Transformational Leadership: Examining Subordinates’ Perception of Corporate Social Responsibility and Organizational Outcomes in Nigeria

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Abstract: Today, leadership requires more than skills and the ability to lead as ethical lapses and erosion of trust are on the increase. Therefore, for a healthy implementation of corporate social responsibility (CSR) requires carrying all stakeholders along. Thus, higher cognition and creative-innovative abilities has been evidenced as essential but mostly under-researched. This paper is an attempt to contribute in filling this existing gap in literature by exploring how transformational leadership style and subordinates’ perception of corporate social responsibility (CSR) can enhance and propel followers creative-innovation in an organization. Quality leadership, employees are very crucial and vital assets in an organization. Conceptually therefore, transformational leadership style have been evidenced as an important and supportive weapon in the formulation and implementation of strategies geared towards attainment of common and mutual obligation. Literature evidenced that it strengthens followers perception of CSR, job satisfaction, and organizational outcomes which has so far attracted less or little attention in research. Additionally, we introduced and investigated CSR, trust and job satisfaction as potential mediators on the linkages between transformational leadership and subordinates creative-innovations. Data was collected from 176 respondents in 96 organizations. Results shows a positive and significant linkage between transformational leadership and subordinates’ creative-innovations. A sufficient direct and indirect mediating effects were established between the variables using SEM-AMOS24, a significant direct and indirect linkages between the variables was reported. Thus, using both symmetrical and asymmetrical methodology, we concluded with some suggestions based on literature while the implication and limitations of the study were highlighted and future research directions were given.

Keywords: Transformational leadership, Corporate Social Responsibility, Organizational Outcomes.

I. INTRODUCTION

Northouse (2011) posited that transformational leaders are altruistic in nature. Therefore, through idealized influence and intellectual stimulation they propel organizations CSR activities for mutual interest (Wesley, Basran, Hayward & Harris, 2011: Felix et al., 2016). Literature evidenced that organizations engage in CSR activities for many reasons including positive change, both socio-economic, positive performance and reputation (Wickert, Scherer & Spence, 2016). Thus, research revealed positive linkage between leadership style, CSR and financial performance (Upandy & Singh, 2010). Therefore, Nigeria's poverty is self inflicted and artificial because it is the richest in Africa in terms of human, natural resources and other socio-economic indices (Felix, Ahmad & Arshad, 2016). However, her pride, socio-political and cultural image have been battered by ethical scandals involving corruption and poor moral leadership decisions which has devastated the economic fabric of the nation and left as a legacy millions of destitutes as citizens.

Ethically, the transformational leadership paradigm has attracted wide scholarly impume as its positive effects on subordinates' performance, motivation, alignment and general ethical development has been attested to by many scholars (Avolio & Bass, 2004; Ejimbo, 2013). The contention to date is through which process or processes that transformational leader's effect or impact transformation on followers and this is part of the limitation of the theory which this study addressed by exploring enabling factors of transformational leadership as its conceptual gap inhibits reception (Felix, et al., 2016). Thus, transformational leadership literature evidenced in the light of global ethical challenges, it is what organizations need for proper transformations and the redesigning of future positive work force (Northouse, 2011; Okagbue, 2012: Yazdani & Murad, 2015). Previous studies equally evidenced that a combination of quality leadership style and moral, ethical behavior impacts positively on the subordinate’s ethical behavior. As the difference between transformational and transactional leadership depends on what the leader and subordinates give to each other (Wulumba, Orwa Wang & Lawler, 2005). Dibie (2007) posited that transformational leadership consolidates the relationship between the leader and the followers, by creating awareness and increases the employee’s interest. Its four dimensions are idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Avolio & Bass, 2004). Empirical researches conducted previously on the relationship between leadership styles and moral reasoning evidenced the efficacy of transformational leadership on subordinates’ perception of ethical conduct. (Brass,

Today, corporate social responsibility (CSR) has taken a new dimension in organizational business activities due to some obvious factors as global market, societal demand to address social problems by the government or corporations, and internet or information distribution. Thus, most of the activities under CSR includes but not limited to stakeholder engagement, socio-economic inclusion and holistic development. The prelude or the origination of corporate social responsibility dates back to early 1930s, when it drew the attention of scholars and practitioners’ in the sphere of business ethics and management (Tokoro, 2007: Mitchell, 2010). Ansari (2012) posited that CSR is a voluntary action by the company that impacts on social stakeholders. World Business Council sees it as ethical commitment of business to positively contribute to socio-economic development of man and the communities at large (Berrone, Sarroco & Tribo, 2007).

Basically, the idea of CSR is that business should take responsibility and acknowledge non-economic outcomes of their activities. CSR is equally referred to as corporate citizenship or corporate responsibility and some scholars defined it as corporate philanthropy (Benghofer & Schwarz, 2011). The advocates of CSR believed that business should contribute more to a better world by investing in socially responsible issues and policies as human rights, environmental and labour matters. The EU (2004) sees CSR as an integration of social and environmental issues into business operations, including the stakeholders on voluntarily, by managing the business in a responsible social way.

The Concept of Transformational Leadership
(Bass & Avolio, 2004). Transformational leadership, both as concept and theory are very vital transformational needs and innovations; therefore, its functionality requires further examination. Transformational leadership being an act of human interaction and a social phenomenon comprises processes and complexities (Bower, 2003: Ansari, 2012), study evidenced a moderating and mediating variables on the positive aspect of transformational leadership such as trust (Podsakoff, 1990), (Wulumba, Orwa, Wang & Lawler, 2005), Commitment (Victor & Souta, 2005, Wickert, Scherer & Spence, 2016) social distance (Upandy & Singh, 2010) interpersonal norms (Vanzyla & Lazeny, 2012) all these highlights the complexities of transformational leadership and shows the influencing variable factors (Bass, 1998: Trevino, Brown & Hartman, 2003: Yukl, 2010), characterized transformational leaders as those who elevate employees’ interest, generate awareness, and builds a relationship with the followers. Transformational leaders rely on no controlling powers that inspire empowerment and motivation (Rainey, 2009) Transformational leaders promote commitment and articulated vision (Tokoro, 2007: Mitchell, 2010), they also help in developing other leaders like themselves through inspiration. Moral values are the heartbeat of transformational leadership style as they guarantee justice, fair play and equality of opportunity in the organization and society (Trevino & Brown, 2004: Northouse, 2011).

Ethical quality of transformational leadership style manifests and is greatly propelled by its four notable features or dimensions as, idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Trevino, 1996: Choi, Ullah & Kwak, 2015). All the above features add to the effectiveness of transformational leadership. The idealized influence of transformational leadership manifests when compassion is shown to followers, and when the leader is both a role model and mentor. On the other hand, inspirational motivation is the capacity of the leader to be innovative in creating an attractive futuristic vision. Intellectual stimulation is the ability of the leader to provide an enabling environment conducive for followers to excel through innovative and creative application of their own thought in solving ethical dilemmas, thereby challenging the old methods of doing things. Individualized consideration is the acceptance and promotion of an individual’s development and achievement based on his/her unique needs and priorities.

Idealized Influence
Idealized influence is first attribute of a transformational leader which includes attitudes and behaviors of the leader as they instill respect and trust of their followers. Bass (1990) posited that they are also role models as they create an environment of pride and common purpose (Northouse, 2011: Bass & Steidlmeier, 1999). Avolio and Bass (1998) posited that, leader’s share mission and vision, sense of personal charisma and the need to inspire and develop subordinates by empowering their sense of judgment and innovation. Although personal charisma is not enough motivation for followers development as idealized influence is cultivated and earned through impeccable leadership ethical integrity which compels followers to trust and respect the leader. Charismatic leadership is closely linked to transformational leadership as it builds followers trust and respect (Berenbein, 2005; Schwarz, 2015), and all these are outcome of transformational leadership style (Zhu, Avolio & Wulumba, 2009: Yazdani & Murad, 2015). As role models, they usually forgo personal gain for mutual benefits and some scholars regard idealized influence as the charismatic element of transformational leadership style (Bower, 2003; Avolio, Wulumba & Weber, 2009). Idealized influence equally connotes steadfastness, personal responsibility which endears such leaders to their subordinates (Ismail et al., 2010).

Intellectual Stimulation
Intellectual stimulation is the third attribute of transformational leader as they promote problem solving practices. (Ani, 2011). Leaders also solicit new ideas and suggestions on how to solve problems (Ejimbo, 2013). Dibie, (2007) was of the view that leaders promote development activities that enhance learning opportunities, in this way
leaders encourage followers to challenge beliefs and revisit problems (Okagbue, 2012), and all these attributes propels the ethical reasoning and behavioral conducts of both the leaders and followers. This research is in response to the clarion call to examine the effect of leadership style on subordinates’ perception of CSR in Nigeria business organization.

II. THEORETICAL MODEL

2.1 Transformational leadership and CSR

Literature evidenced that transformational leaders are altruistic in nature thereby propells mutual interest through idealized influence and intellectual stimulation and are governed by ethical moral reasoning (Felix et al., 2016). Thus, transformational leaders initiate and promote positive social change in an organization by carrying all stakeholders along. Corporate citizenship and CSR are synonymous and could be used interchangeably. Both connotes value system employed to be relevant to the host community or the society at large and these adopted vauex propel and guide organizational operations and underpin issues as equity, justice, human rights, corporate governance and corporate investment (Ani, 2011). On the other hand, corporate social investment is not direct contribution to employees, but may indirectly include thier families, host communities which is mainly targeted at specific needed areas. Subordinates’ capacity and ability are enhanced through intellectual stimulation, motivates, mentors and empowers their innovation and creativity. All these enhances CSR activities in an organization in which in effect means that organizational CSR’s activities are propelled. Given these findings, the two dimensions (idealized influence and intellectual stimulation) of transformational leadership might separately raise organizational CSR engagement.

The emerging sphere and types of CSR is confounded by the diversity of nomenclature as it comes in different sizes and shapes (Tokoro, 2007). Terms used to describe or define CSR includes but not limited to the following, corporate citizenship, corporate social investment (CSI), sustainability, corporate governance, social obligation, transformation and triple-botto-line or companies duty (Tokoro, 2007). Prominent amongst them are the environmental, the philanthropic and the ethical responsibility and an insight into these different roles and responsibilities enhances organizational development of their own corporate responsibility (Yazdani & Murad, 2015). A company’s sense of social responsibility towards the host community and the nation at large has generated academic interest for decades. One major issue or issues companies need to address lies in their operational frames visa vis management style and quality which includes the personnel and processes. The other is the nature and their impact on their host communibity or society in general (Wickert, Schere & Spence, 2016). Nowadays, the citizenry and outside stakeholders are increasingly becoming aware and taking interest in the business activities of companies within the vicinity. There are varieties of progammes that have attracted the attention of corporate social responsibility as a self regulatory. As subordinates perceive these CSR activities under the leadership of transformational leaders, it follows that employees’ organizational satisfaction and creativity will improve. Thus, the effect of transformational leadership on perceived CSR activity will be significantly positive. While transformational Leadership CSR and Employee job satisfaction will enhance innovation and organizational creativity. As discussed CSR activity may very well strengthen employee organizational satisfaction and improve organizational innovation or creativity. We therefore argue thus,

Hypothesis 1

Transformational leadership style is significantly and positively related to CSR perception.
2.2 Subordinates’ Perception of CSR and Organizational Trust

Trust connotes believing in the sincerity of purpose, honesty and reliability of others especially of the leadership (Felix et al., 2016). Thus, reliability and trust are based on past experience while organizational trust augment the linkage between leadership and subordinates. The adoption of CSR activities propells the development of trust through the exhibition of ethical leadership conduct and followers actions are therefore guided by trust factor and obligation to duty (Weseley, Basran, Hayward & Haris, 2011). Thus, the inclusion of subordinates in CSR creates awareness and builds trust as vital stakeholders. Literature evidenced a positive relationship between CSR and organizational trust, and between organizational trust and job satisfaction and creativity (Tokoro, 2007). CSR practices raises the expectation of subordinates, creating favourable attitudes and higher organizational trust thereby establishing the mediating effect of organizational trust in the relationship between transformational leadership stylem, CSR activities and organizational outcomes.

Hypothesis 2

CSR perception has a positive and significant effect on Subordinates’ organizational trust

2.3 Subordinates CSR perception, Job Satisfaction and Organizational Trust

Literature evidenced that job satisfaction has to do with positive emotional pleasure associated with work situation. Thus, environment and job characteristics are embeded in job satisfaction which is an antecedent of subordinates’ attitudes and conduct that propels their efforts to greater heights in achieving organizational objectives. On the other hand, trust has a significant impact on conduct and equally job satisfaction impacts on behaviour (Ani, 2011). Experience of job satisfaction propells subordinates’organizational trust. While CSR activities of an organization impacts positively on followers’ well being and organizational outcomes and organizational trust mediates on the linkages between CSR activities, transformational leadership and organizational outcome. Thus, CSR activities has a significant positive impact on subordinates’ organizational trust while organizational trust trelates positively with job satisfaction and organizational outcomes. Literature evidenced that ethical behaviour enhances followers’ job satisfaction while job satisfaction impacts positively organizational ethical climate. Therefore, CSR activities propells subordinates’ believe and love for their organizational contributions to themselves and the society at large (Wickert, Schere & Spence, 2016). Thus, stakeholders trust and recognition of an organization endearrs it more to subordinates and increase their job satisfaction which leads to the following hyphesis.

Hypothesis 3

CSR perception has a positive relationship and effect on subordinates’ job satisfaction

Ethical organizational climate and nleadership behaviour makes subordinates to be very proud of their organization and thereby developing moral cognitional relationship with the organization. Thus, individual and organizational interest becomes mutually exclusive leading to an increase on followers job satisfaction. Cognitive relationship is developed by trust and other emotional dynamics which includes but not limited to organizational ethical climate and optimal condition of service. Thus, favourable working condition propells subordinates to value and appreciate their jobs positively which equalt enhances greater job satisfaction, Against the above backdrop therefore, the followin hypothesis is developed.

Hypothesis 4

Organizational trust has a significant and positive effect on subordinates’ job satisfaction.

2.4 Subordinates Innovation (Outcomes)

Literature evidenced that cognitive and environmental factors enhances innovation and creativity as an organizational outcomes (Victor & Soutar, 2005). Transformational leadership through inspirational motivation influence innovative and creative efforts, these includes acquisition of the necessary skills, conducive environment and ethical leadership characteristics. Subordinates that are satisfied with their job are more innovative and creative, eager to find better alternative for a given task and ready for additional. Thus, the following hypothesis is proposed.

Hypothesis 5

Subordinates’ job satisfaction has a positive and significant effect on organizational outcomes (Innovation)

Transformational leadership relates and influences the mental framework of followers and ethical leadership behaviour positively and significantly impacts on subordinates’ CSR perceptions (Bass, 1990: Okagbue, 2012). Thus, followers’ bond with their firms are strengthened which propells positive mental and ethical attitudinal behaviours. The more subordinates; trust and identify with their organization, they more willing they will be to put in an extra effort than the task required (Ani, 2011). Therefore, innovation and creativity are expected when followers are satisfied with their job and trust their organization (Tokoro, 2007). Literature evidenced that subordinates with strong organizational trust are propelled to work harder and we expect a serial linkages between leadership, perceived CSR, organizational trust, job satisfaction and organizational outcomes. Thus, the following hypothesis is developed.
Hypothesis 6

CSR perception, Organizational trust, job satisfaction mediates the relationship between transformational leadership style and organizational outcomes

III. METHODOLOGY

3.1. Data Collection and Measurement

We collected data from leaders and subordinates from four reputable organizations in Eastern Nigeria applying self-administered instrument. A bout 288 participants were reached and 276 responded which equally represents a response rate of 75 to 80 percent adequate for this study.

The followers scored leadership style, CSR perception, job satisfaction, organizational trust and other control variables while the leadership rated the subordinates’ innovation (organizational outcomes)

3.2. With regards to constructs measurement of this study, we adopted an existing and well tested scales. The seven-point Likert scales ranged from 1 (strongly disagree) to 7 (strongly agree). The control variables of gender, seniority and years of experience are evidence to influence ethical perception and innovative and creative conducts. Transformational leadership was measured using tested instrument (MLQ-5, Avolio & Bass, 2004). CSR perception was measured using Turker’s 14 items scale with 3 dimensions, the Cronbach’s alpha of the scale was 0.92. For subordinates’ innovation or creativity by leaders, we applied Zhou & George 13 items scale with Cronbach’s alpha of 0.97

IV. RESULTS

Against the above backdrop, all the measurement scales passed through validation process as they were subjected to commonly used validation to ascertain their reliability, validity and undimensionality. The Cronbach’s alpha coefficients was used for constructs reliability. We used confirmatory factor analysis (CFA) to verify the convergent and discriminant validity of the measurement items. Purifications gave us acceptable values and the AVE for each construct was greater than its shared variance with any other construct. AMOS 24 with SEM was used to test the hypothesis, the model and variables showed acceptable R2 values; CSR = 0.42, Organizational Trust = 0.43, Job Satisfaction = 0.66 while Innovation = 0.09. All hypothesis from 1 to 6 were tested, H1 transformational leadership impact on CSR perception shows that a significant and positive relationship at (b = 0.65, p < 0.01) which is accepted in direct linkage. Thus, with (b = 0.65, p < 0.01, b = 0.51, H2 and H3 were confirmed which indicated that CSR perception is directly and positively linked to transformational leadership style and job satisfaction. Furthermore, it evidenced that organizational trust has a direct and positive linkage with subordinates’ job satisfaction at (b =0.38, p < 0.01) which gives credence and support to H4. While H5 examined the linkages between subordinates job satisfaction and innovation, which indicated a significant result at (b = 0.30, p < 0.01) confirming a direct and positive linkages. The mediating hypothesis H6 indicated no direct linkages between transformational leadership style and innovation while indirect linkage was established after bootstrapping which confirms H6 as highlighted later. Thus, transformational leadership impacts on subordinates innovation or organizational outcomes through indirect paths via organizational trust and job satisfaction and through CSR and job satisfaction. Thus, same result could be obtained through CSR, organizational trust and job satisfaction as mediators and the most crucial variable remains job satisfaction.

Table 1. Direct and indirect effects of CSR perception on Innovation (Outcomes)

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<td>TFL-&gt; CSR-&gt; Innovation</td>
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<tr>
<td>TFL-&gt;CSR-&gt;Org Trust-&gt; Innovation</td>
<td>-0.09</td>
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<td>TFL-&gt;CSR-&gt;Subor. Satisfaction-&gt;Innovation</td>
<td>0.23</td>
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<td>TFL-&gt;CSR-&gt;Trust-&gt;Job Satisfaction-&gt;Innovation</td>
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<td>TFL-&gt;Satisfaction-&gt;Innovation</td>
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V. DISCUSSION AND CONCLUSION

We examined and tested 6 hypothesis in this paper and the reviewed findings indicated that subordinates’ organizational innovation has an indirect relationship with transformational leadership style due to the fact that this linkage exists through CSR perception and ethical conduct of followers. Literature evidenced that organizational trust has partial mediating linkage with CSR activities and job innovation or outcomes of an organization (Tokoro, 2007). Thus, organizational trust is
the pivotal mechanism through which organization’s CSR practices impacts positively on job satisfaction and outcomes. Against the backdrop therefore, it follows that transformational leadership style has a significant and positive influence on most of the variables propelling subordinates’ innovation and organizational outcomes. The result equally confirmed the states hypotheses and findings are in line with previous studies that explored the relationship between leadership style and followers’ performance and creativity.

This paper equally responded to calls to investigate the medium through which transformational leaders influence subordinates’ organizational performance and innovation. Literature evidenced that transformational leadership, ethical leadership and servant leadership influences subordinates’ creative innovation (Felix et al., 2015). Thus, all results from the analysis and reviewing of the study’s hypotheses complies with the out comes of previous scholars but it is recommended that future researchers should explore the moderating or mediating roles of other constructs or variables.

The objective of this paper was achieved as we were able to extend and add to existing literature by demonstrating that a relationship exists between transformational leadership and subordinates’ perception of CSR activities thereby enhancing knowledge of CSR practices and its propelling variables. Thus, followers’ perception of CSR encourages ethical conduct, organizational trust and job satisfaction which is in line with the social identity theory that infers that performance improves when workers are carried along (Felix et al., 2015). The perception of CSR activities by subordinates in an organization improves job satisfaction which equally propels innovation and this findings are in line with earlier studies.

As earlier stated, CSR perception has links with followers conduct and ethical reasoning but the extent of these linkages remains largely un-explored with regards to motivating factors or causes of various degree of CSR perception either positive or negative in an organization. We reported significant and positive effect on subordinates’ ethical conduct due to the perception of conducive and favourable organizational ethical climate through CSR practices. Transformational leadership encourages CSR perception thereby influencing subordinates’ perception, hence the need for CSR organizational strategy.

Transformational leadership conceptually, has been evidenced as an important tool in strategizing CSR organizational practices and we addressed the impact of transformational leadership on subordinates’ perception of CSR activities. Today, organizations are not solely for profit but its scope has increased to other duties and responsibilities to the public and other stakeholders. This results demonstrated that perception of CSR activities by followers increases their trust, satisfaction and innovative ability through positive leadership style. Literature highlights the importance of further research on CSR activities both at micro and at macro levels on its influence on ethical conduct, attitude, job satisfaction and over-all organizational outcomes. Moreover, job related outcomes and CSR was examined and despite our noble contributions limitations still exist. The model of this effort were based on causal relationship and data obtained from cross-sectional in nature while a longitudinal approach would have given more credible evidence on how subordinates’ innovation is propelled.

Finally, perception of CSR by subordinates endears them to organization and increase their trust, satisfaction and thereby exhibit higher ethical reasoning, innovation and general organizational outcomes recorded. Thus, mutual benefits are realized through transformational leadership, followers’ perception of organizational CSR activities and policies.

REFERENCES


