



## **EFFECTS OF LEADERSHIP STYLES ON ORGANIZATIONAL COMMITMENT IN FAMILY BUSINESS**

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### **Abstract**

*Employees committed to their work are always needed by organizations, as they contribute to organizations' survival in market competition. Various factors affect employee commitment and are classified into four sections: organizational factors, individual factors, job factors and environmental factors. Organizational factor with the greatest impact is leadership style, so in this paper the impact of this factor on the commitment of employees is going to be discussed. Therefore, this research will provide an answer on question what the effects of leadership styles on employees' commitment in family business are. In the last sections of the paper, results are presented in order to help all individuals and leaders in family businesses understand the importance of the link between three organizational commitments and two leadership styles to achieve better work and results. Method for this research study was collecting relevant data from various company structures in 100 Bosnian family firms through a survey. After analysis, the research concludes that transformational style was often favored and more connected to the commitment of workers than transactional style since this leadership style transforms followers to rise beyond their self-interest, inspiring them to perform better than initially expected.*

*Keywords: Leadership Style, Transformational leadership, Transactional leadership, Organizational Commitment, Family Business*

## INTRODUCTION

All organizations in the world have set of goals and objectives that need to be accomplished. The role of employees is one of the most important in achieving these goals. This is because organizations cannot achieve significant goals without employees galvanizing other resources. Many studies show that the biggest influence on workers' commitment has leadership style, which refers to the style that leaders use and the impact it has on the commitment of employees (Kekes, 2013). Also, Yahchouchi (2009) in his study observed that both leadership types had positive relationships and affected commitment of employees. Mert, Keskin, and Bas (2010) found that the impact of leadership on organizational commitment is significant and that transformational leadership enhances employee commitment in the banking sector. All of these studies provide information of leadership styles' impact on organizational commitment.

The goals of this research are to look into leadership styles in family firms in Bosnia and Herzegovina, to examine organizational commitment and to assay leadership styles' effects on organizational commitment in those companies. This research shows the importance of leadership styles and organizational commitment for family business' goals. Relevant data will be collected from various company structures in family firms through a survey and analyzed in SPSS. Research can give new insight into the business of family firms in Bosnia and Herzegovina and help them to improve organizational commitment through different leadership skills. Benefits of this study could be multidimensional for students, researchers, academicians, managers, prospect researchers and family firms. This research will help managers in family business to understand how to attain desired objectives by sharing a consensual decision-making process with their subordinates where the resulting decision is a joint one between the managers and subordinates (transformational leadership), or by just discussing matters with their subordinates and then making their alone resulting decision (transactional leadership). It is important to mention that there is not much similar research in the field of family business. Also, similar topics have been little explored in Bosnia and Herzegovina.

## LITERATURE REVIEW

### Leadership Style

Leaders have adopted different styles of leading employees in their organizations (Cox, 2001; Brown, 2003; Cheong, 2008; Clark, Hartline, and Jones, 2009; Chiang and Wang, 2012). Some leaders use democratic approach that is focused toward people and relationships, and others use autocratic, approach centered toward production method in order to achieve an

organizational effectiveness. The ability of emotional intelligence provides great help in guiding a leader in using the right leadership styles.

The approach of guiding, motivating people, and implementing plans is presented as a leadership style (Northouse, 2015). Harry S. Truman once said, “A leader is a man who can persuade people to do what they do not want to do, or do what they are too lazy to do”. There are many definitions of “leadership” and yet there is no common definition of it. A definition that implies the main elements of leadership concept is: “Leadership is principally a relationship of influence between a leader and his or her followers with a commitment to a joint purpose” (Clinebell 2013).

Some of the first studies in management accounting primarily draw on the conceptualization provided by the Ohio Leader Behavior Description Questionnaire (LBDQ) which by using the dimensions of initiating structure and consideration captures leader behavior (Fleishman 1957; Halpin and Winer 1957). A definition of role of leaders and his/her followers towards goal achievement, and of elements of task-orientation and directiveness are represented by behaviors of initiating structure. To achieve wanted results, the consideration dimension involves elements of participatory decision making as well as a focus on trusting, and respectful relationships (Hopwood 1974; Schriesheim and Kerr 1974; Jambalvo and Pratt 1982; Kida 1984; Otley and Pierce 1995; Bass 2008).

Previous research on leadership have established multiple forms of leadership styles. Leaders follow these styles in leading employees, according to Chen (2008). Transformational and transactional leadership are two main types. Generally speaking, good leaders empower their followers to do well and have a well-defined goal that encourages them to concentrate on priorities.

### **Transformational Leadership**

Bosses and followers make each other advance to a greater moral and motivational stage (Burns, 1978). Transformational leadership changes followers by altering their morals, principles, desires, and values to rise above their self-interest, inspiring followers to do better than initially expected (Bass 1985).

Some of the main characteristics of transformational leader are being energetic, enthusiastic, and passionate. They are not only active in the process, they support their workers to attain success too. Bass (1987) indicated that a transformational leadership is process of behavior composed of three elements: charisma, individualized consideration, and intellectual stimulation. Bass (1990) stated that transformative leadership happens when leaders expand

and increase interests of their workers, create knowledge of the group's purposes and goal, and inspire workers to look past their own self-interest for the group's benefit (Bass 1990).

Leaders that use transformational style inspire followers in many ways to be better (Avolio & Bass, 1988; Burns, 1978). Rather than private desires, the leaders rely on teamwork. The roles of the leader and employees are well defined by transformational leadership but still include the employees in the leadership process. This style will inspire workers to follow targets and enable them to become more effective. This suggests that this leadership style inspires employees to make more effort and they are encouraged to give up their own desires for the benefit of workers or organizations (Bass & Avolio, 1997; Barnett, McCormick, & Conners, 2001; Northhouse, 2015).

These theories show that when a leader utilizes this leadership type, the result is the emotional commitment of workers to the leader. The performance of the leader that uses transformational style is measured by the effect on the followers created by the leader. Followers build confidence and respect for the transformational leader and are able to demonstrate exemplary behavior to satisfy the aspirations of their leader (Barbuto, 1997).

### **Transactional Leadership**

Max Weber first identified this leadership style as the leadership focused on the management process, supervision, organization, and short-term planning. Workers in transactional management are driven by the existence of rewards and punishments. This suggests that the relationship appears to be short-lived between workers and their leaders and is not established on feelings. The enumeration they obtain for their complacency and effort is the only transaction obtained from the followers.

Transactional leadership is an exchange mechanism based on the fulfillment of obligations specified in the contract. It is usually interpreted both in setting targets and in tracking and managing results (Antonakis 2003). As a consequence, it appears to be transitory in that the partnership either ends or is redefined after a transaction has been completed (Lussier & Achua, 2010). Transactional leadership happens when leader contact others because of an exchange of valued items. Both sides understand the other's power relationships and they continue to serve their purposes together. They are not linked together by a common shared intent (Steward, 2006).

Transactional leadership in terms of the use of potential rewards is defined by Bass and Avolio (2004). They see these rewards as the rewards that a leader will offer to a worker after the worker has accomplished accepted objectives, including action that is meant to explain performance standards and will result in return for good performance (Valeria, 2009).

Transactional leaders depend on the goals and objectives set, evaluated and assessed by the company with followers monitored by leaders to ensure that mistakes are not made by workers. (Lussier & Achua, 2010).

### **Organizational Commitment**

One of the popular themes in management is organizational commitment (Wasti, 2003). For any organization, organizational commitment is important because it is a strong indicator of organizational priorities, productivity, absenteeism and turnover (Bushra 2011). In a number of ways, different authors have identified it. Organizational commitment was described by Luthans (2005) as an attitude representing the loyalty of employees to their organization. It was defined by Marchiori and Henkin (2003) as a feeling that makes employees to want to remain the members of an organization and to understand the objectives and principles of the organization. Organizational commitment requires three aspects, according to Mowday (1979): a powerful belief in organization and its objectives and principles, a readiness to make substantial contributions for the organization, and an ambition to preserve the organizational position.

Organizational commitment was also classified by Mayer and Allen (1991) in following types: affective, continuous and normative commitment. Affective commitment is the commitment based on emotions of workers to the company, including values and expectations for the achievement of organizational objectives (Mayer and Allen 1991). Continuous commitment relates to the feelings of duty of workers to stay with the company. Normative commitment is based on the cost incurred by staff if they want to leave the organization. However, commitment based on emotions is critical for workers. In addition, in studies, affective involvement has gained the most attention (Meyer 2002; Mathieu and Zajac, 1990). According to Meyer and Allen (1997), there are bigger chances that affectively engaged workers will have positive workplace reactions and attitudes, as well as a desire to contribute to the function of the company.

In management studies organizational commitment has been the focus of several efforts. Primary focus of research is seeing organizational commitment as the “relative strength of an individual’s identification with and involvement in an organization” (Porter 1974). Related literature typically stresses three important dimensions of organizational commitment: a deep belief in the aims and principles, the ability to expend substantial effort, and the desire to be a respected organization member. Individuals with high levels of engagement not only display a passive affiliation to the organization based on their opinions, values, or emotions, but also play an active role in contributing to the organization's objectives and general well-being (Mowday 1979; Jaworski and Young 1992). In addition, highly committed managers are more likely to

take action in support of the company than to behave in search of their pure self-interest (Chong and Eggleton 2007). Eventually, longitudinal findings in behavioral literature provide evidence that goes well beyond the beneficial impact on organizational excellence and suggests that even society as a whole will benefit from increased organizational commitment (Mathieu and Zajac 1990).

It is widely accepted that the degree of organizational involvement depends on the leadership features of the main staff of the organization. Mentioned authors define leadership as the mechanism by which top managers actively manipulate "other individuals in a collective organization to direct, organize, and promote activities and relationships" (Yukl 2013). Literature also indicates that the power of a top manager manifests itself in the establishment of direction, staff alignment, as well as people's motivation and desire (Kotter 1990).

### **Affective, Continuous And Normative Commitment**

Initially, Meyer and Allen (1984) indicated differences between affective and continuance commitment. Affective commitment is an emotional commitment, meaning that workers want to participate and be members in the organization, and continuance commitment is based on the possible costs that employees might have if they quit the organization. Allen and Meyer (1990) later proposed a new type of commitment. That is normative commitment, where workers want to remain in the company because they feel obligated.

Affective commitment refers to the emotional connection of workers to engagement in the organization (Meyer and Allen, 1991). Among three types of commitment, the most studied is affective organizational commitment and displays the highest connection with workers and organizational performance (Katz and Kahn, 1978; Cohen, 2003). Affective commitment refers to the orientation of an individual towards the organization in terms of loyalty, identity and participation (Judge, Robbins, Odendaal and Roodt, 2010). Individuals who are committed at an emotional level typically stay with the organization because they see their work in accordance with the organization's priorities and principles (Ferreira, Basson and Coetzee, 2010).

Continuance commitment defines the investment made by the employee in the company, such as their efforts, organization-specific abilities that may not be transferable, time and effort. The longer individuals reside in the company, the more they have to lose (Ferreira 2010). This type is not based on emotion. This relates primarily to the investments made by members of the firm, such as work effort, time and growth of work friendships, abilities and political deals (Jaros, Koehler, Jermier, and Sincich, 1993). The principle of continuance commitment was enumerated by Allen and Meyer (1990) as a type of psychological attachment to an employing organization that represents the degree to which a person feels a

sense of being locked in place due to the high cost of leaving. The third type of organizational commitment is normative commitment which represents feelings of responsibility to remain with an organization because of others' pressures. Normative commitment is present when employee feels obligated to stay in company. Employees with high normative commitment levels stay in the company because they believe they have to. Meyer and Allen (1991) argued that these three commitments were more components than types in arguing for their structure, since workers may have varying degrees of all three.

Morgan (2012) is of the opinion that affective commitment can be seen as the strength of the relationship, continuance commitment can be seen as duration, and responsibility is expressed by normative commitment. As conclusion in this section, it can be said that affective commitment is present when employees stay in an organization because they want to, continuance commitment is when employees stay because they have to, and normative commitment is when they stay because they ought to.

## **Family Business**

Family and business are words that are used daily and often. The concepts are clear to most people: the family is the group of people in which we are born, grow up, who take care of us and protect us until we create our own family in which the whole cycle repeats itself.

If we compare the tasks and goals of these two concepts, it can be said that companies always have defined tasks and goals, while the family's only task is to create a favorable environment for people to grow up. When family members find their interest in acquiring in a small company, a family business is created (Syms, 1992).

The definition that claims that a family entrepreneur is anyone whose business is affected by family relationships seems too broad. In any case, it makes sense to define as a definition that the company employs at least two family members, although it should be determined which tasks they perform, to what extent their role is decisive and what is the share of ownership of each of them. Definition of family business according to ownership, participation of family members, transition between generations (Handler 1989).

As for the legislative framework, it is difficult to find any consideration of family businesses within Europe. Nevertheless, there are countries and examples where legislation not only mentions but also defines certain target groups (KMU Foeschung Austria, 2008):

Some researchers approximate that today's family-owned businesses make up over 95% of all businesses worldwide. It can be concluded that family businesses signify a broad venture in the economic and social spectrum.

## CONCEPTUAL FRAMEWORK & HYPOTHESES DEVELOPMENT

Most research reveals diverse findings. Transformational leadership style was more related to followers' commitment than transactional leadership and it was more preferred (Raja and Palanichamy 2011). According to Garg and Ramjee (2013) transformational leadership has positive effect on all three organizational commitments while transactional has only positive effect on normative. Wiza and Hlanganipai (2014) found out that transformational leadership had a positive effect on continuance and affective employees' commitment, while transactional style had a positive relationship just on normative commitment. On the other side these two leadership styles had positive relationships and affected employees' commitment according to many studies as Yahchouchi (2009), Dariush (2016) and Dahie, Mohamed, and Mohamed's study (2017). Based on these studies, which state the positive effect of both leadership styles on all three organizational commitments, hypotheses were formed in this study. Hypotheses and a model with relations are presented in the next section of this paper. Based on the above, the hypotheses of this study is formed:

H1: Transformational Leadership has a positive impact on Affective Commitment

H2: Transformational Leadership has a positive impact on Continuance Commitment

H3: Transformational Leadership has a positive impact on Normative Commitment

H4: Transactional Leadership has a positive impact on Affective Commitment

H5: Transactional Leadership has a positive impact on Continuance Commitment

H6: Transactional Leadership has a positive impact on Normative Commitment

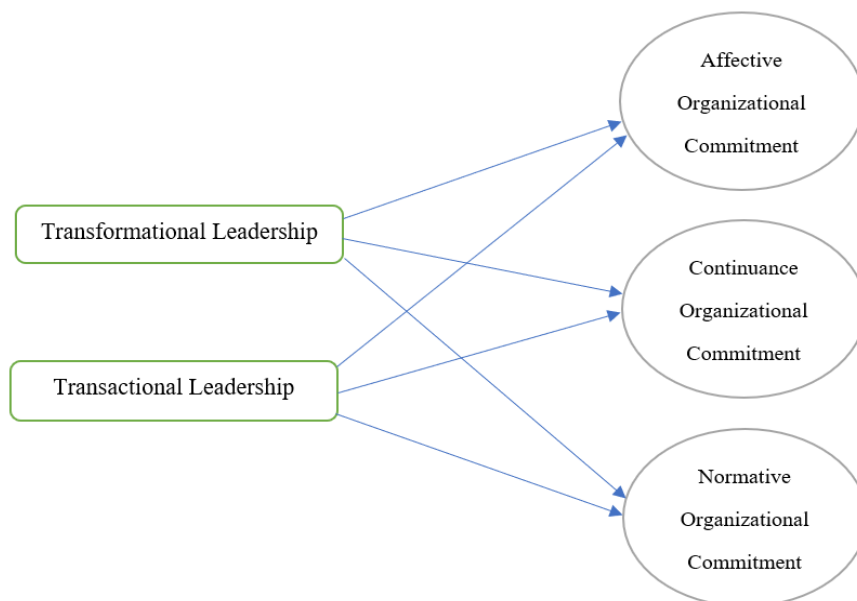


Figure 1: Proposed model with relations



## **METHODOLOGY**

Study adopted a descriptive research design.

### **Sample And Collection Of Data**

When it comes to the targeting group in this research, 100 family companies in Bosnia and Herzegovina were asked to respond. The locations of the companies were in larger regional centers in Bosnia and Herzegovina, such as Sarajevo, Tuzla, Banja Luka, Zenica, Mostar, Bihać, Travnik, Trebinje, Bijeljina, Brčko, Dobož and other cities.

The data were collected in family companies in Bosnia and Herzegovina. Family businesses are not tied to a certain size in terms of employees or turnover. They do not need entertain a specific legal form and are found in almost any industry. A business in which two or more family members are involved and the majority of control lies within a family is characterized as a family business.

### **Research approach**

Method for this research study was collecting relevant data from various company structures in family firms through a survey. Quantitative methods can be used in relevant data. All the data will be private and were collected unique for this research. Convenience sampling was used, so family firms were asked to provide two persons (one male and one female if possible) to answer the survey questions. After collecting the data, SPSS was used for statistical analysis. Through this method all the necessary information were collected for further investigation.

### **Framework Of The Study**

This research used content analysis, a quantitative method to investigate the frequency of mention of a particular content, or its quantity, after which they have been compared and explained. Within this study, a combination of several scientific and research methods has been applied. Combining methods is a postulate of positive practice in scientific research, and results in a higher level of knowledge, which implies a higher degree of relevance of research and final results. The paper consists of a theoretical and an empirical part.

For the research, primary and secondary data were used. Primary data were collected through surveys. For the purposes of surveying representatives of family businesses, the designed tools contain a number of very important questions. In addition, the use of existing studies and analyzes was a secondary source of data. Data were collected on the effects of

different leadership styles on commitment in family businesses to the attitudes of family business representatives within the set time frame.

### **Measurement Scale**

After analyzing the various literature, which is listed at the end of the paper, and getting acquainted with the characteristics of the concepts of both leadership types, and three types of organizational commitments we came to the necessary information to create questions for the needs of our research. Questions were created on basis of questionnaires of authors Bass, Avolio, Meyer and Allen. Existing studies were used as a secondary data source. During the research, data were collected on the impacts of different management styles on the commitment of family businesses.

Research within this study is one of the first of its kind to be conducted in BiH. Respondents stated about their gender, age, level of higher education and whether they are members of the owner's family (extended family). Under the organizational commitment, respondents were asked to select one of the scale values to describe their agreement or disagreement with the statements.

As part of the affective commitment, they had the opportunity to answer the question of whether or not they agree on spending the rest of their career in the company, enjoying talking about their company with people outside it, feeling connected to the company's problems, connecting with another company as the current one, feeling like "part of the family," whether they feel an emotional connection and a strong sense of belonging.

When it comes to continuance commitment, respondents were asked to answer questions about whether they are afraid of what could happen if they leave the job and do not have others agreed, whether it would be difficult for them to leave the company, disturbance due to leaving the form, whether it would be too much expensive to leave the company, staying in the company as a matter of need and desire, other options and leaving the company, leaving the company and lack of alternatives as well as the reason for working for the company and how leaving would require great personal sacrifice.

When it comes to normative commitment, respondents were asked about their attitude towards the fact that people change companies too often, whether a person should be loyal to their company forever, moving from one company to another is not unethical, the reason for continuing to work in the company and the importance of loyalty, the possibility of getting another better job offer and the feeling that it is not right to leave the company, the habit of valuing loyalty to one company, about things that are better when people have spent most of their careers in one company and whether it is reasonable to be „Company man“ or „Company woman.“

Within the leadership style, respondents answered about their agreement with the questions: does his boss encourage him to go beyond what is usually expected of an employee, make me feel proud, coach them, consider moral and ethical implications, looks at someone with special needs, abilities and aspirations, listens to considerations, encourages good work, raises motivation, encourages me to think more creatively, sets demanding standards, re-examines unquestionable ideas, puts good groups before personal interest, thinks about moral and ethical consequences of his decisions, he talks optimistically about the future, re-examines critical assumptions in order to ask whether they are appropriate and whether he is helping others to develop their skills. Within Transactional leadership, respondents clarified whether their boss: has clear expectations, takes action before problems become chronic, sets standards for doing business, negotiates with them, monitors work, and keeps track of mistakes, making it clear what someone can expect when the set goals of the work are fulfilled and whether it keeps a record of all errors.

## ANALYSIS AND RESULTS

### Demographics

A total of 200 valid questionnaires were received. There were 107 male and 93 female respondents, indicating that both sexes were almost equally represented. The majority of respondents were bachelors (40%) and high school graduates (29.5%). Only 16 respondents are aged 56 and over, but most adults were between 30-42 years (46.5%) and between 43-55 years (30.5%).

Table 1. Sample characteristics

Variable	Demographics	Number	Valid Percent
<b>Gender</b>	Male	107	53,5%
	Female	93	46.5%
	<b>Total</b>	<b>200</b>	<b>100%</b>
<b>Age</b>	18 – 29 years	30	15%
	30-42 years	93	46.5%
	43-55 years	61	30.5%
	56-65 years	16	8%
	<b>Total</b>	<b>200</b>	<b>100%</b>
<b>Education</b>	Secondary school	30	15%
	High school	59	29,5%
	Faculty	80	40%
	Master's degree	19	9,5%
	Doctorate	12	6%
	<b>Total</b>	<b>200</b>	<b>100%</b>
<b>Member of a family</b>	Yes	39	19.5%
	No	161	80.5%
	<b>Total</b>	<b>200</b>	<b>100%</b>

## Descriptive Statistics

In first part it was investigated an affective commitment of respondents. The mean value of answers (respondents could select 1 to 5 scale values to describe their level of disagreement/ agreement with the statements) was 3,99. This means that most respondents would love to spend the rest of their career at same firm, consider firm's problems as theirs, feel emotionally connected to that company, briefly they feel like a part of the family.

The mean value of answers in continuance commitment section was 4,03 which means that respondents have mostly put enough effort and time in companies they are working for, so they consider leaving would require a great deal of personal sacrifice. Also, most of them state staying in company is currently a matter of need as much as desire and the few serious consequences of leaving this firm would be the lack of alternatives. Another firm may not provide them as good conditions as they already have.

Respondents generally had a neutral opinion about normative commitment. That also tells us the mean value which equals 3,28. They understand what loyalty means, but also the transition from one company to another is not at all unethical.

While researching leadership styles, the mean value of transformational leadership was 3,42. According to this, there are slightly more leaders in this research that put the good of the group before personal interest, think about the moral and ethical consequences of their decisions, encourage their subordinates to think more creatively and talk optimistically about the future. On the other side the mean value of transactional leadership was 3,53. Respondents state their bosses negotiate with them, making it also clear what someone can expect when the set work goals are met. Also, some respondents answered that their bosses oversee their work, track their mistakes and keep records of all mistakes.

## Inferential Statistics

Table 2. Hypotheses testing

Hypothesis	Path in the Model	Direct Effects	Hypothesis Status
H1	PEoU -> BI	p=0.091* t=4.015	Supported
H2	PU -> BI	p=0.100* t=4.030	Supported
H3	BI -> ASU	p=0.097* t=3.680	Supported
H4	PU -> BI	p=0.069* t=2.505	Not Supported
H5	PEoU -> PU	p=0.130* t=4.010	Supported
H6	PEoU -> BI	p=0.099* t=4.035	Supported

Note 1: \* Significant at 95% confidence interval

H1: Transformational Leadership has a positive impact on Affective Commitment Supported.

Hypothesis 1 was supported with p value of 0.091, as well as the t value of 4.015. The direct effects are regarded as significant at 95% confidence interval.

H2: Transformational Leadership has a positive impact on Continuance Commitment Supported.

Hypothesis 2 was supported with p value of 0.100, as well as the t value of 4.030. The direct effects are regarded as not significant at 95% confidence interval.

H3: Transformational Leadership has a positive impact on Normative Commitment Supported.

Hypothesis 3 was supported with p value of 0.097, as well as the t value of 3.680.

H4: Transactional Leadership has a positive impact on Affective Commitment Not Supported.

Hypothesis 4 was not supported with p value of 0.069, as well as the t value of 2.505. The direct effects are regarded as significant at 95% confidence interval.

H5: Transactional Leadership has a positive impact on Continuance Commitment Supported.

Hypothesis 5 was supported with p value of 0.130, as well as the t value of 4.010. The direct effects are regarded as significant at 95% confidence interval.

H6: Transactional Leadership has a positive impact on Normative Commitment Supported.

Hypothesis 6 was supported with p value of 0.099, as well as the t value of 4.035. The direct effects are regarded as significant at 95% confidence interval.

After analyzing respondents' answers about affective commitment, it was found that first two measures are strong factors. First item "I would love to spend the rest of my career at this firm" has an Eigenvalue 3.256 and second item „I enjoy talking about my company with people outside of it“ has an Eigenvalue 1.852. The other measures have Eigenvalue less than 1.

At continuance commitment section, measures „I am not afraid of what could happen if I leave my job without having others agreed“ and „It would be very difficult for me to leave the company immediately, even if I wanted to“ have the Eigenvalues over one (4.472 and 1.541). Third measure has Eigenvalue 0.769, so it and other measures are not considered as strong factors.

The first two measures at normative commitment section have an Eigenvalue greater than 1. Item „I think people change companies too often today“ has the Eigenvalue 3.919, and item „I don't think a person should be loyal to their firm forever“ has the Eigenvalue 2.237. Third item has the Eigenvalue 0.825, so it and other measures are not considered as strong factors.

At transformational leadership section, first item "My boss encourages me to think more creatively" has Eigenvalue 5.526, item "My boss sets demanding standards" has Eigenvalue 0.946, and item "My boss makes me reconsider unquestionable ideas" has Eigenvalue 0.715. Other measures have lower Eigenvalues. At transactional leadership section, first two measures

have Eigenvalue greater than one. Item “My boss tells us the standards for doing the job” has Eigenvalue 1.910, and item “My boss is negotiating with me” has Eigenvalue 1.867.

Cronbach’s alpha for measures about affective commitment is 0.769. Removal of measures about “respondents’ spending the rest of their career at the same firm” and “if they enjoy talking about their companies with people outside of it”, would lead to a small improvement in Cronbach’s alpha. Cronbach’s alpha if these measures are deleted would be 0.814 (first item) and 0.799 (second item). Also, the Corrected Item-Total Correlation value were low for these questions (0.194 and 0.197).

Cronbach’s alpha for measures about continuance commitment is 0.855. Removal of any item, except two of them, would result in a lower Cronbach's alpha. These two measures are “It would be very difficult for me to leave the company” (with Cronbach’s alpha if item deleted = 0.887) and “Staying in my company is currently a matter of need as much as desire” (with Cronbach’s alpha if item deleted = 0.874). The Corrected Item-Total Correlation value for these measures were 0.152 and 0.304.

Cronbach’s alpha for measures about normative commitment is 0.751. Removal of measure about respondents’ opinion if people change companies too often today would result in a higher Cronbach’s alpha. Cronbach’s alpha if this item is deleted would be 0.797. The Corrected Item-Total Correlation value was very low for this measure, with value of 0.082.

Cronbach’s alpha for measures about transformational leadership is 0.861. Removal of any item, except measure “My boss is re-examining the critical assumptions in order to question whether they are appropriate”, would result in a lower Cronbach's alpha. Cronbach’s alpha if this measure is deleted would be 0.945.

Cronbach’s alpha for measures about transactional leadership is 0.874. Removal of any item would result in a lower Cronbach's alpha. Therefore, there is no need to remove any of these measures.

Correlation among measures about affective commitment was significant except in few cases. Correlation was not significant between measures „I think I could easily connect with another company like I did with this one“ and two other measures, that are „I would love to spend the rest of my career at this firm“ (significant value 0.384) and „I enjoy talking about my company with people outside of it“ (significant value 0.718). Also, correlation was not significant between measures „I don't feel like part of the family in my company“ and „I enjoy talking about my company with people outside of it“ with significant level 0.059.

After investigating continuance commitment, it was noted that correlation was not significant between measure „It would be very difficult for me to leave the company immediately, even if I wanted to“ and measures „It wouldn't be too expensive to leave the firm now“

(significant value 0.296), and „One of the few serious consequences of leaving this firm would be the lack of alternatives“ (significant value 0.967). Also, correlation was not significant between measure „Staying in my company is currently a matter of need as much as desire“ and measures „It wouldn't be too expensive to leave the firm now“ (significant value 0.329), and „One of the main reasons why I still work for this firm is that leaving would require a great deal of personal sacrifice and another firm may not match the overall benefits I have here.“ (significant value 0.461).

Correlation among measures about normative commitment was not significant in few cases. Correlation was not significant between measure „I think people change companies too often today“ and measures „I don't think a person should be loyal to their firm forever“ (significant value 0.889), „In my opinion the transition from one company to another is not at all unethical“ (significant value 0.106), „If I got a better offer for another job I would feel it was not right to leave my company“ (significant value 0.583), and „I don't think it's reasonable to be „Firma's man“ or „Firma's wife“ anymore“ (significant value 0.193). Also correlation of measures „I have been taught to value loyalty to one company“ and „Things were better when people spent most of their careers in one firm“ with measures „I don't think a person should be loyal to their firm forever“ (significant value 0.894 and 0.520), „In my opinion the transition from one company to another is not at all unethical“ (significant value 0.703 and 0.554) , and „If I got a better offer for another job I would feel it was not right to leave my company“ (significant value 0.674 and 0.305) was not significant. Correlation was not significant between measure „I don't think it's reasonable to be Firma's man or Firma's wife anymore“ and measure „I have been taught to value loyalty to one company“ (significant value 0.329).

While correlation among some measures in previous sections was not significant, correlation among measures about transformational leadership was significant in all cases. On the other side correlation among measures about transactional leadership was significant, except in one case. Correlation was not significant between measure „My boss keeps a record of all mistakes“ and measures „My boss tells us the standards for doing the job“ (significant value 0.218), and „My boss is negotiating with me“ (significant value 0.433).

## DISCUSSION AND CONCLUSION

The connection between the commitment of employees and the leadership style has drawn significant interest in research. Most research shows different results. In his study, for instance, Yahchouchi (2009) noted that Lebanon's leadership style was assumed to be more transformational than transactional and that these two leaderships had positive relationships and affected employees' devotion. In Turkish banking sector a research was conducted by Mert,

Keskin, and Bas (2010) and they found that there was a substantial leadership impact on three commitment types and that transformational style increases the commitment of employees.

In their study, Raja and Palanichamy (2011) found the transformational style was more used and related to the commitment of employees than transactional style. The results of study showed that the perception of employees relative to others plays a role in the preference for leadership style and that wages that can be seen as a financial motivation do not seem to account for the organization's preference for leadership style and commitment. In the same vein, the study by Cemaloglu, Sezgin, and Kilinc (2012) found that school principals adopted the transformational style preferably to the transactional style and that "the level of continuance commitment of teachers is higher than affective and normative commitment, but on the contrary, teachers give economic earnings more importance than personal satisfaction." Their research revealed that the behaviors of the school leaders that were characterized by the components of both leadership styles were negatively related to the affective commitment of teachers. They also observed that the teachers' affective commitment was not the function of extrinsic motivation. This means that it is not in all situations that the commitment of workers is a function of the leadership style used in a company.

Garg and Ramjee's (2013) study in South African public agencies found that there is a weak positive significant connection between transformational style and all three commitments. A transactional style had a weak but meaningful positive correlation with normative commitment. The study results showed that the more workers show the following features (trust, inspiring a common objective, creating enthusiasm, empowering, coaching, and noticing accomplishments) that are constituents of the style of transformational leadership, the more they will want to remain in the company. The style of transactional leadership with all its components (elucidating targets and objectives and providing acknowledgement after objectives are met, determining the benchmarks for compliance, and in addition what constitutes ineffective performance and punishing followers for failing to comply with certain principles, as well as checking for irregularities, mistakes, and blunders for remedial action as quickly as possible) tends to affect the way workers feel about the need to stay with the company.

The research by Wiza and Hlanganipai (2014) showed that the style of transformational leaders had a significant positive relation with continuance and affective commitment of employees, while the style of transactional leadership had a significant positive relation with normative commitment. Results of research study by Dariush (2016) show that leaders' transformational and transactional styles have a major positive impact on the commitment of employees. The study by Dahie, Mohamed, and Mohamed (2017) also showed that employee commitment is positively linked to both leadership styles.



After reading and reviewing the studies mentioned in this section, we can conclude that mostly these leadership styles have a positive impact on workers commitment. Transformational style was often favored and more connected to the commitment of workers than transactional style since this leadership style transforms followers by altering their morals, ideals, ambitions, and priorities to rise beyond their self-interest, inspiring them to perform better than initially expected. This paper agrees with these studies about transformational and transactional leaderships having positive effects on employees' commitment except in one case, and that is it also agrees with studies mentioned above that stated transactional leadership does not have positive effect on affective commitment. This paper presents positive practices in family businesses. The study used primary and secondary data. Primary data were gathered through surveys. In order to examine the representatives of family businesses, tools were created that contained very important questions.

Effect of transformational style on affective, continuance, and normative commitment was positive. All hypothesis related to this leadership style are supported. The main reason why transformational style has positive effect on three dimensions of organizational commitment is because it is based on sharing a consensual decision-making process of managers with their subordinates, so the resulting decision is a joint one between managers and subordinates. A transformational leader is energetic, enthusiastic, passionate motivator to his/her followers in order to perform better than initially expected.

On the other side the second research question was partially confirmed and it was about the effect of the transactional style on affective, continuance and normative commitment. Transactional leadership style in this research has positive effect on continuance and normative commitment. Only hypothesis 4 "Transactional Leadership has a positive impact on Affective Commitment" was not supported. The primary explanation for this is that the relationship appears to be short-lived between leaders and their subordinates, and it is not based on emotions at transactional leadership. This leadership style is not based on emotions because in transactional leadership workers are motivated by rewards and punishments.

There are many formal leadership roles in family business. The CEO and chairman of the board run the business and usually a group of shareholders. On the other hand, formal family leaders are family council leaders, parents and grandparents. However, these leader types do not make all the important decisions in these systems. They do not provide all the guidelines or allocate all the resources. Leadership is a topic that is present in many aspects of a family business. However, there are no basic skills, behaviors and personality traits that make up an "ideal" leader. It is necessary for all family businesses to determine the necessary leadership skills in accordance with their values and strategies. This topic will explore the

importance of competence and behavior of individuals and how to implement the strategy. The significance of this study is that it will indicate the long-term business results and their strong performance of the family and the ownership group in the system of family businesses. Family unity and support for business ownership are of great importance so it will be explored what the effectiveness of leadership in business success depends on. It is expected the study of this topic would contribute in clarifying concepts relating to transformational style, transactional style, affective, continuance, and normative organizational commitment and family firms. The beneficiary from this research study could be all self-researchers, academicians, managers, prospect researchers. Students can take benefits for academic and job purpose. Family firms could implement the suggestions for improvement of their leadership and getting better organizational commitment in a company. It can be sad that the benefits could be multidimensional for above mentioned parties.

The purpose of the study was to examine the effects of leadership styles on employees' commitment in family business. As mentioned before the results were in accordance with the most literature, except there is the case that this study also agrees with studies stating transactional leadership does not have positive effect on affective commitment. This study was based on the works of Bass, Avolio, Meyer and Allen. They provide the best insight and understanding of the concepts of leadership styles and organizational commitment. Also, survey questions were created on basis of questionnaires of these authors. Hence, it is recommended that further studies base their work on these authors.

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