

The Relationship between Transformational Leadership and Empowerment of Employees in an Industrial Organization in Ahvaz, Iran

Abdolzahra Naami, PhD*

Department of Psychology
Shahid Chamran University at Ahvaz

The purpose of this study was investigating the relationship of transformational leadership to employee's empowerment. As a part of an integrative model of leadership, transformational leadership style of superiors is proposed to be related to the strength of subordinate empowerment. A total of 275 employees from an industrial organization in Ahvaz city (Iran) rated their superiors' transformational leadership behaviors and also how much they felt empowered. Findings suggest that transformational leadership style contributes to the prediction of subordinates' self-reported empowerment.

Keywords: transformational leadership, empowerment

Experts agree that people are the key to significant improvements in sales, services, productivity, quality, and profitability (e.g., Block, 1987; Lawler, 1994). According to Senn (1980), the greatest source of competitive advantage available to any organization is committed, conscientious, and motivated employees. This increased focus on the employee as a significant source of competitive advantage drives the current interest in empowerment. Despite growing attention to employee empowerment, our understanding of the concept is limited. Although there are many theories and anecdotes of

* Email: naamiabdul@yahoo.com

empowerment in a work context, there are only a handful of noteworthy scientific studies. To date, the majority of research on empowerment has focused on the individual job incumbent's psychological experience of empowerment and linking this with various work-related outcomes (e.g., job satisfaction, work performance). However, the model that focuses on individual subjects reactions is, at best, incomplete if it does not include an examination of the contextual factors that shape those perceptions. Authors on the topic of empowerment have emphasized the importance of organizational environment or context (Conger & Kanungo, 1988; Spritzer, 1996, 1997; Thomas & Velthouse, 1990). One important organizational variable of interest to both researchers and practitioners is leadership. Although many authors (e.g., Bennis & Nanus, 1985; Block, 1987; Kanter, 1983), have emphasized the critical role of leadership in the empowerment process, there are few scientific studies that have examined the effects of specific leadership behaviors on employee empowerment.

Transformational leadership. The concept of leadership has drawn heightened attention from social scientists for many decades. Recently, the focus of leadership has shifted from traditional or transactional models of leadership to a new genre of leadership theories, with an emphasis on transformational leadership (Bass, 1985), which has been termed as visionary (Westley and Mintzberg, 1989), charismatic (Conger, 1989). Transformational leadership is the interplay between leaders and followers in which each raises the other to higher levels of morality and motivation. The leader transforms the followers by appealing to their nobler motives such as justice, morality, and peace. Bass and Avolio (1997) proposed that transformational leaders typically use one of the four general strategies. These four strategies are listed below along with a description of the critical characteristics of each (Bass, 1997).

1- Idealized influence. Leaders display conviction, emphasize trust, take

stands on difficult issues, emphasize the importance of commitment and purpose, and are aware of the ethical consequences of their decisions.

2- Inspirational motivation. Leaders articulate an appealing vision of the future, challenge followers with high standards, talk optimistically with enthusiasm, and provide encouragement and meaning for what needs to be done.

3- Individualized consideration. Leaders deal with others as individuals, consider individual needs, abilities, and aspirations, listen attentively, and advise, coach and teach.

4- Intellectual stimulation. Leaders question old assumption, values, and beliefs, stimulate new ways of doing things, and encourage expression of ideas and reason.

Empowerment. A consistent theme running through the organizational literature identifies empowered employees as self-motivated, committed individuals who are willing to expend high levels of effort, intuitive, and persistence in accomplishing their work (Block, 1987; Kizilos, 1990; Thomas & Velthouse, 1990). In recent years there has been considerable academic and practitioner interest in the topic of empowerment.

Empowerment programs have been introduced in a number of organizations in order to improve productivity, increase customer satisfaction and enhance competitive advantage (Hardy & Leiba- O'Sullivan, 1997). According to Ford and Fottler (1995), empowerment is commonplace and usually means giving employees the autonomy to make decisions about how they go about their daily activities. Building on the work of Conger and Kanungo (1988), Thomas and Velthouse (1990) developed a model of empowerment in which they proposed that there are four psychological cognitions that contribute to

enhanced intrinsic motivation. These are meaning, competence, choice, and impact. Using the Thomas and Velthouse model as a theoretical foundation, Spreitzer (1995) extended and operationalized this model by developing a scale to assess the four components of empowerment. In the current study, Spreitzer's terminology was employed. The following is a description of current conceptualizations of each of these dimensions:

Meaning, involves a fit between person's beliefs, values and the requirements of a work role (Spreitzer, 1995, 1996). It is consistent with Hackman and Oldham's (1980) job characteristic model that proposes an individual feels a sense of meaning when an activity "counts" in his or her value system. This creates a sense of "caring about a given task" (Thomas & Velthouse, 1990).

Competence, stems from the work of Bandura (1977, 1986, 1989) on self-efficacy and is the individual's belief in his or her capacity to competently perform a task at work. Thus, the individual believes he or she has the required skills and abilities and that he or she can perform the task competently.

Self-determination, is a sense of choice in initiating and regulating one's action. It reflects autonomy in the decision making processes about how and when tasks are undertaken. According to Deci (1975), to be self-determined means to experience a sense of choice initiating and regulating one's own actions.

Impact, refers to the extent to which one's behavior is perceived as "making a difference" in accomplishing the purpose of the task (Thomas & Velthouse, 1990). In short, employees are more likely to feel empowerment with a sense of progression toward a goal or a belief that their actions are influencing the system.

Leadership and empowerment. In a theoretical model of empowerment in the workplace, Thomas and Velthouse (1990) suggested that organizational environment can have a powerful influence on the cognition of empowerment. The underlying philosophy behind this approach is contained in the belief that

the existing tradition of organizational practices could render employees powerless to utilize their full productive and creative potential, thus resulting in passive minds and ineffective or mediocre performance. By changing powerlessness, it is expected that employees would perform at their productive and creative best. In the most recent leadership research, the emphasis is on the energizing aspect of empowerment. Bennis and Nanus (1985) conclude that great leaders empower others to translate their vision into reality-and to sustain it. These authors further comment that leaders with transformational behaviors energize and hence empower their followers to act by providing an exciting vision for the future rather than through rewards and punishments. Leaders with vision can create a participative climate and mere empowered condition in which organizational members assume the authority to take action to enhance the vision.

Several authors have emphasized the importance of leadership and its effects on employee empowerment (e. g., Bennis & Nanus, 1985; Block, 1987; Conger, 1989; Kanter, 1983). For example, Kark et al. (2003) suggested that transformational leadership is related to empowerment in followers. In addition, Avolio et al. (2004) found that transformational leadership was directly related to follower perceptions of empowerment. Dvir et al. (2002) found evidence that transformational leadership led to empowerment and to subsequent engagement in the task and self-efficacy.

Hypotheses

A positive simple correlation was hypothesized between each facet of transformational leadership and each facet of empowerment. A multiple correlation was also hypothesized between the linear combination of the four facets of transformational leadership and each facet of empowerment.

Method

Participants

Questionnaires were distributed to 300 employees working in an industrial organization in Ahvaz that were selected according to a stratified random sampling method. Questionnaires were sent to employees and informed them about the research objective and that subjective responses were voluntary and anonymous. Two hundred and seventy five completed questionnaires were received. The sample consisted of 92% males with an average age of 31 years. Of the 275 employees, 51% had a high school diploma, 33% possessed some college education, and the remainder of the sample did not indicate their education level.

Measures

Transformational leadership was measured using a 16-item version of Bass and Avolio's (1990) multifactor leadership questionnaire (MLQ). These items ask followers to indicate the extent to which their leaders' engage in behaviors of idealized influence, inspirational motivation, individualized consideration and intellectual stimulation. Respondents indicated how frequently their supervisor displayed the behavior described in each item using a five-point response scale, where 1=not at all, 2=once in a while, 3=sometimes, 4=fairly often, 5=always. Despite some concerns about psychometric validity of this measure, MLQ has been used extensively in the area of leadership research and is considered the best validated measure of transformational and transactional leadership. Avolio et al. (1999) confirmed the four factor structure and reliability of transformational leadership via the MLQ in a study involving over 9000 cases. In this research all internal subscales yielded an internal reliability alpha greater than 0.70 (idealized influence=0.89, inspirational motivation=0.87, individualized consideration=0.86, intellectual stimulation=0.95).

Empowerment. The scale used to measure empowerment was originally published and validated by Spreitz (1995). The 12-item empowerment scale comprises four dimensions:

- 1- meaning
- 2- competence
- 3- impact
- 4- self-determination

Each subscale has three items and the response was a 7-point Likert scale with 1 representing strong disagree and 7 strongly agree. Example items include "the work I do is meaningful to me"(meaning); "I am confident about my ability to do my job"(competence); "I have a great deal of control over what happens in my department" (impact), and "I have significant autonomy in determining how I do my job" (self-determination). Reliability for each dimension has been found to be acceptable by Spreitzer and Mishra, 2002). (meaning, $\alpha=0.91$; competence, $\alpha=0.80$; impact, $\alpha=0.81$; self-determination, $\alpha=0.76$). In this research all subscales yielded an internal reliability alpha greater than 0.70 (meaning =0.89, competence =0.90, impact =0.92, self-determination=0.94).

Result

Simple correlation (Pearson r) was used to examine the strength and direction of the relationship between subfactors of transformational leadership and empowerment dimensions. These correlation coefficients are presented in Table 1. In addition, the predictive ability of the predictive variables was assessed by using multiple regression analysis, with facets of psychological empowerment as criterion variables and facets of transformational leadership style as predictive variables.

Table 1**Means, standard deviations and the correlation matrix for the facets of transformational leadership and empowerment of Iranian employees**

Variable	M	SD	1	2	3	4	5	6	7	8
1 Idealized influence	14.25	4.36	-	.25**	.21**	.15*	.11*	.05	.31**	.18*
2 Inspirational motivation	13.72	4.20	.25**	-	.18	.19*	.34**	.33**	.12*	.27**
3 Individualized consideration	15.16	5.14	.21**	.18*	-	.17*	.28**	.38**	.27**	.27**
4 Intellectual stimulation	15.7	6.17	.15*	.19**	.17*	-	.19*	.15*	.23**	.25**
5 Meaningfulness	9.38	2.28	.11*	.34**	.28**	.19*	-	.36*	.25**	.35**
6 Competence	8.70	1.92	.05	.33**	.38**	.15*	.36**	-	.25**	.40**
7 Self-determination	9.78	2.18	.31**	.12*	.38**	.23**	.25**	.25**	-	.35**
8 Impact	10.12	3.02	.18*	.21**	.27**	.25**	.35**	.40**	.35**	-

*P<.05

**P<.01.

Results from Table 1 demonstrate that there are significant and positive relationships between facets of transformational leadership and the meaning facet of empowerment, ranging from .11 for idealized influence to .34 for inspirational motivation. Through hierarchical multiple regression analysis findings (Table 2) also indicate that the combination of the four facets of transformational leadership was able to significantly predict meaning ($R=0.45$, $F=12.14$, $P<.001$). The RS of 0.20 indicate that 20% of the variance of the meaning was accounted for by this regression model. Therefore, Hypothesis 1 was supported.

Next, attention was focused on determining what combinations of the facets of transformational leadership explain the variances of the dimensions of empowerment. For this purpose the researcher employed the stepwise multiple

regression technique.

Inspirational motivation was the first and the most salient of the variables that entered the regression equation, and accounted for 12% of the variance of meaning. At step 2, Individualized consideration entered the regression equation and accounted for an additional 8% of the variation in meaning. Together, these two variables explained 20% of the variance of the meaning. Idealized influence and intellectual stimulation did not enter the regression equation.

Table 2

The facets of transformational leadership regressed on Meaningfulness

Model	R	RS	B	β	t	P
Constant			5.13		3.69	.001
Idealized Influence	.10	.01	.01	.05	.87	.38
Inspirational Motivation	.36	.13	.35	.33	5.03	.001
Intellectual Stimulation	.39	.15	.02	.03	.48	.63
Individualized consideration	.45	.20	.05	.25	3.47	.001

F=12.14

P<.001

This second hypothesis was tested by correlating competence with facets of leadership, as show in Table 1. From Table 1, it can be seen that there are significant and positive correlations between inspirational motivation, individualized consideration and intellectual stimulation with competence. Idealized influence was unrelated to competence. Therefore, hypothesis 2 was partially supported. Through hierarchical multiple regression analysis, in Table 3, findings indicate that the combination of the four facets of transformational

leadership was able to significantly predict competence ($R=0.52$, $F=17.50$, $p<.001$). The RS of .27 indicates that 27% of the variance of competence is explained by this regression model. As shown in Table 3, inspirational motivational ($\beta=.34$, $P<.001$) and individualized consideration ($\beta=.39$, $P<.001$) significantly and positively influence competence, while idealized influence and intellectual stimulation had no impact on competence.

The results of the stepwise multiple regression analysis show that individualized consideration was the first and the most salient of the four variables that entered the regression equation, and accounted for 15% of the variation in competence. At step2, inspirational motivation entered the regression equation and accounted for an additional 11% of the variation in competence.

Together, these two variables explained 26% of the variance of competence. Idealized influence and intellectual stimulation did not enter regression equation.

Table 3
The facets of transformational leadership regressed on competence

Model	R	RS	B	β	t	p
Constant			7.08		5.94	.001
Idealized Influence	.06	.005	.003	.03	.21	.83
Inspirational Motivation	.36	.13	.33	.34	5.49	.001
Intellectual Stimulation	.38	.14	.02	.05	.78	.43
Individualized consideration	.52	.27	.07	.39	5.64	.001

$F=17.50$

$P<.001$

Hypothesis three was tested by correlating facets of transformational leadership with impact. As expected, impact was positively correlated with idealized influence ($r=.18$, $P<.001$), inspirational motivation ($r=.21$, $P<.001$), individualized consideration ($r=.27$, $P<.001$) and intellectual stimulation ($r=.25$, $P<.001$). The regression analysis in Table 4 reveals that the significant F value ($R=.39$, $F=8.22$, $P<.001$) indicates that the facets of transformational leadership explain a significant amount of the variance of impact. Thus, hypothesis 3 was supported.

The results of the stepwise regression analysis show that individualized consideration had the most significant effect on impact.

Table 4
The facets of transformational leadership Regressed on impact.

Model	R	RS	B	β	t	p
Constant			2.54		1.23	.02
Idealized Influence	.18	.03	.04	.14	2.06	.04
Inspirational Motivation	.27	.07	.28	.18	2.66	.001
Intellectual Stimulation	.35	.12	.12	.14	1.88	.06
Individualized consideration	.39	.15	.05	.17	2.33	.001

F=8.22

P<.001

As shown in Table 1, the facets of transformational leadership have positive and significant relationship with self-determination, ranging from .12 to .38. The results of the regression analysis in Table 5 reveal that the facets of transformational leadership collectively explain a significant amount of

variance of self-determination ($R=.40$, $F=10.43$, $P<.001$). Thus, hypothesis 4 is also supported.

The results of the stepwise multiple-regression reveal that individualized consideration and idealized influence exerted the most profound influence on self-determination. These variables explain 16% of the variation of self-determination.

Table 5
The facets of transformational leadership regressed on self-determination

Model	R	RS	B	β	t	P
Constant			6.54		4.78	.001
Idealized Influence	.30	.09	.15	.19	2.47	.009
Inspirational Motivation	.30	.09	.21	.11	1.60	.08
Intellectual Stimulation	.31	.10	.07	.12	1.33	.12
Individualized consideration	.40	.16	.29	.24	2.88	.001

F=10.43

P<.001

Discussion

The purpose of this research was to enhance our understanding of the predictive role of transformational leadership for the employee empowerment in a work context.

Overall, the results of the current study suggest that transformational leadership predicts the employee empowerment. It is generally believed that leaders play an important role in shaping the employees' perceptions of their work environments. The results appear to support this notion. As

hypothesized, supervisors who exhibited higher levels of transformational leadership behaviors had employees who reported higher levels of empowerment. Transformational leaders had a significant impact on employees' sense of meaning in their jobs. Recall that meaningfulness refers to the value assigned to the task or goal, judged in relation to one's own standards and ideals. Transformational leaders articulate a clear and appealing vision, talk enthusiastically about what needs to be accomplished, and stress the importance of having a strong sense of purpose. These behaviors create a sense of energy and alignment around the task at hand, which would be expected to affect employees' perceptions of meaning (Bass, 1985). This finding is also consistent with previous research by Spreitzer (1995), who found that access to information about an organization's mission was strongly related to the overall construct of empowerment. Additionally, the current study found that transformational leaders had a significant impact on self-determination. Employees who perceive high levels of choice are said to be self-determining, which according to Deci (1975) means that employees must experience a sense of freedom or personal control regarding how to carry out tasks (e.g., Pace of work, job assignments, or method of work). A good portion of the management literature on employee participation in the workplace suggests that management practices designed to give more organizational power to the employee are sufficient to produce empowerment. Parker and Price (1994) have found that subordinates who perceived their managers as supportive (i.e., the extent to which managers exhibited care and concern) were more likely to report higher levels of perceived control. According to Parker and Price (1994), support may reflect level of shared influence within an organization. Managers who are viewed as more supportive may be those who listen to their workers and hence are perceived as sharing control. This is consistent with Deci, et al (1989) who found that manager's interpersonal orientation, or the extent to which they were perceived as providing non-controlling positive feedback and acknowledging other's perspectives, was

critical for promoting self-determination in subordinates. In the current study, transformational leaders exhibited behaviors consistent with those described above by demonstrating high levels of individual consideration for their subordinates. As such, it would be expected that transformational leaders would have an impact on employee perceptions of choice. These results also suggest that simply delegating significantly to produce empowerment, or more specifically, employee participation in decision-making, employee participation in decision-making must be experienced as real to have positive results (Spector, 1986). It is possible that specific transformational leadership behaviors, such as providing support, may be necessary to realize the full effects of participation in decision-making. This may also explain some of the mixed findings in the participation in decision-making literature with regard to the effects of management sharing power on the attitudes and behaviors of employees.

Transformational leadership behavior is also related to employee perceptions of impact. Employees with strong feelings of impact experience a sense of progression toward a goal or a belief that their actions are influencing the system. As measured in the current study, transformational leaders provide important organizational information about mission, purpose, and strategy. This makes subordinates more aware of the importance and the value of their jobs and how they personally contribute to the success of their department and the organization. When employees have an understanding of where the organization is headed and how the tasks they perform contribute to its success, it would be expected that employees feelings of impact would increase. This finding is consistent with Spreitzer (1996) who found that providing access to the strategy and goals of an organization was associated with higher overall levels of employee empowerment.

Transformational leadership relates to the empowerment dimension of competence. Recall that employee competence is conceptually equivalent to self-efficacy, and may be defined as an individual's perceived capability for

performing specific task. As measured in the current study, transformational leaders help employees to develop their strengths, spend time teaching and coaching, and help employees to look at problems from many different angles; all of which would be expected to positively affect employee perceptions of competence. Additionally, previous studies have found relationships between transformational leadership and employee self-efficacy (see Yukl & Van Fleet, 1992). The current study provides solid evidence that transformational leadership is one important factor that can influence empowerment. These results suggest that transformational leadership is a useful predictor of empowerment and behaviors of the manager must change from being more a manager to being more of a leader. While this study suggests that transformational leadership relates to empowerment, future research should identify the potential moderating effects of this relationship. A notable limitation to this study is the use of a single information source. Individuals were asked to report on both the independent and dependent variables in this study.

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