Exploring the Linkage between Transformational Leadership and Employee Engagement: a literature Review

Abstract:

Transformational leadership has gained considerable attention by the scholars and practitioners due to its ability to cause a paradigm shift in productivity of employees in the organizations. Such type of leadership makes employees proactive and therefore enhances their work engagement in the work place. Though there are many studies which show the linkage between transformational leadership and employee engagement but most of them are empirical studies. Hence, there is a dearth of studies which build the conceptual background for these two constructs which are significant in enhancing the productivity of any organization. The present study has tried to overcome this void through an in-depth review of literature available in the area of leadership and employee engagement with special emphasis on transformational leadership. Present research paper spans the literature available from the year 2005 to 2019 from the major databases such as emerald, science direct, Taylor Francis and Sage.

Introduction:

Employee engagement is found to be an important area of research by academicians and human resource practitioners all over the world. It refers to the "degree to which individuals make full use of their cognitive, emotional, and physical resources to perform role related work (Kahn, 1990)". It is also known to be an important precursor of job performance (Bakker, 2009). However, a significant number of researchers have shown the role of leadership in enhancing employee engagement (Popli and Rizwi, 2016; Goswami et al., 2016; Schmit et al., 2016 and Ghafoor et al., 2011). Out of all kinds of leadership, transformational leadership is considered to be contemporary (Judge and Piccolo, 2004) in its dominance to alter motivational quotient of employees. Transformational leadership consists of four I's i.e. idealized influence, individualistic consideration, intellectual stimulation and inspirational motivation. Idealized influence refers to the process of identifying and trusting leaders. Individual consideration is the acknowledgment of every employee by their respective leader. Intellectual stimulation is the challenges imposed by the leader to his followers to stimulate and encourage new ideas. Inspirational motivation is creating a vision of the future for the followers (Breevaart, 2014). The leadership of such kind triggers employees motivates them and encourages proactive work behavior (Den Hartog & Belschak, 2012; Schmitt et al., 2016). Through this paper, effort has been made to analyze the linkage between transformational leadership and employee engagement for optimum productivity of the organization.

Transformational Leadership

Effective leaders amalgamate four or more of the six leadership styles, periodically and switch to the most appropriate one in a given situation. Leader behaviour is suggested to be important for pro-activity, and transformational leadership behaviour in particular relates positively to employees' pro-activity (Den Hartog & Belschak, 2012; Strauss, Griffin, & Rafferty, 2009). Transformational leadership endeavours to develop and

create a beneficial vision of future avenues and present goals. They continuously motivate employees towards shared values and high levels of performance. It has found to be positively related to well-being related outcomes such as job satisfaction and positive outcomes (Bono, Foldes, Vinson & Muros, 2007). Transformational Leaders take up the role of stimulating and empowering employees to question the status quo and to think outside the box. Another reason, why this type of leadership is more proactive is that it emphasizes on future and goal-oriented roles.

Employee Engagement

Engagement is defined as the extent to which employees commit to something or someone in the organization, and how long they stay as a result of that commitment. Loyal employees stay because they want to. They go above and beyond the call of duty to further their company's interests. Engagement is the state in which individuals are emotionally and intellectually committed to the organization as measured by three primary behaviours. The extent to which employees put discretionary efforts into their work in the form of brainpower, extra time and energy. The general principles of employee engagement have been around for decades. As people have become the primary source of competitive advantage in organizations, the focus has shifted to put the employee's talent, passion, commitment which are aspects of engagement. The war of talent, assures that every employee should also focus on surviving and thriving in the future. The human resources function has accepted the pressure to be put on the employees for attaining goals in the organization.

Literature Review:

Ahearne et al. (2005) studied the impact of leadership empowerment behavior (LEB) on customer service satisfaction and sales performance as mediated by salespeople's self-efficacy & adaptability. The primary goal of the study was to understand the impact of leaders' empowering styles of behavior in a sales environment. Two important characteristics of salespersons' characteristics were considered – self-efficacy and adaptability. A survey data of 231 salespeople in pharmaceutical field and external ratings of 864 satisfied customers was collected. It was hypothesized that highly efficacious salespeople tend to work harder and exert more effort, creating more positive service encounters which was later on tested to be true.

Zhu et al. (2009) examined the effect of follower characteristics in moderating the relationship between transformational leadership and follower work engagement. A sample of 140 followers and their 48 supervisors from a diverse range of industries in South Africa were taken. Hierarchical linear modeling showed that follower characteristics moderate the positive relationship between transformational leadership and follower work engagement. The researchers collected data from 140 senior managers (i.e. followers) from various industries in South Africa and 48 top executive leaders rated their followers' characteristics in general under their supervision. Measurement tools included Multifactor Leadership Questionnaire (MLQ) Form 5x for transformational leadership and a four-item scale adapted from earlier work by Dvir and Shamir (2003) was taken for follower characteristics. A CFA was conducted to confirm the higher order factor of transformational leadership using M-plus (Muthen & Muthen,2004). For work engagement, the 12-item Gallup Workplace Audit

was used comprising of 12 items. The researchers partitioned the variance in follower work engagement into the effect of within-group variance and between group-variance.

Ghafoor et al. (2011) examined the relationship between transformational leadership, employee engagement and employee performance in the telecommunication sector of Pakistan. Also the mediating effect of psychological ownership in the dimensions of self-efficacy, belongingness, self-identity and accountability are studied in context to their relationship with employee performance. A self-administered questionnaire on Transformational Leadership on a 7-point Likert scale was used with a suitable Cronbach Alpha result of .815. A similar survey method was used to measure Employee Engagement with 8 items on a 7-point Likert scale and Cronbach Alpha value .845. Psychological ownership was measured in context of self-efficacy, belongingness, self-identity and accountability. Empirically, data was collected from 270 employees and managers of telecom companies and found that there is a significant relationship between transformational leadership, employee engagement practices and employee performance. Results also supported the mediation of psychological ownership in the relationships of these variables.

Breevart et. al (2013) made a diary study and examined the daily effect of transformational leadership, contingent reward and active management-by-exception on followers' daily work engagement. The data was collected from 61 naval cadets at a travelling sail ship who filled out a dairy questionnaire for 34 days. Multiple level regression showed that cadets were more engaged when their leader displayed more transformational leadership and provided more contingent reward. Methodology involved using a daily diary to measure the variables through an adapted questionnaire from existing scales. Using Mplus, the 3-level model was tested on days, persons and teams respectively. Standard errors and chi-square values were calculated using TYPE=COMPLEX procedure in Mplus, taking into account the non-independence of observations due to clustering at the person level. To test significance for mediation effects, the parametric bootstrap method was used to create confidence intervals. Online interactive tool developed by Selig and Preacher (2008) was used that generates an R code to obtain confidence intervals for the indirect effect. Results showed that daily transformational leadership is positively related to followers' daily work engagement after controlling for daily contingent reward and MBE (Management by Exception) active. Daily contingent reward was also found to be positively related to followers' daily work engagement after controlling for daily transformational leadership and daily MBE (Management by Exception) active.

Ghadi et al. (2013) examined the relationship between transformational leadership and work engagement through the mediating role of meaning in work. In a sample of 530 full-time employees of Australia, it was empirically tested and through structured equation modeling, it was concluded that transformational leadership style influences followers' attributes of work engagement, with a partial mediation of employees' perceptions of meaning in work. The respondents included full-time employees working under a direct supervisor in various sectors in Australia. For assessment of transformational leadership, the Global Transformational Leadership Scale (GTL) was used, and for work engagement, the Utrecht Work Engagement Scale (UWES-17) which further had three sub-dimensions. Confirmatory Factor Analysis confirmed and validated the UWES scale for measurement of work engagement. For measuring meaning at work, May et al.'s (2004) was used with the support of factor analyses which validated its discriminant validity. Using two-step modeling approach developed by Anderson and Gerbing (1988), the first step identified each underlying indicator and error testing the reliability, factor loading and goodness-of-fit for each of the scale of the study. And in the second stage of the structural model, the overall relationship between constructs is specified in the model. The results indicated a partial mediation model since the total effect of transformational leadership on work engagement attenuated slightly but remained significant when controlling meaning at work.

Antje Schmitt et al. (2016) explored the role of work engagement as an affective, motivational mechanism with reference to transformational leadership's relation to proactive behavior. They studied the impact of job strain on work engagement, hypothesizing that under situation of high job strain, work engagement is likely to translate into proactive behavior. Using 148 employee-colleague dyads, the study was carried out in a multisource field study scenario. Focal employees self-rated their work engagement, job strain and their supervisor's transformational leadership. Employee pro-activity and core job performance were rated by employees. It was concluded that transformational leadership was positively related to work engagement and in turn to pro-activity in terms of both personal initiative and voice. For employee engagement to take place, the pre-condition of low job strain was necessary to achieve high pro-activity, and it was also found that there is no relationship of work engagement and core job performance with job strain.

Ashita Goswami et. al. (2016) explored the relationship of leaders' humor and employees' work engagement with mediation effect of positive emotions and moderating effect of leaders' transformational style. The study focuses on positive humor out of the various types of humor, which if applied to leadership enhances effectiveness with subordinates. The study endeavors to examine the association between leaders' positive humor with work engagement and their actions resulting in job performance and effective organizational citizenship behavior. The study intends to test a mediation model wherein leaders' positive humor induces positive emotions at work (Affective events theory) and this mediation works much effectively if leaders use transformational leadership style. Work engagement which refers to a positive state of mind with high levels of energy and concentration at work is also a general outcome of positive humor. In addition, leaders' positive humor is found to be positively related to work attitudes such as subordinate job satisfaction and commitment. The research also examines that transformational behaviors of leaders would moderate the link between leaders' humor and positive affect at work. With 235 dyads of supervisors and subordinates, the sample was mostly male with average of 27.14 years of age and mean tenure of 3.30 years in the organization. The average age of supervisors was 32.61 years and they were mostly males. Five items from the Positive Supervisor Humor Scale developed by Decker and Rotondo, 2001 was used to measure leaders' positive humor. To measure the participants' supervisors' transformational leadership, twenty four items from the Transformational Leadership Questionnaire (Podsakoff, Mackinzie, Moorman & Fetter, 1990) were used on 7-point Likert scale from 1(strongly disagree) to 7 (strongly disagree). Positive work emotions were assessed using the Van Katwyk et al. (2000). Subordinates' work engagement was measured using a 17-item scale (Schaufli, Bakker & Salanova, 2006). Job performance ratings were given by supervisors using the 5 out of the 7- item scale for measurement (William & Anderson, 1991). The assessment of OCB was done using Williams and Anderson's 14-item (1991) scale. Hypotheses testing revealed that leaders' humor was positively related to employees' work engagement and performance. However, leaders' humor was not positively related to OCBs. The second hypotheses indicated there was a significant indirect effect for employee emotions in the relationship between leaders' positive humor and employees work engagement. However, positive affect at work failed to mediate the relationships of humor with performance and OCBs. The indirect effects of humor on performance and OCB were extremely weak. The third hypotheses which tested the overall moderated mediation model supported the role of transformational leadership style's linkage with leaders' positive humor and employees' positive emotions at work. Thus, the study contributes to advanced research in positive humor with the evidence of AET in explaining relationships among leadership and employee engagement.

Popli and Rizvi (2016) researched the drivers of employee engagement with special reference to the effect of leadership style on it. Using a multi-cross-sectional descriptive design and collecting data from 340 front-line workers from five organizations of service sector in Delhi – National Capital Region, they found out significant relationships between leadership styles and employee engagement. Further they emphasized that leadership style plays an important role in manifestation of work engagement. They found a moderating influence of age

and education in the mentioned relationship. The research instruments used for the study were Multi-factor Leadership Questionnaire for measurement of leadership style and E3 (Development Dimensions International) to measure engagement.

Results and Conclusion

After the analysis of various researches done by different academicians, it is known to be that transformational leadership plays a significant positive role in the process of employee engagement. It has impact on employee performance, trust between employees and pro-activity factor. The studies clearly indicate that out of various leadership styles, transformational leadership would have a clear positive impact on not only work engagement, but on related characteristics like self-efficacy and adaptability, belongingness, meaning in work. The leaders' humor and psychological ownership would have a mediating effect on the engagement of employees. It could be concluded that transformational leadership is one of the most effective form of leadership in today's time as it unwinds itself in the form of various manifestations like sales, customer satisfaction, proactive behavior and ultimately turns out to be one of the pertinent drivers of employee engagement.

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