

Mediating Role Of Psychological Capital In The Relationship Between Transformational Leadership And Organizational Commitment

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Abstract

The purpose of this study was to investigate the mediating effect of psychological capital in the relationship between transformational leadership and organizational commitment. The data were obtained from 314 faculty members affiliated with private teaching institutions in the province of Khyber Pakhtunkhwa, Pakistan. SPSS and Amos were used to operate data. The findings indicate a statistically significant correlation between transformational leadership and both organisational commitment ($r= 0.172$, $p=0.000$) and psychological capital ($r= 0.292$, $p=0.000$). Additionally, a significant association was seen between organisational commitment and psychological capital ($r= 0.217$, $p=0.000$). Psychological capital was found to play a significant partial mediating role in the relationship between transformational leadership and organizational commitment.

Keywords: Transformational Leadership; Organizational Commitment; Psychological Capital; Teachers; Pakistan.

Introduction

In the fast growing scenario of modern organizations, the dynamics of leadership and its effect on employee behaviors continue to get substantial attention from organizational stakeholders, scholars and practitioners (Avolio & Bass, 1999; Meyer & Allen, 1991). Transformational leadership has appeared as a prominent model among the leadership styles, due to its power to motivate, and upraise employees' performance beyond conventional boundaries (Bass, 1985). Contemporarily, the concept of organizational commitment is

acknowledged as a vital factor inducing employee performance, retention and overall organizational success (Meyer & Allen, 1997; Allen & Meyer, 1990). Understanding the mechanisms through which leadership practices influence employees' commitment has become imperative (Mowday, Steers, & Porter, 1979). This research aims to dive into the mediating role of psychological capital, generally known as PsyCap, in elucidating the relationship of transformational leadership with organizational commitment (Luthans, 2002). PsyCap, a concept comprising positive psychological resources such

as optimism, self-efficacy, hope, and resilience, has attracted increasing interest for its capacity to enhance motivation, employee well-being, and overall job-related attitudes (Avey, Luthans, & Youssef, 2010). Many researchers has worked on the direct impact of transformational leadership on organizational commitment, still remains a need to unravel the complex processes that trigger this relationship. This study adds to understanding of how transformational leadership practices affect employees' commitment by scanning the mediating role of psychological capital. The inclusion of psychological capital as a mediator holds promise in shedding light on the intellectual and emotional pathways through which transformational leaders cultivate a sense of commitment among followers (Hochanadel & Finamore, 2008).

Objectives of the Study

- To examine the Relationship between Transformational Leadership and Organizational Commitment
- To explore the Role of Psychological Capital as a Mediator
- To assess the Mechanisms through which Transformational Leadership Impacts Psychological Capital

Literature Review

Psychological Capital (PsyCap)

Psychological Capital, generally known to as PsyCap, comprises a set of positive psychological resources containing self-efficacy, optimism, hope, and resilience. PsyCap indicates a person's psychological status and capability to efficiently manage and handle the challenges while leveraging their ability for growth and success in different life domains, containing the workplace (Luthans, Youssef, & Avolio, 2007).

Self-Efficacy; Self-efficacy is a person's belief, talents and abilities that empowers him to accept

challenging tasks with the belief that he can attain desired consequences (Luthans et al., 2007).

Optimism: It is a positive outlook on upcoming events. Optimistic persons tend to perceive hindrances as temporary and external, attaching successes to their own competencies. This optimistic standpoint adds to improved resilience in the face of hardship (Luthans et al., 2007).

Hope: A motivational state where individuals are inspired to set goals and mechanism to achieve and sustain the determination to pursue them despite obstacles (Snyder, Rand, & Sigmon, 2005).

Resilience: Resilience is individual's quality to adjust and recover from hardship or stress. Resilient persons recover from hindrances, learning and growing from their expertise while sustaining a sense of overall well-being (Masten & Reed, 2002).

Transformational Leadership

It is a leadership style described by a leader's skills to stimulate and motivate their followers to attain extraordinary results and to surpass their own self-interests for the better good of the corporation or public. It involves establishing a vision of better future, nurturing a sense of commitment and belonging among followers, and authorizing them to develop their skills and add to organizational success (Bass & Riggio, 2006). Some key behaviors of transformational leaders are idealized influence, inspirational motivation and individualized consideration. In Idealized Influence behavior, the leaders act as a role models by setting high standards in ethics and performance and gain followers' respect and appreciation and in Inspirational Motivation. The leaders motivate the followers by imparting a persuasive vision of the future. They infuse enthusiasm and commitment by linking the vision to individual and team goals.

Individualized Consideration: Transformational leaders focus individual follower's wants, aspirations and offer customized assistance and mentoring to help them achieve their objectives.

Intellectual Stimulation: These leaders encourage innovation and analytical thinking among followers and challenge the status quo and foster uninterrupted learning and growth. Transformational leadership has a substantial effect on subordinate's inspiration, satisfaction, commitment, and whole performance. Its focus on a collective vision, nurturing individual development, and encouraging creative thinking makes it a influential style of leadership.

Organizational Commitment

It is an individual's emotional bond and devotion to his employer organization and represents the level to which the workers adjust themselves with organizational values and objectives. It is a concept including primary components i.e. affective, continuance, and normative commitment.

Affective Commitment: It represents a worker's emotional attachment to the organization. Such Individuals genuinely identify with and feel optimistic about their organization. Due to a sense of belongingness they strongly believe in organization's values and desire to remain a part of it. (Meyer & Allen, 1991).

Continuance Commitment: It is driven by perceived opportunity costs associated with leaving the organization. They believe that the benefits of staying, offset the potential switch over cost like, losing seniority or facing financial losses. (Meyer & Allen, 1991).

Normative Commitment: It is a sense of obligation to remain with the organization. Employees feel it, as their ethical obligations.

Such workers feel obliged to the organization for their training (Meyer & Allen, 1991).

Transformational Leadership and its Impact on Organizational Commitment

Transformational leadership, depicted by its capability to motivate and inspire followers through guidance, stimulation, personal consideration, and charismatic impact has a substantial effect on employees' organizational commitment (Bass & Riggio, 2006). It nurtures a sense of common objective and adaptation with the organization's goals, ultimately enhancing commitment levels. TL often imparts a convincing vision that provides a sense of direction (Bass & Riggio, 2006). Employees knowing the value of their work, develop effective commitment (Meyer & Allen, 1991). Transformational leader inspires employees' personal development by offering intellectual inspiration, challenging assumptions, and promoting creativity (Bass & Riggio, 2006). This emphasis on learning contributes to employees' belief that the organization invests in their personal growth which ultimately leads to boosted affective commitment (Eisenberger, Huntington, Hutchison, & Sowa, 1986). Employees with high degree of affective commitment respond positively to transformational leadership behaviors, because they consider alliance between leader's vision and personal values (Meyer & Herscovitch, 2001) which leads to mutual trust and understanding, enabling a conducive environment. Besides, employees with strong commitment are affected by leaders and more motivated to achieve common goals (Meyer & Herscovitch, 2001). Due to nature of transformational leaders, employees react with enthusiasm and improved commitment (Bass & Riggio, 2006). Transformational leadership behaviors nurture a sense of shared goals and engagement among employees, positively impacting their commitment. In turn, employees' organizational commitment affects their response. Motivating

followers to increase their commitment is the main characteristics of TL (Pattnaik, et, Al.2021). In addition, TL has marvelous effects on follower's success in fostering commitment, which shows a transformational leader change and creates meaning for employees who promote commitment (Abdullah et, al., 2017). To conclude, transformational leader positively correlated to organizational commitment (Pattnaik, et, Al.(2021), Ribeiro et al., 2018).

Psychological Capital as a Mediator

PsyCap plays a substantial role in affecting the dynamics between transformational leadership and organizational commitment strengthening this relationship through its positive impacts on employees' attitudes and behaviors. Transformational leaders give support, stimulation, and prospects for skill development (Luthans et al., 2007) which increases employees' self-efficacy, empowering them to handle challenges with confidence (Avey, Luthans, & Jensen, 2009). Greater self-efficacy adds to greater organizational commitment as employees know their worth in organization's success (Luthans et al., 2007). Optimism appears as a mediator in the relationship between transformational leadership and organizational commitment. Transformational leaders impart a compelling vision, nurturing optimism about the organization's future (Avey et al., 2009), which enhances organizational commitment by aligning employees' ambitions with the common vision promoted by transformational leaders (Avey et al., 2009). Visionary guidance and assistance of transformational leaders contribute to hopeful outlooks (Luthans & Youssef-Morgan, 2017). By reinforcing the belief that commitment will lead to desired endings, increased hope influences one's commitment (Luthans & Youssef-Morgan, 2017). The collaboration of hope and transformational leadership strengthens employees' organizational commitment. Resilient individuals are better equipped to navigate hindrances, maintain enthusiasm and

commitment (Luthans & Youssef-Morgan, 2017). This connection between resilience, transformational leadership, and organizational commitment signifies the profound impact of PsyCap. Psychological capital considerably affects the interaction of transformational leadership and organizational commitment. Self-efficacy, optimism, hope, and resilience, under supervision of transformational leaders, strengthen employees' commitment to the organization. The positive psychological resources of PsyCap nurture an engaged and committed workforce that aligns with the organizational objectives and goals. Psychological capital positively influence the relationship between TL and organizational commitment (Zhang et al., 2022). Transformational leadership increases the levels of employees' job attitudes, positively associated with psychological capital in the workplace and psychological capital serves as a mediating construct between transformational leadership and job attitudes i.e. organizational commitment (Shah et al., 2023).

Hypothesis 1: transformational leadership affects organizational commitment among teachers of private universities of KP, Pakistan.

Hypothesis 2: transformational leadership affects psychological capital among teachers of private universities of KP, Pakistan.

Hypothesis 3: psychological capital affects organizational commitment among teachers of private universities of KP, Pakistan.

Hypothesis 4: psychological capital acts as a mediator between transformational leadership and organizational commitment among teachers of private universities of KP, Pakistan.

Research Methodology

Sample

The data were obtained from the faculty members affiliated with private teaching institutions in the province of Khyber Pakhtunkhwa, Pakistan. This research chose four universities in Peshawar,

namely “Abasyn University, Sarhad University of Science and Information Technology, City University of Science and Information Technology, and Qurtuba University of Science and Information Technology”. A total of 430 questionnaires were distributed in person to faculty of private institutions in the Khyber Pakhtunkhwa province of Pakistan. After two reminders, a total of 320 surveys were returned within the specified 30-day period. A total of six questionnaires were determined to be incomplete, rendering them unsuitable for inclusion in the research study. A total of 314 questionnaires, each containing comprehensive information, were included into the present research.

Transformational Leadership

The Multifactor Leadership Questionnaire (Form-5X Short) is a widely used assessment tool in the field of leadership research. The researchers used the Multifactor Leadership Questionnaire, a tool designed by Bass and Avolio (1995), to gather data pertaining to transformational leadership behavior from the study participants. The scale was modified in accordance with the requirements of the research. The scale consists of a total of forty-five (45) items. We have chosen a total of sixteen (16) items. There are four items associated with each dimension of transformational leadership. The scale used a rating system ranging from 0, indicating not at all occurrence, to 4, indicating frequently if not always. The current research yielded a Cronbach's alpha value of .84 for the inspirational leadership scale, .88 for idealized influence, .81 for intellectual stimulation and .83 individual considerations.

Psychological Capital

The psychological capital scale is a widely used assessment tool in the field of psychological research. The researchers used the psychological capital scale, a tool designed by Luthans et al., (2006) to gather data pertaining to psychological behavior from the study participants. The scale consists of a total of twenty-four (24) items. There are six items associated with each dimension of psychological capital. The scale used a rating system ranging from 1, indicating strongly disagree, to 5, indicating strongly agree. The current research yielded a Cronbach's alpha value of .86 for the optimism scale, .81 for hope, .89 for self-efficacy and .82 for resiliency.

Organizational Commitment Scale

The organizational commitment scale is a widely used assessment tool in the field of organizational commitment research. The researchers used the organizational commitment scale, a tool designed by Meyer and Allen (1991) to gather data pertaining to organizational commitment from the study participants. The scale consists of a total eighteen (18) items. There are six items associated with each dimension of organizational commitment. The scale used a rating system ranging from 1, indicating strongly disagree, to 5, indicating strongly agree. The current research yielded a Cronbach's alpha value of .90 for the affective commitment scale, .86 for the continuous commitment scale and .82 for the normative commitment scale.

Results

Table 1: Correlation among Transformational Leadership, Organizational Commitment and Psychological Capital

	Transformational Leadership	Organizational Commitment	Psychological Capital
Transformational Leadership	1	.172**	.292**

Organizational Commitment	.172**	1	.217**
Psychological Capital	.292**	.217**	1

“**”. Correlation is significant at the 0.01 level (2-tailed).”

The findings shown in the aforementioned table indicate a statistically significant correlation between transformational leadership and both organisational commitment ($r= 0.172, p=0.000$) and psychological capital ($r= 0.292, p=0.000$). Additionally, a significant association was seen between organisational commitment and psychological capital ($r= 0.217, p=0.000$). Consequently, we acknowledge:

Hypothesis 1: transformational leadership affects organizational commitment among teachers of private universities of KP, Pakistan.

Hypothesis 2: transformational leadership affects psychological capital among teachers of private universities of KP, Pakistan.

Hypothesis 3: psychological capital affects organizational commitment among teachers of private universities of KP, Pakistan.

Table 2: Values of Chi Square, DF, CFI, RMSEA, RMR, GFI, and P

CMIN/Chi Square	127.174
DF	41
P	.000
CMIN/DF	3.102
GFI	.939
CFI	.971
RMSEA	.082
RMR	.061

The study confirmed Hypothesis 4, which posits that psychological capital serves as a mediator between transformational leadership and organisational commitment among teachers in private universities in the Khyber Pakhtunkhwa province of Pakistan. This confirmation was achieved by constructing a structural model that incorporates the three aforementioned factors: transformational leadership, psychological capital, and organisational commitment. The software programmer Amos was utilized for this purpose. The correlation coefficient ($\beta=.19, p < .001$) between transformative leadership and organisational commitment decreased to $\beta=.10, p < .001$ when Psychological capital was included as a mediator. All the indices shown in Table 02 fall within the standard range. Similarly, all of the factor loadings shown in Figure 01 fall within an acceptable range. The acceptability of the 3-factor approach including transformational leadership, psychological capital, and organisational commitment is acknowledged. Hypothesis 4 is accepted, indicating that psychological capital serves as a mediator in the relationship between transformational leadership and organisational commitment among teachers at private universities located in the Khyber Pakhtunkhwa province of Pakistan.

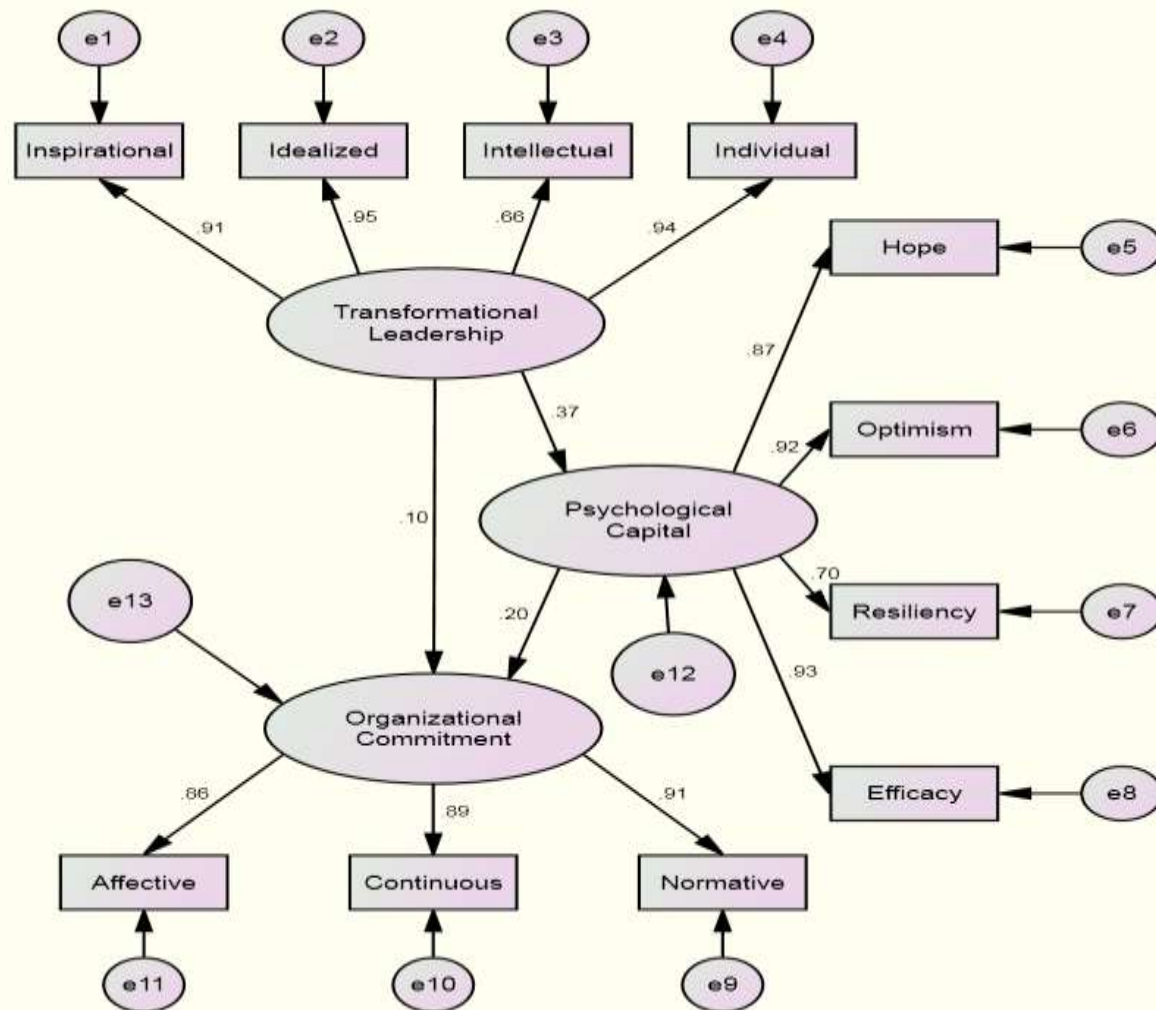


Figure 1: From Transformational Leadership to Organizational Commitment via Psychological Capital

Conclusion

The primary objective of this research was to examine the potential mediating role of psychological capital in the association between transformational leadership and organisational commitment. The data was collected from a sample of 314 faculty members who are associated with private academic institutes located in the province of Khyber Pakhtunkhwa, Pakistan. The statistical software packages SPSS and Amos were used for data analysis. The results suggest a statistically significant relationship between transformational leadership and both organisational commitment ($r = 0.172$, $p = 0.000$)

and psychological capital ($r = 0.292$, $p = 0.000$). Furthermore, a significant correlation was seen between organisational commitment and psychological capital ($r = 0.217$, $p = 0.000$). The study revealed that psychological capital plays a noteworthy function as a partial mediator in the association between transformational leadership and organisational commitment.

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