

# Innovative Human Resource Practice: A Synthesized Framework and Causal Model of Transformational Leadership, Empowerment, Trust in the Leader, and Job Performance

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**Abstract.** Research objectives were to determine a synthesized framework and to construct a causal model of transformational leadership, empowerment, trust in the leader, and job performance of ceramic plant employees in Thailand. The study reported the responses of 612 operational employees from 56 ceramic plants operating in different parts of Thailand. Data were collected and analyzed with descriptive statistics using SPSS (version 11.5) and assessed with confirmatory factor analysis to confirm the heterogeneity of all constructs and path analysis to test the cause and effect relationships among main constructs of the study using LISREL (version 8) on a structured questionnaire containing standard scales of transformational leadership, empowerment, trust in the leader, and job performance to determine the relationships of transformational leadership, empowerment, trust in the leader, and job performance. Research findings indicated that dimensions of transformational leadership, empowerment, and trust in the leader have mediated positive effect on job performance. Trust in the leader fully mediates the relationships between transformational leadership and job performance and between empowerment and job performance. Furthermore, transformational leadership is positively correlated with empowerment.

**Keywords:** Causal Model, Empowerment, Job Performance, Transformational Leadership, Trust in the Leader.

## 1. Introduction

There is a growing interest in the role of leaders fostering employees to take initiative, to embrace risk, to stimulate innovation, and to cope with uncertainty. Transformational qualities lead to performance beyond expectations in an organizational setting (Bass, 1985). Distributed leadership emphasizes the importance of leaders empowering followers and accepting mutual influence to facilitate performance. Leaders need to be trusted by their followers because trust is the mortar that binds the follower to the leader. Transformational leadership has been defined in terms of articulating a compelling vision for followers, behaving self-sacrificially, intellectually stimulating followers, and providing them with individualized consideration (Bass, 1985). Transformational leadership has been consistently shown to be associated with trust in the leader (Bass, 1990). Transformational leadership involves the intellectually stimulating followers, thereby encouraging them to learn new ways to do their work (Bass, 1985) and ultimately improving their performance. Beyond providing a vision, transformational leaders engage in the inspirational behaviors by acting as mentors and in this way they build followers' self-confidence with respect to goal attainment (Bass and Avolio, 1993).

Trust in the leader is important because it is an antecedent of risk-taking behavior (Mayer et al., 1995). Trust in the leader positively correlates with organizational outcomes such as organizational citizenship behaviors, performance, and satisfaction (Jung and Avolio, 2000). Trust can be defined as a willingness to depend on another party as well as an expectation that the other party will reciprocate if one cooperates. Management will be responsible for fostering and supporting a culture of trust and sharing by putting individual employees at the center of their considerations. Trust in the leader has been shown to be a mediating variable with respect to the relationship between transformational leadership and organizational outcomes such as performance and satisfaction with the leader (Jung and Avolio, 2000). Empowerment is multi-faceted as an increased intrinsic task motivation that manifests itself in a set of four dimensions,

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namely competence, impact, meaning, and self-determination (Thomas and Velthouse, 1990). Empowerment refers to a process whereby an individual's self-efficacy is enhanced. Empowerment is an enabling process affecting both the initiation and the persistence of followers' task-oriented behaviors (Bandura, 1977). There is substantial support for the relationship between empowerment and positive outcomes such as followers' performance, followers' satisfaction, and team effectiveness.

A consequence of transformational leadership is the empowerment of followers that followers are converted into effective leaders (Burns, 1978) and are encouraged to question the leader's values and beliefs (Bass et al., 1987). This effect is consistent with the notion of shared or distributed leadership that recognizes the mutual influence between leaders and followers as well as the benefits, such as shared commitment. Management team is bound to empower employees for the purpose of employees' satisfaction, motivation, and commitment which ultimately assist in achieving organizational goals. Wellins et al. (1991) stated that an organization which empowers its employees could survive in prevailing free economy. Empowering followers to attain organizational goals and performance targets is the essence of transformational leadership (Avolio et al., 2004). Transformational leadership has been found to have a positive relationship with subordinates' satisfaction, motivation, and performance (Bass, 1998). Transformational leaders raise the follower's awareness of the desired organizational outcome to transcend their own personal interests, and enhance the abilities of the follower (Hult and Ketchen, 2007). Furthermore, empowering leadership is viewed as a process of implementing conditions that enable sharing power, thus providing greater decision-making autonomy, expressing confidence in employee's capabilities, and removing hindrances to performance (Ahearne et al., 2005; Zhang and Bartol, 2010).

## **2. Material and Methods**

Data for this study were collected out of 612 operational employees from 27,763 operational employees working in the 56 ceramic plants in Thailand by using Yamane's formula (Yamane, 1970) for a 96% confidence level with a 4% margin of error by the proportional random sampling method. A five-point Likert scale ranging from 0 (strongly disagree) to 4 (strongly agree) was used with all of the constructs. Data were analyzed with descriptive statistics using SPSS (version 11.5) and assessed with confirmatory factor analysis (CFA) to confirm the heterogeneity of all constructs and path analysis (Joreskog and Sorbom, 1993) to detect the cause-effect relationships among various dimensions of main constructs of the study using LISREL (version 8) on a structured questionnaire containing standard scales of transformational leadership, empowerment, trust in the leader, and job performance, besides some demographic details like age, education, and tenure with the organization.

Transformational leadership was assessed using the Multifactor Leadership Questionnaire (MLQ, Short Form 5X) (Bass and Avolio, 2000) related to the frequency with which the participant displays a range of leader behaviors. Idealized influence attribute, idealized influence behavior, individualized consideration, inspiration, and intellectual stimulation were combined to form a single measure of transformational leadership. Empowerment was measured using a four-item scale developed by Spreitzer (1995) comprising four components, namely autonomy, competence, impact, and meaning. Trust in the leader was measured using a four-item scale developed by Cook and Wall (1980). Job performance was measured using questionnaire developed by Stevens et al. (1978) comprising two dimensions of job performance, namely quality of performance and productivity.

## **3. Results and Discussion**

A synthesized framework and causal model are constructed. Research findings indicated that dimensions of transformational leadership, empowerment, and trust in the leader have mediated positive effect on job performance. Trust in the leader fully mediates the relationships between transformational leadership and job performance and between empowerment and job performance. Furthermore, transformational leadership is positively correlated with empowerment.

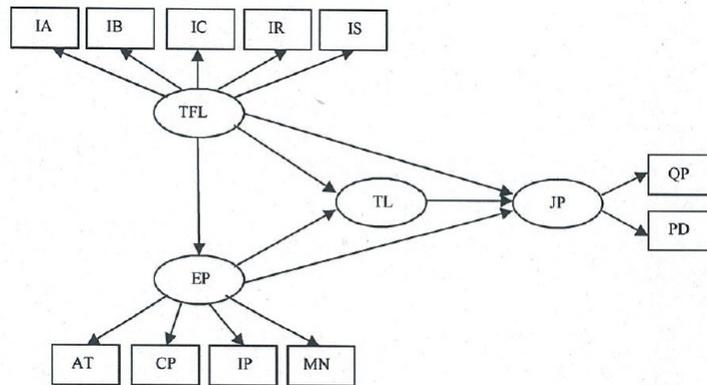


Fig. 1: Synthesized Framework.

Key: TFL = Transformational Leadership, IA = Idealized Influence Attribute, IB = Idealized Influence Behavior, IC = Individualized Consideration, IR = Inspiration, IS = Intellectual Stimulation, EP = Empowerment, AT = Autonomy, CP = Competence, IP = Impact, MN = Meaning, TL = Trust in the Leader, JP = Job Performance, QP = Quality of Performance, PD = Productivity

Regarding the synthesized framework, there are lots of researchers studying the relationships of transformational leadership, empowerment, trust in the leader, and job performance in a wide variety of fields. The synthesized framework was positively compatible with the following research findings. Transformational leadership, empowerment, trust in the leader are positively linked to job performance and are very important for general organizational success. It is important that the other organizations implementing large-scale manufacturing reformations need to pay great attention to transformational leadership, empowerment, trust in the leader, and job performance in order to effectively achieve business success.

#### 4. Conclusion

The purposes of this study were to determine a synthesized framework and to construct a causal model of transformational leadership, empowerment, trust in the leader, and job performance for ceramic plant employees in Thailand. The findings showed that the transformational leadership, empowerment, and trust in the leader have the strengths to mediate positive effect on job performance. In relation to the synthesized framework, this result was the extent to which trust in the leader fully mediates the relationships between transformational leadership and job performance and between empowerment and job performance. Furthermore, transformational leadership is positively correlated with empowerment.

Transformational leadership and empowerment help organizations move toward better job performance through trust in the leader. Organizations aiming to increase job performance and achieve business goals should focus on developing transformational leadership, empowerment, and trust in the leader. Future research can benefit from a larger sample to bring more statistical power and a higher degree of representation. This study was done by empirically investigating Thai firms. Cultural limitation should be considered and it is suggested that future research should be done in other cultural contexts and other variables (i.e., organizational culture, organizational commitment, organizational learning, job satisfaction, job involvement, and employee engagement) to develop job performance and achieve business goals.

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