

Abstract

This study examines whether transformational leadership influences organizational culture that furthers NGOs' effectiveness. It also examines whether transformational leadership at the top directly influences NGOs' effectiveness. Further, this study examines whether transformational leadership influences leader-member exchange that furthers organizational commitment which in turn improves NGOs' effectiveness. Additionally, it examines whether transformational leadership has a direct bearing on employees' commitment. Finally, it tests whether NGO effectiveness enhances the programme outcomes in terms of improved health, education, income, and happiness of villagers. Data were collected from 312 NGOs in Jharkhand state (India). Transformational leadership, organizational culture, leader-member exchange, organizational commitment, and NGO effectiveness were assessed from NGO personnel using standard instruments, and programme outcomes on health, education, income, and happiness were evaluated from beneficiaries in villages using visuals. Findings reveal that transformational leadership directly influences organizational culture that furthers NGO effectiveness. Transformational leadership at the top fosters favourable NGO culture, and NGO culture propels its effectiveness. Further, the study reveals that transformational leadership directly influences leader-member exchange that furthers organizational commitment which in turn, enhances NGO effectiveness. Transformational leadership does not directly enhance staff commitment and NGO effectiveness. NGO effectiveness results in effective programme execution that improves the health, education, income and happiness of beneficiaries. To sum up, transformational leadership at the top fosters favourable leader-member exchange leading to employee commitment on the one hand, and builds organizational culture on the other hand. Both, employee commitment and a favourable organizational culture increases NGO effectiveness, which in turn, enhance specific outcomes of the programmes delivered to the beneficiaries of NGOs.

Keywords: Leader-member exchange, NGO effectiveness, organizational culture, organizational commitment, programme outcomes, transformational leadership.