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Leadership Style and Organizational Commitment: An Empirical Study of Star Hotels

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ABSTRACT

This research is aiming at identifying the effect of leadership styles on organizational commitment. Two specific types of leadership styles are examined, namely transactional and transformational leadership. Furthermore, this study also intends to elaborate the dimensions of transactional and transformational leadership style which bring effect on dimensions of organizational commitment. To accomplish this aim, survey design is used to gather individual level of self-reported data. Respondent of the research is 120 alternative employees (non-permanent) who have been working more than three years. To test the research hypothesis, multiple linier analysis method with the assistance of *Statistical Package for Social Science (SPSS) 20 for Windows* is applied. The findings of this research show significant effects of latent variables, either simultaneous or partial effects. Specifically, the results have indicated that several dimensions of transactional and transformational leadership have positive relationship with organizational commitment but the impacts are stronger for transformational leadership style. Implications of the findings, potential limitations of the study, and directions for future research are suggested. Generally these findings are consistent with previous researches.

Key Words: leadership style, transactional leadership, transformational leadership, organizational commitment, hotel industry, tourism

INTRODUCTION

Having a competent labor force in hospitality is a long-term investment. Fresh recruited employee, in some cases, having competence discrepancy to company expectation. Therefore, companies often have to allocate high cost for training to improve and upgrade their capabilities. As one form of business entity that prioritizes maximum profit achievement, this is certainly a dilemma. On the one hand skilled labor is needed, while on the other hand the maintenance costs of this skilled workforce are relatively high. Therefore, in the last few years the trend of the company has emerged to employ non-permanent employees, specifically in hotel industry.

Generally, the labor force of an organization can be broken down into two main categories, namely permanent employees and alternative employees (Woods, 2006: 71). Permanent employees are the main employees in the organization who typically work at least 30-40 hours per week, are on the regular company payroll, and often receive benefits. Meanwhile, alternative employees often work part-time or on a temporary basis. Today, the majority of hotels in Bali employ more alternative employees than

permanent employees. From a hotel perspective, this is very beneficial because there are different legal consequences related to hotel obligations to employees with different working bond status. In human resource management, the control of alternative employees will be easier and cheaper. Hotels do not need to pay pension or other benefits that are mandatory and are entitled to be given by permanent employees, especially for rank and file level employees who have the most number in the organizational structure. Manpower Act Number 10 of 2013 Article 59 Paragraph 4 states that "a certain work agreement based on a certain period of time can be held for a maximum of 2 (two) years and may only be extended 1 (one) time for 1 (one) year maximum". This paragraph means that temporary employees who are employed at certain times must not exceed three years. If it exceeds three years, the company must choose between two options: to hire him/her as a permanent employee or terminate his/her employment. But in reality, there are many alternative employees who still work in hotels for more than three years.

The willingness of employees to keep working in a company depends on their commitment to the company, which is commonly called organizational commitment. The decision to stay or quit the company is a consequence of low employee organizational commitment. Employees who have low organizational commitment will choose to leave the company. However, due to several differences in character and employee perceptions in addressing this, each employee has a different degree of intention to leave or remain in the company. Organizational commitment is a strong and close feeling of a person towards the goals and values of an organization in relation to their role in achieving these goals and values (Durkin, 1999: 127). Furtherly, it is stated that organizational commitment is defined as a psychological condition that characterizes employee relations with the organization or its implications that affect employees' decisions to stay in the organization or leave (Curtis and Wright, 2001; Smeenk et.al., 2006). Allen and Meyer (1993) and Zurnali (2010) suggest that there are three dimensions of organizational commitment, namely affective commitment, normative commitment, and continuous commitment.

Based on preliminary interviews with 16 alternative employees who had been working for more than three years, it is revealed that one aspect that brings great influence of organizational commitment is the leadership style by the leader. Effective leadership for leaders in carrying out organizational control roles has a major contribution to individual success in achieving organizational goals effectively and efficiently. This opinion is reinforced by empirical studies that have been done before, where there is a significant positive influence between leadership style and organizational commitment (Lok and Crawford, 1999; Lok and Crawford, 2004). Furthermore, it is examined that the maturity of leadership effectiveness can encourage and develop organizational commitment to individuals (Koesmono, 2007).

As social beings, leaders have different traits and characters in leading their subordinates which are commonly called leadership styles. Leadership style is a behavior and strategy pattern that is often preferred and applied by an organizational leader. There are several leadership styles commonly known in the community. Two of which are often applied in hotels are transformational and transactional leadership styles. Transactional and transformational leadership styles are two leadership styles that are often paired and compared. Transactional and transformational leadership was developed by Bass (1985) initiated from Maslow's opinion about the level of human needs. According to the hierarchy of needs, the needs of rank and file employee are

more focusing towards physiological needs, sense of security and expectation. These needs can be met well through the application of transactional leadership. On the contrary, according to the theory self-actualization needs are made possible through the application of transformational leadership, so that the application of transformational leadership style is more suitable to be applied to middle level employees.

Bass in Swandari (2003) defines a transformational leadership style as a leader style that has the power to influence subordinates in certain ways. With the application of transformational leadership, subordinate will feel trusted and appreciated, so that loyalty and respect to the leadership will be higher. While the transactional leadership style is described as a leadership that provides an explanation of the responsibilities or duties of subordinates as well as the rewards they can expect if the specified standards are achieved. Transactional leadership has two dimensions which include: (a) Active, the leader supervises and seeks deviations from various rules and standards, and takes corrective action; and (b) Passive, the leader intervenes only when standards are not achieved (Pounder, 2001; Cubillo and Brown, 2003).

Many researchers and practitioners agree that the transformational leadership model is the best leadership concept in outlining the characteristics of leaders (Sarros and Butchatsky, 1996). Employees view leaders as the managers who have vision, charisma, and idealism like employee expectations, so leaders can stimulate or trigger the intellectual creativity of their employees to achieve goals without any pressure or coercion. Instead, the focus on transactional leadership style is the existence of contractual transactions between the leader and his subordinate, where there is a reward for the performance shown by his employees. In other words, transactional leaders do not need to have high superiority to persuade their employees. Transactional and transformational leadership is a predictor of employee organizational commitment (Chiun Lo et al., 2008). In general, the research shows that transformational leaders have more significant and stronger relationship with organizational commitment. Leaders who demonstrate transformational leadership style are more effective in achieving a much higher level of organizational commitment compared to the transactional leadership style.

This study aims at identifying employee organizational commitment in relation with the implementation of these two leadership styles. Based on preliminary research through interviews with several alternative employees who had been working in the hotel for more than three years, it is known that certain hotels are reluctant to hire permanent employees and only empower contract or temporary employees to run their hotel business operations. In the perspective of regulation, it is illegal to employ temporary employees for more than three years. But in fact, there are many them who still working in a hotel, even more than seven years. From the interviews, it is also known that one of the reasons they keep working there was the existence of a leader figure that was in line with their expectations because the leader is able to direct and guide employees to achieve certain goals. This study was important to be conducted to determine the effect of transactional and transformational leadership styles on organizational commitment by alternative employees who have worked at the hotel for more than three years. Furthermore, this study also intends to delve deeper into the dimensions of transformational and transformational leadership style variables that have the strongest influence on the dimensions of organizational commitment. The results of the research are expected to provide a clearer picture that influences the decisions of these employees to stay working in a hotel more than three years.

THEORETICAL REVIEW

Transactional Leadership Style

According to Bass in Robbins & Judge (2009: 90) transactional leadership style is a leadership model in which leaders integrate or motivate their followers in the direction of goals that are upheld by clarifying roles and task demands. Robbins & Coulter (2012: 497) defines leaders with transactional leadership styles as leaders who guide and motivate their followers towards the goals set by rewarding their productivity. According to Odumeru & Ogbonna (2013) transactional leadership style is a leadership style where a leader focuses his attention on interpersonal transactions between leaders and employees that involve exchange relationships. Such exchanges are based on agreements on target classification, work standards, and rewards. So that can be interpreted, transactional leadership as a method used by a leader in moving its members by offering rewards or due to contributions made by members to the organization.

Burns in Odumeru & Ogbonna (2013) describes that in transactional leadership the relationship between leaders and subordinates is based on a series of bargaining activities between the two. Transactional leadership style is also known as managerial leadership that focuses on supervisory roles, organization, and group performance. Transactional leadership style is a leadership style where the leader encourages adherence to adherents through two factors: reward and punishment. Leaders with transactional leadership style work by paying attention to employee work to find errors and irregularities. This type of leadership is very effective in crisis and emergency situations. Bass in Yukl (2010: 260) suggests that the relationship between the transactional leader and the employee is reflected in three things: the leader knows what the employee wants and explains what they will get if the work is in line with expectations, the leader exchanges the efforts made by the employee in return, and leaders responds to employees' personal interests as long as those interests are proportional to the value of the work done by employees. According to Robbins & Judge (2009: 91) the dimensions of the transactional leadership style are: Contingency Reward, Active Management by Exception, Passive Management by Exception, and Laissez-Faire.

Transformational Leadership Style

According to Robbins (2003: 79) transformational leadership style is the behavior of leaders who give consideration and intellectual individualized stimuli. From his studies, Bass in Luthans (2006) concluded that transformational leadership style leads to high performance in organizations that face demands for renewal and change. Transformational leadership style (Bass in Muenjohn & Armstrong, 2008) is defined as the process by which a leader tries to increase followers' awareness of what is right and important and motivates followers to do things that exceed expectations. Munawaroh (2011) argues that transformational leadership is described as a leadership style that can arouse or motivate employees, so that they can develop and achieve performance at a high level, exceeding what they previously expected. A transformational leader feels that there is trust, admiration, loyalty, and respect for the leader, and they are motivated to do more than was originally expected of them. So it can be concluded that transformational leadership style is a leadership style that is used to increase awareness

and motivate followers to do something more than possible expectations for the good of the group.

The original formula of Bass (1985: 176) includes three types of transformational behavior, namely ideal influence, intellectual stimulation, and intellectual consideration. An ideal influence is behavior that evokes strong emotion and identification of followers towards the leader. Intellectual stimulation is behavior that increases followers' awareness of the problems and influence of followers to view problems from a new perspective. Individual considerations include providing support, encouragement, and training for followers. A revision of Bass & Avolio (1990) adds an inspirational motivational dimension that includes the delivery of an attractive vision to focus subordinate efforts and model appropriate behavior. Bass and Avolio in Muenjohn and Armstrong (2008) show that transformational leaders usually display their behavior associated with four characteristics (dimensions) as follows:

1. Idealized Influence, described when a leader can be an example to his followers and encourage followers to share their vision and goals by providing a clear vision and a sense of achieving a strong goal.
2. Inspirational Motivation represents behavior when a leader tries to express the importance of a desired goal, communicates high expectations and convinces followers that their work is meaningful and challenging.
3. Intellectual Stimulation refers to leaders who challenge followers' ideas and values to solve problems. In Munandar (2001: 84), leaders encourage subordinates to rethink their ways of working to achieve new ways of carrying out tasks.
4. Individualized Consideration refers to leaders who spend more time and foster their followers and pay attention to their followers on the basis of individual followers. In Munandar (2001: 85), it is explained that the leader treats each of his subordinates as a person with their own abilities, needs, and desires. Leader gives meaningful advice, provides training as needed and is willing to listen to their views and complaints.

Organizational Commitment

The general concern and key objectives of the organizational unit are to look for measurements that accurately estimate the commitments of its workers and develop programs and activities that increase commitment to the organization (Zurnali, 2010). Furthermore it was stated that a broad research study in psychology and management is about the concept and role of organizational commitment. This construct is linked to the importance of the performance produced and its rotation (Hom and Griffeth, 1995). When the construction of organizational commitment is heavily addressed in the psychology and management literature, it is also important in the field of technology and its development, so management in this area begins to focus on the construct of organizational commitment.

Organizational commitment is a sense to maintain its membership in the organization and keep trying with all its capabilities in order to achieve the goals and interests of the organization. Robbins and Judge (2011) define organizational commitment as an employee's condition in favor of a particular company and its purpose, and intend to maintain its membership in the company. In other words, organizational commitment is related to high employee desire to share and sacrifice for the company. Durkin (1999) reveals that organizational commitment is a strong and

strong feeling of a person toward the goals and values of an organization in relation to their role toward the effort to achieve the goals and values. Furthermore, Robbins and Judge (2009) define organizational commitment as a level where employees identify themselves with the organization and goals of the organization, as well as employees' expectations for survival in the organization. This definition of organizational commitment is interesting, because what is seen is a state of employee psychology to remain in the organization. This is very suitable for analyzing organizational commitment of employees in business organizations or non-profit oriented organizations.

Mowday in Curtis et al. (2001) suggests commitment has been defined as the power of identifying individuals within an organization. This concept can be broken down into three components, namely the desire to maintain membership in the organization, confidence and acceptance of the values and goals of the organization, as well as willingness to work hard as part of the organization. Furthermore revealed by Newstrom and Davis in Zurnali (2010) that organizational commitment is the level at which individuals take sides and want to continuously participate actively in the organization, which is reflected through several characteristics, namely the existence of strong beliefs and acceptance of the values and goals of the organization, willingness to seek the best for the organization, as well as a definite desire to survive in the organization. Research conducted by Aydogdu and Asikgil (2011) reveals four dimensions that can affect organizational commitment, namely personal factors, factors related to roles, work experience, and cultural factors. Referring to the theory proposed by Allen and Meyer (1993) that organizational commitment is divided into three dimensions, namely: 1) affective commitment, 2) continuance commitment, and 3) normative commitment.

METHODOLOGY

Population and Sample

The population in this study is alternative employees who worked in star-rated hotels in Bali Province. The population in this study is large because the number of alternative employees scattered in the hotel is very wide. To calculate the minimum number of samples needed using the Lemeshow (1997) formula for an unknown population. Using alpha 10%, the sample in this research is 100 employees. The sampling technique used in this study is non-probability sampling, which is a sampling technique that gives different opportunity for each member of the population to be chosen as a sample. As a control of this research, researchers determined a criterion to facilitate obtaining information from respondents in accordance with the sampling technique used based on the objectives and specific considerations of the researcher (purposive sampling). The criterion referred is alternative employees (craft level) with a working period of more than three years.

Research Instrument

Almost all instruments used in this study adopted and adapted multi-scale items that have been used by several previous studies. To measure transformational and transactional leadership styles using Multifactor Leadership Questionnaires (Bass and Avolio, 1997), while to measure organizational commitment using Organizational

Commitment Questions (Mowday et al. 1979). The instrument in this study is a closed questionnaire consisting of two sections. The first section consists of question items to find out the demographics of the respondents, such as gender, age, education background, work tenure, and hotel's name. While the second part is used to obtain data about the dimensions of the constructs developed in this study. Questionnaire in this research is measured ordinal by using likert scale. The research interval used to score the respondents' answers to the question items in the questionnaire adopted the likert scale (scale one to five). Table 1 shows the indicators of each variable.

Table 1
Indicators of Each Variable

No	Variable	Indicator	
1	Transactional Leadership Style	$X_{1.1}$	Contingent Reward
		$X_{1.2}$	Management by Exception Active
		$X_{1.3}$	Management by Exception Passive
2	Transformational Leadership Style	$X_{2.1}$	Idealized Influence
		$X_{2.2}$	Inspirational Motivation
		$X_{2.3}$	Intellectual Stimulation
		$X_{2.4}$	Individualized Consideration
3	Organizational Commitment	$Y_{1.1}$	Affective Commitment
		$Y_{1.2}$	Continuance Commitment
		$Y_{1.3}$	Normative Commitment

Data Collection

Data was collected by using questionnaire that is by giving list of questions to the respondents. The study was conducted by taking sample of 120 respondents from 39 star hotels spread over five tourism areas in Bali, namely Jembrana, Kintamani, Nusa Dua, Kuta, Legian), West Bali (Singaraja) and Center Bali (Ubud). The hotel chosen as the unit of analysis is star hotels that have been operating for at least two years, so it is assumed they already have established human resource management system and scheme, especially related to variables discussed in this research. The information obtained is then verified through interview method to informants.

To solve existing problems, multiple linear regression analysis techniques are used with the favor of Statistical Package for Social Science (SPSS) 22 program for Windows. Multiple linear regression analysis is used to know or to get picture of the influence of independent variables on the dependent variable either simultaneously or partially. If the result of the F test in the simultaneous significance test (F statistical test) is significant i.e. less than five percent, then the model used is considered feasible so that the hypothesis proof can be proceed. The hypothesis is accepted if the t-count is greater than t-table or P-value <0.05, meaning that the independent variable influences the dependent variable significantly.

Data Analysis

Descriptive analysis serves to describe or give an overview of the analysis unit in this research through sample data or population, without analyzing and making conclusions that apply generally (Sugiyono, 2010). Descriptive analysis is intended to determine the characteristics and responses of respondents to question items on the questionnaire. In this analysis technique all the variables examined are described by using the average value and percentage of the respondents' answer scores. Data obtained in this research needs to be analyzed further so that can be concluded accurately. Therefore, it is necessary to set an analytical technique that is appropriate to the purpose of the research to be achieved, as well as to test the hypothesis. To solve the problem, multiple linear regression analysis techniques is applied with the assistance of Statistical Package for Social Science (SPSS) 22 for Windows.

DISCUSSION

Validity and Reliability

Validity test is used to determine whether a measurement instrument is valid. Validity is the degree to which a measuring instrument can measure what it should measure. With a significance level of 5%, the validity of the instrument can be measured by calculating the correlation coefficient. The results of validity test of research variables can be seen in Table 2.

Table 2
The Result of Validity Test

Variables	Correlation Coefficient
Transactional Leadership (X_1)	0,270 – 0,812
Transformational Leadership (X_2)	0,357 – 0,614
Organizational Commitment (X_3)	0,387– 0,824

The results obtained from the validity test shows that most of the questions to measure the research variables are declared valid. To test the level of reliability, Croanbach's Coeficient Alpha is used which indicates how far the items in this research are positively correlated with each other. The value of croanbach's alpha ranges from 0 to 1. The closer to croanbach's alpha at 1.0, the better the reliability of the measuring instrument. The results of reliability testing data using Coefficient Croanbach's Alpha can be seen in Table 3.

Table 3.
Result of Reliability Test

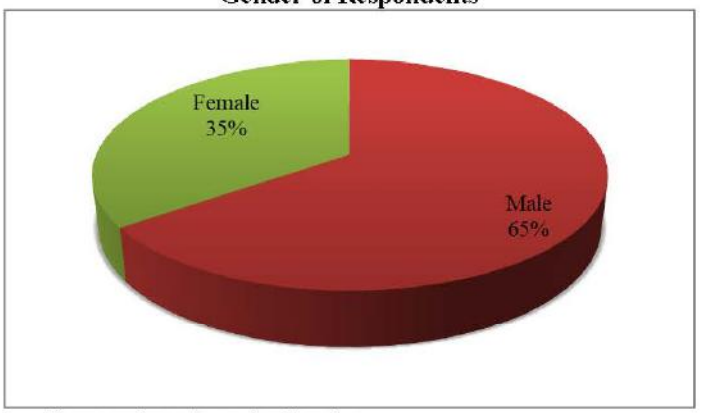
Variables	Cronbach's Alpha
Transactional Leadership (X_1)	0,856
Transformational Leadership (X_2)	0,879
Organizational Commitment (X_3)	0,928

From Table 3, it can be seen that the alpha value for all variables is in good category, which is greater than 0.80. So it can be concluded that all question items are reliable, thus there is no question items that must be reduced.

Respondent Characteristic

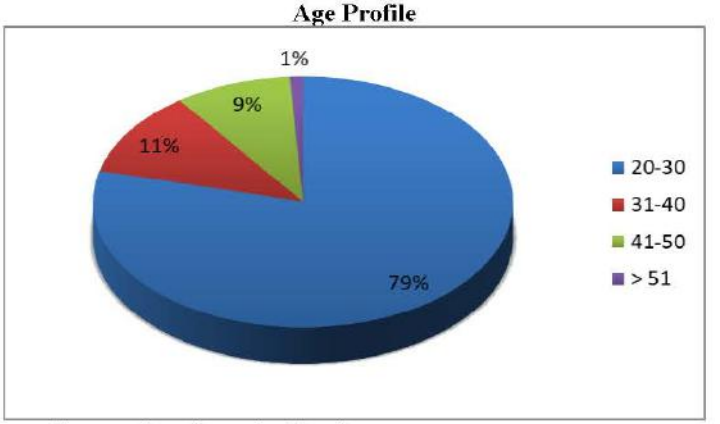
The respondents were asked to indicate their age and gender, education background, the period of working experience. Figure 1, 2, 3, and 4 below show the demographic profile of the respondents.

Figure 1.
Gender of Respondents



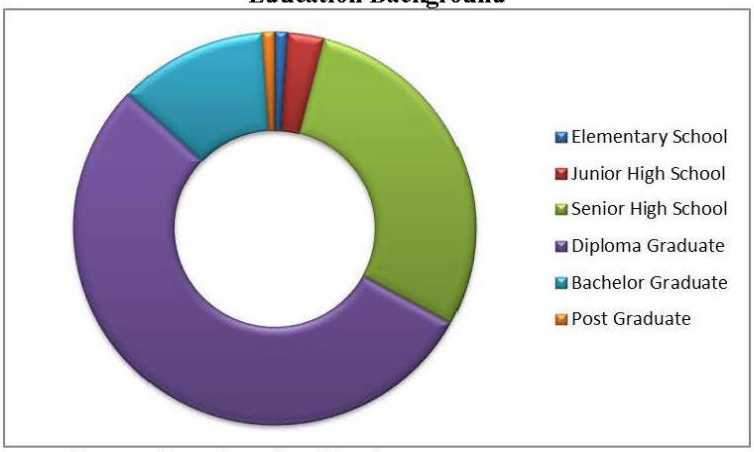
Source: Questionnaire Results

Figure 2.
Age Profile



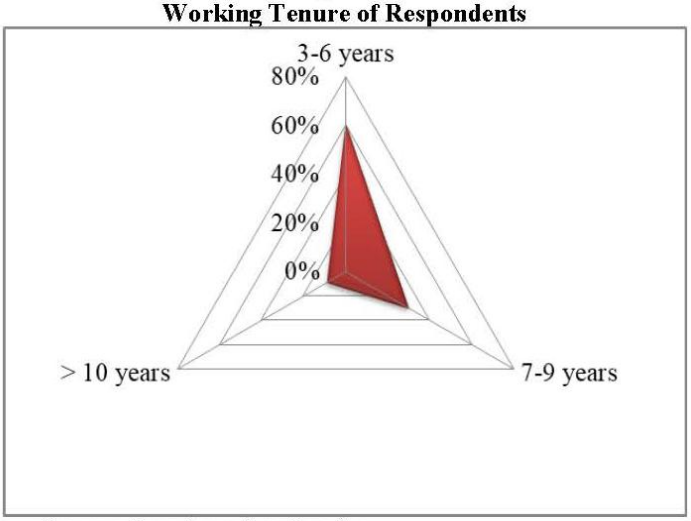
Source: Questionnaire Results

Figure 3.
Education Background



Source: Questionnaires Results

Figure 4.
Working Tenure of Respondents



Source: Questionnaires Results

From the figures above, can be seen that majority of the respondents were male aged between 20-30 years with diploma graduate background. They had been working in the hotel spread over Bali for more than five years. Figure 4 indicates that the working tenure profile of the respondents is distributed in range 3-6 years majorly.

Findings

Leadership style is measured with the Multifactor Leadership Questionnaires (MLQ) devised by Bass and Avolio (1990). While to measure organizational commitment using Organizational Commitment Questions (OCQ) by Mowday et al. (1979).

Four subscales of the MLQ measured transformational leadership:

1) Idealized Influence (sample question item: "sets high standard for achieving maximum results")
2) Inspirational Motivation Influence (sample question item: "allows the subordinates to view problems as learning opportunity")
3) Intellectual Stimulation (sample question item: "ensures to commit with the agreement to synchronized the working result with the standards")
4) Individualized Consideration (sample question item: "expresses appreciation to the achievement of standards")

Three subscales of the MLQ measured transactional leadership:

1) Contingent Reward (sample question item: "gives reward for performing the job accomplishment")
2) Management by Exception Active (sample question item: "gives corrective action if the subordinates cannot perform the job well")
3) Management by Exception Passive (sample question item: "gives warnings and sanctions if an error occurs in the work process").

Three subscales of the OCQ measured organizational commitment:

1) Affective Commitment (sample question item: "proud to be a part of this organization").
2) Continuance Commitment (sample question item: "there is only slight change since I join this organization")
3) Normative Commitment (sample question item: "this organization inspires me to give my ultimate performance").

Hypotheses Testing

In line with the exposure discussed in the background of the study, the model or construct used in this study can be seen in Figure 5.

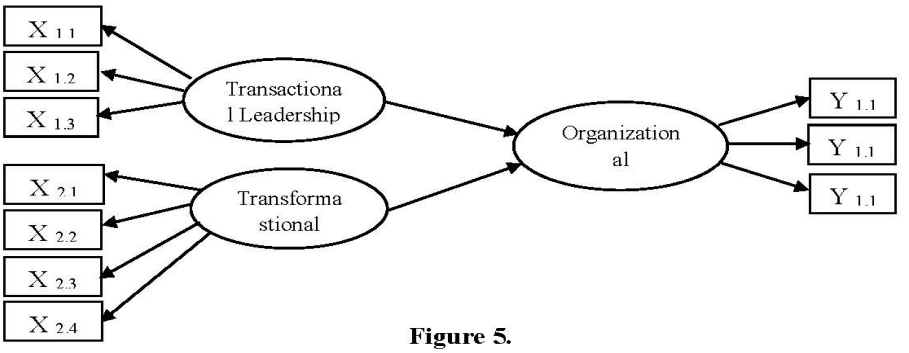


Figure 5.
Research Model

Hypothesis 1: Transactional Leadership has significant effect on organizational commitment of alternative employee

To prove the first hypothesis (H_1) that transactional leadership has significant effect on organizational commitment of alternative employee, testing of regression coefficients significance by using F-test and t-test are conducted. To determine the effect of transactional leadership on organizational commitment of alternative employee, F-test is conducted. The simultaneous effect of each variable can be seen from the significant value of ANOVA test result less than 0.05 (5% significance level).

Table 3.
The Result of ANOVA Testing on Transactional Leadership by F-Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	249.257	3	83.086	20.676	.000[a]
	Residual	369.701	92	4.018		
	Total	618.958	95			

a. Predictors: (Constant), X1.1, X1.2, X1.3
b. Dependent Variable: Y

Table 3 shows that the value of significance is 0,000 less than 0.05, so it can be seen that the transactional leadership consists of the contingent reward (X1.1), management by exception active (X1.2), and management by exception passive (X1.3) simultaneously have significant effect on organizational commitment of alternative employee. Thus in other words, it is concluded that hypothesis 1 (H_1) is accepted.

Partially, each of variables in transactional leadership was tested by t-test. The effect of each variable on the transactional leadership partially can be seen from the value of its significance. If the significance value less than 0.05 mean that the variables / factors have positive and significant effect on the interest. If the value is greater means variable effect is not positive and significant. The calculations of t-test (significance level $\alpha = 5\%$) to test the hypothesis 1 are presented in Table 4.

Table 4.
The Result of t-test on Transactional Leadership

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.678	2.689		1.368	.075
	X1.1	.135	.059	.309	2.758	.007
	X1.2	.208	.087	.308	2.391	.019
	X1.3	.163	.095	.138	1.414	.061

a. Dependent Variable: Y

Table 4 shows that the t-value of management by exception passive (X1.3) is 0.06; greater than α of 0.05, meaning that the this indicator has no significant effect on transactional leadership. Whereas, the contingent reward (X1.2) and management by

exception active (X1.2) have significance value less than 0.05. This means that the these indicators have positive and significant impact on transactional leadership.

Hypothesis 2: Transformational Leadership has significant effect on organizational commitment of alternative employee

To prove the second hypothesis (H_2) that transformational leadership has significant effect on organizational commitment of alternative employee, testing of regression coefficients significance by using F-test and t-test are conducted.

Table 5.
The Result of ANOVA Testing on Transformational Leadership by F-Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.306	4	21.077	3.587	.009[a]
	Residual	534.652	91	5.875		
	Total	618.958	95			

a. Predictors: (Constant), X2.1, X2.2, X2.3, X2.4

b. Dependent Variable: Y

Table 4 shows that the significance value is 0,009 less than 0.05, so that it can be seen that the transformational leadership which consist of idealized influence (X2.1), inspirational motivation (X2.2), intellectual stimulation (X2.3), and individualized consideration (X2.4) are simultaneously have positive and significant impact on transformational leadership. So in other words, it can be concluded that hypothesis 2 (H_2) is accepted.

Partially, each of variables in transformational leadership was tested by t-test. The effect of each variable on the interest is partially can be seen from the value of its significance. If the significance value less than 0.05 mean that the variables / factors have positive and significant effect on the interest. If the value is greater means variable effect is not positive and significant. The calculations of t-test (significance level α = 5%) to test the hypothesis 2 are presented in Table 6.

Table 6.
The Result of t-test on Transformational Leadership

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	19.661	1.414		13.909	.000
	X2.1	.393	.116	.370	3.382	.001
	X2.2	.161	.080	.221	2.009	.047
	X2.3	.138	.089	.289	1.824	.042
	X2.4	.132	.084	.288	1.819	.045

a. Dependent Variable: Y

Table 6 shows that the t-value of significance level of X2.1, X2.2, X2.3, and X2.4 are smaller than α of 0.05. This indicates that transformational teadership is positively and significantly affecting the organizational commitment of alternative employee. As stated by Meyer and Allen (1997), employees who stay with an organization because they feel obligated or having no choice do not exhibit the same eagerness and involvement as employees who stay with an organization. Transformational leadership assists to increase trust, commitment and team efficiency (Arnold, Barling and Kelloway, 2001). This implies that the leaders who give advices, supports, and pay attention to the individual needs of followers will enhance the level of organizational commitment of the employees (Kent and Chelladurai, 2001). This is consistent with previous studies by Walumbwa and Lawler (2003) who stated that leaders who apply transformational leadership styles are more effective in achieving higher commitment levels significantly than transactional leadership.

CLOSING

Conclusions

Based on the analysis and discussion the results of this research can be summarized as follows:

a. Transactional leadership is significantly affecting the organizational commitment of alternative employees. Partially, one dimension of transactional leadership, which is management by exception passive, has no significant influence on organizational commitment.
b. Transformational leadership is positively and significantly affecting the organizational commitment. Partially, four dimensions measuring the transformational leadership also have positive and significant effect on organizational commitment of alternative employee.
c. The impact of transformational leadership on organizational commitment is stronger than transactional leadership.

Recommendation

Transformational leadership is more effective at encouraging followers to think from different perspectives. This leadership style can stimulate comprehensive and exploratory thinking processes that yield more creative ideas and solutions. Team leaders should be encouraged to promote learning environments by suggesting new ways to complete assignments and by helping employees to develop their strengths. They should assign projects that are within the capabilities of followers, clarify task roles and provide adequate resources to do the jobs requested.

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