

# **Effect of Transformational Leadership on Followers' Affective and Normative Commitment: Culture as Moderator**

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***Abstract.** Using a sample of 98 employees working in U.S., India, and China, the study shows that affective and normative commitment are positively related to transformational leadership. Normative commitment is higher in India-China combined than in the U.S. Transformational leadership is positively related to normative commitment in India and China but not in the U.S. and to affective commitment in the U.S. and India but not in China.*

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Leadership has been a popular theme in both managerial and academic world for a long time. This interest was further energized after Burns (1978) introduced the model of transformational leadership in his seminal work. According to him, transformational leadership engages everyone in such a way that both leaders and followers raise one another to higher levels of motivation and morality (p. 20). Transformational leaders develop positive relationships with subordinates and motivate performance that accomplishes specific goals. Translating this into project management teams, team members are encouraged by transformational leaders to focus on the interests and goals of the group rather than on their own needs and interests. In addition, transformational leadership has been found to have a positive effect on the organization's productivity and financial results (Neuhauser, 2007).

Organizational commitment is a bond or linking of the individual to the organization (Leong, Furnham, & Cooper, 1996). Over the past two decades, the construct of organizational commitment has witnessed a flurry of research activity. The burgeoned interest in commitment stems from its demonstrated linkage with variables that have an influence on organizational effectiveness (Putti, Aryee, & Phua, 1990). Research has shown that organizational commitment is positively related to employee retention; simply stated, employees committed to an organization are less likely to leave. Such commitment benefits both employees and organizations (Fulford & Rothman, 2007).

Increased international economic activities, globalization of markets, mobility of technology, and changes in workforce demographics have heightened interest in understanding and addressing ways of motivating culturally diverse workforces, on the part of both multinational corporations and indigenous companies. For companies to operate and compete effectively and efficiently, they must understand the cultural implications involved in motivating employees. Unfortunately, little is known about how different leadership styles might interact with cultural orientation to influence work-related outcomes (Walumbwa & Lawler, 2003). This paper reports a study that analyzed how the relationship between transformational leadership and follower's organizational commitment varies across individualistic and collectivistic cultures.

## THEORY AND HYPOTHESES

### Transformational Leadership

Burns (1978) defined transformational leaders as those that are able to lift followers up from their petty preoccupations and rally around a common purpose to achieve things never thought possible. Transformational leadership encompasses role modeling, handling of personal relationships with subordinates, duty orientation of the manager, critical thinking, and so on (Singh & Krishnan, 2007). Transformational leaders seek to raise the consciousness of followers by appealing to higher ideals and moral values such as liberty, justice, equality, peace, and humanitarianism, and not to baser emotions such as fear, greed, jealousy, or hatred (Masood, Dani, Burns, & Backhouse, 2006).

The most common facet of transformational leadership among different definitions is that of vision. There are two visionary factors: expert and analytical, and visionary and futuristic. These influence reported performance in the organizations. For example, long-term motivation (a cultural dimension) can be achieved by offering appealing visions to the subordinates (Hautala, 2005). Other critical leadership competencies are strategic thinking, relationship building, execution, and people development (Neuhauser, 2007). There are five dimensions of transformational leadership—idealized influence attributed, idealized influence behavior, inspirational motivation, intellectual stimulation, and individualized consideration.

It has been found that charismatic or transformational leadership is positively related to the effectiveness of the leader, subordinate's effort, and job satisfaction and to the subordinate's organizational commitment. In addition, the effects of charismatic leadership on subordinates would be different if charisma is operationalized as an individual-level phenomenon or a group-level phenomenon, and it has been shown that charismatic leadership is more effective at increasing group performance than at increasing individual performance (DeGroot, Kiker, & Cross, 2000).

Stewart (2006) did a meta-analysis of 93 studies and found that transformational leadership exhibited a consistently positive relationship with collective performance. Zhu, Chew, and Spangler (2005) found that human-capital-enhancing human resource management fully mediated the relationship between CEO transformational leadership and subjective assessment of organizational outcomes. Although transformational leadership is applicable to most organizational situations, the emergence and effectiveness of such leadership may be facilitated by some contexts and inhibited by others (Garg & Krishnan, 2003). Johnson and Dipboye (2008) examined the moderating effect of task type on the effectiveness of charismatic leadership through a laboratory manipulation of the content (visionary, nonvisionary) and delivery (expressive, unexpressive) of a leadership speech, along with the charisma conduciveness of performance tasks. As expected, they found that visionary content and expressive delivery resulted in higher attributions of charismatic leadership. In addition, visionary content led to better quality of performance on more charisma-conductive tasks.

Six main transformational leadership behaviors that relate to organizational citizenship are: articulating a vision, providing an appropriate model, fostering the acceptance of group goals, expecting high performance, and providing individualized support and intellectual stimulation. Organizational citizenship behaviors comprise altruism, conscientiousness, sportsmanship, courtesy, and civic virtue. Although transformational leader behaviors may have no direct effect on organizational citizenship behavior, they influence both employee trust and satisfaction (Masood et al., 2006). Sosik and Dinger (2007) examined the relationship between leaders' personal attributes, leadership style and vision content. They found that charismatic leadership was most positively associated with inspirational vision themes, whereas contingent reward leadership was most positively associated with instrumental vision themes. Leaders' need for social approval, self-monitoring, and need for social power moderated these relationships.

Transformational leaders set examples to be emulated by their followers. As suggested by Burns (1978), when leaders are morally more mature, those they lead display higher moral reasoning. Authentic transformational leadership must rest on a moral foundation of legitimate values (Burns, 1978). Moral obligations are grounded in a broader conception of individuals within community and related social norms and cultural beliefs. To be transformational, the leader has to be morally uplifting (Bass & Steidlmeier, 1999). It is required of a transformational leader to bridge ethical relativism by forging a platform of common values and congruence of interests.

Transformational leaders can use performance appraisal system as a vehicle for individualizing the development of subordinates and guiding their future career development paths. Instead of simply catering to the immediate self-interests of followers, the transformational leader broadens followers' interest towards transcending self-interests for the good of the group, by increasing awareness about the issues of consequence, and increasing the need for growth and self-actualization. As building of inspiration and self-confidence is associated with transformational leadership, effort and performance from subordinates of such leaders are beyond normal expectations. Transformational leadership results in increased employee satisfaction (Waldman, Bass & Einstein, 1987).

### **Organizational Commitment**

Organizational commitment has been defined and measured in several different ways. Attitudinal organizational commitment is the strength of an individual's identification with, and involvement in, a particular organization (Leong, Furnham & Cooper, 1996).

Two distinct theoretical orientations have emerged in defining organizational commitment: moral and calculative. Organizational commitment from a moral orientation is measured along three attitudinal factors: identification, involvement, and loyalty. Identification is the degree to which employees accept the organization's goals, values, and objectives as their own. It is the basis for attachment to the organization. Involvement is the intensity of the employee's attachment to the organizational work role. Loyalty is an evaluation of the attachment to the organization as indicated by the employee's warm, affective regard for the organization. The calculative perspective, on the other hand, assumes that individuals negotiate and bargain with their organization to produce a positive balance of rewards and costs that they incur in the organization. The greater the positive relationship, the more personal commitment there will be towards the organization (Barge & Schlueter, 1988).

There are three components of organizational commitment: affective, continuance, and normative commitment (Carmeli, 2003). Affective commitment refers to an employee's emotional attachment to, identification with, and involvement in the organization. Continuance commitment refers to an employee's perceived costs of leaving the organization. Normative commitment refers to an employee's obligation to remain in an organization (Bryant, Moshavi & Nguyen, 2007). The nature of these commitment components might differ, but one way or the other, they have a similar impact on employees' decision to continue or discontinue their employment with the organization (Caykoylu, Egri & Havlovic, 2007).

The three-component model of commitment is important because, although all three forms of commitment decrease the likelihood of individuals leaving an organization, there are different antecedents and consequences associated with each form of commitment. Consequently, managers should be aware of the manner in which their employees are committed to the organization and attempt to foster the different components of commitment in their employees (Coleman, Irving & Cooper, 1999).

An individual's attitude toward career is described as career commitment. Commitment to career affects individuals' behaviors. Highly career-committed individuals may be more motivated when their expectations are satisfied by the organization than those who are less committed. Regarding the effect of the organization's career-oriented practices perceived by the employees, individuals become affectively committed to the organization when they perceive that the company is pursuing internal promotion, provides proper training, and that supervisors do a good job in providing information and advice concerning their careers. Individuals with high career commitment and low affective commitment tend to leave the company because they do not believe that the current company is satisfying their career needs or goals. Employees' continuance commitment, on the other hand, is increased when they believe that the company is doing its best to prevent layoffs (Chang, 1999).

Experiencing burnout would lead employees to be less committed to the organization, and thus more likely to quit their job. If employees are feeling emotionally exhausted by their work, are developing depersonalized views of the people they serve, and are feeling that they are not accomplishing much, then they would probably become less enthusiastic and accepting of the organization's goals, less dedicated to achieving them, and more prone to withdrawing from work (both psychologically and physically). The three aspects of burnout syndrome viz., higher levels of emotional exhaustion and depersonalization, and lower levels of personal accomplishment, are each related to lower levels of commitment. In addition, organizational commitment is positively correlated with pleasant supervisor and coworker contact, and negatively correlated with both types of unpleasant contact. Together, it can be summarized that interpersonal relationships at work may be instrumental in explaining the variation in stress reactions within a work setting which is homogenous in regard to job stressors (Leiter & Maslach, 1988).

There are three views provided for the relationship between locus of control (LOC), an indicator of beliefs, and affective commitment. First, those with an internal LOC (internals) are likely to report higher levels of commitment because they perceive that they have control over their work environment. Second, because internals are likely to perceive more alternatives than those with an external LOC (externals) and because choice is related to commitment, internals will feel more committed to the organization that they decide to join. Third, because internals are more likely to take action when dissatisfied with a situation (particularly by leaving the organization), only committed internals are expected to remain with an organization. Externals are more likely to perceive that they have fewer employment alternatives than internals, which in turn could lead externals to develop continuance commitment to their organizations (Coleman, Irving & Cooper, 1999).

Studies on mentoring indicate that, the better the relationship between mentors and mentees in the formal mentoring program, the more the mentees will be motivated to work hard and feel committed to their organization. More specifically, mentees who are physically proximate to their mentors, who are under less time pressure, and have work schedules that do not conflict with those of their mentors are more motivated and committed than those who are physically distant from their mentors, are under more time pressures, and have work schedules that conflict with those of their mentors. In addition, mentees are more motivated and committed when their mentors like and respect them, and enjoy interacting with them (Orpen, 1997).

Consistent with social exchange theory, perceived organizational support addresses the organization's commitment to its employees. More favorable exchanges should strengthen employee attraction to the employee relationship and increase commitment. Human resource practices such as internal labor markets, hiring selectivity, training, grievance resolution mechanisms, benefits, employee involvement, incentive pay, union pressure, compensation cuts, and downsizing affect organizational commitment. In particular, if one views employee involvement programs to be generally consonant with the decentralization of decision making (a structural method for increasing worker autonomy) and programs designed to increase employee 'voice', the overall pattern of results converges to provide support for an 'empowerment' effect. Thus, it appears that organizational practices and characteristics that provide for the expression of worker interests are the strongest organizational determinants of employee commitment (Fiorito, Bozeman, Young & Meurs, 2007).

Organizational commitment is a very powerful predictor for some outcomes like job satisfaction and intention to quit, but much less for others like mental and physical health. Job satisfaction is a multi-dimensional construct and includes satisfaction with co-workers, with supervisors and with work in general (Walumbwa & Lawler, 2003). Organizational commitment is a good predictor of job satisfaction and intent to quit after taking into account occupational stress and demographic variables. The result showing organizational commitment as being negatively related to ill health and intention to quit, and positively related to job satisfaction implies that commitment is advantageous to individuals and to the organization (Leong, Furnham & Cooper, 1996).

More empowerment, more effective supervision, less role ambiguity and better job motivating potential improve organizational commitment and job satisfaction levels. The more the roles expected of employees become unclear, the less committed they will become towards their organization. Employees' having to face role conflict does not necessarily translate into a direct decrease in commitment levels. However, it negatively influences job satisfaction levels and thus indirectly causes commitment levels to decrease (Caykoylu, Egri & Havlovic, 2007).

Stress-outcomes and goal-performance relationships are among the major areas in the management literature where the mediating role of commitment is apparent. It is generally assumed that committed employees are more prepared to achieve organizational goals than non-committed employees. Commitment has also been found to mediate the relationship between work-related characteristics and employee performance. There is partial mediation by organizational commitment between work climate and self-rated performance. Those found to be committed rate their performance more positively than those who are less committed. Commitment fully mediates the relationship between job security and withdrawal cognitions. On the other hand, organizational commitment partially mediates the relationship between work climate and immediate supervisor rated performance. That is, employees who positively perceive their work climate tend to show higher levels of performance, because they are highly committed (Suliman, 2002).

Organizational commitment of followers is influenced by transformational leadership (Lok & Crawford, 2004). Transformational leadership theory emphasizes the role of empowerment as a central mechanism of building commitment to the organization's objectives (Bass, 1999). Empowered employees are more likely to reciprocate with higher levels of commitment to their organization.

By showing respect and confidence in their followers, transformational leaders are able to bring a high degree of trust and loyalty on the part of followers to the extent that followers are willing to identify with the leader and the organization. As a result, followers trust in and emotionally identify with the leader, such that they are willing to stay with the organization—even under very difficult circumstances. Walumbwa, Wang, Lawler, and Shi (2004) used data from China and India and found that transformational leadership was positively related to organizational commitment and job satisfaction, and negatively related to job and work withdrawal. They also found that collective efficacy mediated the contribution of transformational leadership to job and work withdrawal and partially mediated the contribution of transformational leadership to organizational commitment and job satisfaction.

*Hypothesis 1. Followers' organizational commitment is positively related to transformational leadership.*

Although transformational leadership has been conceptually and empirically linked to organizational commitment, there has been little empirical research focusing on the processes by which transformational leaders influence followers' level of organizational commitment. It is also possible that different moderating variables are involved in the effects of transformational leadership. Krishnan (2005) examined the role of leader-follower relationship duration in the effect of transformational leadership on follower's terminal value system congruence and identification (cognitive outcomes) and on attachment and affective commitment (affective outcomes). He found that the positive effect of transformational leadership on the outcomes is enhanced by the duration of relationship between leader and follower in the case of congruence and identification, but not in the case of attachment and affective commitment. Avolio, Zhu, Koh, and Bhatia (2004) used a sample of staff nurses in Singapore to show that psychological empowerment mediated the relationship between transformational leadership and organizational commitment. Similarly, structural distance between the leader and follower moderated the relationship between transformational leadership and organizational commitment. Culture could be another moderating variable in the relationship between transformational leadership and follower's organizational commitment.

## Culture

Culture gives a group its uniqueness and differentiates it from other groups. Individuals in a group share common values, beliefs and assumptions about what is wrong and right, effective and ineffective (Nikandrou, Apospori & Papalexandris, 2003). Irrespective of their methodological and conceptual approach, all studies concur on one point: similar cultural backgrounds produce similar thinking and behavioral patterns, which are distinct for each culture. Impressions about people and their culture, however, are not static (Fraser & Zarkada-Fraser, 2002).

Generally, studies on nationality-influenced business behavior and orientations do not discuss sub-cultures within countries. In many countries, the ethnic and religious backgrounds of the owners and managers of business entities could become an important issue because the role and power of ethnic and religious minorities may be completely disproportionate to their population size. Sub-nationalities within a country and the business values, beliefs, behavior and orientations of sub-nationalities, historical influences, government policies, and government programs can foster the growth of business entities with distinct cultures and management practices (Bhaskaran & Sukumaran, 2007). There are five aspects or dimensions of culture—individualism versus collectivism, masculinity versus femininity, uncertainty avoidance, power distance, and long-term versus short-term orientation.

Cross-cultural training and the development of behavioral and cognitive skills enables managers to develop high levels of ability to describe the environments of other cultures. Apart from formal training courses, other means of direct exposure to other cultures can contribute greatly to cross-cultural understanding and can foster the ability to develop functional relationships across national borders. The experience of living in another culture increases one's awareness of differences and their impact even more than being able to speak a foreign language (Fraser & Zarkada-Fraser, 2002). Service encounters between customers of one culture and employees of another often result in misunderstanding and conflict because of differing cultural values and norms. Employees with high intercultural sensitivity are more successful in work than employees with low intercultural sensitivity when it comes to service attentiveness, revenue contribution, interpersonal skills, job satisfaction, and social satisfaction. On the other hand, age, gender, and ethnicity are not significantly correlated with intercultural sensitivity (Sizoo, Plank, Iskat & Serrie, 2005).

Forces from the market, technology and institutional context promote convergence among countries, while, cultural forces contribute to more divergent tendencies. Therefore, attributes and entities that distinguish a given culture from other cultures are predictive of practices of the organizations of that culture and predictive of leader attributes and behaviors that are most frequently enacted, acceptable, and effective in the culture. Leaders are more likely to be affected and are more likely to behave in ways that are accepted and favored in their culture. Therefore, different beliefs and expectations about how a leader should behave is one potential source of variance across cultures (Nikandrou, Apospori & Papalexandris, 2003).

The cultural selectivity hypothesis posits a relationship between national culture and national competitiveness. Individualistic cultures emphasize personal identity and hence encourage the creation of unique ideas (Tsang, 1999).

With the trend towards globalization, organizations and managers need to have a greater understanding of organizational variables such as leadership styles that determine levels of commitment and job satisfaction in different national contexts. Since individuals bring their personal values, attitudes and beliefs to the workplace, their levels of commitment to the organization may differ. Values, attitudes, and beliefs are reflected in different national cultures (Lok & Crawford, 2004). For example, idiocentric values, such as freedom and achievement might be important predictors of commitment in individualistic societies, whereas allocentric values, such as respect, tradition, and seniority might be important predictors of commitment in communal societies. It is purported that the more important self-transcendence and conservation values are, the greater one's affective commitment will be (Glazer, Daniel & Short, 2004). Jung and Avolio (1999) manipulated transformational and transactional leadership styles and compared them in individual and group task conditions to determine whether they had different impacts on individualists and collectivists performing a brainstorming task. Results showed that collectivists with a transformational leader generated more ideas, but individualists generated more ideas with a transactional leader. Group performance was generally higher than that of individuals working alone. However, contrary to expectations, collectivists generated more ideas that required fundamental organizational changes when working alone.

Culture is a set of underlying assumptions, norms, and beliefs shared by members of a group. In the case of transformational leadership, culture is especially significant because leaders will not be able to understand the true needs of followers if they do not understand their values, norms, and beliefs. Many leadership characteristics are universally endorsed, whereas many others are culture-bound. It is anticipated that there will be unique dimensions in the operationalization of transformational leadership in nations that have unique cultures. For example, a scale based on assumptions of hedonism or individual rights may not capture all the nuances of transformational leadership in a culture based on assumptions of duty-orientation (Singh & Krishnan, 2007).

Walumbwa and Lawler (2003) used data from China, India and Kenya to examine the moderating effect of collectivism on the relationships between transformational leadership, work-related attitudes and perceptions of withdrawal behaviors. They found support for the moderating effect of collectivism on the relationship between transformational leadership and work-related outcomes, such as facets of job satisfaction, organizational commitment, and perceptions of organizational withdrawal behaviors. Walumbwa, Lawler, and Avolio (2007) examined allocentrism as a moderator of the relationship between transformational leadership and work-related attitudes and behaviors using data collected from China, India, Kenya, and the U.S. They found that allocentrics reacted more positively when they viewed their managers as being more transformational. Idiocentrics reacted more positively when they rated their managers as displaying more transactional contingent reward leadership. The pattern of results was stronger for transformational leadership in more collectivistic cultures among allocentrics and stronger among idiocentrics in individualistic cultures for transactional contingent reward leadership.

*Hypothesis 2. Follower's organizational commitment and transformational leadership are higher in cultures that are more collectivistic.*

*Hypothesis 3. The relationship between transformational leadership and follower's organizational commitment is stronger in cultures that are more collectivistic.*

## METHOD

The empirical work in this study involved gathering of information from employees working in different organizations across India, U.S. and China. The choice of these countries was driven both by the issues in the study and the feasibility. The total sample size of the respondents was 98 with 32 of the respondents from U.S., 32 from India, and 34 from China. Of the respondents, 71% were male. The median age was 27 years, the median organizational tenure was 3 years, and the median tenure under the current supervisor was 1.5 years.

### Measures

Transformational leadership was measured using the Transformational Leadership Questionnaire (TLQ) of Krishnan (2007). The scale has 30 items, with six items for each of the five factors—idealized influence attributed (heroism), idealized influence behavior (ideology), inspirational motivation, intellectual stimulation, and individualized consideration. The respondents were asked to answer the TLQ by judging how frequently their leader displayed the behaviors described in the questionnaire, using a five-point scale (0=Not at all; 1=Once in a while; 2=Sometimes; 3=Fairly often; 4=Frequently, if not always). The mean of the five factors was taken as the score for transformational leadership.

The affective, continuance, and normative organizational commitment scales included in this study each comprised six items (Allen & Meyer, 1990). Responses to these items were recorded on 5-point scales (1=strongly disagree and 5=strongly agree). Sample items included 'I would be very happy to spend the rest of my career with this organization', 'this organization deserves my loyalty', 'too much of my life would be disrupted if I decided I wanted to leave this organization now', etc.

The instrument used to measure the cultural dimensions was Hofstede's Values Survey Module 1994. The Values Survey Module 1994 (VSM 94) is a 26-item questionnaire developed for comparing culturally determined values of people from two or more countries or regions. It allows scores to be computed on five dimensions of national or regional culture, based on four questions per dimension. Sample questions included 'should have a security of employment', 'most people can be trusted', 'when people fail in their life it is often their own fault', etc.

In Hofstede's study (1984), U.S. was ranked highest on individualism (IDV) indicating a society with a more individualistic attitude and relatively loose bonds with others. China ranked lower than any other Asian country on individualism (IDV).

## RESULTS

The means, standard deviations, and correlations between all variables are given in Table 1. As has been shown in earlier studies, all the five transformational leadership dimensions were significantly positively related to each other. Similarly, the table also shows that normative commitment was significantly positively related to both affective and continuance commitment, although affective and continuance commitments have a non-significant interrelationship. From the correlation table, it can also be seen that affective and normative commitment were significantly positively related to transformational leadership, thereby supporting Hypothesis 1. Continuance commitment was not significantly related to transformational leadership.

We did analyses of variance of all variables across the three countries. Analysis of variance results are shown in Table 2. Individualism score was significantly higher in the U.S. than in China. When India and China were combined, individualism score was significantly higher in the U.S. than in India-China combined. Normative commitment was significantly higher in India than in the U.S. When India and China were combined, normative commitment was significantly higher in India-China combined than in the U.S. Continuance commitment was moderately higher in China than in India and the U.S. Transformational leadership was moderately higher in the U.S. than in China. Therefore, Hypothesis 2 was supported only in the case of normative commitment.

**Table 1. Descriptive Statistics and Correlations**

|     | M    | S.D. | AC     | CC      | NC     | IIA    | IIB    | IM     | IS     | IC     | TL    |
|-----|------|------|--------|---------|--------|--------|--------|--------|--------|--------|-------|
| AC  | 3.16 | 0.75 | (.78)  |         |        |        |        |        |        |        |       |
| CC  | 2.72 | 0.70 | .06    | (.66)   |        |        |        |        |        |        |       |
| NC  | 2.97 | 0.80 | ***.62 | ** .28  | (.79)  |        |        |        |        |        |       |
| IIA | 3.37 | 0.95 | ***.42 | -.13    | ** .27 | (.88)  |        |        |        |        |       |
| IIB | 3.31 | 0.96 | ***.38 | -.13    | ** .30 | ***.91 | (.89)  |        |        |        |       |
| IM  | 3.43 | 0.96 | ***.44 | -.13    | ***.35 | ***.87 | ***.88 | (.89)  |        |        |       |
| IS  | 3.26 | 0.95 | ***.43 | -.11    | ** .30 | ***.85 | ***.85 | ***.84 | (.86)  |        |       |
| IC  | 3.27 | 1.02 | ***.47 | ** -.26 | *.23   | ***.85 | ***.83 | ***.80 | ***.84 | (.87)  |       |
| TL  | 3.33 | 0.91 | ***.46 | -.16    | ** .31 | ***.95 | ***.95 | ***.94 | ***.93 | ***.92 | (.97) |

Figures in parentheses are standardized Cronbach coefficient alphas; N=98;

† = p < .10. \* = p < .05. \*\* = p < .01. \*\*\* = p < .001

AC = Affective Commitment. NC = Normative Commitment. CC = Continuance Commitment.

IIA = Idealized Influence Attributed. IIB = Idealized Influence Behavior. IM = Inspirational Motivation.

IS = Intellectual Stimulation. IC = Individualized Consideration. TL = Transformational Leadership.

To test for moderating effect (Hypothesis 3), regression analyses were done with each of the commitment components as the dependent variable and country code, transformational leadership, and the mean-centered product of transformational leadership and country-code as independent variables. The product terms for only normative commitment and affective commitment were significant. Thus, culture was found to moderate the effect of transformational leadership on normative commitment and affective commitment. Normative commitment was significantly positively related to transformational leadership in India and China, but not in the U.S. Affective commitment was significantly positively related to transformational leadership in the U.S. and India but not in China. Country-wise correlations between different dimensions of organizational commitment and transformational leadership are given in Table 3.

**Table 2. Analysis of Variance across Countries**

|                                | U.S. |      | India |      | China |      | Model F<br>(US &<br>IN) | Model F<br>(IN &<br>CH) | Model F<br>(US &<br>CH) |
|--------------------------------|------|------|-------|------|-------|------|-------------------------|-------------------------|-------------------------|
|                                | Mean | S.D. | Mean  | S.D. | Mean  | S.D. |                         |                         |                         |
| Individualism                  | 4.66 | 0.31 | 4.53  | 0.39 | 4.42  | 0.34 | 2.36                    | 1.57                    | **9.50                  |
| Masculinity                    | 3.81 | 0.47 | 3.77  | 0.48 | 3.91  | 0.47 | 0.11                    | 1.58                    | 0.85                    |
| Uncertainty<br>Avoidance       | 2.99 | 0.60 | 2.86  | 0.67 | 2.94  | 0.63 | 0.70                    | 0.26                    | 0.11                    |
| Orientation                    | 4.16 | 0.61 | 4.13  | 0.50 | 3.95  | 0.63 | 0.05                    | 1.70                    | 1.98                    |
| Power distance                 | 3.90 | 0.44 | 3.90  | 0.47 | 3.91  | 0.38 | 0.00                    | 0.02                    | 0.02                    |
| Affective<br>Commitment        | 3.18 | 0.95 | 3.27  | 0.82 | 3.05  | 0.42 | 0.18                    | 1.96                    | 0.51                    |
| Continuance<br>Commitment      | 2.60 | 0.77 | 2.63  | 0.77 | 2.91  | 0.52 | 0.03                    | †3.05                   | †3.76                   |
| Normative<br>Commitment        | 2.78 | 0.99 | 3.20  | 0.66 | 2.93  | 0.68 | *4.03                   | 2.61                    | 0.56                    |
| Transformational<br>Leadership | 3.47 | 1.04 | 3.43  | 0.94 | 3.10  | 0.70 | 0.03                    | 2.57                    | †2.88                   |

† = p < .10. \* = p < .05. \*\* = p < .01. \*\*\* = p < .001

**Table 3. Correlations for Each Country**

| U.S. (N = 32)                  | M    | S.D. | 1      | 2     | 3   | 4 |
|--------------------------------|------|------|--------|-------|-----|---|
| 1. Affective Commitment        | 3.18 | 0.95 |        |       |     |   |
| 2. Continuance Commitment      | 2.60 | 0.77 | -.06   |       |     |   |
| 3. Normative Commitment        | 2.78 | 0.99 | ***.64 | .29   |     |   |
| 4. Transformational Leadership | 3.47 | 1.04 | ** .48 | †-.33 | .04 |   |

† = p < .10. \* = p < .05. \*\* = p < .01. \*\*\* = p < .001.

| India (N = 32)                 | M    | S.D. | 1      | 2    | 3      | 4 |
|--------------------------------|------|------|--------|------|--------|---|
| 1. Affective Commitment        | 3.27 | 0.82 |        |      |        |   |
| 2. Continuance Commitment      | 2.63 | 0.77 | .23    |      |        |   |
| 3. Normative Commitment        | 3.20 | 0.66 | ***.68 | .22  |        |   |
| 4. Transformational Leadership | 3.43 | 0.94 | ** .51 | -.01 | ***.55 |   |

† = p < .10. \* = p < .05. \*\* = p < .01. \*\*\* = p < .001.

| China (N = 34)                 | M    | S.D. | 1      | 2    | 3      | 4 |
|--------------------------------|------|------|--------|------|--------|---|
| 1. Affective Commitment        | 3.05 | 0.42 |        |      |        |   |
| 2. Continuance Commitment      | 2.91 | 0.52 | .16    |      |        |   |
| 3. Normative Commitment        | 2.93 | 0.68 | ***.57 | *.42 |        |   |
| 4. Transformational Leadership | 3.10 | 0.70 | .23    | .06  | ***.62 |   |

† = p < .10. \* = p < .05. \*\* = p < .01. \*\*\* = p < .001.

## DISCUSSION

The objective of this study was to throw light on whether there are cultural differences in employees' commitment to their organization, and the impact transformational leadership has on these levels of commitment. Results indicate that affective commitment and normative commitment are positively related to transformational leadership, whereas continuance commitment is not significantly related. Normative commitment is significantly higher in India-China combined than in the U.S. Continuance commitment is moderately higher in China than in India and the U.S. Transformational leadership is moderately higher in the U.S. than in China. Culture moderates the effect of transformational leadership on normative commitment and affective commitment. Normative commitment is significantly positively related to transformational leadership in India and China, but not in the U.S. Affective commitment is significantly positively related to transformational leadership in the U.S. and India but not in China.

The obligation of an employee to stay in a company is dependent on the emotional attachment and the perceived opportunity costs of leaving the organization that the employee has. In recent times, this has come to be known as employee 'engagement'. The three components of commitment are not mutually exclusive: an employee can simultaneously be committed to the organization in an affective, normative, and continuance sense, at varying levels of intensity. Analysis and interpretation of the data collected from the sample clearly indicate that commitment levels of employees in an organization are strongly influenced by the presence of a transformational leader. Affective and normative commitment of the employee are enhanced by idealized influence attributed, idealized influence behavior, inspirational motivation, intellectual stimulation, and individualized consideration. Thus, an employee's emotional attachment to the organization can be enhanced by having a manager with transformational leadership qualities, thereby making the employee feel positively obliged to stay with the organization. The opportunity cost of leaving the organization as perceived by employees is not significantly associated with transformational leadership. Since transformational leadership is an engaging relationship, it does not influence employees to stay in the organization only because they have to.

Among the three countries studied, U.S. ranked highest and different from India and China in the individualism dimension in accordance with Hofstede's (1984) study, indicating an inclination towards independence, and personal accomplishment more than teamwork and cooperation. Thus, clubbing the two countries similar on individualism dimension shows that an obligation to stay is lower in countries high on individualism, suggesting that individualism focuses only on oneself and may not encourage thoughts of obligations towards anyone. This could mean that employees in U.S. have different expectations from their manager, which personally motivate them to stay in the company compared to other countries. The way employees are emotionally attached to their organization under the influence of a transformational leader might vary across countries due to their different values and beliefs based on their different history and tradition. That could explain why transformational leadership is not related to affective commitment only in China.

## **Organizational Implications**

Organizations today are widely expanding and setting up plants and facilities in various places of the world to take advantage of globalization, increased opportunities, and lower costs. As success of any organization is seldom achieved without the right people, it becomes very important to learn and understand the fact that people in different countries have different sets of values and beliefs, and factors that motivate them to stay in the company. Hence, managers of different nationalities leading those people should understand this and effectively tap this to the advantage of the organization. Under the influence of a transformational leader, employees can forget the geographical boundaries that separate them, remain committed, and work towards achieving the organizational goals. However, the effect of transformational leadership on normative commitment and affective commitment is not the same across all countries. Managers have to understand that they cannot use the same means for enhancing normative commitment and affective commitment in countries that vary on individualism.

## **Limitations and Suggestions for Future Research**

This study takes Hofstede's scores as the basis for selecting the countries. The entire study is carried out taking Hofstede's ranking of various countries on the cultural dimensions. Moreover, out of the five cultural dimensions, only individualism significantly varied across the samples from the three countries. Some of the respondents in the U.S. sample were people belonging to a different nationality, but residing in the U.S. for more than a year. This could have distorted the values as different nationalities differ in their value systems. The study for the Chinese sample was taken from a single organization and therefore could have sample biases. Causality could not be empirically established in this study, since all data were collected at the same time.

The study can be expanded by studying several countries with different rankings of Hofstede's scores along all cultural dimensions to shed more light on the impact of transformational leadership on organizational commitment. Other factors and outcomes of organizational concern like organizational citizenship behavior, employee motivation, productivity improvement, organizational belongingness, and work-related attitudes can be analyzed to help organizations understand and retain employees with a work environment that is conducive. Data can also be collected from a larger number of respondents from various sectors and/or over different periods to establish causality and help understand the relationship better.

## **CONCLUSION**

In today's globalized world, there is intense competition and scarcity of resources that companies face. The understanding of people's values and beliefs across various cultures has become unavoidable for survival. This study shows that employees in an organization are emotionally attached and they feel obliged to stay when they perceive their superiors to be transformational leaders. In addition, the way employees in different cultures perceive commitment and transformational leadership is different in different cultures. Finally, the most significant finding of this study is that the relationship between follower's organizational commitment (particularly normative commitment) and transformational leadership is stronger in collectivistic cultures than in individualistic cultures. Further research on this area could prove to be a successful differentiator for companies who manage, know, and understand their employees across the various cultures.

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