

## **Transformational Leadership and Organizational Citizenship Behaviour in Food and Beverage Industry in Colombo District**

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### **ABSTRACT**

Efficient and loyal human resources have been given prominence by most of the modern organizations due to its value and importance in achieving organizational objectives. In such context, employees who tend to behave as citizens of their organizations are treated as valuable assets where, they are willing to perform more tasks than the formal responsibilities assign through their contract of employment. The literature identifies that the managerial style of the immediate supervisor can effectively influence the organization citizenship behaviour among employees. This study was carried out to examine the impact of transformational leadership style on creating organizational citizenship behaviour among employees in the food and beverage companies and to determine the most influencing trait of transformational leadership on creating organizational citizenship behaviour. The study was conducted with the data collected from hundred employees of twenty medium and large scale food and beverage companies established in Colombo district through a questionnaire based survey. Spearman's Rank Correlation and Kruskal-Wallis test were used to analyse the data. The results highlighted that, the transformational leadership style of the supervisor is positively and significantly related to the creation of organizational citizenship behaviour among the employees while, inspirational motivation was identified as the most influencing trait of creating organization citizenship behaviour. Therefore, the study suggests the importance of further improving of transformational leadership traits among the first and middle level managers of food and beverage companies as a strategy to create and maintain the organization citizenship behaviour among its employees.

**KEYWORDS:** Food and beverage companies, Organizational citizenship behaviour, Transformational leadership

### **INTRODUCTION**

Human factor provides the competitive edge of any industry where, employees play the key role in organizational success. During the stay of an employee in the organization, there are certain behaviours which are expected from him and are abiding on him by the rules and regulations of the organization. However, employees at times exhibit certain behaviours that go beyond the call of duty. Such behavior is termed as Organizational citizenship behaviour (OCB). Organ (1988) introduced this concept as "Good Soldier Syndrome" which further explains as extra role behavior. Though OCB is a concept that related to job, it is not linked to any formal reward system. However, it helps in the effective functioning of the organization.

Organ (1988) conceptualizes the OCB consisting five dimensions namely altruism, conscientiousness, sportsmanship, courtesy and civic virtue. The term altruism expresses the behavior of helping other members in the organization in their tasks. Conscientiousness is the behaviour that induces an employee to serve organization beyond what is expected, such as obeying rules and regulations, refrain from taking extra breaks and working extra-long days. Sportsmanship refers to the behavior of being positive, avoid complaining unnecessarily about the difficulties faced in the

workplace while showing a better tolerance towards problems experienced in the work place. Courtesy is about avoiding actions that unnecessarily make colleagues' work harder. It further includes giving them enough notice to get prepared when there is an addition to their existing work load. Civic virtue refers to the behavior of employees to actively and willingly participate in the work place activities such as, attending meetings which are not mandatory and keeping touch with the changes in the organization.

Transformational leadership is a new dimension of leadership where the leader collaborates with the employees to identify the needed change while, creating a vision to guide the change through inspiration. Moreover, the transformational leaders serve to enhance the motivation, morale and job performance of followers through a variety of mechanisms. The four specific traits of transformational leadership shown in the literature are, idealized influence (being a role model for followers in order to inspire them and raise their interest in the work), intellectual stimulation (challenging followers to take the responsibility for their work), individualized consideration (understanding the strengths and weaknesses of followers) and inspirational motivation (appealing and inspiring the followers) (Bass and Riggio, 2010).

Within the organizational context, human resources are the most valuable and indispensable factor which is essential to carry out the organizational functions smoothly, effectively and efficiently. Having employees who are willing to contribute for the success of their workplace is essential for the survival of any organization. However, many scholars have taken steps to study the underline factors that can influence the OCB among employees. Amongst the others, the researchers have identified that, transformational leadership is one such key factor which can closely and positively influence OCB (Boerner *et al.*, 2007; Oguz, 2010). Being relatively new concepts, studies based on the relationship between transformational leadership and OCB are found to be less under the Sri Lankan organizational context. Thus, the present study is designed to address this important knowledge gap of assessing the relationship between transformational leadership and OCB in relation to the employees engaged in Sri Lankan organization context.

Therefore, the specific objectives of this study were to identify the presence of transformational leadership and OCB among managers and workers in food and beverage companies respectively and to determine whether there is a relationship between transformational leadership style and OCB. Further, it was aimed to identify the most influential dimension of transformational leadership on creating OCB among employees working in food and beverage companies in Sri Lanka with reference to the large and medium scale establishments in Colombo district.

**METHODOLOGY**

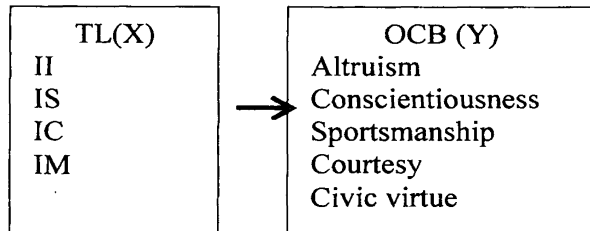
**Study Area and Data**

The study was mainly based on the primary data collected from large and medium scale food and beverage companies in Colombo district. Prior to the real survey, pilot survey was carried out in order to validate the questionnaire (n=10). The real survey was conducted among 20 food and beverage companies in Colombo district from February to March 2016. The data were collected from 100 employees, taking five employees from each company using a structured questionnaire via both mail and face to face interviews. The behaviors related to transformational leadership and OCB were measured in terms of five-point Likert scale items derived based on the scale developed by Podsakoff *et al.* (1990).

**Theoretical Framework**

The study employed transformational leadership (TL) as independent variable and

OCB as dependent variable. Organizational citizenship behaviour consisted of five dimensions namely altruism, conscientiousness, sportsmanship, courtesy and civic virtue while TL was measured using four traits namely idealized influence (II), intellectual stimulation (IS), individualized consideration (IC) and inspirational motivation (IM) as indicated in Figure 1.



**Figure 1. Theoretical framework** TL- transformational leadership, OCB- organizational citizenship behaviour, II- idealized influence, IS- intellectual stimulation, IC- individualized consideration and IM - inspirational motivation

H<sub>1</sub>: Manager’s transformational leadership style is positively related to the employees’ OCB.

**Reliability Analysis**

The reliability analysis was used to measure the internal consistency of multiple Likert scale statements of transformational leadership and OCB.

**Development of Indices**

The respondents were asked to state their responses on TL and OCB on a set of statements scored on five-point Likert scale, ranging from never “1” to always “5”. Given the qualitative nature of data obtained, two indices were developed for the purpose of further analysis using the scores provided by the respondents. The values of the developed indices were ranging from zero to hundred. The transformational leadership index (TLI) was developed as follows where; a similar procedure was used to develop the organization citizenship behaviour index (OCBI).

$$TLI = \frac{\sum_{k=1}^K X_k}{K \times Max_x} \times 100$$

Where,

X<sub>k</sub> – Score given to the statement by k<sup>th</sup> respondent

Max<sub>x</sub> – Maximum score that could be given by a respondent

K – Total number of statements in group

**Data Analysis**

The data were analyzed using both descriptive and inferential measures. Descriptive analysis was performed to

summarize and to understand the demographic and other baseline information of the respondents. The relative magnitude of the TL dimensions was determined using Kruskal-Wallis test with the purpose on identifying the most influential factor to result OCB.

**RESULTS AND DISCUSSION**

**Descriptive Statistics**

Out of the total number of respondents, majority were under the age group of 20 - 30 years (58%). Further, the majority (61%) of the employees were males. Forty five percent of respondents were graduates hence; their educational level was very high. Forty eight percent of the respondents attended to national schools while only 12% had completed their secondary education at private schools. Majority of respondents were from urban areas (70%) whereas only 10% represented the rural category. Only eight percent of the respondents had more than 11 years of experience while, the majority had less than 5 years of experience (58%; Table 1).

**Table 1. Descriptive statistics**

Variables	Category	Percentage (%)
Age	20 to 30	58
	31 to 40	24
	41 to 50	10
	More than 51	8
Marital status	Married	57
	Single	43
Gender	Male	61
	Female	39
Educational level	A/L	30
	Diploma	16
	Degree	45
	Other	9
School attended	National	48
	Provincial	40
	Private	12
Home town	Urban	70
	Semi urban	20
	Rural	10
Experience	Less than 5	58
	6 to 10	34
	11 to 20	4
	More than 21	4

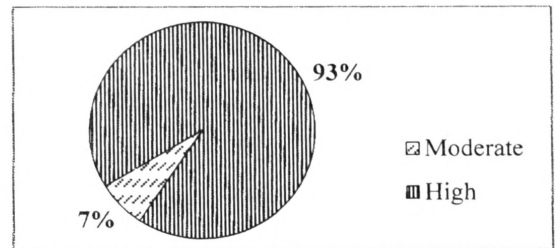
**Reliability Analysis**

The reliability analysis applied Cronbach's alpha to evaluate the internal consistency of the Likert scale items. The results of Cronbach's alpha were 0.811 and 0.688 for the transformational leadership and OCB respectively. According to Hair *et al.* (1998), it is acceptable when Cronbach's alpha is higher than 0.7.

**Levels of Organization Citizenship Behaviour**

Ninety-three percent of respondents were fall into the category of high level of OCB

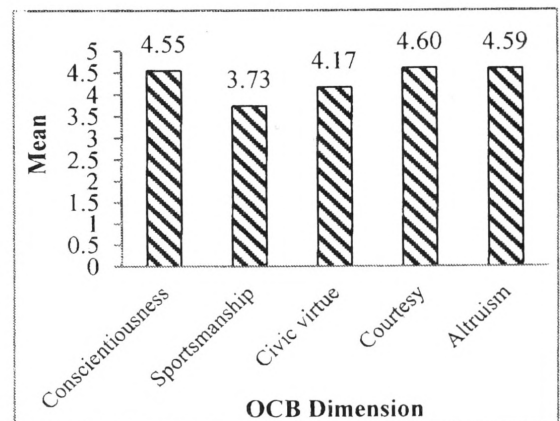
while, only seven percent of them were under the moderate level (Figure 2).



**Figure 2. Levels of organizational citizenship behaviour**

**Mean Variation of Organizational Citizenship Behaviour Dimensions**

Mean values for the scores provided by the respondents on statements related to OCB were calculated and among the dimensions of OCB considered, the majority of the respondents reflected the presence of courtesy within their behaviors with a mean value of 4.60. The behaviors that reflect altruism and conscientiousness were also high with mean values of 4.59 and 4.55 respectively. However, the evidence for the presence of sportsmanship was relatively less within the employee behaviors compared with other dimensions (Figure 3).



**Figure 3. Mean variation among organizational citizenship behaviour (OCB) dimensions**

**Outcome of the Spearman's Rank Correlation Analysis**

The respondents were categorized into two categories as employees who work under a manager with TL traits and employees who work under a manager without TL traits based on the values of transformational leadership index (TLI). Respondents who scored a TLI value 60% or above were categorized under the first category as, they are working under a manager with TL traits. The results revealed that, 64% of employees are working under the managers with TL traits and 36% of them are

under managers with no TL traits. Spearman's Rank Correlation Analysis was employed separately for above two categories in order to examine the relationship between leadership style and OCB with the focus of investigating any differences of the outcomes of under two categories.

The results of first correlation analysis highlighted that, the transformational leadership style is significantly and positively related to the OCB with a correlation coefficient (r) of 0.408 at 0.01 significance level under the first category of which managers with TL traits. Furthermore it showed that, transformational leadership dimensions such as inspirational motivation, individualized consideration and intellectual stimulation significantly and positively related to the OCB with correlation coefficients of 0.419, 0.332 and 0.260 at 0.05 significance level respectively. However, the trait, idealized influence was not found significantly related to the OCB of employees (Table 2).

Out of the TL traits tested, the inspirational motivation implied the highest correlation coefficient (0.419) where, the relationship to OCB is also positive. The idea of inspirational motivation is the degree to which the leader articulates a vision that is attractive and inspiring to followers. It reflects on the fact that, these employees are willing to invest more effort in their tasks when they are encouraged and optimistic about the future and believe in their abilities. Furthermore, the trait of individualized consideration is positively and significantly correlated with OCB with a correlation coefficient of 0.332. Thus, when a manager attends to each employees' needs, acts as a mentor and listens to the employees' concerns and needs automatically employees have a will and motivation for their duties. As depicted in Table 2, Intellectual Stimulation is significantly and positively correlated with OCB with a coefficient of 0.260. Managers with this trait encourage creativity and develop people for the independent thinking. Thus, employees tend to think deeply about issues and figure out better way to complete their task. Finally, the results revealed that, there is no significant relationship between idealized influence and OCB. Managers with this trait tend to influence employees by acting as role models. As the results of the present study show no correlation between II and OCB, it implied that today's managers are not inspiring their employees by doing but, rather commanding and asking them to perform thus, does not reflect the behavior of true transformational leaders.

The second stage of Spearman's Rank Correlation analysis was performed to investigate the relationship between TL and OCB of employees who work under managers with no TL component. The results reflected that, there is no significant relationship between two variables. Further, none of the individual TL traits were significantly correlated with OCB of employees (Table 3).

The results revealed that managers with transformational leadership traits show significant influence on creating OCB among their employees while, managers without transformational leadership have no influence on creating OCB among their employees.

**Table 2. Results of correlation analysis: for transformational leadership index  $\geq$  60% category**

Variable	Correlation Coefficient	Probability value
Transformational leadership	0.408**	0.000
IM	0.419**	0.000
II	0.015	0.904
IC	0.332**	0.007
IS	0.260*	0.038

Note: \*\*Significant at the 0.01; \* Significant at the 0.05; IM-Inspirational Motivation, II- Idealized Influence, IC- Individualized Consideration, IS- Intellectual Stimulation

**Table 3. Results of correlation analysis: for transformational leadership index  $\leq$  60% category**

Variable	Correlation Coefficient	Probability value
Transformational leadership	0.014	0.937
IM	-0.091	0.598
II	0.048	0.780
IC	-0.115	0.504
IS	0.083	0.632

IM-Inspirational Motivation, II- Idealized Influence, IC- Individualized Consideration, IS- Intellectual Stimulation

**Outcome of the Kruskal- Wallis Test**

The Kruskal-Wallis test was performed to identify the most influential trait of TL on creating OCB among employees (Table 4).

**Table 4. Result of Kruskal-wallis test**

Group	Median	Avg. rank	Z value
IM	100.0	152.5	2.45
II	90.0	141.0	1.04
IC	85.0	100.8	-3.90
IS	95.0	135.8	0.40

IM-Inspirational Motivation, II- Idealized Influence, IC- Individualized Consideration, IS- Intellectual Stimulation

The outcome of the test highlighted that, at least one of the trait of TL is significantly different from other traits (probability value of 0.000). Among the four traits, inspirational motivation scored the highest median value indicating the highest influence on OCB, which is again compatible with the results of correlation analysis. Individualized consideration showed the least effect on OCB with a median value of 85.0 (Table 4).

### CONCLUSIONS

Productivity of an organization mostly depends on the performance of its employees. To enhance the productivity and gain more profit to the organization, there should be employees who are willing to do more work than just a basic behavior in accordance with contract agreed by employees. Transformational leadership style is an approach that enhances the interpersonal relationship between leaders and employees. Further, it is an effective way to create extra role behavior or OCB among employees. A manager with TL traits helps to enhance motivation, moral and job performance of employees within the organization. The results revealed that, the majority of the managers in food and beverage companies in Colombo district embrace the traits of TL.

The study investigated the impact of transformational leadership style on OCB of the employees. Overall findings of the study contribute to the fact that, transformational leadership significantly and positively related to the OCB which is compatible with the previous studies carried out by many scholars such as Boerner *et al.* (2007) and Oguz (2010) *etc.* The study further implied the fact that out of four TL traits, inspirational motivation contributes largely towards employees' OCB.

Thus, adaptation of transformational leadership style is recommended, as it can create the OCB among employees. Organizations concerned with raising the level of citizenship performance in their workers could start by educating managerial level workers on the importance of meaningful work towards citizenship performance. The emphasis should be given to plant the traits of TL within managers with the expectation of better performance of followers. More focus should be placed on developing the traits related to inspirational motivation within managers as it has positive effects on OCB. However, the trait of idealized influence should also be given some attention as, today's employees no longer take their managers as role models. But, if a manager can act as a true role model, it can

certainly influence the workers towards better performance.

Further, it is recommended that, administration of food and beverage companies can focus more on developing the transformational leadership traits of their middle and first line managers as a strategy to improve the OCB of their employees. This can be achieved through streamlined human resource management practices such as; fair compensation policies, sound incentive schemes and performance appraisal measures which can motivate both managers and employees and in turn to enhance the organizational overall performances.

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