

**UNIVERSITI TEKNOLOGI MARA**

**THE EFFECT OF  
TRANSFORMATIONAL LEADERSHIP  
STYLES ON ORGANIZATIONAL  
COMMITMENT**

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## **ABSTRACT**

Transformational leadership styles are in demand nowadays in Malaysia. By having a leader who possesses the traits of transformational leadership could actually help to inspire the employees and hence it can increase the organizational commitment. Government Linked Companies (GLCs) in Malaysia are helping the government to achieve their goals in economic hence, it is important for leaders to have involvement with the employees. This study is regarding the effect of transformational leadership style on organizational commitment. Working environment is used as the moderating effect in order to identify whether it influence the transformational leadership styles on the organizational commitment. The components of the transformational leadership style are idealized influence, inspirational motivation, and intellectual stimulation and also individualized consideration. The respondents for this study are the employees from Government Linked Companies (GLCs) in Malaysia where 250 valid respondents out of 400 which has answered the question related with the transformational leadership styles and organizational commitment. The methods used for this study is quantitative methods and the result from this study has indicates that there are several component from transformational leadership styles have positive relationship towards the organizational commitment. The contribution of this study and suggestion are made for future research.

*Keywords: Transformational leadership, idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, organizational commitment, working environment*

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# **CHAPTER 1**

## **INTRODUCTION**

This chapter focuses on the transformational leadership effect towards the organizational commitment. Sections 1.1 discuss the background of the study, section 1.2 explained the problem statement and section 1.3 states the research question. Section 1.4 on the other hand, states the research objectives and section 1.5 is on the information regarding the scope of the study. In addition, section 1.6 explains the significance of study and lastly section 1.7 is all about the definition of terms and concepts.

### **1.1 BACKGROUND OF THE STUDY**

Leadership is very important in each organization in order for them to be successful. In this era which change happen faster globally, leaders are the one who responsible to build the employees confidence in order for them to produce a better job performance. Leadership is where one person can influence the others in achieving the group or organizational goals (Sarah et al., 2014). On the other hand, a leader is a person who holds the higher positions and has the ability to influence, motivate and encourage people to contribute towards the success and increase the effectiveness of an organization (Degef, 2016). A good leadership is important to any organization and to have good employees the leader must be a person who can lead them towards achieving the goals of the organization. Through leadership, it can lead towards the employees' commitment where the employees are committing to the organization and they are willing to lend their knowledge, skills and ability to the organization.

There are several leadership styles that were used by leaders in order to motivate their followers. A leader who are able to lead change in their organization and able to motivate their employees to achieve the vision and mission and create something new in the organization is called as the transformational leader, where the leader go beyond the expectation by creating something new (Daft, 2011).