#### International Journal of Research in Business Studies and Management

Volume 7, Issue 1, 2020, PP 12-21 ISSN 2394-5923 (Print) & ISSN 2394-5931 (Online)



## The Effect of Leadership Style on Employee's Organizational Commitment: The Case of Wolaita and Dawro Zone Transport Private Limited Companies

Addis Alemayehu\*, Samuel Batisa

Department of Management, Wolaita Sodo University, Ethiopia

\*Corresponding Author: Addis Alemayehu, Department of Management, Wolaita Sodo University, Ethiopia, Email: tekeleaddis@gmail.com

#### **ABSTRACT**

This research study examines the relationship between transformational, transactional and laissez-faire leadership styles and three dimensions of organizational commitment affective, continuance and normative in Blata Abaya, Chebera Churchura and Fetane Transport Limited Companies. The Multifactor Leadership Questionnaire (MLQ) is used to measure transformational, transactional and laissez-faire leadership, while the three components Organizational Commitment Questionnaire (OCQ) is used to measure the three dimensions of organizational commitment such as affective, continuance and normative commitment. The researcher has employed quantitative survey research design. A sample of 6 leaders and 130 employees from selected Transport Limited Companies participated. One sample T test, Independent-sample T test, Pearson Correlation coefficient was employed for testing the relationship among variable and multiple regressions to infer the effect of leadership style on each dimensions of organizational commitment. The research findings from multiple regressions also revealed that transformational leadership has the strongest impact on affective commitment; transactional leadership also affects affective commitment. Transformational leadership also has a significant positive effect on normative commitment but not on continuance commitment. Transactional leadership also has a significant positive effect on both continuance and normative commitment. Laissez-faire leadership has no any significant effect on all dimension of organizational commitment. It is notified that the transformational leadership style is of further effect on the organizational commitment. The study recommends that even if it is not dominant behavior, managers of Blata Abaya, Chebera Churchura and Fetane Transport Limited Companies should minimize laissez-faire leadership behavior because it does not stimulate organizational commitment of their subordinates.

**Keywords:** leadership styles, organizational commitment, transformational leadership, transactional leadership, laissez-faire leadership, affective commitment, continuance commitment, normative commitment

## **INTRODUCTION**

There are so many resources that have crucial role for the success of an organization, among these the most valuable asset is human resource as no resource is able to run in the absence of human, though the needed human resource may vary based on the nature of the work (labor intensive and machine intensive) and the technology adoption of the organization (Griffith, 2013).

Meyer & Maltin (2010) have already proved that staff with more organizational commitment is more loyal, productive and accountable. They also indicated that organizational commitment is able to effectively predict the employee's performance and turnover. Organizational commitment is considered as also one of the reliable and sustainable predictors of the

absence, turnover, productivity, efficiency and job satisfaction of the staffs (Becker, 1960).

Robbins & Coultar (2012) define leadership as "process of influencing a group towards the achievements of goals" and a leader as "someone who can influence others and who has managerial authority" The environment of business in recent times requires leaders and leadership abilities all spread over organization. Leadership is important requirement whenever people get together as teams to accomplish certain tasks (Ibid).

The transformational leadership style include four major ingredients to motivate employee and get them involved into the work activities including idealized influence, inspirational motivation, individualized consideration and intellectual stimulation (Bass, 1997& Givens,

## The Effect of Leadership Style on Employee's Organizational Commitment: The Case of Wolaita and Dawro Zone Transport Private Limited Companies

2008). The other category, transactional leaders, identifies specific tasks and provide with possible rewards in case the tasks are achieved (Bass, 1997). The third category included in the model is the style of avoidance and being passive while looking at the situations called laissez-faire style of leadership (Wanjiru, 2013).

These three distinct categories of styles are identified through their various dimensions that are nine in total, hence called the nine-factor full range leadership model (Avolio & BASS, 1999).

This thesis is designed and conducted to examine effect of leadership style on organizational commitment of employees.

### **Statement of the Problem**

The transport sector is one of the most important sectors in Ethiopia (Temesgen Aklilu, 2006). Blata Abaya, Chebera Churchura and Fetane Transport Limited Companies are the leading companies in wolita and dawro zone from transport sector. Therefore, this sector needs professional leaders who can achieve all the goals of both employees and organizations. An organization that is short of capital may have option to borrowing money, and one in a poor location has the option to move. However an organization with short of leadership has little chance for survival (Yousef, 1998).

The relationship between managers leadership style and employee organizational commitment has been a subject of controversy by many researchers (Mclaggan, 2013). The controversy has been centered on whether or not the style of leadership of managers influences the level of organizational commitment dimensions (Aghashahi, et al. 2013).

Many of the previous researches (Sager, 2009; Temesgen, 2011; Mclaggan, 2013; Ahmadi et al., 2010; Clinebell et al., 2013; Aghashahi et al., 2013 & Mester et al., 2003 ) have recommended a positive relationship between transformational leadership styles and employee affective commitment. Among aforementioned researchers (Clinebell et al., 2013; Temesgen, 2011 & Ahmadi et al., 2010) have find out positive relationship between transformational leadership and continuance commitment. But other researchers (Saqer, 2009 & Aghashahi et al., 2013) have recommended that there is no relationship between transformational leadership style and continuance commitment.

Some others (Sager, 2009; Ahmadi et al., 2010; Clinebell et al., 2013; Aghashahi et al., 2013 & Mester et al., 2003) also agreed up on positive relationship between transformational leadership and normative commitment. However Temesgen (2011) also find out that transformational leadership has no relation with normative commitment. Similar controversy has been raised the relationship between transactional leadership and laissez-faire leadership with affective, continuance and normative commitment dimensions. Empirical studies (Sager, 2009; Ahmadi et al., 2010; Clinebell et al., 2013; & Mester et al., 2003 ) have find out that transactional leadership style has positive correlation with affective and continuance commitment. Although Temesgen (2011), recommended that transactional leadership have no significant correlation with affective and continuance commitment rather transactional leadership has significant and positive relation with normative commitment.

Therefore, this study is considered important to determine the relationship between leadership styles (i.e. transformational, transactional and leadership) and employee laissez-faire commitment (i.e. affective, normative and continuance) in Blata Abaya, Chebera Churchura and Fetane Transport Limited Companies. The study, therefore, focus on how the leadership style of managers of Blata Chebera Churchura and Fetane Transport Limited Companies improve the organizational commitment of their employees.

#### **Objectives of the Study**

The general objective of this research is to investigate the effect of leadership style on employees' organizational commitment in Blata Abaya, Chebera Churchura and Fetane Transport Limited Companies.

#### LITERATURE REVIEW

## **Leadership Concepts**

For this research the following definition for leadership is applied: Leadership is "the ability to influence a group toward the achievement of goals" (Robbins, 1993).

Leadership is about influencing, motivating, and enabling others to contribute toward the effectiveness and success of the organization of which they are members (Avolio and BASS, 1999). Leadership is one of the main parts of the

literature on management and organizational behavior with the passage of time (Bass, 1990).

### **Full Range Leadership Theory**

As stated by Saqer (2009) full range leadership theory was initially described by Burns (1978) and elaborated by Bass (1985). New findings suggest three categories of leadership in the field of organizational leadership namely transformational leadership, transactional leadership and last one is laissez-faire which largely used in the studies (Bass, 1990). Leadership is combination of three categories like transactional, transformational and laissez-faire styles.

## Transformational Leadership

Transformational leadership involves motivating others to move towards their own self-interests for the achieving the goals of the group and the organization and adopt new ways to success (Iqbal, 2009). Howell & Avolio (1992) argued transformational leaders as innovators or new trends makers in the society of the organization. They fight with the unpredictable situations created by different challenging environments. Furthermore, transformational leader also explain some other key roles as the role modeling; creating a vision and making the norms and value clear to all (Fasola, et al., 2013).

#### Transactional Leadership

Another kind of leadership which has been mostly used to in organizational studies is transactional leadership style. Transactional leaders are those who sought to motivate followers by attracting or appealing to their self-interests (Kokluk, 2010). Transactional leadership is combination of bureaucratic authority as well as legitimacy in the organization (Bass, 1997). It is also resulted that transactional leaders follow standards, assignments, and task based goals (Griffith, 2013).

### Laissez-faire Leadership

Transactional and transformational leadership, two active forms of leadership, are often contrasted to a laissez faire leadership style. As no attempt is made by the laissez faire leader to motivate others or to recognize and satisfy individual needs, researchers have concluded that this leadership style is indicative of an absence of leadership. The laissez faire leader avoids decision-making, the provision of rewards and the provision of positive/negative

feedback to subordinates (Bass & Avolio, 1999 & Mester et al., 2003).

#### **Organizational Commitment**

The Three-Component Model of organizational commitment (Brian, 2007), has gained substantial popularity since its inception. Meyer and Allen (1991) [as cited in Sersic, 1999] concluded that an employee's commitment reflected a desire, need and obligation to maintain membership in an organization. Consequently, commitment manifests itself in three relatively distinct manners.

### Affective Commitment

According to Stephen et al. (2001) affective commitment refers to an employee's emotional attachment to, involvement in, and identification with the organization and its goals.

Employees with a strong affective commitment continue employment with the organization because they want to do so. This component is often treated as a predecessor of organizational commitment in general due to the fact that Porter in his studies Baton Rouge (2007) focused on a one-dimensional approach, which is now being reflected upon as representing namely affective commitment.

#### **Continuance Commitment**

Refers to employee's point of view of whether the costs of leaving the organization are greater than of the costs of staying. Employees who perceive that the costs of leaving the organization are greater than the costs of staying remain because they need to (Meyer & Maltin, 2010).

Anything that increases the cost associated with leaving the organization can lead to the development of continuance commitment (Meyer & Allen, 1991) [as cited in Meyer & Maltin, 2010].

#### Normative Commitment

Refer to employees feelings of obligation to the organization. Employees with high levels of normative commitment stay with the organization because they feel they ought to. On the basis of the works of Wiener (1982) and Scholl (1981), Meyer, J. P and Allen, N .J. (2004) Suggested that two mechanisms, socialization and exchange, play a key role in the development of normative commitment. According to Wiener (1982), normative commitment develops as a result of normative beliefs that are internalized through pre-entry

(familiar and cultural) and post entry (organizational) socialization processes. Therefore, a commitment norm, which is labeled as

internalized normative beliefs by Wiener, is examined as a possible determinant of normative commitment.

The research conceptual model is indicative of the relationships between variables.

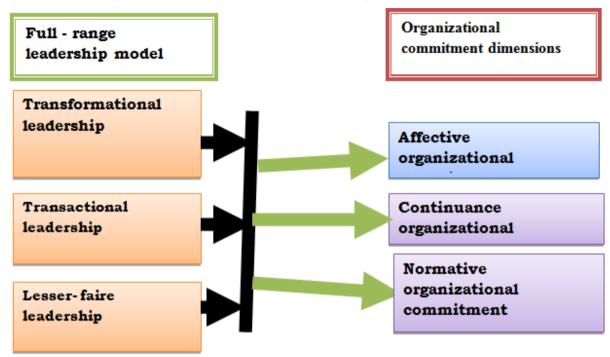


Figure 2.1. Research Conceptual Model

## **Research Hypothesis**

It is the aim of the study to see if there is any association between leadership style and organizational commitment. Hence, the alternate hypotheses are stated as follows.

**H1.a**Transformational leadership style positively affects the level of affective commitment.

**H1.b** Transformational leadership style positively affects the level of continuance commitment.

**H1.c** Transformational leadership style positively affects the level of normative commitment.

**H2.a** Transactional leadership style positively affects the level of affective commitment.

**H2.b** Transactional leadership style positively affects the level of continuance commitment.

**H2.c** Transactional leadership style positively affects the level of normative commitment.

**H3.a** Laissez-faire leadership style negatively affects the level of affective commitment.

**H3.b** Laissez-faire leadership style negatively and affects the level of continuance commitment.

**H3.c** Laissez-faire leadership style negatively and significantly affects the level of normative commitment.

#### RESEARCH METHODOLOGY

Ouantitative survey research design was employed to conduct the study and test research hypotheses. Based on early establishment and their size the researcher selects Blata Abaya, Chebera Churchura and Fetane Transport Limited Companies purposively from wolita and Dawro zone. For the study the population was 238 permanent professional staffs and 6 supervisors who are working in the selected Companies. The sampling technique used in this study was proportionate stratified sampling method and the researcher has adopted random sampling technique to take sample from each of the stratums. Then 149 professional employees selected by using the following formula Yamane (1967) as a sample for the study. A 95% confidence level is assumed. From 149 distributed questionnaires 130 questionnaires were returned. Both qualitative and quantitative data has been collected from primary and secondary sources. Primary data were collected from employees and supervisors of Blata Abaya, Chebera Churchura and Fetane Transport Limited Companies. The secondary data also collected from the key information such as, Transport bureaus, literature, reports and journals. The data collection instrument for the

study was close ended questionnaire. Two separate instruments, that are multifactor leadership questionnaire (MLQ) and organizational commitment questionnaire (OCQ), are used in this research to obtain quantitative information on leadership styles and employees' organizational commitment respectively. One sample T test, Independent-sample T test, Pearson Correlation coefficient for testing the relationship among variable and multiple regressions to infer the effect of leadership style on each dimensions of organizational commitment or to test the research hypotheses are used to analyze data. SPSS software version 20 was used to analyze the data.

## **Model Development and Specification**

The Variables those are used in measuring Full Range Leadership behaviors are considered separately as independent variables. subscales for these variables are contained in the Full range leadership model (FRLM). On the other hand, three separate Measures of employee commitment are used as dependent variables. These measures are the Affective commitment scale, continuance commitment scale, and normative commitment. To test the hypotheses, regression models is develop where each type of organizational commitment are the dependent variables in separate regression models. Each type of leadership is the independent variable in each regression model. Hence, the models are as follows:

Affective commitment = Constant + B1X1 + B2X2 + B3X3

Continuance commitment = Constant + B1X1 + B2X2 + B3X3

Normative commitment = Constant + B1X1 + B2X2 + B3X3

 $\begin{aligned} & Organizational\ commitment = Constant + B1X1 \\ & + B2X2 + B3X3 \end{aligned}$ 

Where

**X1** = transformational leadership style

**X2** = transactional leadership style

**X3** = laissez-faire leadership style

**Constant** = The point where the value of the dependent variable relates to a value of zero for the independent variables. At this point the regression line intersects with the X-axis in the graph. The constant is the starting value of the outcome when there is no influence from the predictors and the control variables (Field, 2009)

 ${\bf B}=$  the unstandardized regression coefficient which signifies the strength of the relationship between a given predictor, and an outcome in the units of measurements of the predictors. It represents the change in outcome connected with the unit change in the predictor (Field, 2009).

**R square** = the coefficient of determination, a measure for how much of the variation in outcome can be accounted for by the predictors (Field, 2009).

**Adjusted R square** = a measure of the loss of predictive power or shrinkage in regression. This value tells us how much variance in the outcome would be accounted for if the model had been derived from the population from which the sample was taken (Field, 2009)

#### **DATA ANALYSIS AND INTERPRETATION**

Table4.1. Regression model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Affective commitment	.557 <sup>a</sup>	.310	.295	.57971
Continuance commitment	.363 <sup>a</sup>	.131	.112	.66190
Normative commitment	.459 <sup>a</sup>	.211	.193	.58063
Organizational commitment	.571a	.327	.312	.41323

a. Predictors: (Constant), transactional, laissez-faire, transformational

The R-square (.310) is the proportion of variation in the dependent variable (affective commitment) that is explained by the transformational, transactional and laissez-faire leadership style. It is expressed as a percentage. So 31% of the variation in affective commitment can be explained by three independent variables in the model. Therefore, there must be other variables that have an

influence also. As indicated by multiple Regression of the above table 4.1 R Square value (.131) of continuance commitment realized that only 13.1% of the variation in continuance commitment can be explained by the independent variables of this study. The remaining 86.9% of the variance is explained by other variables not included in this study. Table 4.1 also indicate that the value of R Square for

normative commitment is (.211) which tells us that Leadership styles (transformational, transactional and laissez- faire) can account for 21.1% of the variation in normative commitment. This means that 78.9% of the variation in normative commitment of staff cannot be explained by leadership styles of supervisors alone.

The R Square value of overall organizational commitment is .327. Therefore 32.7% of the variation in organizational commitment can be explained by transformational, transactional and laissez- faire in the model. The remaining 67.3% variation in organizational commitment explained by other factors not included in this study

**Table4.2.** Regress performance (as dependent variable) on the selected variable (as dependent variable)

Model			standardized	Standardized	T	Sig.
			Coefficients	Coefficients		
		В	Std. Error	Beta		
Affective	(Constant)	.819	.392		2.090	.039
	transformational	.471	.104	.391	4.545	.000
	laissez-faire	.020	.064	.022	.304	.762
	transactional	.280	.101	.237	2.765	.006
Continuance	( constant)	1.257	.447		2.809	.006
	Transformational	.184	.118	.150	1.558	.122
	Laissez-faire	066	.074	072	892	.374
	Transactional	.295	.115	.246	2.552	.012
Normative	( constant)	1.032	.392		2.630	.010
	Transformational	.334	.104	.295	3.211	.002
	Laissez-faire	.009	.065	.011	.141	.888
	Transactional	.249	.101	.225	2.455	.015
Organizational commitment	( constant)	1.040	.279		3.725	.000
	Transformational	.334	.074	.383	4.514	.000
	Laissez-faire	.036	.046	.055	.780	.437
	Transactional	.223	.072	.263	3.099	.002

Source: survey data, 2018

The unstandardized coefficients B column, gives us the coefficients of the independent variables in the regression equation including all the predictor variables as indicated below. The standardized beta tells us the strength and direction of the (interpreted like correlation relationships coefficients). Table 4.2 has revealed that the transformational leadership style has direct and positive influence on the affective commitment (Beta=0.391, P = 0.000), on the continuance commitment (Beta= 0.150, P = 0.122), on normative commitment (Beta=0.295, P= 0.002) organizational commitment on the (Beta=0.383, P =0.000). The transactional leadership style also has direct and positive effect on the affective commitment (Beta=0.237, P=0.006), on the continuance commitment (Beta= 0.246, P = 0.012), on normative commitment (Beta=0.225, P= 0.015) and on the organizational commitment variable (Beta=0.263, t=3.32, P=0.002). Whereas laissezfaire leadership style has no significant effect on the affective commitment (Beta=0.022, P=0.762), with the continuance commitment (Beta= -0.072, = 0.374), on normative commitment (Beta=0.011, P= 0.888) and on the organizational commitment variable (Beta=0.055, P= 437).

Transformational (Beta = .391, p = 0.000) and transactional (Beta = .237, p = 0.006) leadership styles are Significant predictors (or significantly related to) of affective commitment. Laissez-faire leadership style is not a significant predictor of affective commitment (Beta= .022, p = .762). Higher levels of supervisor's transformational and transactional leadership styles are associated with higher levels of their subordinate's affective commitment. The equation for this model is:

## Affective commitment = .819 + .471 (Transformational) +.28(Transactional leadership)

Transactional leadership is the only significant predictor of continuance commitment (Beta = .246, p = 0.012). Higher levels of supervisor's transactional leadership styles are associated with higher levels of their subordinate's continuance commitment. Transformational leadership (Beta = .150, p = 0.122) and laissez faire leadership styles (Beta = .072, p = 0.374) are not significant predictor of continuance commitment. The equation for this model is:

# Continuance commitment = 1.257 + .295 (Transactional leadership)

## The Effect of Leadership Style on Employee's Organizational Commitment: The Case of Wolaita and Dawro Zone Transport Private Limited Companies

The table also shows that transformational leadership (Beta = .295, p = 0.001) and transactional leadership style (Beta = .225, p = .015) were positively correlated with normative commitment, suggesting that higher levels of the two leadership style are associated with higher levels of normative commitment. Laissez- faire leadership (Beta=.011, p = 0.888 is not a significant predictor of normative commitment. The equation for this model is:

Normative commitment = 1.032 + .334 (transformational) + .249(transactional leadership)

Both transformational leadership (Beta = .383, p = 0.000) and transactional leadership style (Beta = .263 p = 0.002) are significant predictor of overall organizational commitment. They were positively correlated with organizational commitment, suggesting that higher levels of the two leadership style are associated with higher levels of organizational commitment. Laissezfaire leadership (Beta = .055, p = 0.437) is not a organizational significant predictor of commitment. The equation for this model is:

Organizational commitment = 1.04 + .334 (Transformational) + .223(Transactional)

## **Hypothesis Testing**

**Table4.3.** Overview an alternative hypotheses

Hypothesis	Beta	p- value	Result
H1.a:	.391	.000	P- value is < 0.05 accepted
H1.b:	.150	.122	p-value is $> 0.05$ rejected
H1.c:	.295	.002	P- value is < 0.05 accepted
H2.a:	.237	.006	P- value is < 0.05 accepted
H2.b:	.246	.012	P- value is < 0.05 accepted
H2.c:	.225	.015	P-value is < 0.05 accepted
Н3.а:	.022	.762	p-value is $> 0.05$ rejected
H3.b:	072	.374	p-value is $> 0.05$ rejected
Н3.с:	.011	.888	p-value is $> 0.05$ rejected

**Source:** survey data, 2018

"H1.a **Transformational** leadership style positively and significantly affects the level of commitment." Transformational affective leadership style has direct and positive influence on the affective commitment (Beta=0.391, P = 0.000), therefore hypothesis H1.a is accepted. In other words if managers adopt transformational leadership style then the affective commitment will be promoted accordingly. This goes with (Ahmadi et al., 2010; Aghashahi et al., 2013 & Clinebell et al., 2013), where they found that transformational leadership positively affect affective commitment.

"H1.b Transformational leadership style positively and significantly affects the level of continuance commitment." Transformational leadership style has direct and positive influence on the continuance commitment but not significant (Beta= 0.150, P = 0.122), consequently hypothesis H1.b is reject. This goes with (Ahmadi et al., 2010), where they found that transformational leadership has no significant effect on the continuance commitment.

"H1.c Transformational leadership style positively and significantly affects the level of normative commitment." Transformational leadership style has direct and positive influence

on the normative commitment (Beta=0.295, P= 0.002), therefore hypothesis H1.c is accepted. In other words if managers adopt transformational leadership style then the normative commitment will be promoted accordingly. This result also agree with the findings of (Ahmadi et al., 2010; Aghashahi et al., 2013& Clinebell et al., 2013), where they found that transformational leadership positively affect normative commitment.

"H2.a Transactional leadership style positively and significantly affects the level of affective commitment." Transactional leadership style has direct and positive influence on the affective commitment (Beta=0.237, P=0.006), therefore hypothesis H2.a is accepted. This goes with (Ahmadi et al., 2010; Aghashahi et al., 2013 & Clinebell et al., 2013), where they found that transactional leadership positively affect affective commitment. This implies that if managers adopt transactional leadership style then the affective commitment will be promoted accordingly.

"H2.b Transactional leadership style positively and significantly affects the level of continuance commitment." Transactional leadership style has direct and positive influence on the continuance commitment (Beta= 0.246, P = 0.012), thus

hypothesis H2.b is accepted. This implies that if managers adopt transactional leadership style then the continuance commitment will be promoted accordingly. This finding also goes with (Ahmadi et al., 2010; Aghashahi et al., 2013 & Clinebell et al., 2013), where they found that transactional leadership positively affect continuance commitment.

"H2.c Transactional leadership style positively and significantly affects the level of normative commitment." Transactional leadership style has direct and positive influence on the normative commitment (Beta=0.225, P= 0.015), consequently hypothesis H2.c is accepted. This implies that if managers adopt transactional leadership style then the normative commitment will be promoted accordingly. This goes with (Ahmadi et al., 2010; & Clinebell et al., 2013), where they found that transactional leadership positively affect normative commitment.

"H3.a laissez-faire leadership style negatively and significantly affects the level of affective commitment." Laissez-faire leadership style has direct and weak positive influence on the affective commitment but insignificant (Beta=0.022, P=0.762), therefore hypothesis H3.a is rejected. This contradict with (Clinebell et al., 2013), where they found that laissez-faire leadership has a significant negative influence on affective commitment.

"H3.b laissez-faire leadership style negatively and significantly affects the level of continuance commitment." Laissez-faire leadership style has a weak negative influence on the continuance commitment but insignificant (Beta= -0.072, P = 0.374), consequently hypothesis H3.b is rejected. This goes with (Clinebell et al., 2013), where they found that laissez-faire leadership has not a significant effect on continuance commitment.

"H3.c laissez-faire leadership style negatively and significantly affects the level of normative commitment." Laissez-faire leadership style has direct and weak positive influence on the normative commitment but insignificant (Beta=0.011, P= 0.888), therefore hypothesis H3.c is rejected. This finding also goes with (Clinebell et al., 2013), where they found that laissez-faire leadership has not a significant effect on normative commitment.

#### **CONCLUSION**

Standard multiple regression has been used to explore how much of the variance in organizational commitment components can be

explained by leadership styles. The results demonstrated the direct effects of the predictors and explained 31%, 13.1%, 21.1% and 32.7% of the variability in affective, continuance, normative and total organizational commitment respectively. Results indicated transformational and transactional leadership has a significant contribution to the prediction of affective, normative and total commitment. But only transactional leadership has a significant contribution to the prediction of continuance commitment. However laissez-faire leadership was not significantly related to any of the commitment components. The greatest value of standardized coefficient in this column has the greatest effect on the dependent variable. Thus the highest impact of transformational leadership is on affective commitment (Beta = .391, p = .000).

#### RECOMMENDATIONS

The researcher has forwarded the following possible recommendations based on the findings.

- Since both transformational and transactional leadership styles has find to have a significant and positive relationship with employee commitment. Blata Abaya, Chebera Churchura and Fetane Transport Limited Companies should attempt to sustain these leadership styles within their organizations as committed employees are most desirable.
- The study recommend that since the transactional leadership is based on contingent reward and punishment behavior, therefore managers should positively reward the employees with praise or recognition when they perform at or above expectations. Likewise, negative rewarding approach should also be used in the form of correction, criticism, and/or other forms of punishment, when performance is below the expected standard.
- The study recommend that since transformational leadership is most influenced dimension on organizational commitment the managers of the selected Transport Limited Companies have to spend more time in teaching and coaching, focus innovation and creativity capabilities of their employees and more training on commitment development strategies for leaders of selected Transport Limited Companies.
- The studies also recommend that managers of Blata Abaya, Chebera Churchura and

Fetane Transport Limited Companies should minimize laissez-faire leadership behavior because it does not stimulate organizational commitment of their subordinates.

#### REFERENCES

- [1] Aghashahi, B., Ashkan, D., Rosmini, O. & Majid, S. (2013), the relation between leadership style and Organizational commitment: a survey in a Malaysian contact center 2(11) 01-07
- [2] Ali, A., Y. (2014). The impact of leadership style on corporate innovation: *International Journal of Academic Research in Management (IJARM) Vol. 3, No. 3, 2014, Page: 233-241, ISSN: 2296-1747*
- [3] Allen, J. & Browne, M. (2010), Road freight transport and sustainability in Britain1984-2007 American Journal of Sociology 66: 32-42.
- [4] Bass, B. & Avolio, B. (1993), Transformational Leadership and Organizational Culture, *Public Administration Quarterly*, 12, 113-121.
- [5] Bass, B. (1990), from transactional to transformational leadership: learning to share the vision. *Organizational dynamics* 18(3), 19-3
- [6] Bass, B. (1997), does the transactional-transformational leadership paradigm transcend organizational and national boundaries? journal of American psychologist 52(2), pp, 130-139.
- [7] Baton, R. (2007), Meyer and Allen Model of Organizational Commitment: Measurement Issues the Icfai 8 Journal of Organizational Behavior, Vol. VI, No. 4, 2007
- [8] Bayou, M. (no date), the commercial road transport sector in Ethiopia: performance, problems and future prospects, *The Commercial Road Transport Sector*
- [9] Becker, H., S. (1960), Notes on the concept of commitment. *American Journal of Sociology* 66: 32-42.
- [10] Clinebell, S., Vida, S. & Renata, T. (2013), impact of leadership style on employee organizational commitment. The Clute institute international academic conference Economic focus vol. 9 No.4
- [11] Fasola, O.S, Adeyemi, M.A. & Olowe, F.T. (2013), Exploring the Relationship between Transformational, Transactional Leadership Style and Organizational Commitment among Nigerian Banks Employees. International Journal of Academic Research in Economics and Management Sciences November 2013, Vol. 2, No. 6 ISSN: 2226-3624
- [12] Field, A. (2009). *Discover statistics using SPSS*. London: Sage Publications Ltd.

- [13] Givens, R., J. (2008), Transformational Leadership: The Impact on Organizational and
- [14] Howell, J., M. & Avolio, B. (1992), the ethics of charismatic leadership: Submission or liberation. *Academy of Management Executive*, 6(2), 43–56.
- [15] Iqbal, Adnan (2009), Perceived Managerial Styles and their effects on organizational climate: The case of Pakistani Industry. International review of business research papers, Vol. 5(5), pp. 289-298.
- [16] Jaros, S. (2007), Meyer and Allen Model of Organizational Commitment: Measurement Issues *The Icfai 8 Journal of Organizational* Behavior, Vol. VI, No. 4, 2007
- [17] Kokluk, O., (2010), the relationship between leadership behavior and organizational commitment in Turkish primary schools. 54, 75-92, Ahmet Yesevi University Board of Trustees
- [18] Lung, Cao Van (2009), the influences of perceived leadership style on employee job Satisfaction, Organizational Commitment, and Job Performance, Malaysia manufacturing industry, African journal of marketing management 1(6), 133-139
- [19] Lussier, R., N. & Achua, C., and F. (2010), Leadership Theory, application and skill development, (3rd edn.), Mason, OH: South-Western Cengage Learning.
- [20] Mester, C., Delene, V., & Gert, R. (2003), Leadership style and its relation to employee attitudes and behavior, SA journal of industrial psychology 29(2), 72-82
- [21] Meyer, J. P & Maltin, E. R. (2010), Employee commitment and well-being: A critical review theoretical framework and research agenda. Journal of Vocational Behavior 77 (2010) 323–337
- [22] Meyer, J., P. & Allen, N., J. (2004), TCM Employee Commitment Survey
- [23] Meyer, J., P. & Allen, N., J. (1991), a three component of conceptualization of organizational commitment, Human Resource Management Review, Vol.1: 61-89.
- [24] Morris J., H., & Sherman, J., D. (1981), Generalizability of an organizational commitment Model Academy of Management Journal.24: 512-526. Personal Outcomes School of Global Leadership & Entrepreneurship,
- [25] Robbins, S. & Coultar, M. (2012). Management eleventh edition. Diego state university.
- [26] Saqer, H., O. (2009), the effect of the perceived leadership style on organizational Commitment. An empirical study on UNRWA staff. MBA thesis, Islamic University
- [27] Scholl, R., W. (1981), "Differentiating commitment from expectancy as a motivating force". *Academy of Management Review*, 6, 589-599.

## The Effect of Leadership Style on Employee's Organizational Commitment: The Case of Wolaita and Dawro Zone Transport Private Limited Companies

- [28] Sersic, D., M. (1999), An emperical test of Meyer.and Allen's three-component model of organizational commitment in a Croatian context . Review of psychology, 1999, vol. 6, No 1-2 17-24
- [29] Shurbagi, A., M. (2014), the Relationship between Transformational Leadership and Organizational Commitment in National Oil Corporation of Libya
- [30] Taiwo, O. (2013), leadership style impact on employee. Thesis in International Business Lahti University of applied sciences
- [31] Temesgen, Aklilu (2006), The Role of the Transport Sector in Ethiopia's Economic Development;

- [32] Templates' of TikurAbay Transport Private Limited Company (TATPLC) *Vocational* behavior 77 (2010) 323–337
- [33] Wanjiru, M., J. (2013), Effects of leadership styles on teachers' job performance and satisfaction: A case of public secondary schools in nacre county, Kenya
- [34] Wiener, Y. (1982), Commitment in organizations: A normative view. Academy of Management Review, 7, 418-428.
- [35] Yousef, D. A. (1998). Correlates of perceived leadership style in a culturally mixed environment. *Leadership & Organization Development Journal*, 19, 5, 275-284.

Citation: Addis Alemayehu, Samuel Batisa, "The Effect of Leadership Style on Employee's Organizational Commitment: The Case of Wolaita and Dawro Zone Transport Private Limited Companies", International Journal of Research in Business Studies and Management, 7(1), 2020, pp.12-21.

**Copyright:** © 2020 Addis Alemayehu. This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.