



## The Mediating Effect of Job Engagement on the Relationship between Leadership Styles and Organizational Performance: A Theoretical Model

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### ABSTRACT

*Modern organizations are experiencing the challenges of understanding the factor that has significant and positive relationship on their performance. The aim of this study is to determine the mediating role of job engagement on the relationship between leadership styles and organizational performance. The aim of the findings of this study focuses on a significant and positive relationship between leadership styles and organizational performance through job engagement. The development of this extensive literature review, suggestions and conceptualization would be helpful for researchers while they aim for further empirical investigation of job engagement and organizational performance.*

**Keywords:** Leadership, Leadership Styles, Job Engagement, Organizational Performance.

### 1. INTRODUCTION

Organizational performance is deemed to be the most crucial constructs in the study of management literature (Combs et al., 2005). Researchers have carried out a significant number of research on organizational performance in an exertion to provide an insight into the antecedents, processes and other factors that can improve organizational outcomes (Jing & Avery, 2008). Researchers like Hammer & Champy (1993); and Henri et al. (2004) referred organizational performance as the effectiveness of the organization that denotes the organization's results or emphases on the objective achievement.

Performance success and failures of apparently alike industries have been experienced in recent years by many organizations over the world. Flamholtz and Randle (1998) mentioned, Microsoft, Southwest Airlines, Nike and Wal-Mart turned into leading forces in their business whereas other equivalent industries

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like Apple Computer, People Express, L.A.-Gear, and K-Mart have experienced hurdles and faced failures after a certain period of rising progress. Even after long-term organizational performance few companies have faced troubles and even failures. According to Eric (1995), worldwide renowned industries like IBM, General Motors, Xerox, Glaxo, Unilever, Nestle, and Philips are among them. In order to achieve organizational performance, there is a need for the top management to display good leadership qualities and create a good working environment (Earle, 1996). According to Fiedler (1996) and Idris and Ali (2008), a leader generally determines the future and performance of an organization. Mosadeghrad and Yarmohammadian (2006) noted that using the correct leadership styles, managers could enhance employee commitment and productivity.

As per information of various researchers (Hang and Chou, 2005; Hoffman, Bynum, and Piccolo, 2011; Krishnan, 2004; Krishnan, 2005; Lee, 2004; Pillai and Williams, 2004) a good number of studies have been executed that purports the influence of leadership styles on employee effects like organizational effectiveness, organizational performance etc.

As pointed by Laschinger et al. (2009), for supporting and empowering followers to put more effort and dedication to the organization and for best performance job engagement is considered as a major indicator of well-being. According to Loehr and Schwartz (2003), after engagement, employees beyond their self-interest found emotionally connected, mentally focused, physically energized and spiritually alighted.

## **2. METHODOLOGY**

In the current study, the researchers relied on existing literature to explore organizational performance and some extensive discussions on leadership styles through the mediating effect of job engagement. This review study has examined the contribution of job engagement in terms of leadership styles and organizational performance. Throughout the study, the researchers have conducted a general search for a relationship within leadership styles and organizational performance, and stepwise more specifically on the mediating role of job engagement. Researchers gathered the information by searching in different online database sources such as Google Scholars, Springer Link, Research Gate, Wiley, Science Direct, Taylor and Francis, JSTOR, Emerald, Scopus, Repository of Universiti Utara Malaysia Library, WorldCat, and EBSCO HOST etc. During the searching of articles, the researchers have tried to figure out the most relevant articles, conference proceedings, books, published dissertations in order to provide an extensive review of the topic and as well as to provide legitimate suggestions for future study. The review has been examined on the basis of research objectives, methods, and findings of the study in

accordance with previous empirical and conceptual studies on that particular subject area.

### **3. LITERATURE REVIEW**

#### **3.1 Leadership and Leadership Styles**

Leadership is a process where the followers and leader interact with each other and the leader influences and drive groups in achieving a common goal or outcome (Yukl, 2002; Northouse, 1997). Among the leadership scholars, Burns (1978) added a contribution to the study of leadership while carrying out a study on the leadership behavior of politicians. He was one of the pioneer scholars who attempted to address subordinates as either transformational or transactional. Bass (1985) modified Burn's model and applied it to the general organizational environment. Scholars like Eisenbach et al. (1999) found that theory on transactional and transformational leadership introduced by Bass's (1985) is considered as one of the most extensively researched theories of leadership. Three styles of leadership such as transformational, transactional and passive-avoidant have been described by Bass (1985) in his model.

##### ***3.1.1 Transactional Leadership***

Leaders and subordinates have substantial power and influence under this viewpoint. Here, the leader can influence and motivate individuals in an organization (Burns, 1978). Social psychological social exchange theory is the root of Transactional leadership style. Leadership scholars like Burns (1978); Bass (1981, 1985, 1997); Bass and Riggio (2006) and Judge and Piccolo (2004) suggested, the reciprocal and deterministic relationship between a leader and the subordinates is the basis of this type of leadership. In order to motivate the behavior of the subordinates, leaders use a bargaining process in this style. The transactional leadership has three core elements like (a) contingent rewards - expectations and rewards for undertaking goals are clarified here by the leaders and b) management-by-exception - here goals are specified by the leaders and progress are monitored as well (Alimo-Metcalfe & Alban-Metcalfe; 2001).

##### ***3.1.2 Transformational Leadership***

Bass promulgated this leadership approach. According to Burns (1978), an organizational vision is created by such leaders where the followers get inspiration and motivation. Holwell and Avolio (1993) addressed Transformational leaders as the agents of changes as the organizational vision is shared among the employees. Yukl (1989) found, long-term and extended positive effects on the organizational performance is possible through

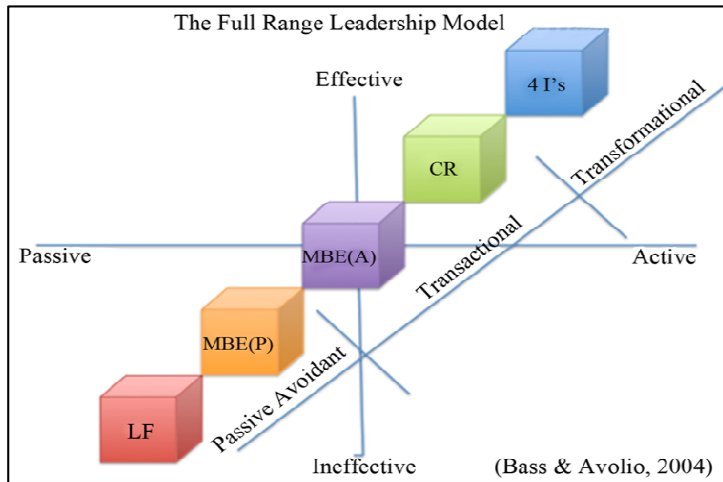
Transformational leaders, whereas the terms of the contract with the followers are monitored by the transactional leaders.

According to Avolio & Bass (2004), influencing the ability of the leader on the followers is the basis of Transformational leadership theory. Idealized behaviours idealized attributes, inspirational motivation and individualized consideration and intellectual stimulation; all these factors constituted the foundation of transformational leadership. According to Benjamin (2006), in comparison to transactional style; the transformational leadership is more effective and businesses performance is positively correlated. Transformational style of leadership has been discussed in many studies in a different way. Bakker & Heijden (2011) explained, the transformational leader could be a visionary, inspiring or innovatively stimulating servant leader (Waterman, 2011). Transformational leadership is more about the process of leadership as opposed to the desired leadership aim. Hoopes (2008) found that the transformational leader attempt to change the attitudes of the follower. In another manner, the transformation might take the shape of inspiring the follower, creating a vision for the follower, and motivating the follower. Transformational leadership is the new paradigm for the post-industrial global society (Burns, 1978).

### ***3.1.3 Passive-Avoidant Leadership***

The third type of leadership style introduced by Bass (1985) is laissez-faire or passive- avoidant leadership which is characterized by a lack of leadership. Leadership scholars (Bass & Avolio, 2004; Gardner & Stough, 2002) explained that ‘no leadership’ or ‘do nothing’ style is equivalent to Passive-avoidant leadership. Three types of leadership approach like transactional, transformational and non-transactional laissez-faire are included in the FRL theory of Avolio & Bass (1991). In the discussion of Full Range Leadership Model Researchers (Salter, 2007; Green et al., 2008) found the approach comprising of transactional, transformational, laissez-faire style and management by exception (active and passive). This model consists of a range of leadership behaviors. The following figure portrays leaders as using a wide range of different forms of leadership behaviors:

Figure 1: Full Range Leadership Approach



Source: Bass & Avolio. (2004). Multifactor Leadership Questionnaire

Under the full-range leadership model, every leader demonstrates some characteristics of each of these leadership styles (Kirkbride, 2006). According to Kirkbride (2006), among different leadership models the FRL approach is one of the most researched and validated models which is currently being used widely throughout the world. Under this model, effective leaders display the transformational leadership style and the less effective leaders display the passive-avoidant leadership and transactional styles (Bass & Riggio, 2006). As Kirkbride (2006) viewed, ranging from non-leadership (passive leadership) to transformational style FRL approach exhibits the complete array of leadership model. Under FRL model, effective leaders display the transformational leadership style and the less effective leaders display the transactional and passive-avoidant style of leadership (Bass & Riggio, 2006).

### 3.2 Organizational Performance

In the management arena, the most widely studied aspect is organizational performance (Neely, 2005). Scholars like Ford and Schellenberg (1982); Johannessen et al. (1999) clearly mentioned that regardless of the extensive studies carried out in the literature about organizational performance, no universal consensus has been reached on the way it should be defined. Hammer and Champy (1993); Henri et al. (2004) further examined organizational performance as the organizational effectiveness that represents the results of the organization's activities or focuses on the objectives achievement.

The area of organizational performance is enriched with the contribution of the scholars in the fields like operations management, human resources management,

strategic management, marketing and organizational behavior (Neely, 2005; Marr & Sciuma, 2003). Organizational performance is identified with a comparison to some benchmarks in terms of effectiveness and efficiency and concurrently to the action. (Neely, 2002). As per the definition of Sawalha (2013), organizational performance denotes the organizational skill of organization to accomplish its goals like profitability, strong financial results, sizeable market share, quality products, customer satisfaction, and long-term survival, using appropriate strategies and action plans. According to Boyne & Walker (2005), many factors influence organizational performance in including a set of internal factors like organizational culture, leadership styles, human capital and capacity, and other external factors such as environmental, political and social factors.

It is a continuous innovation and advancement process that remains evolving in line with the organizational growth that requires the involvement of all levels of management and staff within the organization (Sener et al., 2011). Highly performing organizations not only aim to maintain at a predefined level of performance but also continuously drive towards raising the performance by enhancing performance elements. Li and Tan (2013) emphasized on adopting policies to reach the performance and raise the efficiency in organizational performance both in profit and non-profit organizations.

### **3.3 Job Engagement as the Mediator**

Job engagement is the physical, emotional, and cognitive energy that individuals employ on a work assignment (Kahn, 1990). Christian et al. (2011) mentioned job engagement is seen as a concept of motivation that characterizes the active employment of personal resources toward the work role associated tasks.

The mediator role of job engagement on the relationship between job performance and organizational resources or other affirmative job outcomes like proactive job behavior, commitment, and extra-role behavior has been evident by Laschinger et al. (2009) and Llorens et al. (2006). Xanthopoulou et al. (2008) found that colleague support had an indirect effect on in-role performance through the mediating effect of job engagement. Salanova et al. (2005) noted that the relation between service climate and organizational resources was fully mediated by job engagement. Xanthopoulou et al. (2009) further found, the relation between financial returns and supervisor coaching are partially mediated by job engagement.

In the light of the literature reviewed, it can be mentioned that job engagement may mediate the relationships between the leadership styles and organizational performance.

#### 4. THEORETICAL BACKGROUND AND CONCEPTUAL MODEL

The study proposes the following research model on the basis of the thorough literature review.

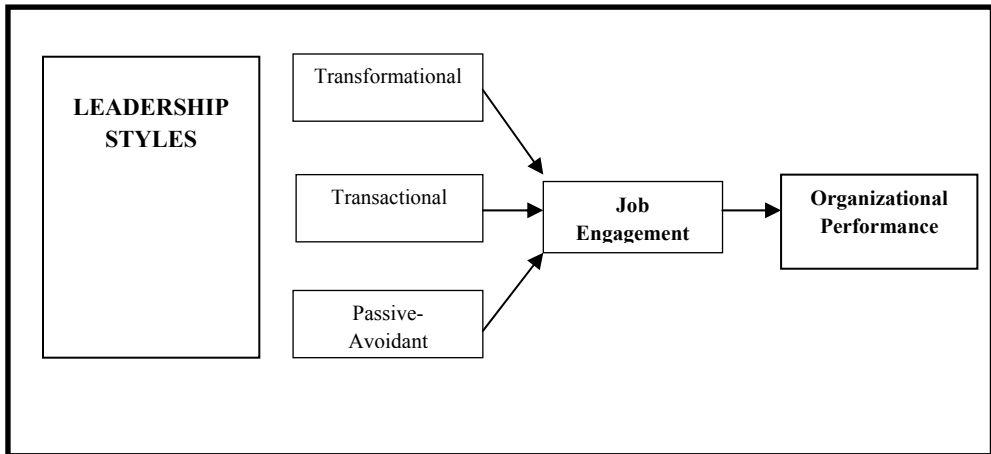


Figure 2: Theoretical Framework

The model conceptualizes the relationship between the leadership styles and organizational performance. It also posits the mediating effect of job engagement on the above-proposed relationship. The future empirical research can be formed on the basis of this model.

#### 5. CONCLUSION AND FUTURE STUDIES

Although previous studies have examined the factors influencing the organizational performance, studies on the relationship between leadership styles and organizational performance through the mediating role of job engagement are still rare. Accordingly, by determining the relationship between the leadership styles and organizational performance present study minimizes the gap in the literature, with job engagement as a mediating variable. Along with a follow-up of survey further empirical study in this area is in progress to determine statistical findings.

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