



## The Effect of Transformational Leadership

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**Abstract.** Islam has a perfect way in forming and producing an excellent leader for all type of organization. Based on the Islamic teaching, a good leader should have clear missions and specific goals to be achieve in managing an organization. For instance, a good Islamic leader will always try to improve the organization that he leads. The improvement that he does must be a process of changing towards a better working environment for his employees. The transformation process in the organization will be view through the ability of a leader to implement the changes that brings very significant impact in increasing employee commitment and satisfaction. Therefore, the study aims to find out which leadership style, that adopt and applies the Islamic teaching, has a positive relationship with the employee's job satisfaction in organization management. The study interviewed 10 employees that used to work at Mydin Mohammed Holdings BHD. This study possess two crucial findings, specifically idealized influence and intellectual stimulation, which have a significant and positive connection to employee commitment which is beneficial to the organization. The outcome of the study confirmed that the suitable leadership style that become a critical determinant of an organizational commitment is the transformational leadership style. Furthermore, discussion, implications, and conclusion are also briefly discussed in the study.

**Keywords:** Islamic teachings, Transformational leadership.

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### INTRODUCTION

Organizations are social systems and the most significant factors for its effectiveness and efficiency are the human capital. To achieve their goals, organizations require an effective managers and employees. Organizations cannot succeed without the cooperation and dedication of their staff in doing their tasks. Job satisfaction is a key to recruiting and maintaining well-qualified workers. Therefore, a good leader plays a vital role on maintaining the commitment from employees. Leadership is an integral aspect of regulating people's lives to be safer and better. It is a process of transforming an individual in terms of behaviour and thought of someone within a family, an organization or a country to achieve the objectives that has been set. A leader is important in all aspects of life as some matters can be well guided and the procedures are based on the principles of Islam. The Prophet (pbuh) says: *'When three persons set out on a journey, they should appoint one of them as their leader'*. It explains the importance and need of a leader in managing a situation that happening in the organization. In addition, the appointed leader shall alert with his responsibilities in order to make the best decision. This reflects the importance of the Islamic principles within a leader as he has credibility, responsibility, accountability and trust given by Allah S.W.T with the pleasure of Allah.

An attitude and reactions that people have towards their jobs and how they perform these jobs are known as employee job satisfaction. Moreover, job satisfaction can be defined as an employee's affective reaction to a job, based on a comparison between these two factors, actual results and targeted results. Job satisfaction is commonly recognized as a multifaceted construct that includes employee affection about a variety of both intrinsic and extrinsic job elements. It encompasses specific aspects and levels of satisfaction related to wages, promotion, work environment, benefits, organizational activities, supervision and relationships with the co-workers.

Justification for the need to inspect job satisfaction is represented in the seemingly observed relationship between the levels of job dissatisfaction, low morale, injustice expression, absenteeism, lateness and high turnover rate. Job satisfaction is an immediate antecedent of intention to leave the workplace and turnover. Unsatisfied workers will quit their jobs quickly compared to their satisfied colleagues. Retention and turnover of staff, particularly highly skilled personnel, are important issues for managers to handle in order to ensure the organization are operated by these personnel. Employees who has high job satisfaction in the organization are more likely to be productive and stay longer in the

organization. Furthermore, highly satisfied employees have more innovative ideas and activities in continuous quality improvement and participate actively in decision-making process in organizations.

Leadership is considered as an important predictor and play a crucial role among the various determinant of job satisfaction. Leadership is a management function, which is the process of influencing people so that they will achieve the goals of the organization. Countless studies implemented in several countries showed that there is a positive link between leadership and the job satisfaction. Organizational success in realizing its goals and objectives are highly depends on the managers and the style of leadership used. By using suitable leadership styles, managers able to affect employee job satisfaction, productivity and commitment. Leadership style can be defined as a series of managerial attitudes, behaviors, characteristics and skills, leadership interests and reliability of employees in various kind of situations. It is the ability of a leader to influence subordinates to performing at their best capability. This factor captures the extent to which management respects employees, operates with honesty and integrity, maximize productivity, and has clear lines of communication with employees.

There are various styles of leadership such as: autocratic leadership, coach-style leadership, bureaucratic leadership, laissez-faire leadership, charismatic leadership, democratic leadership, participative leadership, strategic leadership, transactional leadership, and transformational leadership. None of this leadership are able to satisfy each of the individuals working in the organization. Every individuals has a different characteristics, thus it is manager's responsibility to choose which particular leadership style needed to be use in a particular situation. Different situations were handled with different styles and manager are required to know when the best times to execute the suitable approach. None of these leadership style is ideal for every situation, and thus a leader should have proper knowledge and skills to react effectively in one situation but should not emerge as effectively in a different issues arise. Even in Quran did mention about the essential of leadership for human.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

لَقَدْ كَانَ لَكُمْ فِي رَسُولِ اللَّهِ أُسْوَةٌ حَسَنَةٌ لِّمَن كَانَ يَرْجُوا اللَّهَ وَالْيَوْمَ الْآخِرَ وَذَكَرَ  
اللَّهَ كَثِيرًا ﴿٢١﴾

(Al-Ahzab, Verse :21 )

*" There has certainly been for you in the Messenger of Allah an excellent pattern for anyone whose hope is in Allah and the Last Day and [who] remembers Allah often "*

In short, leadership is a guide for a person to carry out and fulfill his responsibilities which are reserved solely for Allah (Salamun, 2012). This study will be focus on one of the leadership style which is the transformational leadership style. This study's aim is to examine and understand the effect of the transformational leadership toward job satisfaction and reduction of deviant behaviour of employees and the result will be discussed briefly. Concept of transformational leadership style introduced by Prophet Muhammad (pbuh). It can be seen when the Prophet was successfully transformed civilization in Mecca during the period of ignorance. Based on the reading of the *sirah*, the level of morale is low during this period and impermissible activities such as gambling, adultery, plunder, murder and repression of the weak people are happening widely all over Mecca before the Prophet Muhammad was a messenger. However, the situation changed positively when the Prophet Muhammad become the messenger. The social life of people in Mecca is getting better and prosperous as a result of the transformational leadership style used by the Prophet Muhammad (pbuh). This is consistent with the concept studied by Western researchers stating that transformational leadership style is something that changing of form or matter in order to produce better and positive environment (Amrozi, 2014). However, this changes cannot be achieve if Prophet Muhammad (pbuh) did not apply the characteristics of a good leader.

Based on the non-muslim perspective, idealized influence too is an important characteristic of a leader. Idealized influence refers to the ability of a leader to become a role model for employees and earn their respect, trust and loyalty towards him (Ekaningsih, 2014). In the context of Islamic leadership, Prophet Muhammad (pbuh) is the perfect role model of leadership and it is followed until now because he has principles of leadership that should be emulated. Principles such as faith, gratitude, obedience, *syura* and can be trusted have brought a change in leadership, the transformational of leadership. According to

Mohamad et al. (2008), the authority of Prophet Muhammad allows him to influence his followers to carry out good governance, alert to the needs of the community, and have specific goals and clear visions. *Qudwahhasanah* concept highlighted by the Prophet Muhammad s.a.w should be emulated by all Muslims and should be applied regardless the gender or organizations.

Furthermore, intellectual stimulation is one of the characteristics of transformational leadership. The western perspective stresses that a leader should encourage his followers to use their own creativity and innovation in problem solving with questions of how to assume, reframe the problem and find a new approach (Aghashahi et al., 2013; Shurbagi, 2014). The intellectual stimulation feature is also part of the approach taken by the Prophet Muhammad (pbuh) in his leadership. Intelligence and the patience shown by Prophet Muhammad (pbuh) in his leadership has attracted the attention of the Arab community. He managed to handle conflicts and problems faced by the people justly and fairly. For example, he successfully won several wars between Muslims and Jews by strategic planning, and with Allah's will, and it was a huge success for Islam. Until to this days, the leadership of Prophet Muhammad (pbuh) was followed by many leaders. He also practiced *syura* in the management of organizations. Besides that, he is a chief judge and warlord (Zainudin, 2014). Therefore, it is clearly stated that Prophet Muhammad (pbuh) has met some of the characteristics of transformational leadership style and the morality of human model has become part of his character. His moral values have transcended the perspective of leadership itself. Hence, it is not surprising that an organization has a good working environment and it can achieve its goals and vision by making the Prophet Muhammad (pbuh) as a role model in transformational leadership style. This coincided with the Word of God s.w.t :

*"There has certainly been for you in the Messenger of Allah an excellent pattern for anyone whose hope is in Allah and the Last Day and [who] remembers Allah often."* (Al-Ahzab, Verse: 21)

A pattern change in transformational leadership showed a more democratic, fair and able to increase the commitment and involvement of individuals in organization. A leader should realize the importance of responsibility towards his subordinates, and it should not because of a reward or a treat. In other words, a transformational leader is an agent of change that will drive changes in their organizations. An organization needs this type of leadership formula, especially in the aspect of consideration and development of an individual skills.

Many past studies conducted on the leadership of the organization has also reveal that ability of a leader in practice of transformational leadership style leads to a positive effect in building employee commitment (Kara, 2012). A transformational leader based on Islamic principles in an organization is important because the leader can retain skilled workers and their commitment to the organization. It can improve the performance of managers, employees and the organization wholly and as well as to create positive interpersonal skills among leaders and followers (Lussier and Achuar, 2013). According to Meyer and Allen (1991), commitment of an employee relate to the psychological link between the employee and the organization which determines the loyalty of an employee to the organization. Employees that commit good work is an advantage for the organization because it can improve the efficiency in order to ensure the company's success (Batool, 2013).

Although this relationship is very important, most of past studies that identified the processes and effects of transformational leadership style but did not explain in detail the mechanisms that affect the follower (Shah et al., 2011). Most researchers believe that the past studies are more focused on simple correlation analysis which to determine the strength of the relationship between transformational leadership style and organizational commitment. Most of the researchers emphasized that west secular leadership concept only leads to worldly affairs (Zainudin, 2014). They have overlooked the actual Islamic leadership that has proven highly reliable and how it encourage followers to change values and attitudes so that they can give commitment to the mission and vision of the organization. This is because Islamic leadership is constituted with the divine and spiritual value that includes *ukhrawi* and worldly affairs, which serves to preserve and manage the world. Besides, Islam also emphasize people to achieve success in hereafter. This situation prompted the researchers to explore this relationship in depth. Thus, this study aims to understand the relationship between transformational leadership style (idealized influence and intellectual stimulation) that applies Islamic approach and employee's commitment in managing the organization.

## LITERATURE REVIEW

Plenty of past studies have been conducted based the model to study the direct effect impact on the relationship between transformational leadership and organizational commitment among leaders and employees. Most of the study that has been carried out by involving a quite similar sample such as 443

five-star hotel employees in Turkey (Kara, 2012), 80 employees of 10 selected banks in Ibadan (Fasola, Adeyemi & Olowin, 2013), 227 employees of the Corporation for National Oil in Libya (Shurbagi, 2014) and 278 lecturers from 47 technical institutions in Kenya (Njoroge, Gachunga & Kihoro, 2015). The findings of the studies found that the practices of transformational leadership style, such as the idealized influence and intellectual stimulation, can contribute to the improvement of organizational commitment in each employee.

The research within the scope of the organization's leadership is in line with the concept of leadership theory's perspectives of Islam and the West. Looking through the perspectives of Islam, theory of psychology by the Prophet Muhammad (pbuh) who emphasized that leaders are able to motivate others shows that leader must be very concerned about the psychological aspects of human beings in order to bridge the human relationship among the followers (Amrozi, 2014). Ibn Khaldun's Theory of Leadership asserts that Islamic leaders should have steady faith. Faith and devotion will be able to preserve the laws of Allah s.w.t to enhance trust and commitment (Zainudin, 2014).

On the other hand, in the perspective of West, Burns's (1978) theory of transformational leadership emphasizes understanding of leader and followers in managing the organization to increase their morality to work. Secondly, Bass's (1985) theory of transformational leadership emphasizes that the interaction between leaders and followers in managing the organization can inspire followers to transcend their self-interest to support the interests of the organization. Thirdly, Meyer and Allen's (1991) theory of organizational commitment emphasizes the relation between employees and the organization in carrying out the functions. It also makes them willing to accept change and innovation. They are also committed to implement additional measures focus on the job, helping other colleagues and actively participate in solving a problem.

## RESEARCH METHODOLOGY

This study conducted via qualitative approach which is document research method. The secondary data was gathered from various sources related to the field of study, such as journals, online journals, few related article and books to the study. Secondary data is gathered, recorded and analysed by researcher for a purpose of the study. Furthermore, researcher has interviewed 10 employees that work for Mydin Mohammed Holdings Sdn Bhd. Six interviewee are Muslim and other four are non-Muslim. This set of sample are chosen in order to study the effect of the transformational leadership with Islamic approach towards the Muslim and non-Muslim.

This study used legal research methodology to explain and analyse the Islamic transformational leadership style. It consists of applied research, analytical/critical research, academic research, descriptive research, and library-type research. The research activities under this heading include the discovery of the effects of the leadership style.

## FINDINGS

The interviewee were asked question related with aspects of study, which is, idealized influence and intellectual stimulation. Firstly, for the idealized influence, the results of the interview shows that all the interviewee are agreed that a leader must show the idealized influence characteristics to increase the organizational commitment. Employees tend to be encouraged by the high spirited leader. The interest and commitment that shown by the leader positively affected the employees that working under him, thus it too increase the commitment by the employees. Plus, this feature also create a healthy and competitive working environment in the organizational.

As for the intellectual stimulation feature, 80 percent of the interviewee agreed and only 20 percent of them are disagreed. The interviewee that agreed this feature is a must have in a leader says that it help the employee to develop their self-confidence, creativity and courage in them. The 80 percent love when a leader involve employee in solving a problem because it make them feel important, thus increase the employee's loyalty to organizational and encourage the employee commitment. The other 20 percent feel it unnecessary for leader to directly involve employee in decision making just to encourage employee to work harder. They prefer other alternative such as giving bonus or rewards as symbol of appreciation.

To sum up, this finding confirms that idealized influence and intellectual stimulation are important determinants of organizational commitment in the studied organization.

## CONCLUSION

This study has confirmed that the purpose of idealized influence and intellectual stimulus has played an important role as a determinant of organizational commitment in the studied organizations. The implications of this study can be divided into two main aspects, namely the contribution to the theory and contributions to the practitioner. In terms of contribution to the theory, this study has highlighted the major finding of transformational leadership (the purpose of stimulating intellectual) can increase organizational commitment and it is supported by studies conducted by Givens (2011), Kara (2012), Fasola, Adeyemi & Olowin (2013), Shurbagi (2014) and Njoroge, Gachunga & Kihoro (2015).

As for contribution to the practitioner's perspective, the outcomes of this study can be used as a guide by the management to improve the effectiveness of leadership and boost the efficiency of employees in the organizations. This objective can be achieved if the management consider these following suggestions. First, the management should introduce and exposed the top management working environment to the person that appointed to be the leader. The leader must be trained so that they have the knowledge, skills and high moral values. The training programmes can improve the interpersonal skills of a leader towards his followers so that he can meet the needs, sharpen the skills of decision making and solve the problems faced by employees. Second, implement the leadership style that involve the participation of employees in decision making process. Therefore, it can indirectly motivate them to use their creativity and innovation in their work. Third, the implementation of Islamic values and teachings in leadership is needed so that employees can follow the example well highlighted by its leaders. Finally, a good interaction and healthy relationship between followers and leaders will enhance the personal relationship for each person such as satisfaction, commitment, performance and ethics. A leader must be alert on employee's need, inside and outside of the organization, and try to satisfy those needs. For instance, if the organization provides varied facilities for employees whose account of their whole family, then, this can motivate followers and leaders to focus more on achieving their goals. If managers take consideration towards these recommendations, it will ease the organization in achieving its objectives which is, based on the study, to produce a positive stimulus between leaders and followers.

In addition, the results of this study showed that the ability of leaders should adopt a transformational concept in designing and implementing organizational functions that will drive positive results for workers such as increase in efficiency, performance, commitment, fulfilment of satisfaction, trust, and positive moral values. Therefore, positive results could lead to the improvement of the competitiveness of the organization in leading the global economy and at the same time, positively affect the leadership itself.

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