outcomes among the academic staff

Table 2: Level of augmentation effects towards leadership behavior

Leadership outcomes	Mean	Std deviation
Extra Effort	2.0813	0.989
Leader effectiveness	2.2054	0.107
satisfaction	2.1503	0.988

Mean indicators: low: (0-1.33); moderate: (1.34-2.67); High: (2.68-4.00)

Table 2 showed the distribution of mean scores for leadership outcomes (augmentation effects) towards the leadership style of respondents' immediate superior. The finding revealed that mean scores all the augmentation effects, namely, extra effort (m= 2.0813, std dev= 0.989), leaders effectiveness (m= 2.2054, std dev= 0.107) and satisfaction (m= 2.1503, std dev= 0.988) were at moderate level. The findings are consistent with the study done by Amir Sadeghi et al (2102). The result suggests that the leadership behavior exhibited by the superior of UiTM have not reached the specifications of ideal leaders.

## Objective 3: Analysis on the relationship between transformational and transactional leadership on effective leadership outcomes

**Table 3:** correlation coefficient between transactional and transformational leadership and leadership outcomes

Leadership outcomes	Transformational	Transactional
Extra effort	0.851**	0.587**
Leaders effectiveness	0.868**	0.669**
Satisfaction	0.820**	0.692**

Significant level at 0.01

Table 3 shows the value of correlation coefficient between the transformational leadership behavior and effective leadership outcomes which were extra effort, leader effectiveness and satisfaction. The results showed that there was a positive and high relationships between extra effort (r=0.851, p=0.00), effectiveness (r=0.868), satisfaction (r=0.820, p=0.00) on transformational leadership behavior. On the other hands, the result showed that there was a positive and moderate relationships between extra effort (r=0.587, p=0.00), effectiveness (r= 669, p= 0.00), satisfaction (r=692, p=0.00) on transactional leadership behavior. This study is in line with the research carried out by Judge and Piccolo (2004). The result suggests that augmentation effects of transformational leadership tend to provide ultimate satisfaction, foster inspiration and excitement to put extra effort among subordinates.

#### 4. Discussions and Conclusion

This study was intended to investigate the nature of leadership behavior of the superior as perceived by the academic staff of UiTM. The finding suggested that the respondents perceived their superiors as showing moderate transformational and transactional leadership behavior. Behaving in ways that motivate subordinates, paying attention to each individual's needs for achievement and growth,

creating a supportive organizational climate, encourage a two way exchange in communication and actively listening to subordinates concerns and opinions were examples of transformational leadership behavior (Erkutlu, 2007). However, the data revealed that the mean score of transactional leadership style was slightly higher than the mean score of transformational leadership style indicating that the academic staff perceived that their superiors exhibited a transactional leadership style rather than transformational leadership style. Therefore, it can be inferred that the leaders were perceived more as motivating followers primarily with management by exception (active) and contingent-reward based exchanges. In this sense, the leaders were perceived to be task-oriented rather than developing a closer relationship between leaders and followers. According to Bass (1985), the main focus of transactional leaders is on setting goals, clarifying the link between performance and rewards, and providing constructive feedback to keep followers on task. In this sense, according to Jogulu (2010) the emergence of transactional leadership in the Malaysian context underscores the acceptance of a paternalistic style of a leader-subordinate relationship which is culture-specific. Managers feel comfortable in leading in a transactional manner by being more directive or setting clear limits and expectations to their followers because of the identified societal value of "paternalism". This contention supports other empirical studies (Abdullah, 2001; Redding, 1990) where paternalistic leadership is perceived positively.

In sense, Jogulu (2010) contended that leadership styles in high power distance cultures will seek to demonstrate tolerance, respect for age, compromise and consensus in working out rules for working together which are acceptable to all. Besides, the finding also revealed that both transformational leadership and transactional leadership were positively related to leadership effectiveness outcomes (namely extra effort, effectiveness and satisfaction). The finding suggests that augmentation effect of transformational leadership has an effect on performance over and above the effect of transactional leadership. In this sense, Avolio and Howell (1992) asserted that augmentation effect could have sustains transformational leadership to increases the explanatory capacity of transactional leadership to predict followers' satisfaction and achievement. Parallel, Morelo et al (2004) noted that people who assign high scores to their leaders in transformational compared to those who give low scores, consider their leaders and work units more effective, they are willing to expend more extra effort and they feel satisfaction at work. This finding is consistent with previous studies (example, Judge and Piccolo, 2004, Molero et al, 2007, Howell & Avolio, 1993).

The findings of this study have several practical implications to the academic leaders, deans and managers of higher learning institutions. First, given the role in public educational institutions which include governance issues and political sensitivity, many public academic leaders appear to be mere conduits for external requirements rather than providers of a sense of direction and purpose for staff. Hence, there is a critical need for strong leaderships that could set its mission, values, direction and maintain a clear focus on the goal especially to make the change efforts successful. In this line, transformational leadership behavior is useful because of their ability to assist group members to realign their personal values according to their transformational leader's vision and goals, which creates strong values of internalization, cooperation, and congruence among followers (Jung & Avolio, 2000; Shamir et al., 1993).

Secondly, the result of this study indicated that in generating both systems wide change and alteration of subordinates performance and satisfaction, the organization need both transformational and transactional leadership style. Thus, in this context, Transformational and transactional style as proposed by Bass and Avolio (1994) could be used in relation to ability and willingness of subordinates to perform the assigned tasks. Besides, academic leaders also need leadership skills and abilities to lead towards academic and research excellence. To this end, UiTM or any other organizations need to provide training and on the job experiences as part of their effort to develop their academic leaders and managers. One of the training courses that could be considered

is leadership development program. The goal of the program is to prepare and encourage leaders to act more effectively in the leadership situations they face. Besides, the leadership program should help the participants becomes more intellectually stimulated, inspire motivation, individual considerations and charisma. This nature of leadership development program is very much needed by organizations in order to compete in a turbulent and uncertain environment. Although the results are encouraging, the present study also has some limitations. This study has focused on only one organization that is UiTM. It is important to take into consideration that UiTM, in its own way, is unique from other learning institutions in terms of its vision, mission, structure, communication systems, and management style. Besides, the study has only focused on academic staff. Thus, a larger sample of employees would have allowed for more accurate results and increase confidence and generalizability.

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