



The Mediating Effect of Empowerment in the Relationship between Transformational Leadership and Service Quality

Azman Ismail (Corresponding author), Farida Abd Halim, Dayang Nailul Munna Abang Abdullah, Ahmad Sofian Shminan, Agatha Lamentan Anak Muda & Shairazi Samsudin

Faculty of Cognitive Sciences and Human Development, Universiti Malaysia Sarawak

Kota Samarahan 94300, Sarawak, Malaysia

Tel: 60-82- 581-558 E-mail: iazman@fcs.unimas.my

Antonia Girardi

Murdoch Business School, Murdoch University

South Street. Murdoch. Western Australia 6150, Australia

Tel: 61-08- 9360- 6980 E-mail: a.girardi@murdoch.edu.au

Abstract

Transformational leadership has two salient characteristics: intellectual stimulation and individualized consideration. Recent studies in this area reveal that the effect of such leadership characteristics on job performance is indirectly affected by empowerment. The nature of this relationship is interesting, but little is known about the mediating effect of empowerment in leadership management models. Therefore, this study was conducted to measure the effect of transformational leadership characteristics and empowerment on service quality by using 110 usable questionnaires gathered from employees working in a city based local authority (CBLAUTHORITY) in Sarawak, Malaysia. Outcomes of a stepwise regression analysis showed that the relationship between empowerment and selected transformational leadership characteristics (i.e. intellectual stimulation and individualized consideration) is positively and significantly correlated with service quality. The result confirms that empowerment does act as a full mediating variable in the leadership model of the organization under study. This paper also discusses implications and limitations, as well as directions for future research.

Keywords: Transformational leadership, Empowerment, Service quality

1. Introduction

In the early development of human resource literature, the internal properties of organizational leadership were given much attention (Spreitzer, 1995; Yammarino & Dubinsky, 1994). Many scholars, such as Bass (1988; 1990), Bass and Avolio (1993), Hartog, Muijen and Koopman (1997), discuss transactional leadership and transformational leadership as two salient organizational leadership styles that affect organizational effectiveness. Transactional leadership believes that an exchange of commodities (e.g., rewards) between leaders and followers is an important instrument to achieve job targets (Howell & Avolio, 1993; Pounder, 2002). In this exchange process, leaders often promise to fulfill followers' needs (e.g. wages, promotion) if they comply with their wishes (Bass, 1990, 1994, Jabnoun & AL-Rasasi, 2005). In this era of global competition, many organizations have shifted their management style paradigms from transactional to transformational in order to achieve their strategies and goals (Bass, 1990, 1994; Howell & Avolio, 1993; Humphrey, 2002). Transformational leadership believes that relationships between leaders and followers must focus on developing the followers' full potentials, higher needs, good value systems, moralities and motivation. If this development is properly done this may motivate followers to unite, change goals and beliefs (Bass, 1990, 1994; Bycio, Hackett & Allen, 1995), and look forward beyond fulfilling their self interests (Hartog et al., 1997; Keller, 1995).

Existing research in this area shows that the ability of leaders to properly implement transformational styles may have significant impact on service quality (Humphreys, 2002, Pounder, 2002). Several scholars, such as Bass and Avolio (1994), Jabnoun and AL Rasasi (2005), identify intellectual stimulation and individualized consideration as the most salient transformational leadership characteristics. Intellectual stimulation is often seen as the extent to which a leader