



Mediating effect of job engagement on the relationship between leadership styles and organizational performance

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Abstract

Job engagement has received considerable attention among the academic community and business professionals in recent years. This issue still needs to be prioritized in academic research, especially as it is essential to understand organizational performance's antecedents. The objective of this study is to examine the relationship between leadership styles and organizational performance and explore whether job engagement can mediate this relationship based on social exchange theory. Survey data were collected from the employees working in a mobile phone company in Bangladesh. The collected data were analyzed using SPSS version 21, and Partial Least Squares-Structural Equation Modeling (PLS-SEM) was used to test the study hypotheses. The measurement model's result indicates that concerning leadership styles, the relationship between transformational leadership style and organizational performance is statistically significant; whereas, the relationship between transactional and passive-avoidant leadership style with organizational performance is not significant. Similarly, the relationship between transformational leadership style and job engagement is significant; but the relationship between transactional and passive-avoidant leadership style with job engagement is not significant. In terms of mediation effects, job engagement mediates the relationship between leadership styles and organizational performance.

Keywords: job engagement, leadership styles and organizational performance

Introduction

In recent years, job engagement has become an exciting topic among academic researchers and corporate practitioners as the key to an organization's success and performance job engagement has frequently been considered (Kang, Lee & Lee, 2018). Furthermore, job engagement is regarded as the precursor of organizational performance supported by empirical evidence (Huang, Ma & Meng, 2018; Bhatti, Alshagawi & Juhari, 2018). Researchers further asserted that with the right kind of leadership style, leaders would be able to enhance organizational performance (Buil, Martínez & Matute, 2019). Although there are a few research on a similar topic, there are not many studies on job engagement as the mediator on the relationship



between leadership styles and organizational performance concerning Bangladesh context (Safiullah, 2015; Rahman, 2012). Hence, this study was conducted to explore job engagement's role to enhance organizational performance and leadership styles.

Research Questions

This study attempts to answer the following questions:

- Is there any significant positive relationship between leadership styles (transformational, transactional and passive-avoidant) and organizational performance?
- Is there any significant positive relationship between leadership styles (transformational, transactional and passive-avoidant) and job engagement?
- Is there any significant positive relationship between job engagement and organizational performance?
- Does job engagement mediate the relationship between leadership styles (transformational, transactional and passive-avoidant) and organizational performance?

Research Objectives

The research objectives of this study are mentioned below:

- to determine the relationship between leadership styles (transformational, transactional and passive-avoidant) and organizational performance;
- to determine the relationship between leadership styles (transformational, transactional and passive-avoidant) and job engagement;
- to determine the relationship between job engagement and organizational performance.
- to investigate the mediating role of job engagement on the relationship between leadership styles (transformational, transactional and passive-avoidant) and organizational performance

Methodology

This study has adapted across-sectional survey design to collect data as suggested by Sekaran and Bougie (2013). Mainly, this study was conducted in a mobile phone company in Bangladesh. The data was collected through structured questionnaires. Before the data collection process, written permission was obtained from the respondents' organization to conduct the



survey. To obtain 278 samples as suggested by Krejcie and Morgan (1970), the researcher had a frequent meeting with the senior management and distributed the questionnaires to the employees directly who were selected through the convenience sampling method from a reputed mobile phone company in Bangladesh.

Sampling

This study adopted the convenience sampling technique to draw the samples (Sarstedt et al., 2018). Basing on the sample size rule of thumb mentioned by Krejcie and Morgan (1970), the sample size was determined in this study. A total of 556 structured questionnaires were distributed to the respondents where 306 questionnaires were returned. Among them, 87 were returned incomplete and 219 (40 percent) questionnaires received were usable. This rate is considered sufficient based on the argument of previous studies (Hair et al., 2017) that a 30 percent response rate is suitable for the survey study.

Measurement

Existing measurement scales have been used in this study. The survey questionnaire comprises four sections i.e. job engagement, leadership styles, organizational performance and demographic information of the respondents. A total of 17 items scale representing job engagement, 24 items for leadership styles, and 16 items for organizational performance have been used. Last section includes demographic information of respondents.

Hypotheses of the study

The research hypotheses of this study are mentioned below:

- H₁: There is a significant positive relationship between leadership styles (transformational, transactional and passive-avoidant) and organizational performance;
- H₂: There is significant positive relationship between leadership styles (transformational, transactional and passive-avoidant) and job engagement;
- H₃: There is a significant positive relationship between job engagement and organizational performance;
- H₄: Job engagement mediates the relationship between leadership styles (transformational, transactional and passive-avoidant) and organizational performance.

Analytical strategy

The data analysis methods are selected based on the study questions and variable characteristics (Uprichard&Dawney, 2019). Several analyses



techniques have been used for examining the hypothesis of the constructs established on the foundation of the literature review. In this study, data were analyzed using SPSS version 21 and the Smart PLS 3.0. The structural equation modeling (SEM) approach has been adopted for the analysis of data for this study. Essential data are shown in a different chart, graph, diagram, and figure. Figure wise analysis also is interpreted at the beneath of each table. Lastly, data are presented analytically in a descriptive format. However, the analysis has been conducted to satisfy the research questions that generated four hypotheses linked with the endogenous and exogenous variables.

Results and Conclusions

To attain the hypotheses ($H_1 - H_4$), which predicted a positive relationship between the leadership styles and organizational performance was tested using the PLS-SEM method and the findings reveal that transformational leadership style and organizational performance is statistically significant ($\beta=0.130$, $t=1.724$, $p<0.042$), but the relationship between transactional leadership style and organizational performance ($\beta=0.033$, $t=0.294$, $p<0.385$); and the relationship between passive-avoidant leadership style and organizational performance is not statistically significant ($\beta=0.020$, $t=0.335$, $p<0.369$). Similarly, the results between leadership styles and job engagement has revealed positively significant ($\beta=0.647$, $t=15.932$, $p<0.000$); whereas, the relationship between transactional leadership style and job engagement ($\beta=0.057$, $t=0.985$, $p<0.133$); and no significant relationship between passive-avoidant leadership style and job engagement ($\beta=0.070$, $t=1.538$, $p<0.038$). Simultaneously, the relationship between job engagement and organizational performance is statistically significant ($\beta=0.212$, $t=3.420$, $p<0.003$).

According to Hair et al. (2017), the value of VAF value between 0.20 and 0.80 ($0.20 \leq \text{VAF} \leq 0.80$) represents partial mediation (Hair et al., 2017; Hair et al., 2014). On the other side, the result revealed that job engagement mediates the relationship between transformational leadership style and organizational performance partially (DE= 1.724, IE=0.783, TE=2.507, VAF=0.31). Thus, job engagement partially mediates the relationship between transformational leadership style and organizational performance. That job engagement partially mediates the relationship between transactional leadership style and organizational performance statistically (DE=0.294, IE=1.640, TE=1.934, VAF=0.84). The relationship between passive-avoidant leadership style and organizational performance statistically (DE= 0.335, IE=0.385, TE=0.720, VAF=0.53). By addressing the high level of job engagement in the organization, mobile phone companies can improve their performance level. The study findings clearly emphasize the application and importance of transformational leadership style to boost organizational performance. Hence,



by practicing such kind of leadership style organizations may be benefited in terms of their performance.

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