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The Effects of Transformational Leadership on Organizational Citizenship Behavior: The Mediating Role of Organizational Identification and Work Engagement

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This research aims to investigate the effect of transformational leadership on organizational citizenship behavior. Furthermore, specifically adding organizational identification and work engagement as mediating variables. This study used 251 teacher respondents from the Pangudi Luhur Foundation located in Surakarta and Semarang, Indonesia which were analyzed using the SMART PLS 3.2.9 software. Measurements were made using a regression model with partial least squares. The findings show that transformational leadership significantly affects organizational citizenship behavior. The findings also show that organizational identification partially mediates the effect of transformational leadership on organizational citizenship behavior. Furthermore, work engagement partially mediates the influence of transformational leadership on organizational citizenship behavior. The implication of this research is to provide information for leaders about why and under what conditions transformational leadership attributes can relate teacher goals and missions to school goals and missions. Transformational leaders can make teachers feel obligated to repay the positive behavior shown by leaders by showing an extra role for the school.

Keywords: Transformational Leadership, Organizational Identification, Employee Engagement, Organizational Citizenship Behavior

Introduction

Leadership has become an interesting subject of discourse for the last two decades, especially in service-oriented organizations and customer satisfaction [1]. Leadership is deemed important since it shapes the attitudes, emotions, and behavior of employees [2]. [3] define leadership as a process of motivating employees to be able to achieve organizational goals and influence groups and culture. There are various leadership styles and they are said to be effective if employees have the desire to fulfill what is the leader's expectations and are willing to achieve shared goals within the organization [4]. Transformational leadership is a popular leadership style because it ought to be more effective in encouraging positive employee behavior [5]. In transformational leadership, there are four behaviors displayed; idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration [6]. Idealized influence refers to leaders with high ethical standards so they are able to be role models for employees [6]. Inspirational motivation refers to leader behavior that exhibits energy and motivation to employees [6]. Intellectual stimulation refers to transformational leaders who always encourage employees to be dynamic and seek creative ideas to solve problems in a work setting [7]. Finally, individualized consideration refers to leaders who address individual employees to achieve individual development through mentoring and coaching [6].

Previous studies have extensively explored and provided empirical evidence regarding the benefits of transformational leadership on employee performance. However, there is always a gap for further research to be able to explain why and under what circumstances transformational leadership can influence organizational citizenship behavior. Therefore, this study aimed to explain the understanding of why and under what circumstances transformational leadership could shape the extra role or organizational citizenship behavior of employees in the Indonesian setting.

Transformational leadership is regarded to be changing the perspective of employees which ultimately modifies the formation of a social identity that connects employees with the goals and mission of the organization [8]. Previous research also corroborates by affirming that transformational leadership can govern organizational identification. With the organizational identification formed, employees are increasingly willing to make greater efforts for the organization, in other words, organizational identification will increase employee motivation and, in the end, improve their performance in the organization. Employees who strongly identify with the organization would perceive oneness with the organization and regard it as something that increases their self-esteem [9]. A high level of self-esteem generates higher effort from employees for the organization [10].

Previous research has examined the mediation of work engagement. Former studies stated that transformational leadership had a positive influence on work engagement [11];[12]. Transformational leaders are considered capable of being role models who supply stimulation for employees to be more involved and responsible for their work. Eventually, employees have more emotional influence on their tasks and roles.

The findings in this research allow organizational leaders to understand why and under what circumstances they have employees to work beyond their roles.

Literature review

Transformational Leadership and Organizational Citizenship Behavior

Transformational leadership is considered capable of producing positive employee behavior, including OCB. The character of a transformational leader is relevant to employees' long-term OCB [13]. Transformational leaders attempt to influence employees' perspectives and ways of thinking to perceive work as useful, challenging, and meaningful [14]. Transformational leaders ought to be capable of building collective confidence among employees to perform better and do work beyond the requirements [15]. Transformational leadership also tends to motivate employees and change attitudes, beliefs, and values that employees hold firmly [16]. The study by Buil et al. (2019) strengthens the findings of the positive influence of transformational leadership on OCB. Therefore, it can be hypothesized that:

H1. Transformational leadership has a positive effect on Organizational Citizenship Behavior.

Transformational Leadership, Organizational Identification, and Organizational Citizenship Behavior

Transformational leadership could change the way employees regard themselves individually and ultimately build organizational identification. Dutton et al. (1999) define organizational identification as the extent to which employees define themselves against the same attributes that employees define the organization as. The greater the identification inherent in the employee, the more the employee will act according to the rules and norms set by the organization [8]. Transformational leaders are able to connect employee goals and missions with organizational goals and missions. Transformational leaders act to foster and motivate employees to work beyond personal interests and prioritize the interests of the organization [4]. Buil et al. (2019) also state that transformational leaders are able to become role models and inspire employees, thereby increasing pride and attachment to the organization. A previous study by Walumbwa et al. (2008) suggests that transformational leadership increases organizational identification. In line with social identity theory, the perception of oneness with the organization will improve the self-esteem of employees [9]. A higher level of self-esteem will allow employees to give more effort into their work and facilitate employees to be more focused and responsible in their work [10]. Previous studies suggest that employee organizational identification has a positive effect on OCB ([17];[10];[18]). Based on the empirical evidence above, the following hypothesis is obtained:

H2. Organizational identification mediates the influence of transformational leadership on organizational citizenship behavior

Transformational Leadership, Work Engagement, and Organizational Citizenship Behavior

Work engagement has intrigued research interest in the last decades [19]. Work engagement has three constructs, namely enthusiasm, dedication, and absorption [20]. Morale refers to a high energy level and mental resilience level when performing work [20]. Dedication refers to a sense of enthusiasm, pride, and challenge in the workplace [20]. Lastly, absorption refers to complete concentration and immersion in work to the extent to which it is difficult to forgo work [20]. Previous research suggests the positive influence of transformational leadership on work engagement [11]. Transformational leaders can serve as an inspiration for employees and stimulate employees to be more involved in their work [15]. Yasin Ghadi et al. (2013) and Kopperud et al. (2014) assert that transformational leadership has a positive effect on work engagement. This corresponds to the social exchange theory that when leaders inspire and demonstrate positive behavior, employees will feel obliged to reciprocate the behavior in carrying out their work. Furthermore, employees who are more involved in the organization have a higher level of focus and are more responsible and more emotionally connected to their role, thus showing favorable performance [22]. In addition, engaged employees have a high level of trust in the organization and have better relationships with their leaders [23]. Therefore, it is more likely that employees invest themselves in their work and perform extra roles for the organization. Thus, it can be hypothesized that:

H3. Work engagement mediates the effect of transformational leadership on organizational citizenship behavior.



Figure 1. Theoretical Framework

Method

The research was conducted using an online questionnaire that was distributed to the teachers of the Pangudi Luhur Foundation in Surakarta and Semarang using proportional sampling. Respondents were informed of the purpose of the research and the confidentiality of their responses that the data would only be used for research purposes. The response rate in the study was 92.96% because 251 surveys were returned out of 270 questionnaires distributed. Of 60.56% of respondents were female. The respondents aged above 50 years were 35.1%. The education aspect was dominated by bachelor graduates of 96%. Lastly, the tenure was dominated by below 10 years of 31.9%.

Information	Frequency	Percentage (%)	
Gender			
Female	152	60,56%	
Male	99	39,44%	
Total	251	100%	
Age			
<30 Years	34	13,50%	
30 – 39 Years	70	27,89%	
40 – 49 Years	59	23,51%	
>50 Years	88	35,10%	
Total	251	100%	
Education			
Diploma	2	0,80%	
Bachelor	241	96%	
Master	8	3,20%	
Total	251	100%	
Tenure			
<10 Years	80	31,90%	
10 – 19 Years	75	29,90%	
20 – 30 Years	61	24,30%	
>30 Years	35	13,90%	
Total	251	100%	

Table 1. Respondent Profile

Measurement

Transformational leadership

Transformational leadership was measured using a questionnaire by Carless et al. (2000) on a five-point Likert scale. Cronbach's alpha for transformational leadership was set at 0.919.

Organizational Identification

Organizational identification was calculated by a questionnaire by Smidts et al. (2001) on a five-point Likert scale. Cronbach's alpha for organizational identification was determined at 0.912.

Work Engagement

Work Engagement was measured by a questionnaire from Utrecht proposed by Schaufeli et al. (2006) on a five-point Likert scale. Cronbach's alpha for work engagement was established at 0.931.

Organizational Citizenship Behavior

Organizational Citizenship Behavior was quantified using a questionnaire by William et al, 1991 on a five-point Likert scale. Cronbach's alpha for OCB was placed at 0.929.

	OI	WE	TL	ОСВ
OI1	0,859			
OI2	0,886			
OI3	0,907			
OI4	0,907			
WE1		0,814		
WE2		0,785		
WE3		0,843		
WE4		0,833		
WE5		0,804		
WE6		0,843		
WE7		0,747		
WE8		0,765		
WE9		0,793		
TL1			0,838	
TL2			0,873	
TL3			0,835	
TL4			0,822	
TL5			0,803	
TL6			0,764	
TL7			0,805	
OCB1				0,857
OCB2				0,855
OCB3				0,824

Table 2. Outer Loading Value

OCB4	0,823
OCB5	0,831
OCB6	0,856
OCB7	0,821

This research operated Smart PLS 3.2.9 for testing validity and reliability through the Partial Least Square approach which allows simultaneous testing for many variables (Sholihin et al., 2011). The validity test is to measure whether the existing statement explains the variable. The validity test in this research used the outer loading value shown in Table 2. A variable is deemed valid if the outer loading value is higher than 0.7. In this study, all variables were declared valid since they yielded a value of higher than 0.7.

Table 3. Composite Reliability Value

	Composite Reliability
Organizational Identification	0,938
Work Engagement	0,943
Transformational Leadership	0,935
ОСВ	0,943

In this research, the reliability test was to calculate whether the measurement would show consistency in future measurements. The reliability test was appraised by considering the Composite Reliability and Cronbach Alpha values. Cronbach Alpha indicates whether a positive correlation between variables exists or otherwise. The reliability test in this research is displayed by the composite reliability value in Table 3. A variable is regarded to be reliable if it contains composite reliability and a Cronbach alpha value of higher than 0.7. The results of the reliability test suggest that all values were declared reliable as they are higher than 0.7.

Table 4. Path Coefficient Value

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Statistic T-value (O/STDEV)	P-value
Transformational Leadership-> OCB	0,142	0,138	0,053	2,675	0,008

Table 5.	Specific	Indirect	Effect	Value
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	Original Sample (O)	Mean Sample (M)	Standard Deviation (STDEV)	Statistic T- value (O/STDEV)	P-value
TL-> OI -> OCB	0,192	0,190	0,059	3,272	0,001
TL -> WE -> OCB	0,355	0,354	0,058	6,140	0,000

Hypothesis testing in this study employed the bootstrapping test so that the significance value of the relationship between variables can be determined. Hypothesis testing was carried out by assessing the parameter coefficients and statistical t-value from the bootstrapping test result. The hypothesis is accepted if the p-value is less than 0.05 and the t-value is more than 1.96 (Hair et al., 2018). The results directly show that transformational leadership on OCB obtained a p-value of 0.008 < 0.05 and a t-value of 2.675 > 1.96, thus the first hypothesis is accepted. Furthermore, the mediation of organizational identification on the influence of transformational leadership on OCB had a p-value of 0.001 < 0.05 and a t-value of 3.272 > 1.96, which implies that the second hypothesis two is accepted. Finally, the mediation of work engagement on the influence of transformational leadership on OCB had a p-value of 0.000 < 0.05 and a t-value of 6.140 > 1.96, hence the third hypothesis is accepted.

Discussion

Theoretical Contribution

The research results provide an important contribution regarding the mechanism of how leadership influences OCB in the setting of Pangudi Luhur Foundation teachers in Surakarta and Semarang, Indonesia. Based on the research results, it can be inferred that transformational leadership directly influenced OCB. Furthermore, these findings strengthen that idealized influence, inspirational motivation, individualized consideration, and intellectual stimulation encourage employees with organizational identification. Employees who possess high organizational identification will be more enthusiastic to work beyond what they should.

Moreover, the mediating role of employee involvement also suggests significant results that work engagement mediates the effect of transformational leadership on OCB. Work engagement can be a mechanism to explain how transformational leadership can influence OCB. These findings strengthen research by [4] that transformational leadership displaying the characteristics of inspirational motivation, individualized consideration, idealized influence, and intellectual stimulation is key to increasing employee work engagement in their work within the organization. Transformational leaders are perceived to be more effective at increasing employee OCB [27]. Transformational leaders motivate employees to increase their involvement in the organization and ultimately employees show positive behavior such as enthusiasm, triumph, and happiness which are included in OCB.

Practical implications

From the results of this research, we suggest that the management of the Pangudi Luhur Foundation should provide coaching and training regarding transformational leadership so that school leaders have an extensive understanding of transformational leadership. A school principal with transformational leadership will be able to communicate the vision, mission, and goals of the organization properly, motivate teachers, and become a decent instructor.

Besides, the management of the Pangudi Luhur Foundation should be able to create a positive work environment that encourages organizational identification and work engagement of teachers, thus employees will voluntarily work beyond their roles.

Limitations and future directions

Corresponding to many other studies, this research has various limitations, such as the limited number of respondents in the Surakarta and Semarang areas. Further research may expand the coverage. Second, data collection was carried out cross-sectionally so further research needs to be conducted longitudinally to obtain more accurate results to explain the phenomenon of the impact of transformational leadership. Future research may associate the two mediating variables, namely organizational identification and work engagement, or other variables to further explore the transformational leadership process that can influence OCB.

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