

Moderating Role of Performance Appraisal Politics between Transactional Leadership, Transformational Leadership and Job Performance: A Proposed Research Framework

Syed Mir Muhammad Shah¹, Manzoor Ali Mirani², Pervaiz Ahmed Memon³, Niaz Ahmed Bhutto⁴

¹Assistant Professor, Sukkur Institute of Business Administration, Sindh, Pakistan

²Assistant Professor, Sukkur Institute of Business Administration, Sindh, Pakistan

³Assistant Professor and Director ORIC, Sukkur Institute of Business Administration, Sindh, Pakistan

⁴Professor and Head of Department, Sukkur Institute of Business Administration, Sindh, Pakistan

*Corresponding Author

Syed Mir Muhammad Shah

Email: syedmir@iba-suk.edu.pk

Abstract: A large number of research studies have produced abundant literature on explaining the relationship and significance of leadership styles and job performance. These researches have also further explained the ways how it could be strengthen this relationship. To continue these guidelines a huge number of studies are conducted in order to explain the nature and weight of the leadership styles, particularly transactional leadership style and transformational leadership style in relation to job performance. Despite enormous literature on these relationships, there are still controversies on the results and ways in which the leadership styles and job performance relationships were found so far. Looking at the literature it is found that there is confusing findings on these relationships of job performance with leadership styles. The present paper takes it as an important element of transactional leadership and transformational leadership in the domain of human resource management particularly with regards to job performance. Therefore, to answer these confusions of the researchers the present paper proposes performance appraisal politics as moderating variable to know the relationship more clear in job performance with leadership styles. These relationships may further be tested in view of Leader member exchange (LMX), and equity, fairness and justice theories for further empirical evidence.

Keywords: Transactional Leadership, Transformational Leadership, Job Performance, Performance Appraisal Politics, Moderation, Research Framework

INTRODUCTION

The studies conducted in the past on job performance have remained focal point by the researchers in the area of human resource management as witnessed in some of the studies [1- 4]. The performance of employees has always been considered as the key towards the success of organization and the job performance of employees. It has also remained the topic of interest for the managers for every type of business and its scope [5]. In this regard the researchers have paid great attention to find out those factors that influence job performance, influencing positively or negatively [6-8]. The researchers have not yet been agreed upon any single construct to measure job performance nor concluded definite way to gauge it. A study conducted by Tse and Chiu [9] on job performance on five Banks of China has resulted differentiated outcomes of job performance of line managers and immediate subordinates.

In addition, a large amount of literature on job performance is presented by the researchers

highlighting upon job performance of managers and employees with some others factors influencing on it. Referring to these studies all these scholars has stated strong relationship among leadership, job performance and job satisfaction [10, 11]. Few other studies have stated relationship of motivation with job performance [12, 13] and other factors that affect performance, include gender [14] age [15, 16] salary [17] and stress [18]. The studies conducted by McCloy, Campbell, and Cudeck [19] and Borman and Motowidlo [2] have found that the effectiveness and efficiency of individual behavior job performance is contributing towards organizational goals and objectives. Another recent study on measuring relationship between leadership styles and service commitment to quality has determined positive relationship [20].

According to Wofford, Whittington, and Goodwin [21], Geyer and Steyrer [22], Bass [23] the leadership builds on strengthening relations in between managers and employees, they define the expectations of their subordinates, explain their roles and fulfil their

requirements as they seek expected level of performance. Looking at the past studies, researchers have come up varied relationship while conducting studies on performance of employees with leadership styles; some with positive, some with negative and some with no relationships results. The studies conducted by Rad and Yarmohammadian[24], Voon, Ngui, and Ayob[25], Dolatabadi and Safa [26] Shah and Hamid and, Shah, *et al.*; [7, 8] in the recent studies have come up that job performance and organizational citizenship behavior as dependent variables have positively influenced by leadership styles (i.e., transactional and transformational)

Moreover, other studies were resulted insignificant and negative relationship between transactional leadership styles and performance (Sheridan & Vredenburg [27] Geyer & Steyrer [22] Parry [28] MacKenzie, Podsakoff & Rich, [29]). Apart from that, Sheridan and Vredenburg [27] and O'Reilly and Roberts [30] were of the opinion that these variables have not positive or negative relationship (leadership styles and job performance). Dealing with the situation of inconsistent results, calls scholars for further attention to relook and measure the relationship between job performance as dependent variable and leadership styles as independent variables. Particularly, the present paper proposes performance appraisal politics as a moderating variable on the relationship between transactional leadership, transformational leadership and job performance drawing upon the guidelines of Barron and Kenny [31].

LITERATURE REVIEW

Transactional Leadership and Job Performance

The leadership styles and job performance relationships have received significant scholarly attention in the domain of human resource management. By and large, majority of the studies have yielded varied relationships i.e., positive and negative results in between leadership styles and job performance. Transactional and transformational, leadership styles play a vital role in the area of management [23]. Moreover, this study also reports a high correlation between job performance and transactional leadership, using Multifactor Leadership Questionnaire (MLQ).

The study conducted by McGrath and MacMillan stated that the effective leadership styles contribute towards better performance in the times when new challenges are faced; this notion of the positive relationship between transactional leadership and job performance is also supported by Shah & Hamid [7]). Most of the studies have shown the strong relationship between managerial leadership and the performance of organizations. Leadership has always remained critical as far as the performance of the

employees and organizations are concerned. But the managers at all levels have great influence on the subordinates working therein. In most of the organizations the leadership styles is seen as the efficient way to influence employees for getting optimal level of performance. According to leaders play an important role for the organizations while educating employees and enhancing their abilities to face day today challenges with creativity and innovation at work place taking together. Hence, the leaders encourage employees with the power of their words, behavior, and actions so that they can put extra efforts for achieving the desired goals and objectives. On the contrary, some studies reported negative relationship of transactional leadership with job performance [22, 29, 32, 38]. A recent empirical study conducted by Shah and Hamid [7] on six large banks of Pakistan have found evidences of job performance problems while measuring relationship with transactional leadership and job performance. The paper has also found out a positive relationship between transactional leadership and job performance in the banking sector of Pakistan [7].

The confusing situation of inconsistent varied and mix results between leadership and job performance needs further attention of research scholars to come up with more clear results. Therefore, it can be concluded that still there is need to carry on studies to get the concrete solution as far as the relationships between leadership styles and job performance is concerned. At the same time the job performance of bankers in Pakistan especially in large six banks of Pakistan is reported below the standards. The present study, in the light of leader member exchange (LMX) theory, Equity, fairness and justice theories (Kacmar & Ferris, 1991; [33] Vigoda-Gadot, 2003; [34] Ferris & Kacmar, 1992) [35] aims at investigating the postulated relationship between transactional leadership and job performance.

Transformational Leadership and Job Performance

According to Bass, Avolio, Jung, and Berson [36] followers are motivated and feel inspired with the transactional leadership style. The key elements of transformational leadership are inspirational motivation and idealized influence [36]. The motivation determines the thinking and innovativeness of the leaders [37]. Literature also emphasizes on the differences between transformational and transactional leadership [38]. The transactional leadership offers reciprocal gain by providing benefits to employees on the basis of their performance.

Additionally, researchers have argued that the effectiveness of transformational in comparison to transactional leadership [39]. Moreover, studies have suggested that transformational and transactional

leadership styles are entirely different than each other [32]. Interestingly, researchers have suggested that leaders could behave in both of the ways of leadership. However, literature provides empirical support to the notion that transformational leadership is of more importance than transactional [40]. Similarly, the work of Bass *et al.*; [37] has supported the effectiveness of transformational leadership with regards to improving effectiveness as well as efficiency. These researchers have further suggested that transformational leadership holds greater potential than transactional. The recent empirical paper conducted by Shah *et al.*; [8] published on the relationship between transformational leadership and organizational citizenship behavior in the large banks of Pakistan has stated with positive relationship between these two variables, and has reported job performance issues in the large six banks of Pakistan.

On emphasizing the importance of transformational leadership, researchers have explained that it enhances individual motivation [41]. This leadership style also helps individuals in organizations in bringing innovativeness in the process, it also helps individuals in adopting and accepting changes that are positive [42, 43]. Additionally, the transformational leaders promote learning culture at organizational level. The positive aspect of transformational leadership lies in its emphasis on controlling decisions rather than relying on punishment mechanisms [44]. The recent paper published on relationship of transformational leadership and work performance behavior in Omani Civil Service Agencies by AlKindy, Shah, and Jusoh [45] has stated that transformational leadership behaviors of middle level managers enhancing task performance and contextual performance at working places. One could conclude that this kind of leadership holds positive influence over organizations and specifically on the individuals in terms of helping them to adopt change and developing positive attitude towards learning new things. It helps individuals to understand complexities of real world problems associated with job performance for improving overall organizational effectiveness. Therefore, it becomes essential to pay appropriate attention towards this style of leadership.

Performance Appraisal Politics as a Moderating Variable

Longenecker, Sims, and Gioia [46] are the first to introduce politics in performance appraisal and expressed it as machinations in performance appraisal. These authors explained politics in performance appraisal as deliberate attempts taken by individuals in order to achieve personal objectives of their political interests by exercising highest possible courses of actions. A qualitative study conducted by surveying through interviewing 60 executives resulted that raters

always keep political objectives in mind while conducting appraisals on performance. The researchers come up with the evidences about the use of discretion of evaluators. And particularly, while conducting appraisals they consider probable efficiency and the consequences of their remarks. According to the findings of Longenecker *et al.*; [46] they lightened that raters were not interested to evaluate their subordinates accurately rather their rating is based on their judgment purely. Mostly, ratings were based on these influences the inspiration of raters to keep away from confrontations, that is regarded as more efficient managers and acquire the desired rewards for themselves or their subordinates.

The politics with regards to performance appraisals have been largely emphasized in the literature [46]. Further to this, the extent of influence of politics over the assessment of employee performance has been denoted in the work of Tziner, Latham, Price, & Haccoun [47]. In doing so, the researchers have made utmost effort in explaining the critical influence of organizational politics over evaluations of employee performance. It is critically important for organizations to appropriately evaluate employee performance. However, this assessment has largely been influenced badly due to politics. Due to this fact, scholars have given much attention to the leadership styles; organizational politics and job performance in the past research (Geyer & Steyrer, [22] Bass, [23] MacKenzie *et al.*; [29] Lowe *et al.*; [32] Parry, [28] Vigoda-Gadot, [48], and the researchers have come up with varying outcomes and found inconsistent results. Organizational politics is much studied in different perspectives such as employees' perception of politics as a general or supervisors and subordinates perspectives and its effects on performance.

Firstly, it seems that a very limited research has been conducted in past while looking at past literature in relation to the moderating effect of performance appraisal politics on the relationship between leadership styles and job performance. A large number of studies are conducted to measure the effect of performance appraisal politics with employee outcomes like satisfaction, turnover intentions, commitment and loyalty to supervisors [49-55]. According to Dhiman, and Maheshwari (2013) [53] performance appraisal politics is sub set of organizational politics and can be considered similar or part of organizational politics. In addition, Breaux, Munyon, Hochwarter & Ferris [56] have used perceptions of organizational politics variable as moderator between consciousness and job performance. In other studies political skill at work place is used as moderating variable [57, 58].

Secondly, according to Barron and Kenny, [31] when the relationship between a predictor and criterion variables is found unexpectedly inconsistent or weak a moderating variable may be incorporated to further explain the situation. Therefore, the present study proposed performance appraisal politics as a moderating variable on the relationship between transactional leadership, transformational leadership and job performance. This investigation is proposed in light of fairness, equity and justice theory [33, 34].

Proposition1: Performance appraisal politics moderates the relationship between transactional leadership and job performance.

Proposition2: Performance appraisal politics moderates the relationship between transformational leadership and job performance.

PROPOSED RESEARCH FRAMEWORK

Keeping in view the research evidence presented above, the research framework for the present study is proposed depicting moderation effect of performance appraisal politics on the relationship of transactional leadership, transformational leadership and job performance. The research framework is depicted in the Figure 1.

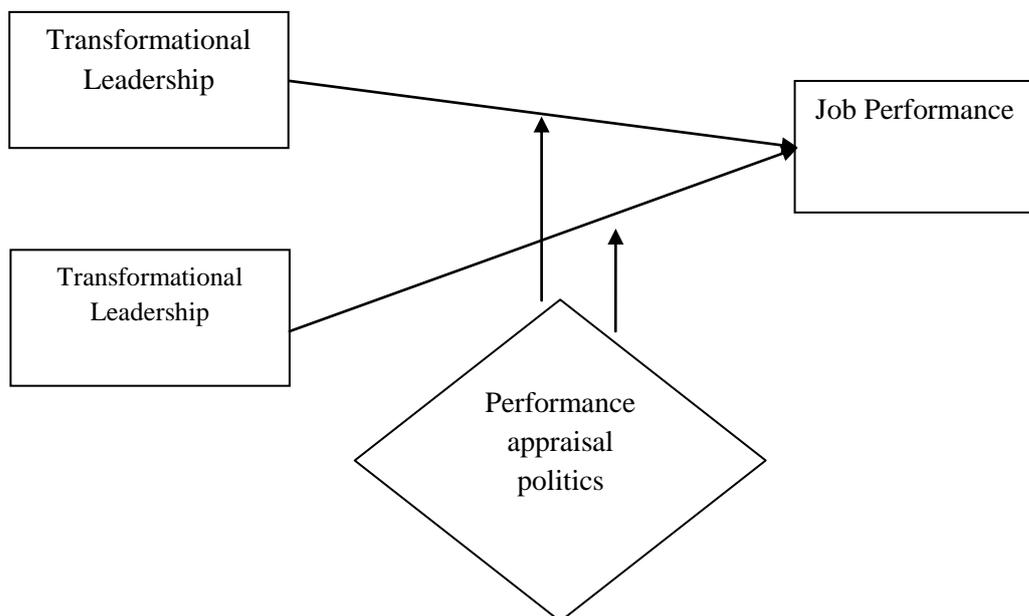


Fig 1: Research Framework

CONCLUSION

This paper proposes the role of performance appraisal politics as moderating variable on the relationships between transactional leadership, transformational leadership and job performance, as illustrated in Figure 1. Therefore, it is proposed to further investigate and validate the above conceptual framework in future research as its results might provide important suggestions to the managers, practitioners and policy makers in relation to the role of transactional leadership style, transformational leadership style, and performance appraisal politics in enhancing job performance. In addition, it is proposed that performance appraisal politics can be used as moderating variable between leadership styles and job performance in the future research on drawing upon the theory of leader member exchange (LMX) and equity fairness and justice theory to further validate with empirical results in the organizations.

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