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The impact of leadership styles on job satisfaction and mediating role of perceived organizational politics

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Abstract

The present study aims to investigate the impact of leadership styles on job satisfaction and to see if perceived organizational politics has a mediating role or not. In this study descriptive research design was used and a quantitative research was conducted. The sample of this study was selected through non-probability convenience sampling. Research finding revealed that transformational leadership has a positive impact on job satisfaction and transactional leadership has a negative impact on job satisfaction. Findings also suggest that, perceived organizational politics partially mediate the relationship between both leadership styles and job satisfaction.

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1. Introduction

Leadership has a stronger effect on the attitude of employees towards their jobs. The role of leaders in today's organizations has changed and the success of any organization relies on the leadership styles practiced by the leaders. According to Mintzberg (2010) true leaders engage others with their consideration and modesty because they involve themselves in what they are actually doing not for individual gains.

Although there are various theoretical approaches to study the leadership styles but transformational and transactional leadership framework has received considerable research support (Bass & Avolio, 1993). Research studies conducted on leadership mostly emphasis on transformational leadership but some other researches also give

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importance to transactional leadership. These studies suggested that transformational leadership has more impact on representatives' attitudes towards their jobs as compare to transactional leadership.

Perceived organizational politics has also an important influence on outcomes because it often interferes with the normal processes of organizations like rewards, decision-making and promotions, which damage the performance and productivity at both organizational and individual level (Dhar, 2009). Perceptions about the politics in organization are strongly connected with justice and fairness that can increase or decrease the level of satisfaction of employees and it differs from individual to individual and not a thing form by itself. Leadership is one of the factors that influence the perceptions of organizational politics (Ferris, Russ, & Fandt, 1989; Ferris & Kacmar, 1992; Kacmar & Baron, 1999), which ultimately affect the level of satisfaction of employees about their work. One of the objectives of leadership is the management of the perceptions of organizational politics of the employees that influence their outcomes (Ram & Prabhakar, 2010). Effective leaders who possess good leadership styles have the ability to moderate or minimize the organizational politics perceptions hence increasing job satisfaction. Therefore leadership style and organizational politics both are important factors that may affect employee's satisfaction regarding their job. To the best knowledge of researcher, no research study up till now has been conducted to investigate the mediating role of perceived organizational politics between leadership styles (i.e. transformational, transaction) and job satisfaction in context of educational sector of Pakistan, which this study is going to do. Greater understanding about the link between leadership styles, perceived organizational politics and job satisfaction allows better management of quickly changing organizational situations, while reducing organizational politics perceptions and its negative outcomes.

2. Literature Review

2.1. Leadership Styles

Northouse (2007) stated, "Leadership is a process through which an individual influence a group of people to attain common goals". Leaders now don't rely upon their legitimate power to persuade individuals to do as they are told but they take an interest in an interaction with their subordinates or they raise and widen the interest of their subordinates (Northouse, 2007). Since 1990 transformational and transactional leadership approaches presented by (Burns, 1978; Bass, 1985) are the most important and are most widely used and tested for the leadership studies.

According to Burns (1978) transformational leadership is perceived when leaders encourage their subordinates to increase the level of their beliefs, morals, perceptions, motivations and coalitions with organizations objectives. Transformational leadership is such an engaging and inspiring relationship between leader and subordinates that enables subordinates to seriously examine the current assumptions and inspire them to think across new directions (Krishnan, 2012) and causes subordinates to give their appreciation, loyalty, obedience and trust to their leaders and to assigned tasks without any questioning (Yukl, 2006). Transformational leaders show confidence and respect in their subordinates and have the ability to influence their subordinate's behavior in such a way that results in more work fulfillment and positive organizational outcomes (Givens, 2008). They help their subordinates to be productive, innovative and creative and adaptable to the various environmental conditions within organization (Furkan, Kara, Tascan, & Avsalli, 2010) and try to prevent the chances of work related problems (Berson & Avolio, 2004).

Transaction means exchange and transactional leadership deals with the exchange between the leaders and their subordinate. According to Naidu & Van der walt (2005) this is a leader-follower exchange based leadership in-which leader exchange rewards or punishment with the follower for the task performed, and in return expects productivity, efforts and loyalty from the follower. Transactional leaders, on the part of satisfying their own self-interest practice control strategies to get subordinates to perform in the preferred way (Kanungo, 2001). Transactional leaders become less engaging, less appealing and become mediocre when transact with subordinates by rewards concentrated on realizing the work achieved, or concentrating on their mistakes, or delaying in making decisions, or avoiding to interfere until something has happened (Howell & Avolio, 1993). In accordance with Robbins (2003) more employees leave with the transactional leadership than with the transformational leadership.

2.2. Job Satisfaction

Job satisfaction defined by Wicker (2011) is a sense of pride and inner fulfillment achieved when doing a particular job. Hoppock (1935) in his book presented the idea of job satisfaction as a theoretical construct as being any number of mental, physiological, and environmental situations which prompts a person to express fulfillment with their occupation. It is a positive psychological state that emerges when individuals evaluate their work and work experience (Poon J. M., 2003). According to Spector, (1997) job fulfillment is what individual feel about their job either they like or dislike their job, liking shows the satisfaction or disliking shows the dissatisfaction of employees. Literature reveals that job satisfaction is affected by various factors. Spector (1997) develop “job satisfaction measuring scale” to evaluate the level of satisfaction of employees regarding their job which covers various factors like pay, benefits, supervision; promotion, nature of work, and coworkers. If employees get the salary, benefits, promotion, nature of work, supervision and coworkers they want they will possibly be more satisfied and will also like to stay with organization.

2.3. Perceived Organizational Politics

Organizational politics is an informal way of gaining power through means other than luck or merit (Dubrin, 2010). Ferris et al (1989) stated that, “organizational politics is a subjective perception, but not necessarily an objective reality.” Ferris et al (1989) proposed a model in which they proposed that conceptions of organizational politics are negatively related with the behavioral and attitudinal outcomes of individuals. In accordance with Kacmar & Ferris (1991) POP represents “the extent to which individuals view their working environment as political in nature, promoting self interests of others and thereby unfair and unjust from the individual point of view.” The perceptions of politics influence how employees feel about their organization, coworkers and leaders and these perceptions impacts on job satisfaction (Robb, 2011). Employees in organization will be unhappy if they perceive the organizational decisions making regarding rewards and promotion to be unfair. Lack of justice could be the reason organizational politics, which ultimately effects the job satisfaction. Organizational politics studies have mixed opinion about its outcomes; however negative outcomes are more highlighted. Harmful or negative outcomes of organizational politics negative feeling towards others, loss of position credibility and strategic power, hampered job performance, internal feeling of guilt (Vigoda, 2002) increased dissatisfaction, work stress, lower job performance and less organizational commitment (Kacmar & Baron, 1999).

2.4. Mediating role of Perceived Organizational Politics

According to social exchange theory (Blau, 1964) and expectancy theory (Vroom, 1964) the responsibility of a leader in an organization is to create fair and healthy atmosphere that fulfills the needs and expectations of the employees. In accordance to equity theory leaders should be fair because the expectations of employees receiving the rewards for their hard work on the basis of fairness (Porter & Lawler, 1986). A balanced and fair relationship between leaders and employees is essential for the success of any organization (Gadot, 2007). By strengthening the fair social exchange relationship the level of politics in organization might be reduced, which ultimately influence job satisfaction in a positive manner.

Many researchers in their studies used the same thinking and examine the mediating role of several variables on the relationship between leadership styles and employee outcomes i.e. job satisfaction, commitment and performance. Such as Ferris & Rowland (1981) pointed that leader by its status and behavior affects the job perceptions of employees, which then influence the employees’ attitudes towards job. Hence, employees’ perceptions of the working environment like perceptions of organizational politics may be a mediator between leadership styles and job satisfaction. Pillai, Schriesheim, & Williams, (1999) in their study found distributive justice, procedural justice and trust as a mediator between leadership styles, job satisfaction and organizational citizenship behavior. Gadot, (2007); Talat, Rehman, & Ahmed, (2013) found that organizational politics partially mediate the relationship between leadership styles and organizational citizenship behavior, employees performance and commitment). Kimura (2012) studied the mediating role of perception of organizational politics between transformational leadership and job satisfaction in Japanese context. He demonstrated that transformational leadership style of top

management is positively correlated with employee's job satisfaction through reducing perceptions of organizational politics.

3. Conceptual Framework and Research Hypothesis

The literature has been used to underpin the conceptual framework for the study shown in figure 1 given below.

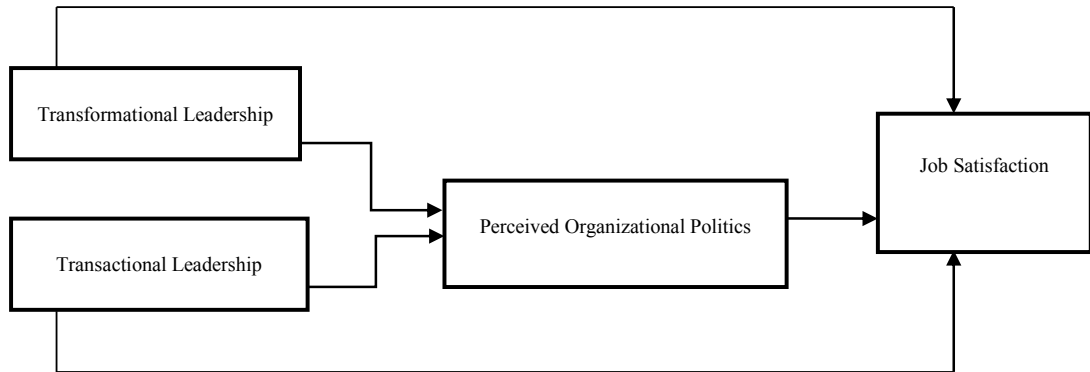


Figure 1. Mediating role of Perceived Organizational Politics Between Leadership Styles (Transformational and Transactional) and Job Satisfaction.

3.1. Hypothesis of the Study

- H1: There is a relationship between transformational leadership and job satisfaction
- H2: There is a relationship between transactional leadership and job satisfaction
- H3: There is a relationship between transformational leadership and perceived organizational politics
- H4: There is a relationship between transactional leadership and perceived organizational politics
- H5: There is a relationship between perceived organizational politics and job satisfaction
- H6: Perceived organizational politics is a mediator between transformational leadership and job satisfaction
- H7: Perceived organizational politics is a mediator between transactional leadership and job satisfaction.

4. Research Method

To describe the characteristics of underlying research phenomenon descriptive research design was used and a quantitative research technique was used in which survey was conducted through distribution of questionnaire in non-contrived study settings. The sample of this study was selected through non-probability convenience sampling. All responses were collected from the teachers teaching in public sector universities of Lahore, Pakistan. 250 questionnaires were distributed among teachers, out of which 217 were returned, indicating a response rate of 86.8%. Firstly permission was taken from the head of the departments. Secondly the teachers were requested to respond as honest as possible and were assured that their responses will be used only for research purpose and be treated as confidential.

Data was gathered through a 40 items questionnaire. Leadership styles was measured through Bass & Avolio (1997) "Multi-factor leadership Questionnaire (MLQ)" consisting of 10 questions regarding transformational leadership style and 10 questions regarding transactional leadership style. Perceived organizational politics was measured through Kacmar & Carlson (1997) "perceptions of organizational politics scale (POPS)" consisting of 10

questions. Job satisfaction was measured through “job satisfaction measuring scale (JSS)” developed by Spector (1997) consisting of 10 questions.

5. Data Analysis and Findings

To check the reliability of each variable used in the study, cronbach’s alpha reliability analysis was performed. The value of Cronbach’s Alpha for transformational leadership was 0.901, for transactional leadership was 0.843, for perceived organizational politics was 0.829, and for job satisfaction was 0.891. Reliability of the whole questionnaire was also measured which turned out to be 0.721. Cronbach’s Alpha value for all the variables is above 0.7 which represents that high internal consistency exists among all the elements of each scale.

To find out the relationship among variables of interest, correlation analysis was performed. As table 1 shows, transformational leadership has moderately strong positive association with job satisfaction with a correlation value of ($r = 0.638, p < 0.01$), supporting H1. Weak negative association between transactional leadership and job satisfaction with correlation value of ($r = -0.285, p < 0.01$) is found, supporting H2. Relationship is weak because the value lies below 0.3. Negative relationship between transformational leadership behavior and perceived organizational politics is found because the value of Pearson correlation is ($r = -0.429, p < 0.01$), supporting H3. Moreover the relationship is moderate because the value lies in between 0.3 to 0.7. Correlation between transactional leadership and perceived organizational politics is ($r = 0.334, p < 0.01$) indicating a moderate positive relationship between transactional leadership behavior and perceived organizational politics, supporting H4. At last, the association between perceived organizational politics and job satisfaction is negatively moderate because the value of Pearson correlation is ($r = -0.496, p < 0.01$), supporting H5.

To test the mediating role of perceived organizational politics between leadership styles and job satisfaction, (Baron & Kenny, 1986) regression analysis approach was adopted. They postulated four conditions for the evaluation of mediation: (1) the independent variable must have significant association with the dependent variable, (2) the independent variable must have significant association with the mediator, (3) the mediator must have significant association with the dependent variable, after controlling the independent variable, (4) after controlling the effect of the mediator, the effect of the independent variable on the dependent variable is no longer significant indicating full mediation or if it is still significant but substantially reduced then it indicates partial mediation.

Thus all the conditions of mediation for transformational leadership styles were found to be met with perceived organizational politics as a mediator and job satisfaction as dependent variable. As table 2 shows, first analysis for a significant relationship between transformational leadership and job satisfaction ($\beta = 0.638, p < 0.01$) indicating a significant positive relationship, and the second analysis for a significant relationship between transformational leadership and perceived organizational politics ($\beta = -0.429, p < 0.01$) indicating a significant negative relationship were met, as shown when supporting H1 and H3. Analysis 3 shows that the effect of transformational leadership on job satisfaction ($\beta = 0.638, p < 0.01$) became less when we control for the effect of perceived organizational politics ($\beta = 0.522, p < 0.01$), indicating that transformational leadership and job satisfaction relationship has been significantly reduces after controlling the effect of perceived organizational politics in analysis 3. R^2 change is 0.222 which means that transformational leadership explained 22.2% additional change in job satisfaction even when the effect of perceived organizational politics has been controlled. Hence, H6 was partially supported indicating the partial mediation effect of perceived organizational politics between transformational leadership and job satisfaction.

All the conditions of mediation for transactional leadership styles were also found to be met. As table 3 shows, first analysis for a significant relationship between transactional leadership and job satisfaction ($\beta = -0.285, p < 0.01$) indicating a significant negative relationship, and the second analysis for a significant relationship between transactional leadership and perceived organizational politics ($\beta = 0.334, p < 0.01$) indicating a significant positive relationship were met, as shown when supporting H2 and H4. Analysis 3 shows that the effect of transactional leadership on job satisfaction ($\beta = -0.285, p < 0.01$) became less when we control for the effect of perceived organizational politics ($\beta = -0.135, p < 0.05$), indicating that transactional leadership and job satisfaction relationship has been significantly reduces after controlling the effect of perceived organizational politics in analysis 3. R^2 change is 0.016 which means that transactional leadership explained 1.6% additional change in job satisfaction even when

the effect of perceived organizational politics has been controlled. Hence, H7 was partially supported indicating the partial mediation effect of perceived organizational politics between transactional leadership and job satisfaction.

6. Conclusion

Previous studies have shown that leadership styles fundamentally affect employee's perceptions of organizational politics, which in turn affects their job outcomes. This research study also attempts to enhance the knowledge about the link between these variables. The result shows transformational leadership has positive association with job satisfaction which means that transformational leader through their inspiring and motivating behavior can induce changes in psychological states of members of organization. On the other hand negative association between transactional leadership and job satisfaction is found which means that transactional leaders are more concerned with achieving organizational goals through giving rewards or punishments and have less concern with motivation of the members of organization.

Moreover, negative association between transformational leadership and perceived organizational politics is found in this study which means that transformational leader provide sense of honesty and fairness which creates positive working environment hence reducing perceptions about politics in organization. The association between transactional leadership and perceived organizational politics is positive which means transactional leaders because of their negotiating skills, rewarding in exchange and non-availability when needed left the members of organization in ambiguous and uncertain conditions hence increase perceptions about politics in organization. The association between perceived organizational politics and job satisfaction is negative which means that if members or organization perceive more self serving behavior of others, lack of fairness and justice by leaders they fell less satisfied with their job.

As far as the mediating role of perceived organizational politics between both leadership styles (i.e. transformational leadership, transactional leadership) and job satisfaction is concern the results shows that all assumptions of mediation for predicting job satisfaction are fulfilled and perceived organizational politics identified as a partial mediator between both leadership styles and job satisfaction. These findings are much in line with the studies conducted by Pillai et al, (1999); Gadot, (2007); Kimura, (2012); Talat et al, (2013). Pillai et al, (1999) recommended that the relationship between leadership and job satisfaction are not direct but intervened. They proposed that destructive and procedural justice and trust are the mediators between leadership and job satisfaction, in this study perceived organizational politics is playing a quite similar role. Gadot, (2007); Kimura, (2012); Talat et al, (2013) also find perceived organizational politics as a mediator between leadership styles and employee performance, job satisfaction and commitment.

So in accordance with the results transformational leadership has the ability to structure a less political working environment, which ultimately have a positive effect on job satisfaction of teachers. On the other hand transactional leadership has such qualities that can strengthen the organizational politics perceptions among teachers this ultimately have negative effect on their job satisfaction. On the basis of results of this research study it is recommended that in universities administrators should know the important benefits and faults of different styles of leadership, as these may affect the perceptions of organizational politics, which in turn can affect the job satisfaction. They need to consider the capabilities of employees and should unravel the potential of their subordinates through practicing more transformational leadership behavior and creating a motivating and less political environment that will lead to their job satisfaction.

7. Research Limitations and Future Implications

Although this study makes a lot of contributions but it also have some limitations, which are considered to be the hurdles on the way of getting maximum possible generalizability. First, this research is being conducted only in Lahore so its scope is limited and generalization of finding might not be worthwhile, researchers should conduct research on other parts of country to generalize the results to entire Pakistan. Second, only the teachers of public sector universities were the respondents, results could differ for teachers of private sector universities. Researchers are recommended to conduct a comparative study on private and public sector universities. Third, this study only focused on educational sector, future researchers are recommended to explore the relationship between these

variables in other sectors like health, banking, manufacturing, etc. At last, this research followed cross-sectional research design to analyze the behavior of variables under study thus having an effect on conclusions of the research, which might have been different if the longitudinal research was carried out. So, for the future research longitudinal research approach is recommended.

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