Exploring the Effect of Transformational Leadership on Nonprofit Leader Engagement

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Abstract

Researchers have shown that transformational leadership is a valid leadership theory through research of for-profit organizations; however, there is a lack of empirical support among nonprofit organizations (Riggio, Bass, & Orr, 2004). The intent of this study is to determine whether nonprofit employees are more highly engaged in organizations in which transformational leadership is practiced. Propositions regarding relationships are addressed, including implications and suggestions for future research.

Keywords: Transformational leadership, MLQ, employee engagement, nonprofit

Between 1998-2008, nonprofit creation increased at a record pace of 30.7%, while revenues of reporting nonprofits increased 39.5% (Wing, Roeger, & Pollak, 2010). However, charitable giving by individuals in the U.S. fell by nearly 15%, adjusting for inflation, between 2008-2012 due to the economic hardships beginning in 2007. The ongoing U.S. recession caused nonprofit organizations to face increasing financial challenges and mounting pressure to maintain a highly productive workforce in order to effectively accomplish their visions. In a sample of 363 U.S. nonprofit organizations,
Salamon, Geller, and Spence (2009) found that 83% of respondents reported significant financial stress and 40% reported severe financial stress in 2008-2009, highlighting the need for effective leadership to successfully cope with the current financial crisis. Nonprofits that fail to respond successfully to the impact of the U.S. economic recession may face a significant loss in revenue and even a possible closure.

Nonprofit organizations that hire and develop effective leaders responsible for guiding the efforts of employees and volunteers are more likely to sustain long-term effectiveness and endure economic downturns (Riggio, Bass, & Orr, 2004). Effective leaders influence people and motivate them to contribute beyond expectations (Bolino & Turnley, 2003). Transformational leadership theory argues that it increases an organization’s potential to achieve its goals through higher follower performance, by developing followers to their full potential and increasing their job satisfaction (Bass & Steidlmeier, 1995). Many researchers, such as Bass and Steidlmeier (1999) and Dvir, Eden, Avolio, and Shamir (2002), hypothesized that transformational leaders increase a follower’s desire for high levels of performance, create an environment of strong morality and ethics, and produce greater follower commitment to values of the organization. Tucker and Russell (2004) claim that transformational leaders are indispensable ingredients in organizational development and societal progress. Such leaders reproduce core values in followers and liberate human potential through effective motivation and delegation (Bass & Steidlmeier, 1995).

Many studies link transformational leadership to a variety of positive leadership and business outcomes including those that motivate followers to increase productivity and achieve beyond expectations (Dumdum, Lowe, & Avolio, 2002; Dvir et al., 2002; Kirkpatrick & Locke, 1996; Walumbwa & Lawler, 2003; Zhu, Avolio, & Walumbwa, 2008). A review of the literature reveals that, although many studies examine the impact of transformational leadership among for-profit organizations, there are far fewer studies of transformational leadership among nonprofit organizations (Riggio et al., 2004). Although researchers link transformational leadership to increased employee engagement in for-profits (Bass, 1998; Bycio, Hackett & Allen, 1995; Walumbwa, Orwa, Wang, & Lawler, 2005; Zhu, Avolio, & Walumbwa, 2009), few studies examine whether the same relationships exist in nonprofit organizations.

The purpose of this quantitative study is to examine the relationship between transformational leadership and employee engagement in nonprofit organizational settings. Specifically, this study will examine the relationship between transformational leadership and the subscales of employee engagement (vigor, dedication, and absorption). This study uses the Multifactor Leadership Questionnaire (MLQ 5x-Short), which measures transformational leadership (Bass & Avolio, 1990), and the Utrecht Work Engagement Scale (UWES-9), which measures engagement (Schaufeli, Bakker, & Salanova, 2006), to gather data from a population of nonprofit employees.
THEORETICAL BACKGROUND AND HYPOTHESES

Transformational Leadership

Research since the 1990s suggests that transformational leadership is related to many positive outcomes within organizations. Transformational leadership positively impacts follower performance in the military (Dvir et al., 2002) and has a positive link to follower commitment (Fu, Tsui, Liu, & Li, 2010; Pataraaarechachai & Ussahawanitchakit, 2009). Transformational leadership engenders trust through empowering followers thereby increasing performance, and it maximizes the capabilities of individual employees by emphasizing values and morals in order to accomplish organizational objectives. This results in pluralistic leadership, as well as committed and satisfied followers (Bass & Steidlmeier, 1999). Transformational leaders maximize their followers’ potential through the four components of transformational leadership: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1985a). Howell and Avolio (1992) assert that transformational leaders serve as role models and exemplify moral discipline leading to a positive ethical impact on an organization.

Quantitative, qualitative, and mixed methods methodologies have been employed in the study of transformational leadership since the seminal works of Downton (1973), House (1977), and Burns (1978). A wide variety of studies have found transformational leadership to be related to positive outcomes, such as commitment, satisfaction, direct follower development, and indirect follower performance, in for-profit organizations (cf. Dumdum et al., 2002; Dvir et al. 2002; Kirkpatrick & Locke, 1996; Walumbwa & Lawler, 2003; Zhu et al., 2009). Researchers have conducted many fewer empirical studies of transformational leadership among nonprofit organizations than for-profits (Riggio et al., 2004).

Employee Engagement

Employee engagement is referred to as a “positive, fulfilling work-related state of mind characterized by vigor, dedication, and absorption” (Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002, p. 74). It is also described as employee involvement and enthusiasm for their work (Buckingham & Coffman, 1999). Employee engagement has been related to high performance (Schaufeli and Salanova, 2007), high student performance (Schaufeli, Martínez, Pinto, Salanova, & Bakker, 2002), and high morale (Britt, Dickinson, Moore, Castro, & Adler, 2007). Employees who are highly engaged often have a positive emotional attachment to their work. Rather than a momentary and specific mindset, engagement is more extensive, not focused on any particular object, event, individual, or behavior (Schaufeli & Bakker, 2003).

Employee engagement does not have an officially recognized and universally accepted definition and is used at different times to refer to psychological states, traits, and behaviors as well as their antecedents and outcomes (Macey & Schneider, 2008). Researchers question whether it is conceptually distinct from other constructs (Dalal, Brummel, Wee, & Thomas, 2008; Macey & Schneider, 2008).

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Employee engagement has received increased attention in the academic literature and in organizations over the past decade, having been linked to many organizational outcomes, including those that increase productivity, profitability, employee retention, and customer satisfaction (Buckingham & Coffman, 1999; Coffman & Gonzalez-Molina, 2002). Human resource consulting firms have heavily marketed its use and advised leaders on how it can be created and leveraged (Macey & Schneider, 2008). Studies by the Gallup Organization showed that 20% of U.S. employees are disengaged, 54% are neutral about their work, and 26% are actively engaged (Fleming, Coffman, & Harter, 2005). Researchers at Towers Perrin (2006) found that 84% of highly engaged employees believe they can positively impact the quality of their organization’s products, compared with only 31% of the disengaged. Harter, Schmidt, and Hayes (2002) concluded that positive relationships exist between employee engagement and customer satisfaction, productivity, profit, employee turnover, and reduction in accidents.

Harter, Schmidt, Kilham, and Agrawal (2009) examined 32,394 business work units consisting of 955,905 employees, using Gallup’s Q12 assessment consisting of nine performance measures of employee engagement and found that business work units scoring in the top half on employee engagement essentially double their odds of success in comparison to those in the bottom half. Those at the 99th percentile have nearly five times the success rate as those at the 1st percentile. Median differences between top-quartile and bottom-quartile units were: 12% in customer ratings, 16% in profitability, 18% in productivity, 25% in turnover (high-turnover organizations), 49% in turnover (low-turnover organizations), 49% in safety incidents, 27% in shrinkage, 37% in absenteeism, 41% in patient safety incidents, and 60% in quality (defects). This study points to the further need for research on whether employee engagement should be considered important in terms of its relationship with organizational leadership.

These studies highlight the organizational benefits produced by increasing engagement. However, researchers have used multiple definitions for the constructs of engagement and various performance outcomes, making it challenging to provide solid conclusions about their relationships with leadership style.

Increased economic challenges and the consistent threat of recession in the United States have caused nonprofit organizations to keep their staffs lean and to seek out ways of effectively leading their personnel (Salamon et al., 2009). The need for a strategic advantage in hiring and retaining the most productive personnel has led to the quest for highly effective leaders. Many researchers believe that highly engaged employees lead to greater productivity and long-term strategic advantage (Harter et al., 2009; Zhu et al., 2009). Scholars have argued that transformational leadership may be positively related to employee engagement, both are theorized to increase a variety of positive business outcomes (Dumdum et al., 2002; Dvir et al., 2002; Kirkpatrick & Locke, 1996; Walumbwa & Lawler, 2003; Zhu et al., 2009). Although many studies have found these variables to be positively related, more research is needed to confirm and further generalize the extant findings concerning these relationships. More research is also needed to better understand how transformational leaders influence followers to improve organizational outcomes (Bass & Steidlmeier, 1999; Kark, Shamir, & Chen, 2003). Some
studies question the relationships between these constructs and call for a greater understanding of whether there are positive relationships, why those relationships exist, whether the constructs are distinct or overlap each other, and how they influence one another (Kark & Shamir, 2002; Podsakoff, Mackenzie, Lee, & Podsakoff, 2003; Podsakoff, MacKenzie, Paine, & Bachrach, 2000; Yukl, 1999).

Since engagement has been linked to positive organizational outcomes, managers would benefit from increasing engagement among their direct reports. By understanding how transformational leadership impacts employee engagement, managers and human resources directors may more effectively train nonprofit leaders to maximize engagement. This study provides insight into how nonprofit leaders may align leadership style with practices that may positively influence engagement. By understanding the factors that increase work-related behaviors and attitudes in nonprofits, corresponding managers may be able to better predict and improve related business outcomes, which may lead to more strategic use of leaders’ time and resources.

The following hypotheses were explored based on the following: There is a statistically significant positive relationship between transformational leadership and employee engagement in nonprofit organizational settings.

H1: There is a statistically significant positive relationship between transformational leadership and vigor.

H2: There is a statistically significant positive relationship between transformational leadership and dedication.

H3: There is a statistically significant positive relationship between transformational leadership and absorption.

Although researchers have widely studied transformational leadership and employee engagement, the literature also reveals that few known studies have explored the link between transformational leadership and these constructs among nonprofit organizations. Most studies focusing on nonprofits are limited to a specific organization or a particular organizational type, such as educational institutions, hospitals, churches, or nursing and other health-related organizations (Avolio, Bass, & Jung, 1999; Spinelli, 2006). Riggio et al. (2004) concur that,

There has been surprisingly little empirical research into transformational leadership in nonprofit organizations, particularly in contrast to the large number of studies that have investigated transformational leadership in for-profit companies and in government, military, and educational institutions. (p. 53)

Assessing organizational performance in the nonprofit sector is often difficult because of the lack of a profit motive, thereby significantly diminishing available research (Morris, Coombes, Minet, & Allen, 2007). Egri and Herman’s (2000) comparison of 38 for-profit leaders with 33 nonprofit leaders in the U.S. and Canada revealed that nonprofit environmental firms appeared to be more receptive to transformational leadership than for-profit environmental organizations, underscoring the need for further research in nonprofit organizations.
METHOD

Sample Selection and Data Collection

The target population for this study consisted of nonprofit employees in the U.S., ages 18 to 65 years old. A nonprofit classification system developed by Lampkin, Romeo, and Finnin (2001) for research consisting of ten categories based on organizational purpose was employed to investigate possible correlations. Gender, highest education level attained, years of employment, age group, organizational purpose, number of direct reports, and number of employees in the organization were also requested to investigate possible correlations.

Items for the MLQ 5x-Short (5 subscales with 20 total questions), UWES-9 (3 subscales with 9 total questions), and eight demographic questions were prepared using their original response scales. An online version of these four assessments was created and administered as a single session including questions and instructions. Instructions were given to participants on how to complete the session using the original instructions of the individual instruments.

Measures

Multifactor Leadership Questionnaire (MLQ 5x-Short): Transformational leadership was measured using Avolio and Bass’s (2004) Multifactor Leadership Questionnaire. Participants respond to 45 items in the MLQ 5x-Short, using a 5-point scale with responses ranging from 0 = Not at all to 4 = Frequently if not always. This scale is being treated as a continuous measure consistent with the work done by Bass and Avolio (1990), Avolio et al. (1999), and Avolio and Bass (2004). The MLQ 5-x-Short measures the full range of leadership described in Bass’s (1985a) theoretical continuum ranging from transformational leadership to laissez-faire leadership. The MLQ 5x-Short uses forty-five descriptive statements in which the respondent is asked to describe their perceptions of the leadership style of the person to whom they directly report. The MLQ provides high levels of inter-rater reliability (Avolio & Bass, 2004).

The MLQ has nine subscales, the first five of which are measures of transformational leadership: (a) idealized influence (behaviors), (b) idealized influence (attributes), (c) inspirational motivation, (d) intellectual stimulation, and (e) individualized consideration. Only these five subscales were used in this study. The other four subscales measure transactional leadership (contingent reward, active management-by-exception, and passive management-by-exception) and laissez-faire leadership. Correlations among the five transformational leadership subscales are reported to be above 0.70 and significant at p < .01 (Avolio et al., 1999).

Utrecht Work Engagement Scale (UWES-9): Employee engagement was measured using the Schaufeli et al. (2006) Utrecht Work Engagement Scale, which has three subscales: (a) vigor, (b) dedication, and (c) absorption. Consisting of nine questions, this instrument uses a 7-point scale with responses ranging from 0 = Never to 6 = Every day. If the participant has had each of the described feelings, they are asked to indicate how often it was felt by identifying the number (from 0 to 6) that best describes how
frequently it was felt. This scale was treated as a continuous measure consistent with the work done by Schaufeli et al. (2006) and Seppälä et al. (2009). Cronbach’s $\alpha$ of the UWES-9 exceeds the generally accepted scale of $\alpha > .70$ although it is lower than the subscales of the UWES-15 and UWES-17 because Cronbach’s $\alpha$ tends to increase with test length (Schaufeli & Bakker, 2003).

**Data Analysis**

Correlational analysis was used to measure the relationships among the continuous variables (Cooper & Schindler, 2011). The primary benefit of correlational analysis is that it helps make predictions about variables that are related, however a main disadvantage is that correlational analysis does not measure causation (Vogt, 2007). In order to investigate relationships between linearly-related variables, Pearson’s $r$ is recommended when there is a normal distribution (Cooper & Schindler, 2011). Fields’ (2009) assumptions of Pearson’s $r$ include: (a) the sampling distribution is normally distributed, and (b) all data is interval.

When there is not a normal distribution, the nonparametric test, Spearman’s Rank Order correlation ($r_s$), should be utilized to determine the strength and direction of association (Fields, 2009). Normality was tested using the Shapiro-Wilk Test. If the significance value of the Shapiro-Wilk Test is greater than 0.05 then the data is considered to be normally distributed. If it is below 0.05 then the data does not have a normal distribution.

The instruments used in the study (i.e., MLQ 5x-short, UWES) consist of Likert-type ordinal scales that were treated as continuous variables (Avolio et al., 1999; Avolio & Bass, 2004; Bass & Avolio, 1990; Schaufeli et al., 2006; Seppälä, et al., 2009). Reliability for each subscale was established using Cronbach’s alpha (Fields, 2009). Results were reported by showing whether there was a significant relationship to two decimal places.

**Validity and Reliability**

**Validity**

Avolio and Bass’s (2004) factorial analysis of the MLQ demonstrated strong construct validity, with subscales ranging from moderate to good. Rowold and Heinitz’s (2007) empirical study of the MLQ supported content validity and convergent validity with each of the MLQ’s subscales, and that transformational leadership was divergent from transactional leadership. The criterion-related validity for transformational leadership was found to be high by Avolio and Bass (2004). Judge and Piccolo (2004) used regression analysis and meta-analysis to calculate an overall relative validity score of .44 for transformational leadership on the MLQ based on 626 correlations from 87 sources, demonstrating that transformational leadership displays the strongest and most consistent correlations and highest levels of validity among the leadership styles within the MLQ.

Schaufeli and Bakker’s (2003) exploratory factor analysis of the UWES confirmed the discriminate and convergent validity for each of its three subscales. Further
confirmatory factorial analysis revealed that the UWES-9 demonstrated strong factorial validity (Schaufeli et al., 2006). Seppälä et al. (2009) used confirmatory factor analyses in five studies \((N = 9,404)\) of mainly white-collar, occupational groups (i.e., dentists, educational staff, health care staff, managers, and young managers), including a three-year longitudinal study of dentists \((n = 2,555)\) to examine the construct validity of the UWES-17 and the UWES-9. Results indicated that the structure of the UWES-9 remained relatively unchanged, supporting the construct validity of the UWES-9. Furthermore, structural equation modeling has demonstrated high rank-order stabilities for the work engagement factors (between 0.82 and 0.86), leading to the conclusion that work engagement seems to be a highly stable indicator of occupational well-being (Seppälä et al., 2009).

Reliability

Reliability of these instruments has been demonstrated in a number of previous studies. The Avolio et al. (1999) quantitative research collected data through a total of 3,786 respondents in 14 independent samples of the MLQ, with sample sizes ranging from 45 to 549. The models were tested originally in a nine-sample set and then a second time with a five-sample set. When comparing initial samples with replication samples, consistency and reliability were high (i.e., .80 to .90).

Schaufeli and Salanova’s (2007) calculation of Cronbach’s alpha demonstrated that the UWES-9 had reliabilities varying from .70 to .80. Confirmatory factor analysis suggested that the UWES-9 demonstrated good internal consistency and test-retest reliability (Schaufeli et al., 2006).

RESULTS

Demographics

A total of 547 people clicked on the hyperlink to participate in the survey. However, some individuals were excluded from taking the survey because they did not indicate consent, were not currently working for a nonprofit, or indicated an age under 18 or over 65. Of the 487 consenting participants, 389 indicated they were both currently working for a nonprofit and between 18-65 years old. Therefore, this study sample consisted of the responses of these 389 participants.

Demographic questions included age, gender, highest education level completed, years of employment with the organization, organizational purpose, number of direct reports, and number of employees in the organization. Of the 389 participants, 17 did not complete the demographics section of the survey. Therefore, 95.6% \((n = 372)\) of participants provided demographic information.

Participants were well-distributed across all age groups. The age groups most represented were 25-34 years and 55-65 years. Little data was found regarding average age of nonprofit employees although Johnston and Rudney’s (1987) study of a sample of 6,260 nonprofit employees showed that the majority of nonprofit employees ranged from 16-54 years of age (86%) and the most frequent category was 16-34 years of age (52%).
Johnston and Rudney (1987) forecasted that there would be a growth in the older segment of nonprofit workers over the next 20 years, which Halpern’s (2006) study confirmed is a growing trend in nonprofit organizations. This sample may similarly reflect the growing trend in older workers of nonprofit organizations, with 23.4% of nonprofit employees who were 55-65 years of age.

The majority of participants (68.1%) were female. This is consistent with Halpern’s (2006) report that 68% of all nonprofit employees in the U.S. are female.

Of the participants in this study, 77.8% had college degrees. A high percentage of participants (92.5%) attended at least some college. No recent educational data on U.S. nonprofit employees was found in a literature review. However, 70% of Canadian nonprofit employees had college degrees in a study conducted in 2007-2008 (HR Council for the Nonprofit Sector), which is consistent with this sample.

The majority of participants (59.9%) had worked at their current employer for four years or less. No comparison data was found on nonprofit employee years of employment in an organization frequency.

The greatest number of participants (33.2%) worked for an organization whose purpose is human services. In order of highest frequency to lowest frequency, organizational purpose was (a) human services; (b) religion related; (c) public societal benefit; (d) health; (e) education; (f) arts, culture, and humanities; (g) environment and animals; (h) international; (i) mutual/membership benefit; and (j) unknown. According to Wing et al. (2010), the top three purposes of U.S. nonprofits are human services, education, and public societal benefit. This study similarly reflects the nonprofit population with the exception of a significantly lesser amount of those whose organizational purpose is education.

The majority of participants (52.4%) did not have any direct reports. Of those who did have direct reports, the majority had 1-4 employees directly reporting to them. No comparison data was found on the frequency of nonprofit employee direct reports.

The majority of participants (53.9%) worked for organizations that had 1 to 50 employees, while most (79.9%) worked in organizations that had 1-500 employees. In a survey with a sample of over 500 U.S. nonprofit organizations, Nonprofit HR Solutions (2010) found that median staff size of U.S. nonprofits was 45 employees, reflecting similar characteristics of this sample.

In summary, the majority of participants in this sample were female, had at least some college experience, had worked at their current employer for four years or less, did not have direct reports, and worked for organizations that had between 1 to 500 employees and whose purpose was human services, religion related or public societal benefit. The sample in this study was approximately similar to the U.S. nonprofit employee population in gender, age, education, and organizational purpose and size (Halpern, 2006; Johnston & Rudney, 1987; Nonprofit HR Solutions, 2010).
Internal Consistency Reliabilities and Descriptive Statistics

Descriptive statistics and Cronbach’s alpha were calculated for each subscale of transformational leadership and employee engagement, as shown in Table 1.

The first subscale of transformational leadership is idealized influence (behaviors). The mean value for idealized influence (behaviors) was 3.41 of a 5-point scale (SD = 1.03), signifying that participants indicated their supervisors behave in ways that emphasize a strong sense of purpose and talk about their most important values and beliefs. The second subscale of transformational leadership is idealized influence (attributes). The mean value for idealized influence (attributes) was 3.50 (SD = 1.08), suggesting that participants indicated their supervisors act in ways that build respect and provide a strong role model to follow. The third subscale of transformational leadership is inspirational motivation. The mean value for inspirational motivation was 3.50 (SD = 1.03), indicating that their supervisors communicate an inspired vision. The fourth subscale of transformational leadership is intellectual stimulation. The mean value for intellectual stimulation was 2.99 (SD = 0.99), signifying that their supervisors encourage their creativity through arousing awareness of how problems can be solved. The fifth subscale of transformational leadership is individualized consideration. The mean value for individualized consideration was 3.25 (SD = 1.04), signifying that their supervisors lead them through a developmental orientation and serve as a role model to them.

The first subscale of employee engagement is vigor. The mean value for vigor was 5.29 on a 7-point scale (SD = 1.39), indicating that participants have high levels of energy and the willingness to invest in one’s work. The second subscale of employee engagement is dedication. The mean value for dedication was 5.92 (SD = 1.24), indicating that participants feel a strong sense of significance, inspiration, and challenge from their work. The third subscale of employee engagement is absorption. The mean value for absorption was 5.58 (SD = 1.27), indicating that participants feel the sense of being happily engrossed and immersed in one’s work.

Reliability measures whether an instrument consistently reflects the construct it is measuring (Fields, 2009). When the same identities are measured under different conditions, an instrument should produce consistent results. Cronbach’s alpha of .70 or higher indicates strong reliability. Cronbach’s alpha was measured for each of the three instrument subscales. The results are shown in Table 1.
The subscale scores ranged from .80 to .87, indicating high internal consistency. These scores are consistent with reliability measures reported by Schaufeli and Salanov (2007) and Avolio et al. (1999). Cronbach’s alpha was calculated using \( n = 373 \) rather than \( n = 389 \) because 16 of the participants did not answer each question. The MLQ 5x-Short had subscale scores of .80 for each subscale. Correlational analysis was conducted on the subscales to further investigate reliability of the MLQ 5-x Short instrument. The results are shown in Table 2.

The correlational analysis of the MLQ 5x-Short for this population showed that all variables were significant at the 0.01 level, demonstrating that the MLQ 5x-Short shows strong reliability, with one exception. The correlation between intellectual stimulation and inspirational motivation was .68, less than the desirable alpha of .70 or higher.

### Table 2. Correlation Analysis on the MLQ 5x-Short Instrument.

<table>
<thead>
<tr>
<th>Subscale</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Idealized influence (behaviors)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2. Idealized influence (attributes)</td>
<td>.76**</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>3. Inspirational motivation</td>
<td>.80**</td>
<td>.80**</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>4. Intellectual stimulation</td>
<td>.71**</td>
<td>.75**</td>
<td>.68**</td>
<td>–</td>
</tr>
<tr>
<td>5. Individualized consideration</td>
<td>.70**</td>
<td>.80**</td>
<td>.70**</td>
<td>.79**</td>
</tr>
</tbody>
</table>

*p < .01.

### Normality

Fields’ (2009) assumptions of Pearson’s \( r \) include: (a) the sampling distribution must be normally distributed, and (b) all data must be interval. Normality of this study’s sample was tested using the Shapiro-Wilk Test. If the value of the Shapiro-Wilk \( W \) is greater than .05 then the data is considered to be normal. If it is below .05 then the data does not have a normal distribution. The Shapiro-Wilk test shows that this sample violated the assumption of normality. Therefore the nonparametric test, Spearman’s Rank Order correlation, was utilized to determine the strength and direction of association. Spearman’s Rank Order correlation can be used when the data have violated parametric assumptions such as normally distributed data (Fields, 2009). Correlational
analysis was conducted using the Spearman's Rank Order correlation with levels of significance at $p < .05$ for each of the subscales of transformational leadership using the following sub-hypotheses. Results are shown in Table 3.

Table 3. Correlation Analysis using Spearman’s rho.

<table>
<thead>
<tr>
<th>Subscale</th>
<th>II (B)</th>
<th>II (A)</th>
<th>IM</th>
<th>IS</th>
<th>IC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vigor</td>
<td>.32**</td>
<td>.32**</td>
<td>.31**</td>
<td>.27**</td>
<td>.24**</td>
</tr>
<tr>
<td>Dedication</td>
<td>.36**</td>
<td>.37**</td>
<td>.38**</td>
<td>.30**</td>
<td>.31**</td>
</tr>
<tr>
<td>Absorption</td>
<td>.22**</td>
<td>.17**</td>
<td>.18**</td>
<td>.14**</td>
<td>.16**</td>
</tr>
</tbody>
</table>

Note. II (B) = Idealized influence (behaviors); II (A) = Idealized influence (attributes); IM = Inspirational motivation; IS = Intellectual stimulation; IC = Individualized consideration. * $p \leq .05$. ** $p \leq .01$.

There was a strong, positive statistically significant correlation between transformational leadership and each of the engagement subscales.

Transformational Leadership and Employee Engagement

The correlational analysis showed that vigor is positively and significantly correlated with each of the five transformational leadership subscales. For hypothesis (H1) there is a positive relationship between transformational leadership and vigor.

Dedication is positively and significantly correlated with each of the five transformational leadership subscales. Therefore, the null hypothesis (H2) is rejected. There is a positive relationship between transformational leadership and dedication.

Absorption is positively and significantly correlated with each of the five transformational leadership subscales. Therefore, the null hypothesis (H3) is rejected. There is a positive relationship between transformational leadership and absorption. In summary, vigor, dedication, and absorption were positively and significantly correlated with each of the five transformational leadership subscales.

Demographic Correlations

Correlational analysis investigated how the demographic variables correlate with the various measures. Table 4 shows the correlations between demographic variables and transformational leadership subscales.

Table 4. Correlation Analysis using Spearman’s rho - Demographics.

<table>
<thead>
<tr>
<th>Demographic</th>
<th>II (B)</th>
<th>II (A)</th>
<th>IM</th>
<th>IS</th>
<th>IC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Age</td>
<td>-.05</td>
<td>-.08</td>
<td>-.12*</td>
<td>-.14**</td>
<td>-.14**</td>
</tr>
<tr>
<td>2. Gender</td>
<td>-.04</td>
<td>.04</td>
<td>.03</td>
<td>.00</td>
<td>.02</td>
</tr>
<tr>
<td>3. Education</td>
<td>-.13**</td>
<td>-.06</td>
<td>-.16**</td>
<td>-.15**</td>
<td>-.11*</td>
</tr>
<tr>
<td>4. Years Employed</td>
<td>.01</td>
<td>-.08</td>
<td>-.03</td>
<td>-.03</td>
<td>-.08</td>
</tr>
<tr>
<td>5. Direct Reports</td>
<td>-.14**</td>
<td>-.06</td>
<td>-.12**</td>
<td>-.08</td>
<td>-.06</td>
</tr>
<tr>
<td>6. Employees</td>
<td>.03</td>
<td>.04</td>
<td>.08</td>
<td>.10*</td>
<td>.07</td>
</tr>
</tbody>
</table>

Note. II (B) = Idealized influence (behaviors); II (A) = Idealized influence (attributes); IM = Inspirational motivation; IS = Intellectual stimulation; IC = Individualized consideration. * $p < .05$. ** $p < .01$. 

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There was a statistically significant positive correlation between intellectual stimulation and number of employees. There was a statistically significant negative correlation between: (a) inspirational motivation, intellectual stimulation, individualized consideration, and age; (b) idealized influence behaviors, inspirational motivation, intellectual stimulation, individualized consideration, and education; and (c) idealized influence behaviors, inspirational motivation, and number of direct reports.

DISCUSSIONS

Leadership in nonprofit organizations can be significantly different than leadership among for-profit organizations. Differences may include a focus on cause rather than profits, reliance on voluntary workforce, functions, and forms of governing boards, less attractive compensation for leadership, and requirements of external agents as a prerequisite for funding (Riggio et al., 2004). These differences may compel nonprofit leaders to significantly adjust leadership style to fit the unique problems and opportunities of nonprofits.

This study suggests that there is a significant positive relationship between transformational leadership as defined by the MLQ 5x-Short and the three subscales of employee engagement (vigor, dedication, and absorption) as defined by the UWES. This study furthers the argument that transformational leadership raises followers to higher levels of potential while satisfying higher order needs and would therefore be expected to positively relate to higher level of engagement (Zhu et al., 2009).

Correlational analysis revealed a strong, positive statistically significant correlation between intellectual stimulation and number of employees. Possible explanations for this may be that transformational leaders attract greater numbers of employees when encouraging followers’ creativity through arousing awareness of how problems can be solved. Emery and Barker’s (2007) correlational analysis concluded that the transformational leadership component of intellectual stimulation was more highly correlated (significant at the $p < .01$ level) with job satisfaction and organizational commitment than the transactional leadership components of contingency reward and management-by-exception. Future studies may want to consider the possible mediating effects of an organization’s number of employees.

Correlational analysis revealed a strong, negative statistically significant correlation between: (1) inspirational motivation, intellectual stimulation, individualized consideration, and age; (2) idealized influence behaviors, inspirational motivation, intellectual stimulation, individualized consideration and education; and (3) idealized influence behaviors, inspirational motivation, and number of direct reports. This may suggest that transformational leadership may have less positive impact on followers as they increase in age, education, and the number of direct reports. Barbuto, Fritz, Matkin, and Marx’ (2007) empirical investigation of the effects of gender, education, and age upon leaders’ use of influence tactics and full range leadership behaviors showed that the combined interaction of gender and education produced consistent differences in leadership behaviors. Future studies may want to consider the possible mediating effects of age, education, and number of direct reports.
Implications for Research

Results of this study indicate that transformational leadership is positively correlated with employee engagement. These findings are consistent with studies by Zhu et al. (2009). This study may therefore significantly contribute to leadership theory and the larger body of knowledge that seeks to understand how leadership style impacts positive business outcomes such as employee engagement. This study highlights the need for future studies on how transformational leadership theory may need to be reconsidered among nonprofits.

Scholarly literature has primarily focused on the impact of transformational leadership among for-profit organizations. Nonprofit organizations are much less frequently utilized in scholarly research (Wilensky & Hansen, 2001). Much more research is needed on employee productivity and attitudes among nonprofit organizations. Evidence of a lack of scholarly literature among nonprofits is in the *Jossey-Bass Handbook of Nonprofit Leadership and Management* (Herman, 1994), which utilizes scholarly literature based on for-profit research to discuss the behavior of individual employees, rather than research conducted within nonprofits (Goulet & Frank, 2002). Finally, future theories may need to address the demographic differences of nonprofit employees with those of for-profit employees. Studies may give consideration to the skewed gender of nonprofit employees (68% female to 32% male) or the increasing workforce of those aged 55 years or older.

Implications for Practice

This study suggests that nonprofit leaders who want to increase employee engagement in their organizations may benefit from utilizing the transformational leadership style. The strong positive correlation between transformational leadership and engagement indicates that there may need to be a greater focus on hiring leaders who employ the transformational leadership style and training current employees to lead with the transformational leadership style. Human resource managers and executives of nonprofits may want to specifically train employees to employ greater idealized influence, intellectual stimulation, individual consideration, and inspirational motivation.

By understanding the variables that increase or decrease work-related behaviors and attitudes in nonprofit employees, nonprofit leaders may be able to better predict and improve related business outcomes and therefore lead to more strategic use of leaders’ time and resources. If transformational leaders are indispensable ingredients in organizational development and societal progress as Tucker and Russell (2004) claim, nonprofit leaders should consider how to best utilize transformational leadership in the nonprofit sector.

Recommendations

Focusing on the differences between nonprofits and for-profit organizations could expand the extant knowledge and literature. More research is needed on how these differences (e.g., a focus on cause rather than profits, reliance on voluntary workforce, functions and forms of governing boards, less attractive compensations for leadership,
requirements of external agents as a prerequisite for funding) (Riggio et al., 2004) impact leadership style. For example, the reliance on a voluntary workforce by nonprofits may significantly impact how transformational leaders inspire and develop followers. Systematic attention to the experiences and motivations of volunteers may positively influence business outcomes (Snyder & Omoto, 2007). Additionally, the motivation of volunteers may be different than that of paid employees and may therefore impact nonprofit leadership style. Researchers should empirically examine whether volunteer motivation and differences between nonprofit and for-profit organizations impact engagement as well as leadership style.

Future studies may also expand the literature by concentrating on this study’s limitations. For example, quantitative research uses descriptive data rather than using data from human behavior in which the researcher personally interacts with participants. This may limit understanding of unique behaviors that affect the variables being studied. This study may not surface underlying singularities that influence the interaction of transformational leadership and engagement.

Scholars may want to utilize different measures for transformational leadership and engagement. The MLQ 5x-Short has shown evidence that it may be more valid and reliable for American companies and thus, may not be generalizable to all cultures, including that of nonprofit organizations, due to lack of consideration of social distance and factors relating to gender (Alban-Metcalfe & Alimo-Metcalfe, 2007; Alimo-Metcalfe & Alban-Metcalfe, 2001; Hunt & Peterson, 1997). The ETLQ may be employed to account for these potential factors (Alban-Metcalfe & Alimo-Metcalfe, 2007). Gallup’s Q12 instrument, which was used by Zhu et al. (2008, 2009) in studies that found significant and positive relationships between transformational leadership and engagement, may provide further opportunity for investigation of the impact of leadership style on engagement.

**Assumptions and Limitations**

Quantitative research using descriptive data may be limited by the study’s theories and categories, which may not reflect the understandings of participants. Additionally, the inability to gather data from human behavior in which the researcher personally interacts with participants may limit understanding of unique behaviors that may affect the variables being studied. Moreover, by focusing on hypotheses testing rather than theory generation as in qualitative studies, the research may not surface underlying singularities that impact the variables being studied. It is impossible to rule out or control all variables and therefore quantitative research may exclude relevant human experience (Cooper & Schindler, 2011).

The population is limited to English-speaking American respondents. The MLQ 5x-Short has shown evidence that it may be more valid and reliable for American organizations and thus, may not be generalizable to all cultures. Although the population of the study provides education, gender, age, years employed, number of direct reports, organizational purpose, and geographical heterogeneity, generalizability may be limited to nonprofits in the United States. Additionally only those with internet access could
participate in the web-based assessment, which may further limit generalizability to employees who are active internet users.

Furthermore, the current financial challenges and wide economic fluctuations in the United States may skew responses in comparison to responses given during more stable, consistent economic times. The current challenges among nonprofit organizations are unprecedented in contemporary settings in terms of sharply reduced charitable giving by individuals (Hall, 2011), providing further potential for skewing of results.

Summary

In summary, this study indicates there is a significant positive relationship between transformational leadership and the three subscales of employee engagement (vigor, dedication, and absorption). Implications for research and practice and recommendations for future research highlight the need for more quantitative and qualitative research on the generalizability of transformational leadership instruments among nonprofits, the impact of financial recession on nonprofit employees’ engagement and the demographic and behavioral differences between nonprofit employees and those of for-profit organizations and how these may impact leadership style and engagement. Perhaps future studies may extend transformational leadership theory, provide further practical approaches and paradigms with which organizations can evaluate leadership and implement strategies for greater leadership effectiveness, and reveal how nonprofit leaders may improve and sustain a more productive environment in nonprofit organizational settings.
REFERENCES


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