Influence of Transformational Leadership Components on Job Satisfaction and Organizational Commitment

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Abstract

Leadership, job satisfaction, organizational commitment and trust have become important processes for an organization in recent years. One of the contemporary human resource management functions in the organizations involves engaging in leadership development, improving organizational trust and organizational commitment and increasing job satisfaction. This research is conducted with an intention to investigate the impact of components pertains to transformational leadership (TL) by exercising dilemmas as employee (satisfaction & commitment), being engaged in Islamic banking sector; whereas TL components like; idealized influence (II), inspiration motivation (IM), intellectual stimulation (IS) and individualized consideration (IC) were taken into consideration. A two stage cluster sampling design is used for the selection of sample from 5 Islamic banks of Pakistan from Gujranwala division having 56 branches. 319 employees of 25 branches are used and information is collected through structured questionnaire having 26 items on likert scale of 5 point. The factor analysis, structural equation modeling, group mean comparison and discriminant analysis is used for the data analysis. Findings of study reveal that TL components have significant influence with respect to job satisfaction along with organizational commitment of employees. Contribution of this study is towards both administrative and managerial scenarios’, yet senior management need to focus on core components of TL while designing the policies for the strategic implementation. Furthermore, this investigation was conducted in only one country having unstable economic and political affairs that effect individuals’ moods, added inquiries needs to be conducted in better economic conditions for research exploration perspectives.

Keywords: Inspiration motivation, intellectual stimulation, transformational leadership style, employee satisfaction, organizational commitment.
1. Introduction

In this contemporary era, leadership has significance importance when originating people dealings for the sake of organizational success. Specifically during human dealing, involved variables getting more prominent like; employee mood, job satisfaction and commitment along with psychological trends, according to Mosadeghrad (2003) concentration on human resource requirements are necessary for the superior performance of the organization. Similarly, performance not only depends on skills and capability of human resources but also hard working, satisfaction and loyalty of teams comprised of core employees. Today, organizations gain competitive advantage through strong human resource bases, although this is very difficult in organizations having proper workforce diversity. For what, the study of Albion & Gagliardi (2007) indicated that managing employees up to mark is all about the leadership quality in certain simple and complex situations. That’s why nowadays well-structured companies are more concerned about the integral aspect of leadership because it’s a decorator force which makes employees together.

Leader applying with modern techniques prefer to adopt behavior according to employee appropriateness, there should be the clear vision, and effective communication along with individual consideration are the core ingredients of transformational leadership in order to enhance organizational commitment subsequent to employee job satisfaction. As compare to other leader, transformational leader expended more with subordinates and more effective communication take place, that is why according to study of Hayati, Charkhabi, & Naami (2014) work engagement of employee would increase through transformational leadership attributes as; transformational leader might drive desired outcome and specific belief by idealize influence and simply transmit inspirational motivation in employees in order to obtain clear visionary goal and performance up to standard. In every interaction, transformational leader pursues one or more of the major component of transformational leadership, to an extent some modifications have been compelled in invented theme regarding refined components of transformational leadership. Where components comprised of facets like; recognition of subordinates, charisma, subordinate inspiration by the leader, enhancement of intellectual skills of subordinates, Bass (1999).

Past research also suggested that creativity of employees be influenced by elements of transformational leadership Wang, et al., (2014). In the modern age, organizations are focusing on transformational leadership approach, has been identified as an organism of transforming and changing people behavior, Hall et al., (2008). The transformational style of leadership also influences employee performance and satisfaction level where a visionary and collaborative working capacity developed which improve overall employee morale with respect to achievement of organizational set standards, Bass & Avolio, (1994).

Transformational leadership influences outcomes similarly in culturally distinct countries, Walumbwa, et al. (2005). Stated fact followed the inquiry of Tse & Chiu (2014) identified that job performance of employee and supervisor’s transformational leadership have the direct relationship. Furthermore, Job satisfaction and organizational effectiveness rise through potentials of transformational leadership style and overall performance boost as employee interest increases, Adebayo, (2004). In a context, Coladarci (2014) gave the idea about the prediction of behavior within organizational citizenship, employee commitment to organizational along with employee satisfaction through transformational leadership features.
The second narrative is the degree if employee job satisfaction which is much debated in contemporary reforms and no doubt job satisfaction is directly related to goals set by leadership. Because the degree of job satisfaction produces self-motivated workforce so it is very integral to understand the association regarding employee satisfaction and leadership perceived by the employee to attain ultimate organizational objectives. In the same context, Amburgey (2005) suggested some factors that have the influence on employee job satisfaction perception consisting leadership characteristics, job experience, organizational culture, gender and qualification of employees. The study of Men (2014) showed that organizational communication and relational satisfaction of employee have the substantial impact with transformational leadership. Where Saari & Judge (2004) argued that satisfaction of employee is the standard once employee comes to be happy with being employed that will result in boosting the performance and ultimately the success of the organization. Certainly, employee’s attitude, trust, employee’s moral, pleasant long-term relationships and profitability depends on employee satisfaction. Furthermore, for the expansion and sensation of an organization, the degree of employee satisfaction, is an essential part of it. As satisfied employee will craft innovations and meaningful changes. The third issue is employees’ commitment and the quality of leadership drive major role in determining the theme, in this way Stup (2005) stated that employees retain happy with the leadership feel that they draw the worth and have value for their work. Biswas (2014) explores the concept of organizational culture and degree of employee retention with respect to transformational leadership, as found a principal weight on employee performance. Researchers describe the degree of employee involvement in a job is the organizational commitment; is also attributed as employee faithfulness and loyalty of employee towards the success of the organization where committed workforce have a lesser rate of absenteeism and higher retention and exert higher energy level in jobs, Muthuveloo and Rose (2005). Similarly, Leadership and organizational commitment both have imperative influence toward organizational sensation, a good leader doesn’t go only for self-benefit and keep valuable to all stakeholders especially employees in order to sustain employee commitment, Kouzes and Posner (2010). Furthermore, top management commitment would influence with facets of transformational leadership, Yucel et al., (2014).

Naturally, for the development of the economic life of the country, service sector can’t be neglected as Chang (2000) identified it like lifeblood and keep all other sectors of the economy as the dependent of it. In developing economies service industry captures a major share, infect service industry is such an important concern for the smooth operation of other linked sectors and facilitates as lifeblood, Chang (2000). The service industry in Pakistani banking sector or financial sector is also captivating major portion for growth and in financial institutions; selected Islamic banking sector for this research is the most emergent sector which contributes significant share for the economy in recent years. The aim of this study is to explore the impact and association regarding dimensions pertains to the transformational style of leadership with satisfaction and employee commitment to the organization, concerning employees engaged in an emergent Islamic Banking sector. Undoubtedly, the banking sector is known as one of the major economic contributors with respect to the service sector. Islamic banking sector with the new dilemmas and rest of world’s financial crises showed magnificent expansion stable results in this span. Beside other challenges, Islamic banking sector needs leaders with equipping modern
Transformational Leadership, Job Satisfaction and Organizational Commitment

professionalism in order to cope with employee satisfaction and commitment issue because with old fashioned leadership and to maintain position in this emergent industry, it’s hard. Literature support this phenomenon in just specific behaviors of human resources and as less work has done yet on this rising issue so, there’s existence of width for examination. Thus, this research will contribute towards both administrative and managerial aspects, propose a deeper understanding of leadership as an integral factor.

The rest of the paper is organized as follows. In section 2, literature from previous studies is discussed and a conceptual framework with the hypothesis is given. The methodology used for this study is given in section 3 and section 4 contain the results of statistical analysis. The discussion of the results is presented in the fifth section and the last section of the manuscript describes the Conclusion, recommendation, and future considerations.

2. Literature Review

Leadership is the process of shaping employees toward desired outcome, Jong and Hartog (2007). Kuchler (2008) proclaimed that leadership has attested as the world’s most debating topic by researchers. Organizational success and failure also depend on leadership capacity, Lok and Crawford (2004). According to Gill (2006) for the achievement of desired results; quality of leadership can drive recognition for followers, encouragement, and motivation. In literature, many styles of leadership have been contributed as laissez-faire, autocratic, charismatic, situational, bureaucratic, transactional, participative, democratic and transformational leadership, Mosadeghard (2003). Transformational leadership is the key fundamental style for further discussion in the research.

2.1 Transformational Leadership

In very simple words, the idea of transformational leadership appealed that leaders need to encourage subordinates in order to get the desired outcome of the organization through motivation, healthy perceptions, beliefs and moral with effectual collaboration, Burns (1978). Afterward, researchers redirected the transformational leadership concept into four general components as charisma, inspirational motivation, intellectual stimulation & individualized consideration, Bass and Avolio (1995) where charisma/idealized influence split into behavioral and attributed dimensions, explained as employee beliefs, values or norms are bases as charismatic actions of the leader. Inspirational motivation outlined as a goal or set standard achievement is through effective communication of leader which inspires to employee and bases for self-motivation. Intellectual stimulation, on the other hand, is the degree to which leader admit and appreciate employee to formulate innovative assignments. Lastly, individualized consideration as refers to socio-economic support provided to the employee in order to empower and development.

Leaders adopting the transformational style of leadership encourage subordinates toward innovation and creativity in this way new results regards complex problems been explored, Schepers et al. (2005). According to novel findings of Warrick (2011) in contemporary organizational reforms transformational leader is key personnel as such type of leader have abilities to reinvent structure of organizations according to need, although this idea is still to promote because few organizations are familiar with core leadership style. Top et al. (2015) investigated the relationship between transformational leadership, organizational trust, job satisfaction, and organizational commitment as perceived by public servants and private sector employees in two Turkish public hospitals. They also investigated the effects of transformational leadership, organizational trust, and job satisfaction on participants’
organizational commitment. Where, Gill et al. (2006) is a big challenge is to cope with the specific type of skills must be needed in transformational leader although exceptional. While leading change, transformational leadership contributes more valuable advancement. Transformational leadership supports to stress reduction and confirm more efficient working. Determinants of transformational leadership and subordinate commitment to pursue change are strongly related, Herold et al. (2008). In a study of Gumusluoglu & Ilsev (2009) suggested creativity with effect transformational leadership elements, have a sound association with innovation phenomenon of the organization. On the other script, the investigation of Wright and Pandey (2010) contributes to the understanding of leadership through the framework of corporate structure in more implementations of transformational directions. Literature suggests the effects of emotional intelligence and personality traits with regards to transformational leadership properties which signifies the employee performance. The study of Choi et al. (2016) in Malaysian hospitals shows that job satisfaction among employees is affected due to empowerment and transformational leadership.

Moreover, quality of leadership has an indirect effect on employee intelligence and experience while direct impact scrutinized in transformational behaviors of leaders, Cavazotte, Moreno and Hickmann (2012). Nevertheless, employee attitude, performance and well-being in related to transformational leadership as widely researched, Nielsen and Daniels (2012). A multilevel analysis was pursued by Braun et al., (2013) which identified the association between trust, the performance of the team and employee satisfaction, where the convinced relationship withheld. In addition, transformational leadership in charismatic context found effective leadership form Knippenberg, & Sitkin (2013). Teaching leadership skills is important because young learners could learn different skills too, such as communication or speaking skills, decision-making skills, problem-solving, listening and persuading others; all of which require commitment and mutual trust, Keskes (2014). In another research, Zhao & Begley (2015), studied characteristics of transformational leadership and moral modeling has a positive effect on the creativity of employee.

2.2 Job Satisfaction

The topic of employee satisfaction is much attractive in research perspective apart from managerial practice as proclaimed by Lu et al. (2005). Satisfaction of employee is the deep reaction which is emotional in nature came out from job experience of the employee. An employee’s emotional perception about a job is the attribute of job satisfaction that either satisfied or not. A leader with transformational leadership needs to ensure job satisfaction of employee where there is a strong relationship between these perspectives, Nielsen et al., (2009). Job satisfaction is also proclaimed as positive emotional state or pleasurable experience of an employee, Luthans (2007). Gill et al. (2010) proposed that job satisfaction of employee directly influenced by transformational leadership that will further have an impact on retention of the employee. Spector (2003) explored that organization commitment and quality of job performance also depends on job satisfaction for the success of an organization. The performance of the organization depends on transformational leaders those influence employee job satisfaction level, research revealed that leadership characteristics influence the job performance and overall employee morale, Munir et al. (2012). Job satisfaction consisting five dimensions as promotion, coworkers, supervision, pay and work it. Also, research shows that job satisfaction has effect with personal...
characteristics like age, experience, gender and education, Okpara (2004). Furthermore, job hierarchy (grades) experience, abilities of employee and age matter a lot in employee job satisfaction, Oshagbemi (2003). In another similar research of Darshan (2011) identical results discovered. Fried and Ferris (1987) identified that for the better understanding of job satisfaction, just only the features related to the job are not enough personal attributes should be considered also. Both factors corresponding; transformational leadership and job satisfaction could have an effect, Wang et al. (2012) and transformational leadership impacts in improving workers satisfaction and demoting job turnover, Cumming et al., (2010). A positive association found between employee satisfaction (Individual level & team level) and transformational leadership. The performance of leader and quality of supervision also affect satisfaction of employee and leader capacity to resolve completes also signifies in Miles and Mangold (2002). Raja and Palanichamy (2011). Study show the transformational leadership style has an association with employee job performance. Hence, in commercial terms, we may view the job satisfaction either at the individual or team level directly shaped by traits of transformational leadership, Braun et al. (2013). By means of, transformational leadership is productive description although other leadership styles have effect in satisfaction and commitment of the employee to the organization, though due to supportiveness and innovativeness in nature transformational leadership style was selected. Employees show much satisfaction in transformational leadership style comparatively to other styles as research explored that job satisfaction has substantial measurements through transformational leadership, Hamidifar (2009).

2.3 Organizational Commitment

Intended for the organization continuous success, employee willingness to stand loyal and express best concerns for the well-being is the organizational commitment, Luthans (2007). A committed employee would know the organizational ethical standards, values, goals, norms and targets, Henkin and Marchiori (2003). Organizational commitment entails three components as continuance, affective and normative, Shaw et al., (2003). Researchers studies that incidents of distributed leadership, decision making in the participatory framework and team structure of leadership, variables amongst job satisfaction and employee organizational commitment, whereas leadership team strongly in relation with variables, Hulpia et al., (2009). Similarly, research suggested that transformational frameworks have significance effects with the commitment of employee, Avolio et al., (2004). Rai & Sinha (2000) examined the association between dimensions of organizational commitment and transformational leadership dimensions derived as analytically factor based. Employees’ efficiency, performance, and self-motivation have also affected the organizational commitment, Tella et al., (2007). Commitment to change depends on good change management practices as transformational leaders; change leadership and commitment of followers is a function of the impact of personal changes, Herold et al., (2008). Organizational commitment of strongest predictor of corporate goals, productivity, objectivities, and turnover, accordingly, Farahani, Taghadosi & Behboudi (2011) test the features of transformational leadership with emotional intelligence and commitment of employee. Transformational leadership facilitates organizational commitment and employee productivity, Limsili and Ogunlana, (2008) and leader-member exchange and organizational commitment being influenced by features of transformational leadership, Shiva and Suar, (2010). Scholars also proclaim that affective commitment has an expressive relationship among individual consideration and inspirational motivation as
both factors contribute to integration strategy with respect to organizational commitment influential, Kim and Kim (2014). As stated by Selamat, Nordin & Adnan (2013) the role of exercising transformational leadership behavior to ignite employee commitment with respect to organizational objectives.

An important study of Joo, Yoon & Jeung (2012) parameters of leadership style as transformational and self-evaluation have an impact on commitment where transformational leadership has more effect compatibility because highest commitment shown by the employee while goals, vision and intellectual stimulation have perfectly conveyed by supervisor. The definite relationship between employee commitment and transformational leadership style has found, Ismail and Yusuf (2009) in this way academics supported the idea by proposing a moderate degree of employee commitment has examined with low degree of transformational attributes of leadership, whereas development of qualities regarding transformational leadership are imperative with respect to shaping employee attitudes and enhance employee retention, Ling et al., (2013). This fact patronage the research by Dunn, Dastoor and Sims (2012) instigate the relationship employees’ commitment and behavior of leader has a significant relationship for the smooth development of economies.

3. Conceptual Framework and Hypothesis

On fabled past papers, the transformational leadership style has originated the utmost imperative leadership style determining with the satisfaction of job and organizational commitment of employee. Theretofore, with respect to here above research, literature conceptual framework and novel hypothesis were drawn as,

![Figure 1: Theoretical Framework](image)

Figure 1: Theoretical Framework
Transformational Leadership, Job Satisfaction and Organizational Commitment

- **H1**: Components of TL have effect with job satisfaction of employees.
- **H2**: Components of TL have effect with organizational commitment of employees.
- **H3**: Employee job satisfaction has effect with organizational commitment.
- **H4**: Employees perceived dissimilar degree of TL, job satisfaction & organizational commitment with respect to chairing position.

4. Methodology

4.1 Research Design, Sampling and Data Collection

Used scheme for research designs was quantitative and study pertains to cross-sectional in a number of contacts, retrospective-prospective with referencing period vicinity and overall this nature of the investigation was experimental as underwrites to establishing effects. Kumar (2005). Islamic Banking sector of Pakistan was selected as segment working employees were selected as the unit of analysis and all 5 Islamic banks were selected, Islamic Banking Bulletin (Mar 2015). As sampling frame was unattainable and not identified so for the significance of study two-stage cluster sampling technique was applied evidently, whereas at first stage selection of specific Islamic bank managed from the total 5 banks whilst at stage two selection branch of the specific bank was considered on the random basis in order to avoid biases. At second stage all unit elements were involved in sample i-e all staff from selected branch was part of the sample, Levy and Lemeshow (2008). The portion of data collection was accomplished through questionnaire survey tool consisting 26 items at Likert scale by interacting mentioned stakes.

4.2 Research Instrument and Measures

With reference to above mentioned study design, primary data was collected through structured questionnaire; comprised of demographics, transformational leadership, satisfaction and commitment variables. Total 319 participants were involved in study with the adequate sample size having 5% sampling inflate. Data was analyzed through SEM and discriminant analysis using IBM SPSS & AMOS software. MLQ multifactor leadership scale bearing four main variables (II, IM, IS & IC) was used for measuring (TL) components developed by, Bass & Avolio (2000) [scale exercised before by researchers; Boerner, Eisenbeiss & Griesser (2007) significant results reported], employee job satisfaction (JS) was assessed through scale developed by, Brayfield (1951) [scale exercised before by researchers; Judge (2000) significant results reported], while commitment (OC) was calculated through scale developed by, Meyer (1997) [scale exercised before by researchers; Ragu-Nathan, Moindiepa & Bhanu (2008) significant results reported]. Overall Cronbach’s alpha for questionnaire was found above acceptance level ($\alpha > .7$).

5. Statistical Analysis Results

5.1 Descriptive Statistics

This part of study shows the demographic information, pertains to employees engaged with Islamic banking sector. Table 1 given below, describes that more than 68% employees of Islamic banks of Pakistan are male and from all the 319 employees (respondents) 44% fall in the age category of 31 to 40 year and 32% belongs to 20 to 30 years of age. The study also shows that only approximately 4% employees have more than 16 years of education where majority (Approximately 62%) of the employees have 16 year (Master Level)
education. In our sample, 24% Managerial level employees contributed and remaining are officer level.

Table 1: Demographic Facts of Islamic Banking Employees

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>218</td>
<td>68.3</td>
</tr>
<tr>
<td>Female</td>
<td>101</td>
<td>31.7</td>
</tr>
<tr>
<td>Total</td>
<td>319</td>
<td>100</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 to 30</td>
<td>103</td>
<td>32.3</td>
</tr>
<tr>
<td>31 to 40</td>
<td>140</td>
<td>43.9</td>
</tr>
<tr>
<td>41 to 50</td>
<td>49</td>
<td>15.4</td>
</tr>
<tr>
<td>51 and older</td>
<td>27</td>
<td>8.5</td>
</tr>
<tr>
<td>Total</td>
<td>319</td>
<td>100</td>
</tr>
<tr>
<td>Education / Qualification</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduation</td>
<td>110</td>
<td>34.5</td>
</tr>
<tr>
<td>Masters</td>
<td>197</td>
<td>61.8</td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
<td>3.8</td>
</tr>
<tr>
<td>Total</td>
<td>319</td>
<td>100</td>
</tr>
<tr>
<td>Organizational Position Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Officer Level</td>
<td>243</td>
<td>76.2</td>
</tr>
<tr>
<td>Managerial Level</td>
<td>76</td>
<td>23.8</td>
</tr>
<tr>
<td>Total</td>
<td>319</td>
<td>100</td>
</tr>
<tr>
<td>Experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 1</td>
<td>53</td>
<td>16.6</td>
</tr>
<tr>
<td>1 to 3</td>
<td>101</td>
<td>31.7</td>
</tr>
<tr>
<td>3 to 5</td>
<td>75</td>
<td>23.5</td>
</tr>
<tr>
<td>5 and more</td>
<td>90</td>
<td>28.2</td>
</tr>
<tr>
<td>Total</td>
<td>319</td>
<td>100</td>
</tr>
</tbody>
</table>

The demographic facts table also explains that most of the employees of our sample are working in Islamic banking sector from 1 year to 3 year where 23% have 3 to 5 year Islamic banking experience and 28% respondents are serving in Islamic banks more than 5 years.

5.2 Measurement Models

Assessment of hypothesis is based on initially to confirm latent factors; conformity factor analysis (CFA) was applied, concerning with utilization of data for further statistical analysis. Missing data, outliers and reliability tests were checked through descriptive and data screening phase. CFA was separately conducted for all factors as well, which confirm the fitness of good indices on a case by case basis. Table 2 results shows all parameter estimate at significant level and table 3 shows their goodness of fit. All factors meet the
standard criteria of less than 0.8 RMSEA with other goodness of fit indexes such as GFI, NFI, CFI, etc. Since, to cope with set standard, convergent validity tool was applied by way of confirmatory factor analysis (CFA). In modification index head, only one covariance established between e19 and e20 (JS2 & JS3) covering highest MI value within same variable of job satisfaction. Revised model meet all set standards for absolute and common relative fit indices.

** Table 2: Factor Estimates **

<table>
<thead>
<tr>
<th>Idealized Influence</th>
<th>Factor Reliability</th>
<th>Inspiration Motivation</th>
<th>Factor Reliability</th>
<th>Intellectual Stimulation</th>
<th>Factor Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>II4</td>
<td>(0.869)**</td>
<td>IM4</td>
<td>(0.858)**</td>
<td>IS4</td>
<td>(0.928)**</td>
</tr>
<tr>
<td>II3</td>
<td>(0.795)**</td>
<td>IM3</td>
<td>(0.715)**</td>
<td>IS3</td>
<td>(0.853)**</td>
</tr>
<tr>
<td>II2</td>
<td>(0.876)**</td>
<td>IM2</td>
<td>(0.865)**</td>
<td>IS2</td>
<td>(0.992)**</td>
</tr>
<tr>
<td>II1</td>
<td>(0.937)**</td>
<td>IM1</td>
<td>(0.995)**</td>
<td>IS1</td>
<td>(1.098)**</td>
</tr>
</tbody>
</table>

** Individualized Consideration **

<table>
<thead>
<tr>
<th>Individualized Consideration</th>
<th>Factor Reliability</th>
<th>Organizational Commitment</th>
<th>Factor Reliability</th>
<th>Job Satisfaction</th>
<th>Factor Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>IC4</td>
<td>(0.709)**</td>
<td>OC4</td>
<td>(0.976)**</td>
<td>JS4</td>
<td>(1.258)**</td>
</tr>
<tr>
<td>IC3</td>
<td>(0.758)**</td>
<td>OC3</td>
<td>(0.899)**</td>
<td>JS3</td>
<td>(1.117)**</td>
</tr>
<tr>
<td>IC2</td>
<td>(0.692)**</td>
<td>OC2</td>
<td>(0.975)**</td>
<td>JS2</td>
<td>(1.215)**</td>
</tr>
<tr>
<td>IC1</td>
<td>(0.679)**</td>
<td>OC1</td>
<td>(0.849)**</td>
<td>JS1</td>
<td>(1.333)**</td>
</tr>
</tbody>
</table>

Meanwhile, all confirmed factors shows the positive relationship with each other with positive covariance which is less than (0.8). Furthermore, as substantial paradigm recommended by, Hair, et.al. (2010) factor loadings regarding all manifest variables were greater than 0.50.

** Table 3: CFA Model Fitness **

<table>
<thead>
<tr>
<th>χ²</th>
<th>D.f</th>
<th>P-value</th>
<th>χ²/D.f</th>
<th>RMSA</th>
<th>AGFI</th>
<th>GFI</th>
<th>CFI</th>
<th>PCLOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>341.16</td>
<td>28/3</td>
<td>0.01</td>
<td>1.206</td>
<td>0.025</td>
<td>0.914</td>
<td>0.925</td>
<td>0.98</td>
<td>1</td>
</tr>
</tbody>
</table>

** Required Good Fit Value **

< α < 3 <0.08 >0.9 0 >0.9 0 >0.9 0

5.3 Structural Equation Model

To investigate the impact of conceptual model variables and hypotheses testing final structural model of perceived transformational leadership was drawn. Since, all fitness of good thresholds regarding absolute and common relative indices were achieved with
significant level theretofore no need to execute any modification index [see Table 5]. Statistics of estimates given in Table 4 revealed the overall positive impact of transformational leadership to employee satisfaction and commitment by week nature of impact whilst job satisfaction have positive impact on commitment with moderate in nature.

### Table 4: Statistics of Estimates

<table>
<thead>
<tr>
<th>Model 'Hyp'</th>
<th>Path</th>
<th>Statistics</th>
<th>Impact Nature</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H1</strong></td>
<td>H --&gt; JS</td>
<td>(0.358)**</td>
<td>+ ve (weak)</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>IM --&gt; JS</td>
<td>(0.386)**</td>
<td>+ ve (weak)</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>IS --&gt; JS</td>
<td>(0.259)*</td>
<td>+ ve (weak)</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>IC --&gt; JS</td>
<td>(0.283)**</td>
<td>+ ve (weak)</td>
<td>Supported</td>
</tr>
<tr>
<td><strong>H2</strong></td>
<td>H --&gt; OC</td>
<td>(0.266)*</td>
<td>+ ve (weak)</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>IM --&gt; OC</td>
<td>(0.243)*</td>
<td>+ ve (weak)</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>IS --&gt; OC</td>
<td>(0.127)*</td>
<td>+ ve (weak)</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>IC --&gt; OC</td>
<td>(0.174)*</td>
<td>+ ve (weak)</td>
<td>Supported</td>
</tr>
<tr>
<td><strong>H3</strong></td>
<td>JS --&gt; OC</td>
<td>(0.587)**</td>
<td>+ ve (moderate)</td>
<td>Supported</td>
</tr>
</tbody>
</table>

** Significant at 1%  * Significant at 5%

The SEM model given in figure 2. Shows that changing one level in Idealized influence will positively 27 time increase employee’s organizational commitment and 36 time more satisfied with his/her job. Inspirational motivation creates 24 time positive effect on employee’s organizational commitment and 39 times on job satisfaction by changing one level.

### Table 5: SEM Model Fitness

<table>
<thead>
<tr>
<th>$\chi^2$</th>
<th>D.f</th>
<th>P-value</th>
<th>$\chi^2$/D.f</th>
<th>RMSA</th>
<th>AGFI</th>
<th>GFI</th>
<th>CFI</th>
<th>PCLOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>341.16</td>
<td>283</td>
<td>0.01</td>
<td>1.206</td>
<td>0.051</td>
<td>0.907</td>
<td>0.904</td>
<td>0.937</td>
<td>0.978</td>
</tr>
</tbody>
</table>

Required Good Fit Value

$\text{< } \alpha$  $\text{< 3}$  $\text{< 0.08}$  $\text{> 0.90}$  $\text{> 0.90}$  $\text{> 0.90}$

Similarly, model explains that if one level of Intellectual Stimulation and Individualize Consideration is changed it create positive effect on employee comment and satisfaction. As Job satisfaction plays a mediating effect in the model, it shows that changing a single level of job satisfaction of employee will positively make employees 59 time more committed to his organization. The model is trustworthy because it satisfies all the statistical requirements and model fitness criteria’s.
Figure 2: Fitted SEM model of Transformational Leadership

II = Idealized Influence  IS = Intellectual Stimulation  OC = Organizational Commitment
IM = Inspiration Motivation  IC = Individualize Consideration  JS = Job Satisfaction

5.4 Discriminant Analysis

The analysis was conducted to calculate views of employees working in Islamic Banking sector about components of transformational leadership along with satisfaction and commitment are as exogenous, keeping in view organizational position level as endogenous variable ranging as officer and managerial level. So, initially to identify the roughly estimation regarding differences between all independent variables, calculations of group mean and ANOVA test were exercised. Detailed statistics are shown as hereunder,

<table>
<thead>
<tr>
<th>Level</th>
<th>Mean</th>
<th>S.D</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officer</td>
<td>3.5</td>
<td>4.0</td>
<td>3.8</td>
</tr>
<tr>
<td>Managerial</td>
<td>4.1</td>
<td>4.2</td>
<td>4.0</td>
</tr>
<tr>
<td>Total</td>
<td>3.6</td>
<td>4.1</td>
<td>3.9</td>
</tr>
</tbody>
</table>

On examination of group statistics significant group differences were not found as regards to officer and managerial employees; although, employees with officer position admitted perceived transformational leadership, satisfaction and commitment with lower acknowledgement comparatively to managerial level as shown in means. Moreover, reference to standard deviation section, officer level employees respond with greater variation comparatively to managerial level. On the other hand tests of mean equality tells that all variables in independent domain endures significant potential to retain in model for discriminant, as p-value is less than α for all.
Table 7: Mean Equality Test

<table>
<thead>
<tr>
<th></th>
<th>II</th>
<th>IM</th>
<th>IS</th>
<th>IC</th>
<th>JS</th>
<th>OC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wilks Lambda value</td>
<td>(0.962)**</td>
<td>(0.982)*</td>
<td>(0.987)*</td>
<td>(0.960)**</td>
<td>(0.905)**</td>
<td>(0.971)**</td>
</tr>
</tbody>
</table>

** Significant at 0.01        * Significant at 0.05

Table 8 shows the criterion to examine the equality of covariances’ across groups. Box M test didn’t supported for the different covariance matrices concerning to organizational position level as p-value <0.05, sample size considerations were imparted. As a result, variance equality wasn’t assumed where log determinant value were outlying in position level categories.

Table 8: Log Determinants & Box’s M Test

<table>
<thead>
<tr>
<th>Log Determinants</th>
<th>Box’s M</th>
<th>211.326</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Position Level</td>
<td>Rank</td>
<td>Log Determinant</td>
</tr>
<tr>
<td>Officer Level</td>
<td>6</td>
<td>-7.71</td>
</tr>
<tr>
<td>Managerial Level</td>
<td>6</td>
<td>-13.046</td>
</tr>
<tr>
<td>Pooled within-groups</td>
<td>6</td>
<td>-8.306</td>
</tr>
</tbody>
</table>

The ranks and natural logarithms of determinants printed are those of the group covariance matrices. Tests null hypothesis of equal population covariance matrices.

The below Table 9 information articulates the week discriminant model fitness. Proposed model consist the endogenous variable as of two groups so there was only one function enduring the eigenvalue is less than 1 which was far less than threshold point. Value of canonical correlation and wilks lambda reveals that discriminant model explains only 10% approx. variation and signifies @ 0.001. Inter-correlation between independents also exhibits lesser chances to discriminate. Though assessing the influence of specific variable; figures of Wilks’ Lambda from mean equality, standardized coefficients and structure matrix explores job satisfaction as most discriminating variable rest of all variables having meaningless discriminating impacts. Thus, hypothesis H4 supported at the same time as H5 didn’t supported for all predictors.

Table 9: Wilks’ Lambda

<table>
<thead>
<tr>
<th>Function(s)</th>
<th>Wilks Lambda</th>
<th>χ²</th>
<th>Df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.897</td>
<td>34.134</td>
<td>6</td>
<td>0.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Eigenvalue</th>
<th>Canonical Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>.115a</td>
<td>0.321</td>
</tr>
</tbody>
</table>

The above information articulates the week discriminant model fitness. Proposed model consist the endogenous variable as of two groups so there was only one function enduring the eigenvalue is less than 1 which was far less than threshold point. Value of canonical correlation and wilks lambda reveals that discriminant model explains only 10% approx. variation and signifies @ 0.001. Inter-correlation between independents also exhibits lesser chances to discriminate. Though assessing the influence of specific variable; figures of Wilks’ Lambda from mean equality, standardized coefficients and structure matrix explores
job satisfaction as most discriminating variable rest of all variables having meaningless discriminating impacts. Thus, hypothesis H₄ supported at the same time as H₅ didn’t supported for all predictors.

6. Discussion

The growth and profitability of an organization depends on satisfaction and commitment of employees working in corporate service concerns. Significant results demonstrated, components of transformational leadership escort to create enhanced employee satisfaction and commitment influencing with positive impact (H₁ & H₂ supported) as it stipulate a myth to favorable interpersonal relationships among personnel, furthermore satisfaction of employee also have direct positive impression (H₃ supported). Previous studies such as Munir et al., (2012), Albion and Gagliardi (2011), Zhao & Begley, (2015), Avolio et al., (2004) and Bushra, Usman and Naveed (2011), supported for the findings regarding transformational leadership characteristics’, although findings of Long et al., (2014) opposing the facts, whereas the study of, Riaz et al., (2011) supported H₃ notably. In our study the given sample taxonomies, employees working in Islamic banking industry shows overall agreed perceivings’ of transformational leadership, satisfaction and commitment with little discrimination on testing with employee position (H₄ supported). Significant tests of discriminant analysis proved model variables as not fitted for strong prediction of discriminant analysis (H₅ not supported) although it was scrutinized, job satisfaction endorsed as the most differentiation with respect to employee captivating position level. Overall all impacts are positive but in weaken consideration herewith, which leads to not so much whether to job satisfaction and employee commitment should be subsequent to perceived transformational leadership. In general, findings reveals that Islamic banking sector need to improve transformational leadership dimensions for more enhanced performance by acquiring satisfaction and commitment of followers towards ultimate outcome.

7. Conclusion, Recommendation and Future Considerations

The impact pertains to components of transformational leadership has analyzed in this investigation while taking employees working in Islamic Banking sector. Employee satisfaction and commitment procured positively, week impact by components, beside utmost dis-similar degree of perceived leadership & satisfaction on comparing with organization position levels. Leadership with transformational reforms encourage employee to be innovative & creative in such a way to think beyond the limits and innovate new ideas, valuable for organizations. Unfortunately, transformational leadership in Islamic Banking sector has not shown worthwhile presence, where significance findings advocated that if supervisors adopted transformational passion substantially outcomes endures fruitfully. In contemporary dynamic restructuring of banking sector leaders with transformational skills ought to positioned, who can perform within scarce resources intended for new conducts. Unfortunately, even in modern era transformational leadership is not implemented on real time bases, most leaders’ still concentrate on just to cope with business targets or to reduce cost in order to show greater profitability to reporting management. Accordingly, which seems beneficial is short term artificial evaluations but ascertain a tremendous fault in more strategic perspectives. Furthermore, communication gap exist, as most of managers didn’t have awareness about it, then non-equipping of specific conflict handling transformational skill make considerable difference towards organization objectives and employee satisfaction. As suggested by Warrick (2011) today
leaders must equip with visionary surfaces to inspire subordinates and encourage & engage them in a most collaborative way to exerts higher energy levels by acting as role model and demonstrate full commitment to achieve anticipated success.

This paper scrutinize the perception of employees about transformational leadership components, satisfaction and commitment elegance; future considerations might add additional variables about employee performance, rewarding organism, retention and cultural developments. Other business segments or comparative industry analysis also been conducted to recognition of facts. Moreover, both satisfaction & commitment pertains to job encompass several dimensions as well for examination of more details in support of practical manipulations.

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REFERENCES


Transformational Leadership, Job Satisfaction and Organizational Commitment


