



# EXPORING THE EFFECT OF TRANSFORMATIONAL LEADERSHIP ON NONPROFIT LEADER COMMITMENT

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## **Abstract**

*Transformational leadership has been widely researched in for-profit organizations; however, it lacks empirical support among nonprofit organizations (Palumbo, 2016; Riggio, Bass, & Orr, 2003), as does servant leadership theory. The intent of this study was to extend previous research on transformational leadership and employee engagement and to determine whether nonprofit employees are more committed in organizations in which transformational leadership is the primary leadership style and encourage similar research on servant leadership in nonprofit organizational settings. Drawing from a survey of 389 nonprofit employees in the United States, correlational analysis found that transformational leadership significantly linked to one of the three components of organizational commitment (normative commitment). Based on these findings, this article highlights implications and suggestions for future research as well as empirical insights on how transformational and servant leadership need further study in the nonprofit sector.*

**Keywords:** Transformational Leadership, MLQ, Organizational Commitment, Nonprofit

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Organizational leaders in for-profits have tasks, requirements, and resources that significantly contrast with nonprofit leaders (Yukl, 1999; Rowold & Rohmann, 2009). Nonprofits have been described as being especially challenging to lead, and increasingly so since charitable giving has changed significantly since the great recession in the late 2000's (Wing, Roeger, & Pollak, 2010). Although total charitable giving is finally bouncing back from the effects of the recession, rising for the fifth consecutive year to an estimated \$358.38 billion in 2014 (Nonprofit HR, 2016), the nonprofit sector has a shortage of effective leadership (Palumbo, 2016). Leading a nonprofit organization in today's world, "requires nothing less than a miracle worker at the helm," (McCormack, 2010, p. 135). The skills, aptitudes, knowledge and behaviors needed to effectively lead nonprofits over the long-term can be significantly challenging and thus it is imperative to study what may constitute effective leadership in nonprofit organizational settings.

Nonprofits seeking a strategic advantage during recent challenging financial times rely on effective leaders to maximize employee performance. Despite investments in tech and planning, most nonprofits are not excelling in fundraising (Nonprofit Business Advisor, 2017), underscoring the importance of investment in effective leadership. One of the most critical aims of nonprofit organizations that want to succeed in long-term difficult economic times is selecting, developing and empowering effective leaders. Leadership is often credited for making the difference between whether societies continue, organizations succeed, politicians win elections, and athletes triumph (Seidle, Fernandez & Perry, 2016; Walsh, McGregor-Lowndes & Newton, 2008; McMurray, Pirola-Merlo, Sarros & Islam, 2010). However, leadership is defined in a myriad of ways using a multitude of theories, making it challenging for leaders to know which definitions, skill, behaviors and theories translate into maximum effectiveness.

The vast majority of research on leadership has focused on for-profit settings, especially research centered on transformational leadership, with minimal research on nonprofits such as in nonprofit emergency management (Valero, Jung, Andrew, 2015) and government agencies (Seyhan, 2013). Many studies have linked transformational leadership to positive business outcomes in for-profit organizations, however the literature is much less robust in regard to the impact of transformational leadership and servant leadership in nonprofits. Transformational leaders engage with and raise follower's consciousness about the value of achieving outcomes and motivate them to set aside their self-interest in order to achieve the mission and vision of the organization and perform beyond expectations (Bass & Avolio, 1990). Beck and Wilson (2000) link organizational commitment to the effectiveness and efficiency of an organization.

Servant leadership has not been researched nearly as much as transformational leadership or many other leadership theories however; the last several decades have seen a steady increase in servant leadership research. The servant leadership model is increasingly being adopted into corporate philosophy including organizations such as Toro, Synovus Financial, Service Master, Men's Wearhouse, Southwest Airlines, and TDI Industries (Spears, 2004), as well as in nonprofits such as The Rainforest Alliance (Robert

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K. Greenleaf Center for Servant Leadership, 2019). However, servant leadership still lacks considerable empirical support and therefore is vulnerable to critics. In Stone, Russell, and Patterson's (2003) comparison of transformational leadership and servant leadership they concluded that both feature influence, vision, trust, respect or credibility, risk-sharing or delegation, integrity, and modeling. Additionally, the authors claim that both support appreciating and valuing people, listening, mentoring or teaching, and empowering followers.

While this study's primary focus is on transformational leadership and the nonprofit relationship, it also uses a foundational approach calling for a parallel investigation into the servant leadership phenomena, in that both transformational leadership and servant leadership share a great deal of commonalities, while still remaining very distinct (Stone, et al, 2003; Parolini, Patterson & Winston, 2009; Schneider and George, 2011). Previous studies (Patterson & Freeborough, 2015) showed a significant positive relationship between transformational leadership and the three subscales of employee engagement (vigor, dedication, and absorption). This study extends this previous research to include organizational commitment.

#### *Definition of Terms*

*Multifactor Leadership Questionnaire (MLQ 5x-Short).* The survey instrument developed by Bass and Avolio (1990) to measure the full range of transformational leadership.

*Organizational commitment.* The level of identification an employee has to the organization through three components: affective commitment (positive emotional attachment) continuance commitment (commitment due to a high cost of losing organizational membership), and normative commitment (commitment due to obligation) (Meyer & Allen, 1991).

*Organizational Commitment Questionnaire (OCQ).* The survey instrument developed by Meyer Allen and Smith (1993), which measures organizational commitment in three areas: affective, continuance, and normative commitment.

*Transformational leaders.* Transformational leaders lead followers through idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass & Steidlmeier, 1999), elevate the morality of followers through creating change, and develop followers to their fullest potential (Bass & Avolio, 1990).

## LITERATURE REVIEW

### **Transformational Leadership**

Organizational leaders who wish to experience long-term positive results would benefit from understanding which theories are the best representation of effective leadership and which leadership styles are the best predictors of outcomes that directly impact business outcomes. Kouzes and Posner (2017) studied what thousands of leaders did when they were at their personal best over 25 years and concluded that leadership is not a mystical concept but one that can be taught and learned through exemplary practices.

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Beginning with Weber's (1946) introduction of what he termed as charismatic leadership, transformational leadership style has received increased substantial interest from researchers since, and especially in the last 30 years.

Transformational leadership theory originated with Downton (1973), House (1977), and Burns (1978), and was further developed by Bass (1985a; 1985b). The first attempt at operationalizing transformational leadership theory through suitable sampling design and empirical study, the *Multifactor Leadership Questionnaire* (MLQ) uses nine factors to survey individuals on their perception of a leader. By presenting the first instrument to objectively measure transformational leadership, Bass and Avolio (1990) contributed a seminal work that has since been used in thousands of leadership settings including military, political, and business environments in a variety of countries and a variety of roles including team leaders, executives, supervisors, and managers. Distinguishing between transformational, transactional, and laissez-faire leadership, Bass and Avolio (1990) maintained that transformational leadership was more effective and resulted in improved performance, commitment, and job satisfaction of followers.

A wide variety of studies link transformational leadership to organizational outcomes such as commitment (Fu, Tsui, Liu & Li, 2010; Pataarechachai & Ussahawanitchakit, 2009), satisfaction, engagement, direct follower development, indirect follower performance, organizational citizenship behaviors, and ethical ideals (Bass & Steidlmeier, 1999; Howell & Avolio, 1992; Bull, Martinez and Matute, 2019; Hui, Sajjad, Wang, Ali, Khaqan, & Amina, 2019). Nevertheless, more research is needed to further validate transformational leadership and understand its benefits, consequences, and potential applications.

### **Organizational Commitment**

Organizational commitment has broad variations of definition among researchers. Sociologists first theorized that commitment was related to work motivation and attitude (Becker, 1960; Kanter, 1968). Early works described organizational commitment as the process in which organizational goals and individual goals are increasingly integrated (Hall, Schneider, & Nygren, 1970); the degree of broad personal identification an employee has to the organization (Lee, 1971); and an employee's attitude that links their identity to the organization (Sheldon, 1971). Commitment was then theorized to impact job performance (Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989), leading to the seminal work of Meyer and Allen (1991) that the majority of commitment research supports.

Allen and Meyer (1996) describe commitment as the psychological link between an employee and the organization that makes the employee less likely to leave. Their earlier work posited that organizational commitment is the level of identification an employee has to the organization through three components: affective commitment (positive emotional attachment) continuance commitment (commitment because of the high cost of losing organizational membership), and normative commitment (commitment due to obligation) (Meyer & Allen, 1991). Researchers have debated whether the three-

component model should be expanded and adjusted to two, four, or five components (Carson & Carson, 2002; Bentein, Vandenberg, Vandenberghe, & Stinglhamber, 2005). However, the majority of researchers support Meyer and Allen's three-component model (Meyer & Becker & Vandenberghe, 2004).

Organizational commitment must be distinguished from other related variables. Organizational commitment focuses on the emotional attachment to an employee's organization from shared values and interests (Mowday, 1998). Whereas commitment suggests attachment to organizational values as a whole (Brooke, Russell, & Price, 1998), employee engagement focuses on the work itself (Maslach & Schaufeli, 2001) and job satisfaction centers on affect (Wefald & Downey, 2009).

Many researchers link transformational leadership to organizational commitment (Bass, 1998; Walumbwa, Orwa, Wang & Lawler, 2005; Atmojo, 2012; Malik, Javed, & Hassan, 2017). Barling, Weber, and Kelloway (1996) used a pretest-posttest control group ( $N = 20$ ) in a field experiment to investigate the impact of transformational leadership training on attitudinal and financial outcomes. Multivariate analyses of covariance showed a significant and positive impact on subordinates' organizational commitment. Using a sample of 402 employees from the banking and finance sectors in China and India, Walumbwa et al. (2005) linked transformational leadership to organizational commitment and job satisfaction. Ibrahim, Nurzahit, and Türker (2010) linked transformational leadership style to organizational commitment in the Turkish banking industry.

Bycio, Hackett & Allen (1995) used confirmatory factor analysis in a study of 1,376 hospital nurses and found that all three forms of commitment had significantly positive relationships with transformational leadership. Avolio, Zhu, Koh, and Bhatia (2004) used Hierarchical Linear Modeling (HLM) analyses to investigate the impact of transformational leadership on the organizational commitment of a sample of 520 nurses in a large Singapore hospital. Results showed that there was a positive link ( $r = .15, p < .05$ ) between transformational leadership and commitment, mediated by psychological empowerment.

Several researchers link job satisfaction to commitment (Chiok Foong Loke, 2001; Tella, Ayeni & Popoola, 2007). The Avolio et al. (2004) quantitative study examined whether psychological empowerment mediated the effects of transformational leadership between transformational leadership and organizational commitment, defined by Mowday, Porter, and Steers (1982, p. 27) as, "The relative strength of an individual's identification with and involvement in a particular organization." Results from HLM analyses showed that psychological empowerment mediated the relationship between transformational leadership and organizational commitment.

Pataraarechachai and Ussahawanitchakit's (2009) field survey of 74 firms in chemical exporting in Thailand used quantitative research to test a positivist theoretical model that related CEO transformational leadership, learning climate and enthusiasm, and

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work commitment. There was a direct and positive link between transformational leadership and commitment when mediated by learning climate and learning enthusiasm. The authors called for future empirical research to delineate the processes by which leaders exert commitment influence on followers.

The Walumbwa et al. (2005) comparative study compared the impact of transformational leadership on organizational commitment and job satisfaction in Kenya and the United States to investigate the cultural differences of higher interpersonal relations and top-down leadership practices. Results revealed that in both Kenya and the U.S., transformational leadership had a strong and positive bearing on organizational commitment and job satisfaction.

Emery and Barker's (2007) correlational analysis used the MLQ 5x-Short and the Job Descriptive Index to examine the impact of transformational and transactional leadership styles of 77 branch managers and 47 store managers on organizational commitment and job satisfaction of customer contact employees in banking and food store organizations. Results showed that the transformational leadership components of charisma, intellectual stimulation, and individual consideration have a stronger correlation (significant at the  $p < .01$  level) with job satisfaction and organizational commitment than the transactional leadership components of contingency reward and management-by-exception.

Fu et al. (2010) used mixed methods combined with a positivistic ontological and epistemological approach to examine how CEO's transformational leadership behaviors relate to followers' commitment. A survey of 45 top managers revealed data that supported that a leader's values positively impact organizational commitment. These studies suggest that to fully understand how transformational leadership impacts employee commitment, research must be done to consider how empowered followers feel within their work roles when transformational leaders empower employees. This could lead to higher levels of identification with and commitment to the organization.

In summary, a wide variety of studies link higher levels of transformational leadership to higher levels of organizational commitment, however several studies show that transformational leadership may need to be coupled with additional variables for that relationship to be highly significant. For example, Stinglhamber, Marique, Caesens, Hanin, and De Zanet's (2015) study of 287 water producer employees concluded that a high transformational leadership and a high supervisor's organizational embodiment together engender the highest perceived organizational support and affective commitment. Additionally, there may be a mediating relationship regarding the effect of transformational leadership on organizational commitment. Abdullah, Shamsuddin, and Wahab's (2015) investigated whether organizational culture mediates the relationship between transformational leadership and organizational commitment and found that organizational culture mediates the effect of transformational leadership on organizational commitment among small business.

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Commitment has also been shown to positively impact additional positive business outcomes such as organizational citizenship behavior (Meyer, Stanley, Herscovitch & Topolnytsky, 2002) and reducing turnover (Mathieu & Zajac, 1990). Thus, organizations may benefit from a greater understanding of organizational commitment and how it relates to leadership style.

Since organizational commitment has been linked to desired organizational outcomes in the private sector, leaders may want to consider increasing organizational commitment among their employees in nonprofit organizations. Therefore, this study explores whether such a relationship may exist.

The following hypotheses were explored based on the following: There is a statistically significant positive relationship between transformational leadership and organizational commitment in nonprofit organizational settings.

H1: There is a statistically significant positive relationship between transformational leadership and affective commitment.

H2: There is a statistically significant positive relationship between transformational leadership and continuance commitment.

H3: There is a statistically significant positive relationship between transformational leadership and normative commitment.

## METHOD

### Sample Selection and Data Collection

The target population for this study consisted of nonprofit employees in the U.S, ages 18 to 65 years old. A nonprofit classification system developed by Lampkin, Romeo, and Finnin (2001) for research consisting of ten categories based on organizational purpose was employed to investigate possible correlations. Gender, highest education level attained, years of employment, age group, organizational purpose, number of direct reports, and number of employees in the organization were also requested to investigate possible correlations.

Items for the MLQ 5x-Short (5 subscales with 20 total questions), UWES-9 (3 subscales with 9 total questions), and eight demographic questions were prepared using their original response scales. An online version of these four assessments was created and administered as a single session including questions and instructions. Instructions were given to participants on how to complete the session using the original instructions of the individual instruments.

### Measures

*Multifactor Leadership Questionnaire* (MLQ 5x-Short): Transformational leadership was measured using Avolio and Bass's (2004) *Multifactor Leadership Questionnaire*. Participants respond to 20 items in the MLQ 5x-Short, using a 5-point scale with responses ranging from 0 = Not at all to 4 = Frequently if not always. This

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scale is being treated as a continuous measure consistent with the work done by Bass and Avolio (1990), Avolio Bass and Jung (1999), and Avolio and Bass (2004). The MLQ 5-x-Short measures the full range of leadership described in Bass's (1985a) theoretical continuum ranging from transformational leadership to laissez-faire leadership. The MLQ 5x-Short uses forty-five descriptive statements in which the respondent is asked to describe leadership style perceptions of their leader to whom they directly report. The MLQ has nine subscales, the first five of which are measures of transformational leadership: (a) idealized influence (behaviors), (b) idealized influence (attributes), (c) inspirational motivation, (d) intellectual stimulation, and (e) individualized consideration. Only these five subscales were used in this study. The other four subscales measure transactional leadership (contingent reward, active management-by-exception, and passive management-by-exception) and laissez-faire leadership. Correlations among the five transformational leadership subscales are reported to be above 0.70 and significant at  $p < .01$  (Avolio et al., 1999).

*Organizational Commitment Questionnaire:* The 18-item Organizational Commitment Questionnaire (OCQ) developed by Meyer, Allen and Smith (1993), used most among researchers to measure commitment is comprised of three components: affective commitment (desire to remain), continuance commitment (perceived cost of leaving), and normative commitment (perceived obligation to remain). Clugston (2000) and Meyer et al. (2004) describe the OCQ as the predominant conceptualization of organizational commitment. Clugston (2000) tested the generalizability of Meyer and Allen's (1991) 3-component model using confirmatory factor analysis from samples of student and registered nurses and found that the three component measures of organizational commitment were distinguishable. Karim and Noor (2006) investigated the construct validity and internal reliability of the OCQ using a survey of 139 academic librarians from nine university libraries in West Malaysia and found that measures exhibited both convergent and discriminant validity. Meyer et al. (2002) used three studies with university students and hospital nurses to support the validity of the OCQ. Reliability coefficients in the above studies for affective, normative, and continuance commitment were all above the acceptable .70 value.

### Data Analysis

Correlational analysis was used to measure the relationship between continuous variables (Cooper & Schindler, 2011). The primary benefit of correlational analysis is that it helps make predictions about related variables, however a main disadvantage is that correlational analysis does not measure causation (Vogt, 2007). In order to investigate relationships between linearly related variables, the Pearson  $r$  is recommended when there is a normal distribution (Cooper & Schindler, 2011). Field's (2009) assumptions of Pearson's  $r$  include: (a) the sampling distribution is normally distributed, and (b) all data is interval.

When there is not a normal distribution, the nonparametric test, Spearman's Rank Order correlation,  $r_s$  should be utilized to determine the strength and direction of



association (Fields, 2009). Normality was tested using the Shapiro-Wilk Test. If the significance value of the Shapiro-Wilk Test is greater than 0.05 then the data is considered to be normally distributed. If it is below 0.05 then the data does not have a normal distribution.

The instruments used in the study (i.e., MLQ 5x-short, OCQ) use Likert-type ordinal scales that were treated as continuous variables (Avolio et al., 1999; Avolio & Bass, 2004; Bass & Avolio, 1990; Schaufeli Bakker & Salanova, 2006; Seppälä, Mauno, Feldt, Hakanen, Kinnunen, Tolvanen, & Schaufeli 2009). Reliability for each subscale was established using Cronbach's alpha (Fields, 2009). Results were reported by showing whether there was a significant relationship to two decimal places.

### **Validity**

Avolio and Bass's (2004) factorial analysis of the MLQ demonstrated strong construct validity, with subscales ranging from moderate to good. Rowold and Heinitz's (2007) empirical study of the MLQ supported content validity and convergent validity with each of the MLQ's subscales and that transformational leadership was divergent from transactional leadership. The criterion-related validity for transformational leadership was found to be high by Avolio and Bass (2004). Judge and Piccolo (2004) used regression analysis and meta-analytics to calculate an overall relative validity score of .44 for transformational leadership on the MLQ based on 626 correlations from 87 sources, demonstrating that transformational leadership displays the strongest and most consistent correlations and highest levels of validity among the leadership styles within the MLQ.

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### **Reliability**

The Avolio et al. (1999) positivist quantitative research collected data through a total of 3,786 respondents in 14 independent samples of the MLQ, with sample sizes ranging from 45 to 549. The models were tested originally in a nine-sample set and then a second time with a five-sample set. When comparing initial samples with replication samples, consistency and reliability were high (i.e., .80 to .90).

Meyer and Allen's (1991) investigation of the OCQ's three components— affective, continuance, and normative commitment—were .85, .75, and .79, respectively.

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Reliability coefficients of the OCQ were examined by Meyer, Allen and Smith (1993) and were computed as .73 for normative commitment, .79 for continuance commitment, and .87 for affective commitment. The reliability of the OCQ has also been found to be stable among international populations. Karim and Noor's (2006) investigation of the reliability of the OCQ using a survey of 139 academic librarians from nine university libraries in West Malaysia also found strong reliability. Culpepper (2000) and Herscovitch and Meyer (2002) independently supported the three-component reliability with scores that ranged from .72-.91. In summary, reliability coefficients in the above studies for affective, normative and continuance were all above the acceptable .70 value (Field, 2009).

## RESULTS

### Demographics

A total of 547 people clicked on the hyperlink to participate in the survey. However, some individuals were excluded from taking the survey because they did not indicate consent, were not currently working for a nonprofit, or indicated an age under 18 or over 65. Of the 487 consenting participants, 389 indicated they were both currently working for a nonprofit and between 18-65 years old. Therefore, this study sample consisted of the responses of these 389 participants.

Demographic questions included age, gender, highest education level completed, years of employment with the organization, organizational purpose, number of direct reports, and number of employees in the organization. Of the 389 participants, 17 did not complete the demographics section of the survey. Therefore, 95.6% (n = 372) of participants provided demographic information.

Participants were well-distributed across all age groups. The age groups most represented were 25-34 years and 55-65 years. Little data was found regarding average age of nonprofit employees although Johnston and Rudney's (1987) study of a sample of 6,260 nonprofit employees showed that the majority of nonprofit employees ranged from 16-54 years of age (86%) and the most frequent category was 16-34 years of age (52%). Johnston and Rudney (1987) forecasted that there would be a growth in the older segment of nonprofit workers over the next 20 years, which Halpern's (2006) study confirmed is a growing trend in nonprofit organizations. This sample may similarly reflect the growing trend in older workers of nonprofit organizations, with 23.4% of nonprofit employees who were 55-65 years of age. The majority of participants (68.1%) were female. This is consistent with Halpern's (2006) report that 68% of all nonprofit employees in the U.S. are female.

Of the participants in this study, 77.8% had college degrees. A high percentage of participants (92.5%) attended at least some college. No recent educational data on U.S. nonprofit employees was found in a literature review. However, 70% of Canadian nonprofit employees had college degrees in a study conducted in 2007-2008 (HR Council for the Nonprofit Sector), which is consistent with this sample. The majority of participants (59.9%) had worked at their current employer for four years or less. No comparison data was found on nonprofit employee years of employment in an organization frequency.

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The greatest number of participants (33.2%) worked for an organization whose purpose is human services. In order of highest frequency to lowest frequency, organizational purpose was (a) human services; (b) religion related; (c) public societal benefit; (d) health; (e) education; (f) arts, culture, and humanities; (g) environment and animals; (h) international; (i) mutual/membership benefit; and (j) unknown. According to Wing et al. (2010), the top three purposes of U.S. nonprofits are human services, education, and public societal benefit. This study similarly reflects the nonprofit population with the exception of a significantly lesser amount of those whose organizational purpose is education.

The majority of participants (52.4%) did not have any direct reports. Of those who did have direct reports, the majority had 1-4 employees directly reporting to them. No comparison data was found on the frequency of nonprofit employee direct reports. The majority of participants (53.9%) worked for organizations that had 1 to 50 employees, while most (79.9%) worked in organizations that had 1-500 employees. In a survey with a sample of over 500 U.S. nonprofit organizations, Nonprofit HR Solutions (2010) found that median staff size of U.S. nonprofits was 45 employees, reflecting similar characteristics of this sample.

In summary, the majority of participants in this sample were female, had at least some college experience, had worked at their current employer for four years or less, did not have direct reports, and worked for organizations that had between 1 to 500 employees and whose purpose was human services, religion related or public societal benefit. The sample in this study was approximately similar to the U.S. nonprofit employee population in gender, age, education, and organizational purpose and size (Halpern, 2006; Johnston & Rudney, 1987; Nonprofit HR Solutions, 2010).

### **Internal Consistency Reliabilities and Descriptive Statistics**

Descriptive statistics and Cronbach's alpha were calculated for each subscale of transformational leadership and organizational commitment, as shown in Table 1. The first subscale of transformational leadership is idealized influence (behaviors). The mean value for idealized influence (behaviors) was 3.41 of a 5-point scale ( $SD = 1.03$ ), signifying that participants indicated their supervisors behave in ways that emphasize a strong sense of purpose and talk about their most important values and beliefs. The second subscale of transformational leadership is idealized influence (attributes). The mean value for idealized influence (attributes) was 3.50 ( $SD = 1.08$ ), suggesting that participants indicated their supervisors act in ways that build respect and provide a strong role model to follow. The third subscale of transformational leadership is inspirational motivation. The mean value for inspirational motivation was 3.50 ( $SD = 1.03$ ), indicating that their supervisors communicate an inspired vision. The fourth subscale of transformational leadership is intellectual stimulation. The mean value for intellectual stimulation was 2.99 ( $SD = 0.99$ ), signifying that their supervisors encourage their creativity through arousing awareness of how problems can be solved. The fifth subscale of transformational leadership is individualized consideration. The mean value for individualized consideration was 3.25 ( $SD = 1.04$ ), signifying that their supervisors lead them through a developmental orientation and serve as a role model to them.

The first subscale of organizational commitment is affective commitment. The mean value for affective commitment was 3.82 on a 7-point scale ( $SD = 0.61$ ), indicating that participants feel slight disagreement in regard to being committed to their organization through a positive emotional attachment. The second subscale of organizational commitment is normative commitment. The mean value for normative commitment was 4.40 ( $SD = 1.07$ ), indicating that participants feel slight agreement in regard to being committed to their organization through a high cost of losing organizational membership. The third subscale of organizational commitment is continuance commitment. The mean value for continuance commitment was 4.23 ( $SD = 1.14$ ), indicating that participants feel slight agreement in regard to being committed to their organization out of obligation.

Reliability measures whether an instrument consistently reflects the construct it is measuring (Fields, 2009). When the same identities are measured under different conditions, an instrument should produce consistent results. Cronbach’s alpha of .7 or higher indicates strong reliability. Cronbach’s alpha was measured for each of the three instrument subscales. The results are shown in Table 1.

Table 1 *Reliability and Descriptive Statistics*

Subscale	Cronbach’s Alpha	<i>n</i>	<i>M</i>	<i>SD</i>
<b>Transformational leadership</b>				
Idealized influence (behaviors)	.80	373	3.41	1.03
Idealized influence (attributes)	.80	373	3.51	1.07
Inspirational motivation	.80	373	3.50	1.03
Intellectual stimulation	.80	373	2.99	0.99
Individualized consideration	.80	373	3.25	1.04
<b>Organizational commitment</b>				
Affective commitment	.84	373	3.83	0.61
Normative commitment	.81	373	4.40	1.08
Continuance commitment	.87	373	4.24	1.13

The subscale scores ranged from .80 to .87, indicating high internal consistency. These scores are consistent with reliability measures reported by Schaufeli and Salanova (2007) and Avolio et al. (1990). Cronbach’s alpha was calculated using  $n = 373$  rather than  $n = 389$  because 16 of the participants did not answer each question. The MLQ 5x-Short had subscale scores of .80 for each subscale. Correlational analysis was conducted on the subscales to further investigate reliability of the MLQ 5-x Short instrument.

The correlational analysis of the MLQ 5x-Short for this population showed that all variables were significant at the 0.01 level, demonstrating that the MLQ 5x-Short shows strong reliability, with one exception. The correlation between intellectual stimulation and

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inspirational motivation was .68, less than the desirable alpha of .70 or higher. The results are shown in Table 2.

Table 2 *Correlational Analysis on the MLQ 5-x Short Instrument*

Subscale	II (B)	II (A)	IM	IS	IC
Idealized influence (behaviors)	1	.757**	.796**	.706**	.704**
Idealized influence (attributes)	.757**	1	.795**	.750**	.803**
Inspirational motivation	.796**	.795**	1	.677**	.700**
Intellectual stimulation	.706**	.750**	.677**	1	.794**
Individualized consideration	.704**	.803**	.700**	.794**	1

*Note.* II (B) = Idealized influence (behaviors); II (A) = Idealized influence (attributes); IM = Inspirational motivation; IS = Intellectual stimulation; IC = Individualized consideration.  
\*\*  $p < .01$ .

### Normality

Fields' (2009) assumptions of Pearson's  $r$  include: (a) the sampling distribution must be normally distributed, and (b) all data must be interval. Normality of this study's sample was tested using the Shapiro-Wilk Test. If the value of the Shapiro-Wilk  $W$  is greater than .05 then the data is considered to be normal. If it is below .05 then the data does not have a normal distribution. The Shapiro-Wilk test shows that this sample violated the assumption of normality. Therefore, the nonparametric test, Spearman's Rank Order correlation, was utilized to determine the strength and direction of association. Spearman's Rank Order correlation can be used when the data have violated parametric assumptions such as normally distributed data (Fields, 2009). Correlational analysis was conducted using the Spearman's Rank Order correlation with levels of significance at  $p < .05$  for each of the subscales of transformational leadership using the following sub-hypotheses. Results are shown in Table 3.

Table 3 *Correlational Analysis using Spearman's rho*

Subscale	II (B)	II (A)	IM	IS	IC
Affective Commitment	-.059	-.104*	-.098*	-	-.103*
Normative Commitment	.435**	.391**	.388**	.121**	.332**
Continuance Commitment	-.160**	-.094*	-	-.097*	-.065
			.143**		

*Note.* II (B) = Idealized influence (behaviors); II (A) = Idealized influence (attributes); IM = Inspirational motivation; IS = Intellectual stimulation; IC = Individualized consideration.  
\* $p < .05$ . \*\*  $p < .01$ .

There was a strong, positive statistically significant correlation between transformational leadership and normative commitment. There was a strong, negative statistically significant correlation between affective commitment and idealized influence attributes, inspirational motivation, intellectual stimulation, and individualized consideration and between continuance commitment and idealized influence attributes, idealized influence behaviors, inspirational motivation, and intellectual stimulation.

### **Transformational Leadership and Organizational Commitment**

The correlational analysis showed that affective commitment is negatively and statistically significantly correlated with four of the five transformational leadership subscales (idealized influence attributes, intellectual stimulation, inspirational motivation, and individualized consideration). Affective commitment is negatively but not statistically significantly correlated with idealized influence behaviors. Therefore, the null hypothesis (*H1*) is not rejected. In this study, there is not a significant positive relationship between higher levels of transformational leadership and higher levels of affective commitment.

Continuance commitment was negatively and statistically significantly correlated with four of the five transformational leadership subscales (idealized influence attributes, idealized influence behaviors, inspirational motivation, and intellectual stimulation). Continuance commitment is negatively but not statistically significantly correlated with individualized consideration. Therefore, the null hypothesis (*H2*) is not rejected. In this study, there is not a significant positive relationship between higher levels of transformational leadership and higher levels of continuance commitment.

Normative commitment was positively and statistically significantly correlated with each of the five transformational leadership subscales. Therefore, the null hypothesis (*H3*) is rejected and, in this study, there is a positive relationship between higher levels of transformational leadership and higher levels of normative commitment.

In summary, the correlational analysis did not show that affective and normative commitment are positively and statistically significantly correlated with each of the five transformational leadership subscales and showed that normative commitment is positively and statistically significantly correlated with each of the five transformational leadership subscales.

### **Demographic Correlation**

Correlational analysis investigated how the demographic variables correlate with the various measures. Table 4 shows the correlations between demographic variables and transformational leadership subscales.

Table 4 *Correlational Analysis using Spearman's rho - Demographics*

Demographic	II (B)	II (A)	IM	IS	IC
Age	-.05	-.08	-.12*	-.14**	-.14**
Gender	-.04	.04	.03	.00	.02
Education	-.13**	-.06	-.16**	-.15**	-.11**
Years employed	.01	-.08	-.03	-.03	-.08
Direct reports	-.14**	-.06	-.12**	-.08	-.06
Employees	.03	.04	.08	.10*	.07

*Note.* II (B) = Idealized influence (behaviors); II (A) = Idealized influence (attributes); IM = Inspirational motivation; IS = Intellectual stimulation; IC = Individualized consideration. \* $p < .05$ . \*\*  $p < .01$ .

There was a statistically significant positive correlation between intellectual stimulation and number of employees. There was a statistically significant negative correlation between: (a) inspirational motivation, intellectual stimulation, individualized consideration, and age; (b) idealized influence behaviors, inspirational motivation, intellectual stimulation, individualized consideration, and education; and (c) idealized influence behaviors, inspirational motivation, and number of direct reports.

## DISCUSSION

This study investigated whether transformational leadership had similar positive impacts on business outcomes in nonprofits as it has been reported to have on for-profit business outcomes. By contributing empirical research on transformational leadership in nonprofit organizations, this study hopes to advance the understanding of how leadership style may need to be adjusted to account for the unique characteristics and challenges facing nonprofit organizations.

The hypotheses examined the relationship between transformational leadership and organizational commitment. Using the MLQ 5x-Short and the OCQ, this study used correlational analysis to determine if there is a statistically significant positive relationship between higher levels of transformational leadership and higher levels of organizational commitment in nonprofit organizational settings. In this study, the scores were positively related for one out of three commitment subscales. Normative commitment was positively and statistically significantly correlated with each of the five transformational leadership subscales. However, the other two commitment subscales did not positively correlate with each of the five transformational leadership subscales.

Affective commitment was negatively and statistically significantly correlated with four of the five transformational leadership subscales (idealized influence attributes, intellectual stimulation, inspirational motivation, and individualized consideration). Affective commitment was negatively but not statistically significantly correlated with

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idealized influence behaviors. Continuance commitment was negatively and statistically significantly correlated with four of the five transformational leadership subscales (idealized influence attributes, idealized influence behaviors, inspirational motivation, and intellectual stimulation). Continuance commitment was negatively but not statistically significantly correlated with individualized consideration. Consequently, the anticipated results of a positive relationship between transformational leadership and organizational commitment were not met.

The authors of the OCQ theorize that employees with a strong affective commitment stay because they want to (desire-based), those with strong normative commitment stay because they feel they ought to (obligation-based), and those with strong continuance commitment stay because they have to do so (cost-based) (Meyer & Allen, 1991, 1997). The results of this study show that the participants indicated a slightly negative emotional attachment (affective commitment), slightly negative commitment to their organization through obligation (continuance commitment), and a positive commitment to their organization due to a high cost of losing organizational membership (normative commitment).

A possible explanation for the results of this study regarding transformational leadership and organizational commitment may reflect the lagging effects of increased difficulty in finding and maintaining employment during the recent U.S. financial recession beginning in 2007, which has resulted in a significant increase in joblessness. Nonprofits have felt considerable financial pressure due to charitable giving by individuals in the U.S. falling by nearly 15%, adjusting for inflation, over 2008-2009 (Hall, 2011). Thus, nonprofit employees may feel increased pressure to remain committed to their organization because they feel they cannot afford to leave their organization. Additionally, precarious employment contracts and unfavorable working conditions such as in Neves, Graveto, Rodrigues, Marôco, and Parreira's (2018) study of Portuguese nurses in a nonprofit hospital, may decrease organizational commitment and increase turnover. This may suggest that future studies should consider possible mediating effects of the U.S. unemployment rate, impacts of an increasing older workforce, and additional relevant economic workforce characteristics. Future studies may also consider possible mediating effects as shown in the correlational analysis of the demographics in this study.

### **Implications for Research**

Continuance commitment focuses on the willingness of employees to remain in the organization out of obligation, personal investment in the organization, and the perception that there may be few available alternatives for employment (Meyer & Allen, 1991). An additional explanation for the significant negative relationship between transformational leadership and continuance commitment is that nonprofit employees may believe that there are more limited work opportunities or there is more limited job security in nonprofit organizations, especially in times of economic recession when charitable giving is reduced.



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In a study of 228 full-time employees (i.e., 117 were employed by for-profit entities, 66 were employed by nonprofit organizations, 45 were employed by public sector employers) that compared organizational commitment of for-profit, nonprofit, and public sector employees, Goulet and Frank (2002) found that for-profit employees were more committed to their organizations. Concluding that the nonprofit sector has unique and significant differences than the private and public sectors, Goulet and Frank (2002) suggested that changes in workplace practices in the 1990s as compared to the 1980s may be the cause:

The previous decade saw frequent layoffs associated with for-profit businesses and unemployment nationwide. Often for-profit sector workers perceived little or no job security, and consequently, may have had less commitment to their organizations than workers in other sectors. In the 1990s, economic conditions, including decreased unemployment and high salaries and earnings, have led to a shift in corporate workforce policies, which may be accompanied by a change in worker patterns of organizational commitment. (p. 5)

Thus, this shift may have resulted in creating a significant salary and benefit gap between nonprofits and for-profit organizations, possibly leading to changes in commitment between for-profit employees and nonprofit employees.

The findings of this study may be impacted by similar changes in workforce policies due to the economic recession beginning in 2007. If a comparable salary and benefit gap was further widened by this recession, the wage difference may lead to a significant migration of nonprofit employees transitioning into for-profit organizations, possibly impacting the level of commitment among nonprofit employees. The top staffing challenge reported by nonprofits is being able to pay a competitive wage (Nonprofit HR, 2016). Economic downturns and major cuts in public spending, which previously was a large percentage of nonprofits' overall budget, may also contribute (Kearns, Bell, Deem & McShane, 2014). Likewise, if nonprofit employees perceive there is a lower competitive wage, more limited work opportunities or there is more limited job security in nonprofit organizations, further transition from the nonprofit sector to for-profits may occur, which may also impact nonprofit organizational commitment. Future studies may want to consider the mediating effects of total compensation, perceived job security, and job availability on commitment and transformational leadership. Future studies may also examine the difference in commitment between nonprofit employees before, during, and after the recession beginning in 2007.

Affective commitment relates to an employee's willingness to stay in the organization due to emotional attachment and identification with organizational purpose and goals (Meyer & Allen, 1991). An additional explanation for the significant negative relationship between transformational leadership and affective commitment may be that nonprofit employees may emotionally attach to an organization differently than in for-profit organizations. Emotional attachment may be more related to the cause or

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organizational purpose, or the rewards associated with performance. For example, executives in for-profit corporations may receive much higher compensation for above average performance than similar performance in nonprofit organizations. Nonprofits do not have shareholder returns or similar financial performance measures by which to judge their managers (Hallock, 2002). However, nonprofits are increasingly basing pay on how well a charity is performing (Hallock, 2003). Since charitable giving decreased during the recession starting in 2007 (Hall, 2011), and did not begin to take an upturn until 2013, nonprofit employee compensation may also be lagging behind, which may further influence nonprofit organizational commitment. Furthermore, the lack of availability of financial incentives due to the recession may negatively impact the commitment of employees and threaten the ability of nonprofits to encourage emotional identification with the organization and thus, retain high performing employees.

### **Implications for Practice**

Because of the possible negative relationship between transformational leadership and affective commitment and continuance commitment, nonprofit leaders may be cautious in adopting a transformational leadership style if increasing organizational commitment is an important goal. By understanding the variables that increase or decrease work-related behaviors and attitudes in nonprofit employees, nonprofit leaders may be able to better predict and improve related business outcomes and therefore lead to more strategic use of leaders' time and resources. White (2010) argued that transformational leaders and servant leaders were effective in nonprofits yet posited that servant leaders might be more apt to excel in environments unique to nonprofits. Perhaps servant leadership or other leadership models should be investigated to see if there is a positive link with all three components of organizational commitment, which might cause leaders to consider a more increased focus on servant leadership theory.

### **FUTURE RESEARCH**

Many studies have highlighted the interaction of job satisfaction with organizational commitment (Chiok Foong Loke, 2001; Walumbwa et al., 2005). Job satisfaction is the emotional state employees have towards their jobs (i.e., the beliefs and feelings that employees have in regards to their job). It has been measured using a number of different instruments including the most widely used, Job Descriptive Index (JDI) originally created by Smith, Kendall, and Hulin (1969) and updated and published by Bowling Green State University (Lake, Gopalkrishnan, Sliter, & Withrow, 2009). Future studies should utilize the JDI and other instruments that measure satisfaction to consider how job satisfaction relates to commitment and how they are impacted by leadership style in nonprofits.

The current challenges among nonprofit organizations are unprecedented in contemporary settings in terms of sharply reduced charitable giving by individuals (Hall, 2011), and recent cultural shifts in nonprofit giving (Rubin, 2019) which may impact all three forms of organizational commitment. Wide economic fluctuations in the United States may skew responses in comparison to responses given during more stable, consistent

economic times. For example, reduced charitable giving or economic fluctuations may have influenced the differences in results between the positive correlation of transformational leadership and normative commitment and the negative relationship between affective commitment and continuance commitment.

Future research may also focus on additional factors that may relate to transformational leadership such as organizational citizenship behavior, job involvement, and professional satisfaction. Scholars have shown that transformational leadership is linked to positive business outcomes, but researchers continue to call for extensive qualitative case studies and ethnographic research (Avolio et al., 1999; Bass, 1985b; Avolio et al., 2004) to further validate transformational leadership's impact on organizational outcomes.

### **Assumptions and Limitations**

Transformational leadership as defined by Bass and Avolio (1995) is utilized. There are other definitions of transformational leadership such as that by Kouzes and Posner (2007). Additionally, there is no universal, agreed upon official definition of organizational commitment. Participants may have additional commitments besides those measured by the OCQ and therefore may influence results related to organizational commitment. The population is focused solely on English-speaking American companies. The MLQ 5x-Short has shown evidence that it may be more valid and reliable for American companies and thus, may not be generalizable to all cultures. Self-report measures may lead to common-method/source variance (Podsakoff et al., 2003; Podsakoff & Organ, 1986). This study assumes that survey respondents are willing, truthful, and voluntary in their participation. Finally, this is a nonprobability sample therefore the probability that each element will be included in the sample cannot be specified. Additionally, it is not possible to make probability statements about the sample's statistics.

## **CONCLUSION**

This study indicated that normative commitment was positively and significantly correlated with each of the five transformational leadership subscales. Affective commitment was negatively and significantly correlated with four of the five transformational leadership subscales (idealized influence attributes, intellectual stimulation, inspirational motivation, and individualized consideration) and was negatively but not significantly correlated with idealized influence behaviors. Continuance commitment was negatively and significantly correlated with four of the five transformational leadership subscales (idealized influence attributes, idealized influence behaviors, inspirational motivation, and intellectual stimulation) and was negatively but not significantly correlated with the other transformational leadership subscale (individualized consideration).

Implications for research and practice and recommendations for future research highlight the need for more quantitative and qualitative research on the generalizability of

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transformational leadership instruments among nonprofits, the impact of financial recession and changing economic environment on nonprofit employees' commitment, and the demographic and behavioral differences between nonprofit employees and those of for-profit organizations. Future studies should examine other leadership theories such as servant leadership to determine if there is a more significant link between leadership and organizational commitment. Additionally, studies that add to the research gap in nonprofit leadership as it relates to transformational leadership theory may uncover additional connections to leadership and organizational commitment, thus arming organizations with a greater understanding of how to lead more effectively in nonprofit settings.

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