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The Impact of Transformational Leadership Styles on Employee Engagement in a Sugar Factory

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Abstract

The objective of this research is to determine the influence of transformational leadership styles on employee engagement of a chosen sugar factory. Quantitative survey research was conducted. A total of 230 sets of questionnaires were distributed to manufacturing employees in the sugar factory and

180 completed questionnaires were used for data analysis. The mean values indicate that manufacturing employees in the studied sugar factory agreed with transformational leadership styles (idealized influence with the mean value of 3.57, intellectual stimulation with the mean value of 3.55, inspirational motivation with the mean value of 3.52, and individual consideration with the mean value of 3.21). Manufacturing employees in the studied sugar factory were engaged with their job, with the mean value of 3.90. Results from Multiple Linear Regression analysis indicate that transformational leadership styles (idealized influence, inspirational motivation, intellectual stimulation and individual consideration) significantly influence employee engagement. Individual consideration has the highest influence on employee engagement (Beta = 0.205), followed by idealize influence (Beta = 0.145), intellectual stimulation (Beta = 0.027) and inspirational motivation (Beta = - 0.096) respectively. The selected sugar factory should focus more on individual consideration in order to create more employee engagement. Two factors of transformational leadership styles that should also be more focused on are idealized influence and intellectual stimulation as they have positive influence on employee engagement.

Keywords: Transformational Leadership Styles, Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individual Consideration and Employee Engagement

Introduction

Employee engagement is an affective way for organizations to gain competitive advantage as people, and be association respective workforces, are one element of business that is impossible to duplicate precisely. Anitha (2014)

posited that, if managed and utilized properly, the workforce can become one of the most vital assets to a business. Baumruk (2004) reinforces this idea and expressed that a company's vigour is most significantly impacted upon by employee engagement. Transformational leadership is a

very efficient style to drive organization with overall change (Lussier, 2006). Accompanied with employee engagement after applying transformational leader, it is a helpful instrument for any organization striving to gain competitive advantage over their competitors. People employ and express themselves physically, cognitively, and emotionally during role performances with clarity of direction from this style of leader (Ghadi, Fernando and Caputi, 2013).

This paper proposes to investigate the influence between transformational leadership and employee engagement. It is suitable for a sugar factory to transform employees to gain market competition and better performance. This industry is changing to be an energy business, it is especially important to have some technique to manage team to gain synergy and meet the new challenge of tasks within a short time. Leaders are being driven into unfamiliar territory and how leaders handle that change has a massive impact on a success of their business, the morale of their workers the social and economic stability of their country (Sarros and Santora, 2001). Transformational leadership is therefore a suitable style for time to change situation. This is because of previous findings from the management literature that transformational leadership can motivate employees to work for longer hours and work more than is expected of them (Bass, 1985 as cited in Jyoti and Dev, 2015). The transformational leadership takes control of situation by conveying a clear vision of group's

Literature Review

The literature review in this article comprises 1. Transformational Leadership Styles, 2. Employee's Job Satisfaction, 3. The Influence of Transformational Leadership on Employee Engagement.

Transformational Leadership Styles

Leadership is the process of influencing employees to work toward the achievement of organizational objectives. Leadership is perhaps the most talked about, researched, and written-about management topic (Lussier, 2006). The ongoing pursuit to find a more complete leadership approach gave rise to transformational and transactional leadership styles (Bass, 1985; Burns, 1978 as cited in Popli and Rizvi, 2015). Transactional leaders are the contingent reward leader (contracts exchange of rewards for effort, promised rewards for good performance, recognizes accomplishment), the management by exception leader (active - vigilant and searches for deviations from rules, regulations, and standards, or passive -only intervenes when standards are not met or are unfulfilled) and laissez-faire leader (relinquishes responsibilities and avoids making decisions). Transformational leaders are the charismatic leader, the inspiration leader, the intellectual stimulation leader and the individualized consideration leader (gives personal attention, treats each employee individually, coaches, advises) (Kreitner, 2007).

Social scientists have given much attention to the concept of leadership over the past few decades. There has been a notable shift in focus from traditional/transactional models of leadership to theories which put an emphasis on transformational leadership. (Bass, 1985 as cited in Ozaralli, 2003). Researchers have carried out extensive studies on the concept of transformational leadership in recent years and found this concept is effective both in terms of increasing follower's performance expectation and transforming their personal values and self-concept into a higher level of needs and aspirations (Cheung and Wong, 2011). Tichy and Devanna (1990) posit that transformational leaders carry out leader-thinking processes: "recognizing the need for change, creating a new vision, and institutionalizing the change" (Nusair et al., 2012). Whilst contemporary conceptualizations of the transformational leadership model have four dimensions: idealized influence, inspirational motivation, individual consideration, and intellectual stimulation (Smith et al., 2004).

A brief description of each dimension is presented. Idealized Influence: The leader altruistic role models who engender the respect, admiration, emulation of followers and something closely related to charisma (Antonakis et al., 2003). Inspirational Motivation: The leader communicates a clearer vision of the possible future; align organizational goals, personal goals and treat

problems as opportunities to learn (Jyoti and Dev, 2015). Individual Consideration: The leader gives personal attention to his or her followers by treating them "differently but equitably" (Bass and Avolio, 1990). Intellectual Stimulation: The leader presents new ideas to followers and challenges them to think creatively (Bass and Avolio, 1990).

Employee Engagement

Employee Engagement focuses on how the psychological experiences of work and work contexts shape the process of people presenting and absenting themselves during task performances. Additionally, engagement is a multidimensional construct, meaning that employees can be emotionally, cognitively, or physically engaged. Emotional and cognitive engagements are the two most significant dimensions in psychological engagement and organization behaviours. Emotional engagement denotes empathy, concern for others' feelings, and forming meaningful connections to others. In comparison, cognitive engagement is identified in individuals who are acutely aware of their purpose and role in an organization. Employees can be engaged on one dimension and not the other. However, the more engaged an employee is on each dimension, the higher his or her overall personal engagement (Luthans and Peterson, 2002). Employee engagement has garnered a lot of interest over the past few years as a term that is widely used in organizations, business

circles, and consulting firms, due in part to strongly supporting evidence of an engagement-profit correlation. Employee engagement has been typically characterized as a unique and distinct construct, comprising of cognitive, emotional, and behavioural aspects related with individual role performance. Employees who are engaged often exhibit deep and positive emotional connection with their work and are more likely to show

attentiveness and mental absorption (Evelyn and Hazel, 2015).

The Influence of Transformational Leadership on Employee Engagement

Behaviours of transformational leadership that could be linked to employee engagement are idealized influence, inspiration motivation, intellectual stimulation, and individualized consideration. A key dimension displayed in the transformational leadership style involves acting as a role model and supervisor-displaying idealized influence behavior. Typical role model leaders inspire loyalty and devotion at the expense of their own self-interests. Follower's sense of value and contribution increases when leaders set themselves as role models, resulting in followers wholly engaging themselves in their work (Ghadi, Fernando and Caputi, 2013).

Inspirational motivation occurs when supervisors cultivate a vision of the future that subordinates find appealing and that makes them feel like an important part of the organization (Ghadi, Fernando and Caputi, 2013). A vision embodies

an idea of the future that is comprised of values, hopes, and ideals. Inspirational motivational managers build upon this idea to "challenge and inspire subordinates to achieve more than they thought was possible" (Bass and Riggio, 2006). Thereby, inspirational motivational behavior is considered to be linked to the attribute of absorption, the third facet of work engagement (Ghadi, Fernando and Caputi, 2013).

Intellectually stimulating managers produce a supportive organizational climate which can play a role in the development of employees' feelings of work engagement. Through this behavior, leaders stimulate their followers' effort to be more creative in solving problems by questioning old assumptions and solving problems depending on fresh perspectives (Bass and Bass, 2008). When employees perform at a high level and their efforts are not recognized, their intrinsic motivation reduces which might in turn influence their self-esteem. Taking into account that engaged workers are highly involved and dedicated in work, supervisors who display intellectual stimulation behavior can influence employees' involvement in work and thus work with high feelings of dedication (Schaufeli et al., 2002). Individualized consideration behavior confers individualized attention towards followers. Transformational leaders capitalize on this by finding out and responding to followers' demands, giving special consideration to follower's desires for achievement and growth, and displaying care and thought to individual differences (Avolio and Bass, 2002). The series

of interactions that can occur between two parties (e.g. the manager and followers) will usually create engagements from one party to another. When leaders demonstrate consideration and care for each follower, they are more likely to motivate positive leader-follower relationships to improve their sense of belonging to the organization (Ghadi, Fernando and Caputi, 2013).

Conceptual Framework

The conceptual framework of this research is developed based on the study of Ghadi, Fernando and Caputi (2013), Evelyn and Hazel (2015) and Raja (2012). Transformational leadership includes idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration based on Nusair, Ababneh and Bae (2012); Raja (2012); Ghadi, Fernando and Caputi (2013); Indrayanto, Burgess, Dayaram and Noermijati (2014); Bacha (2014); Menon (2014); Jyoti and Dev (2015); Evelyn and Hazel (2015).

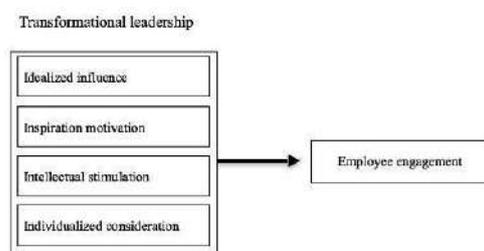


Figure 1: Conceptual Framework

Research

Hypothesis

H o 1 : There is no influence of transformational leadership styles (idealized influence, inspiration motivation, intellectual stimulation, and individualized consideration) on employee engagement.

H a 1: There is an influence of transformational leadership styles (idealized influence, inspiration motivation, intellectual stimulation, and individualized consideration) on employee engagement.

Research Methodology

A self-administered questionnaire was conducted to determine whether transformational leadership styles (idealized influence, inspiration motivation, intellectual stimulation, and individualized consideration) on employee engagement of the factory workers. All twenty questionnaires items of transformational leadership styles (individual influence, inspirational motivation, intellectual stimulation, and individual consideration) were developed based on the study of Jyoti and Dev (2015). The nine questionnaires items of employee engagement were adapted from the study of Hansen (2009). The respondents were asked to rate their agreement by using a 5-point Likert scale ranging from “Strongly agree” (5) to “Strongly disagree” (1). The target population of this study was the permanent employees of the studied sugar factory, both males and females.

The sample size was based on Krejcie and Morgan's (1970) work in determining sample size from a given population. At the time of the study there were 300 permanent employees in the factory; a minimum required sample size of 169 samples was selected for this research. Two hundred and thirty sets of questionnaires were distributed to the permanent employees of a studied sugar factory in Udonthani Province, Thailand.

The human resource manager of the company rendered assistance in distributing and collecting questionnaires. A total number of completed, returned questionnaires was 180 sets. Mean evaluation was used to determine the level of agreement on transformational leadership attributes including individual influence, inspirational motivation, intellectual stimulation, individual consideration, and employee engagement. The hypothesis of this research was tested using the multiple regression analysis (MLR).

Findings

According to the results from the MLR, transformational leadership styles (idealized influence, inspiration motivation, intellectual stimulation, and individualized consideration) significantly influence employee engagement of manufacturing employees in the studied sugar factory. In addition, only 14% of employee engagement can be explained by all dimensions of transformational leadership styles ($r^2 = 0.141$). This maybe because there are

other factors that may influence employee engagement such as interpersonal leadership (Hansen, Byrne and Kiersch, 2014), job characteristics, perceived organizational, perceived supervisor support, rewards and recognition, procedural justice and distributive justice (Saks, 2006). The results from this study are consistent with the study of Raja, 2012; Evelyn and Hazel, 2015; Jyoti and Dev, 2015. Moreover, individualized consideration (Beta value = 0.205) had the strongest influence on employee engagement, followed by idealized influence (Beta value = 0.145), intellectual stimulation (Beta value = 0.027) and inspiration motivation (Beta value = -0.096), respectively.

Individual consideration was rated at the lowest mean score (mean score = 3.21) among four attributes of transformational leadership style. This is especially for the item "my team leader treats me as an individual rather than just a member of the group" which received a mean score value of 2.86. This item demonstrates that employees in the studied sugar factory were unsure about their leader treatment towards them. Since most of the respondents are just labour workers, it might be the job itself and the position level that causes their relationship with leader to be limited. The item "my team leader gives personal attention to me when I seem neglected" has the second lowest mean score of 3.22. This item demonstrates that manufacturing employees seemed to be unsure about whether their leader pays enough attention

to them. To improve transformational leadership, the leader of the studied sugar factory should focus on improving individual consideration by giving each team member personal attention and motivates him/her to be all that he/she can be. The studied sugar factory should also improve all attributes of transformational leadership styles in order to increase the employee engagement.

Discussions and Recommendations

The results of the research study showed transformational leadership styles (idealized influence, inspiration motivation, intellectual stimulation, and individualized consideration) significantly influence employee engagement of manufacturing employees in the studied sugar factory. Therefore, the recommendations to increase its employee engagement are to improve all attributes of transformational leadership by emphasizing on individual consideration. There may be some possible limitations in this study, which future research are recommended to address. The data collection in this study was limited to only a studied sugar company in Udonthani Province in Thailand, making the results quite limited in scope. Future research should expand to study in other provinces or areas in Thailand. Moreover, this study used the survey questionnaires to collect the data. Future research should conduct direct interviews such as face-to-face or group discussion, which would help to obtain more intensive and in-depth information. By directly

speaking to the respondents, the researchers will have an opportunity to ask the respondents to clarify more details about Transformational Leadership Styles (Idealized Influence, Inspiration Motivation, Intellectual Stimulation and Individualized Consideration), rather than the limited details from a fixed questionnaires. Based on the research results of this study, only 14 % of the changes in employee engagement caused by the changes in Transformational Leadership styles so the other 86% of the changes in employee engagement caused by other factors. Transformational Leadership Styles (Idealized Influence, Inspiration Motivation, Intellectual Stimulation and Individualized Consideration) are not the only factors to create Employee Engagement. Other factors that can create Employee Engagement such as interpersonal leadership (Hansen, Byrne and Kiersch, 2014), job characteristics, perceived organizational, perceived supervisor support, rewards and recognition, procedural justice and distributive justice (Saks, 2006). Future research may study these factors as the antecedent of employee engagement.

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