



The role of transformational leadership on organizational commitment through the mediation of psychological well-being

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Abstract

This study aims to determine the role of transformational leadership on organizational commitment through the mediation of psychological well-being. Techniques of data collection is done through a survey by spreading scale consisting of organizational commitment, transformational leadership, and psychological well-being scale. Subjects in this study were 118 employees of the company construction in Yogyakarta areas. Data analysis was done by using multiple regression analysis. The analysis showed that the role of transformational leadership on organizational commitment fully mediated by psychological well-being with regression coefficient path $c' = 0.219$ which is smaller than the regression coefficient path $c = 0.376$. This suggests that the role of transformational leadership as an independent variable on the organizational commitment as a dependent variable is reduced and becomes not significant with $p \geq 0.01$ after controlling for variables mediator psychological well-being.

Keywords: *organizational commitment, transformational leadership, psychological well-being*

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Introduction

Growth that happened in construction industry has been predicted by the research institute of construction PT BCI Asia Indonesia which estimates the value of the national construction market in the building construction sector and civic projects will reach Rp 446 trillion in 2015. The market value rose 14.3 percent from 2014 which only amounted to Rp 390 trillion (Nasrulloh, 2015). In addition to a program initiated by the Government, the construction industry in Indonesia is also preparing to face the ASEAN Economic Community. ASEAN Economic Community (AEC) is a community of nations in Southeast Asia in order to realize the ASEAN economic integrated. Countries that are members of the AEC provides a single market system in the ASEAN region to create transparency in the trade of goods, services, investment, capital and labor.

Head of Competence Development and Construction Training said that in order to meet the ASEAN Economic Community in 2015, the construction industry continues to make improvements in the certification quality of skilled manpower for national level (Nugraha, 2015). Some of this situation shows that the burden felt by employees will be much greater than in previous years as a result of a number of planned infrastructure projects that must be done (Suanda, 2015). One of the challenges to be faced by the organization of the construction industry is to manage employees in the face of the increasingly high demands of the job. This needs to be done to ensure that employees continue to show the best performance and committed to the achievement of organizational goals

Data from the survey shows that the turnover was expected to be increased up to several years. Yang (2012) suggested that the high rate of employee turnover became a problem that had been plaguing efficiency of the organization because when experienced employees leaves, organizations must immediately find someone as replacements whose suitable and ready to take responsibility for that position. Faced with this situation, every organization is expected to have an awareness to see their employees as the most valuable asset. Organizations that have a stable and productive workforce will be able to build a competitive advantage and efficiency of the organization (Lissy & Venkatesh, 2014).

The above explanation show us that there is an situation of increasing in job demands which perceived by employees in the construction field. On the other hand, the company predicts that increase will happen in the level of turnover in Asia Pacific region over the next few years. Seeing the importance of organizational commitment, further investigation should be held to analyze the factors that play a role in eliciting employee commitment to the organization. Several studies have found that leadership style is one of the factors that play a role in determining the employee's commitment to the organization. Besides direct role in influencing organizational commitment, some studies have also shown that transformational leadership affects organizational commitment indirectly with the role of mediator.

Transformational leadership predicted to bring an impact on the psychological well-being of employees. Well-being of employees is defined as the positive or pleasant emotional state resulting from the assessment of an employee on the job and experience (Sharifirad, 2013). Harter, Schmidt, and Keyes (2002) describe well-being as an employee's emotional condition and positive assessment of the relationship in the workplace so it bring an impact on the performance and quality of life. Employee's decision to resign can be predicted by looking at the happiness of employees or referred to psychological well-being. This is supported by the results of research by Bonett and Wright (2007) which shows that the psychological well-being negatively related to turnover.

Based on the explanations that have been given above, researcher interest to do further research to prove the role of transformational leadership on organizational commitment with considering the mediating role of psychological well-being.

Method

This study uses a quantitative approach with survey techniques. Check and Schutt (2012) states that a survey in a study carried out by collecting information from individuals who acted as sample through their responses to questions submitted.

Participants

Sample in this study were 118 employees of the several construction company in Yogyakarta areas. The sample was selected from the population with non-random techniques based on specific characteristics. Characteristics of the subjects in this study were employees of the construction company with a status as permanent employees.

Data Collection and Analysis

Collecting data in this study conducted by using three scales psychology that each measure organizational commitment, transformational leadership, and psychological well-being. Subjects were asked to provide a response to each item proposed in accordance with the degree of conformity with the actual state of the perceived.

Analysis of the data used in this study were calculated using statistical analysis. In this study the hypothesis will analyze using multiple regression analysis to examine the effect of transformational leadership on organizational commitment through the mediation of psychological well-being. The data processing is done through the Statistical Program and Service Solution (SPSS) version 20.0.

Result and Discussion

Result

Testing the hypothesis in this study is done through regression analysis test. Researchers used a significance level of 0.01. Results of the first stage regression analysis showed that transformational leadership significantly influence the psychological well-being with regression coefficient = 0.517, $p \leq 0.01$. These results prove the conditions of “path a” where the independent variables contribute significantly to the mediator variable.

Table 1. Results of the first stage regression analysis - *Coefficients*^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	32.471	4.594		7.068	.000
TKT	.428	.066	.517	6.502	.000

a. Dependent Variable: TPWB

Results of the second stage regression analysis showed that transformational leadership significantly influence organizational commitment with regression coefficient = 0.376, $p \leq 0.01$. These results prove the conditions of “path c” where the independent variables contribute significantly to the dependent variable.

Table 2. Results of the second stage regression analysis - *Coefficients^a*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	31.367	5.584		5.617	.000
	TKT	.350	.080	.376	4.376	.000

a. Dependent Variable: TKO

Results of the third stage regression analysis showed that the third stage of psychological well-being a significant effect on organizational commitment after controlling for variables of transformational leadership with regression coefficient = 0.305, $p \leq 0.01$. These results prove the conditions of “path b” where a the mediator variables contribute significantly to the dependent variable.

Table 3. Results of the third stage regression analysis - *Coefficients^a*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20.257	6.437		3.147	.002
	TPWB	.342	.109	.305	3.146	.002
	TKT	.204	.090	.219	2.262	.026

a. Dependent Variable: TKO

In the third stage regression analysis also found the direct effect of path c” shows regression coefficients 'of 0.219, which is smaller than the path c with regression coefficient = 0.376. This suggests that the role of the independent variable on the dependent variable transformational reduced and becomes significant with $p \geq 0.01$ after controlling for variables mediator psychological well-being.

Based on these results it can be concluded that hypothesis in this research is proven and found a full mediation. This indicates that the psychological well-being able to mediate the role of transformational leadership on organizational commitment.

Discussion

In this study, researchers built a hypothesis in which the independent variables used are transformational leadership. It is based on the consideration that other researchers have found a significantly positive relationship between transformational leadership and organizational commitment, transformational leadership and psychological well-being, as well as psychological well-being and organizational commitment.

The fulfillment of the terms of mediator variable function is also harmony with the results of previous studies. The first requirement where transformational leadership significantly contribute to the well-being have been submitted by Nielsen and Munir (2009) which suggests that transformational leadership positively can influence subordinates confidence in their ability to complete the task, this situation could improve their well-being.

Transformational leadership significantly contribute on organizational commitment was found by previous researchers in which employees working with transformational leaders to be more engaged, empowered, motivated, and committed to the organization and demonstrate low resign behaviors (Bono & Judge, 2003; Walumbwa & Lawler, 2003). In line with Khasawneh,

Omari, and Tineh (2012) who said that the leaders who provide inspirational motivation will clearly communicate their vision so that helps employees to focus on work and realize the significance of his work. Individual consideration shown by the leaders indicated that the leaders concerned with the well-being of employees and provide project assignment individually. Employees feel the special attention of the superior so willing to work hard for the achievement of long term objectives of the organization and meet the expectations of leaders. Then, this affects the achievement of higher organizational commitment to employees.

Furthermore, intellectual stimulation performed by helping employees to revisit an issue, criticized the assumptions that are believed, and led to an innovative approach. Employees are given the opportunity to design a personal strategy to address the decline in performance and psychological condition. This makes employees become more confident in protecting themselves and develop well-being. Leaders also show empathy, compassion, support, and guidance that can affect the well-being of employees. Consideration will also encourage the team climate, every member giving support to each others that will affect on the achievement of well-being among organization members. It can increase the emotional bond of employees, job satisfaction, and reduce stress (Sharifirad, 2013).

Kelloway, Turner, Barling and Loughlin (2012) show that each aspect of transformational leadership relevant to the achievement of the psychological well-being of employees. Leaders who demonstrate inspirational motivation will encourage employees to achieve better results than expected. Leaders are able to inspire employees to cope with a decrease in psychological condition by implanting the strength to overcome obstacles in the future.

Relating to the conditions where mediator variables significantly contribute to the dependent variable has also been found by previous researchers. Fisher and Hanna in Wright and Bonnet (2007) states that 90% of turnover and 50% of employee absenteeism caused by problems related to the well-being of employees. Employee's decision to resign can be predicted based on the achievement of their psychological well-being. In relation to turnover, Widodo (2010) stated that turnover intention bring negative affect on organizational commitment.

The same is delivered by Wright and Bonnet (2007) which states that employees with job dissatisfaction and lower psychological well-being will likely have less motivation to maintain their presence in the organization. If employees have a low desire to maintain their presence in the organization then this indicates a low organizational commitment of employees.

Conclusion

Based on the results of research and analysis that has been done, it can be concluded that hypothesis in this research is accepted that psychological well-being is able to mediate the role of transformational leadership on organizational commitment. Results showed that there was a full mediation by psychological well-being where the role of transformational leadership on organizational commitment becomes insignificant when the mediator variables are controlled.

The results showed that psychological well-being is fully capable to mediate the role of transformational leadership on organizational commitment with coefficient of determination (R^2) of 0.196. This value means that the role of transformational leadership through the mediation of psychological well-being give effective contribution of 19.6% to organizational commitment. While the rest of the fulfillment of a contribution of 80.4% is influenced by other variables.

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