

The Mediating Effect of Employee Engagement Between Transformational Leadership and Job Performance in the Commercial Bank of Ethiopia

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Abstract

Nowadays service giving organizations are facing various challenges as a result of the competitive business environment and its dynamic nature. Service quality can be influenced by various factors such as employees' job performance, leadership style and employee engagement which ultimately affect organizational performance as well. This paper examined the relationship between transformational leadership, employee engagement and job performance. Furthermore, the mediating effect of employee engagement between transformational leadership and job performance is examined. Questionnaires were used to collect the required data. The collected data were sorted and analyzed using statistical software called SPSS version 20. Statistical results of descriptive statistics, correlation, simple and multiple regressions were computed and analyzed. The result supported partial mediation of employee engagement between transformational leadership and job performance.

Keywords: Transformational leadership, employee engagement, job performance, mediating effect

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1. Introduction

Nowadays service giving organizations are facing various challenges as a result of the competitive business environment and its dynamic nature. The international experience of customers, moving across the continent of Africa, consequences a global competition as it increases customers' expectation to get quality service. However, service quality can be influenced by various factors such as employees' job performance, leadership style and employee engagement which ultimately affect organizational performance as well.¹

Job performance is conceptualized as "behaviors and actions that are relevant to the goals of the organization"² while transformational Leadership is conceptualized as influencing followers by motivating and inspiring them to achieve extraordinary outcomes while upgrading their own leadership capacity.³ Employee engagement is an individuals' full exertion of passion and energy to contribute their best for the goal of organization.⁴

Maha Ahmed indicated that employee engagement is positively correlated to organizational performance outcomes; such as productivity, profitability, customer loyalty and safety. Organizational performance is high where there is high level of employee engagement. The researcher also indicated that there is a positive relationship between employee engagement and customer satisfaction. Furthermore, the researcher expressed that job performance is the direct consequence of employee engagement as the later is an individual-construct which affects the employee first and then ultimately influencing the organization at large.⁵

Work engagement plays a mediating role between leadership style and job performance as it fulfills mediating factor conditions. Schaufeli and Bakker, in their Utrecht Work Engagement Scale (UWES) preliminary manual mentioned that work engagement may have a mediating role between possible causes and consequences.⁶

Mediation is the occurrence of interceding variable that connects the effect of independent variable on

¹ Corry Yohana, "The Effect of Leadership, Organizational Support and Organizational Citizenship Behaviour on Service Quality," *Problems and Perspectives in Management* 15, no.2 (2017): 197, accessed April 11, 2018, https://businessperspectives.org/images/pdf/applications/publishing/templates/article/assets/8872/PPM_2017_02cont_Yohana.pdf; Nicolene Barkhuizen and Puleng Mogwere, "Talent Management, Work Engagement and Service Quality Orientation of Support Staff in a Higher Education Institution," *Mediterranean Journal of Social Sciences* 5, no.4 (2014): 69, accessed April 11, 2018, <http://www.mcser.org/journal/index.php/mjss/article/viewFile/2195/2181>

² Campbell JP. Modeling the performance prediction problem in industrial and organizational psychology. In: Dunnette MD, Hough LM, eds. *Handbook of Industrial and Organizational Psychology*. Palo Alto, CA: Consulting Psychologists Press; 1990:687-732; as quoted in Linda Koopman et al, "Conceptual Frame Works of Individual Work Performance," *JOEM* 53 no.8 (2011): 856, accessed April 11, 2017, www.wilmarschaufeli.nl/publications/Schaufeli/358.pdf

³ Bernard M. Bass and Ronald E. Riggio, *Transformational Leadership* (London: Lawrence Erlbaum Associates Publishers, 2006), PDF E-book, 3.

⁴ Sarah Cook, *The Essential Guide to Employee Engagement* (London: Kogan Page, 2008), PDF E-book, 3.

⁵ Maha Ahmed Zaki Dajani, "Impact of Employee Engagement on Job Performance and Organizational Commitment in the Egyptian Banking Sector," *Journal of Business and Management Sciences* 3, no. 5 (2015): 141, accessed October 27, 2017, <http://www.sciepub.com/portal/downloads?doi=10.12691/jbms-3-5-1&filename=jbms-3-5-1.pdf>

⁶ Wilmar Schaufeli and Arnold Bakker, *Utrecht Work Engagement Scale: Preliminary Manual* (December 2004), PDF E-book, 10.

dependent variable. The indirect effect of independent variable on dependent variable is transmitted through the mediating variable which exists between the two variables.¹

Leadership plays a significant role for attaining organizational goals and enhance employees' performance which ultimately improves organizational performance outcomes. Job performance, thus, can be improved through proper employment of power since it is directly linked to employees' daily practice.² However, some controversies are observed as to which factors are affecting employees' job performance other than leadership style and how leadership style is restraining employees from exerting their fullest energy and potential for accomplishing organizational goals. Besides, it is understood that most employees try to attain what is expected of them rather than stretching to achieve extraordinary outcomes. This may either hinder the continual growth of CBE or slow down its developmental acceleration. This research, therefore, tried to investigate the mediating effect of employee engagement on the relationship between transformational leadership and job performance in the Commercial Bank of Ethiopia.

2. Literature Review and Hypothesis Development

2.1. The Concept of Performance Management

It is in the 1980's that started theorizing individual job performance as a separate construct. Indicators of job performance that entail approximate criterion of individual contribution to the organization were the centre of attention. During the 1980's individual job performance come in to consideration when individuals were selected for the army using entry criteria and their performance was evaluated by separate indicators of performance. Consequently, multidimensional models of performance were discussed by various scholars.³ Outcome measurement, in most organization, is used as indicators of performance. Describing performance in terms of mutually set goals increases goal achievement while other factors, which are out of individual control and affecting performance, are removed from considerations.⁴ Performance management is the crucial part of change management as it evaluates how the plan is effective and how well it is accomplished. Organizational objective is the beginning and ending of performance management cycle which aimed to enhance organizational results through continuing change process.⁵ Herman Aguinis defined performance management as:

[A] Continuous process of identifying, measuring and developing performance in organisations by linking each individual's performance and objectives to the organisation's overall mission and goals.⁶

The above definition demonstrates that performance management is an ongoing process that will be carried out through the life of the organization. In addition, performance management is directly related to the goal of organization; hence, employees' performance objectives should be clearly tuned with organizational goals.⁷

Performance management system has to be viewed in line of its functions. Quoting, Boswell and Boudreau, Catherine Chubb et al identified the two functions of performance management systems: Evaluative and Developmental functions. In evaluative function managers mainly judge employees' performance to make differentiation between individuals. In developmental functions managers give feedback, identify strength and weakness and provide training for employees. Managers perform in person analysis and play a role of mentor. Though the focus of performance management is developmental, there will always be a tension for maintaining a balance between fulfilling the organization's interest and employees' need.⁸

Performance management contributes the beneficial values to the organization and employees as well. According to Herman Aguinis, employees' motivation to accomplish tasks will increase when feedback is given. It will also give a clear self understanding of employees while increasing employees' self esteem. Managers will get a clear perception of employees and employees become more diligent.⁹

¹ Heramn Aguinis, Jeffrey R. Edwards and Kyle J. Bradley, "Improving our Understanding of Moderation and Mediation in Strategic Management Research," *Organizational Research Methods* (2016): 2, accessed November 22, 2017, public.kenan-flagler.unc.edu/faculty/edwardsj/Aguinisetal2016.pdf

² M. Umar Paracha et al, "Impact of Leadership Style (Transformational & Transactional) on Employee Performance & Mediating Role of Satisfaction" study of Private School (Educator) in Pakistan," *Global Journal of Management and Business Research* 12 no.4 (2012): n.p, accessed October 27, 2017, [https://globaljournals.org/GJMBR_Volume12/6-Impact-of-Leadership-Style-\(Transformational\).pdf](https://globaljournals.org/GJMBR_Volume12/6-Impact-of-Leadership-Style-(Transformational).pdf)

³ John P. Campbell and Brenton M. Wiernik, "The Modeling and Assessment of Work Performance," *The Annual Review of Organizational Psychology and Organizational Behavior* 2 (2015): 48, accessed December 14, 2017, [https://goal-lab.psych.umn.edu/orgpsych/readings/8.%20Productive%20Behavior/Campbell%20&%20Wiernik%20\(2015\).pdf](https://goal-lab.psych.umn.edu/orgpsych/readings/8.%20Productive%20Behavior/Campbell%20&%20Wiernik%20(2015).pdf)

⁴ Ibid., 67.

⁵ Nevien F. Khourshed, "Process Concept to Performance Management," *International Journal of Business and Management Studies* 4 no.1 (2012): 148, accessed December 19, 2017, http://www.sobiad.org/ejournals/journal_IJBM/archives/2012_Vol_4_n_1/nevien_khourshed.pdf

⁶ Herman Aguinis, *Performance Management* (Edinburgh, United Kingdom: Edinburgh Business School, 2013), PDF e-book, 2.

⁷ Aguinis, *Performance Management*, 3.

⁸ Catherine Chubb, Peter Reilly and Duncan Brown, *Performance Management: Literature Review* (UK: Institute for Employment Studies, 2013), PDF e-book, 2.

⁹ Aguinis, *Performance Management*, 4-5.

2.2. Individual Job Performance

Individual job performance is vital for both the organization and the individual. On time service delivery which entails competitive advantage is possible in organizations where highly performing individuals are available. Furthermore, highly performing individuals will be rewarded and have better chance of promotion. Better performance is a major precondition for career development and growth in the organization.¹

Job performance is a measurable outcome of employees after the job is completed. It signifies the quantity and quality of outcomes which are contributed to organizational goals.² Linda Koopmans et al asserted that Campbell's definition of job performance is widely accepted. According to Campbell, job performance is "the behaviours or actions that are relevant to the goals of the organization."³ Campbell's definition suggests that job performance is an attribute rather than being an outcome. It is an attribute which contributes to the goal of the organization. Nevertheless, outcome in lieu of Campbell's view is included in the definition of job performance since distinguishing between attributes and result is difficult. Thus, there is no clear agreement on the constructs of individual job performance.⁴ Quoting various researchers, Sabine Sonnentag mentioned that the behavioural aspect is to be differentiated from the outcome aspect upon conceptualizing of performance. The behavioural aspect entails activities of individuals which align with organizational goal while outcome aspect involves the measurable outcome of employees' behaviour. Quantifiable results exemplify employees' working behaviour. However, it is practically difficult to separate the actions from outcome since actions contributing to the goals are to be considered in the conceptualization of performance.⁵ Furthermore, job performance is made up of different dimensions which in turn are composed of various indicators that can logically point out the level of job performance. The dimensions will be shared to all jobs though indicators are differing across disciplines.⁶

In addition, Jiang, Zhao and Ni and Sonnentag categorized job performance in to task performance, contextual performance and counterproductive work behaviour which is also adopted in the conceptual scope of this research. Task performance is actions of individuals that directly and indirectly contribute to the technical core. Actions or activities which contribute for attaining organizational goal, though not supporting technical core, are called contextual performance. They are activities which create and maintain favourable working conditions in which individuals perform in their highest potential. Counterproductive work behaviour refers to behaviours that harm interests of the organization and have negative impact on organizational goals.⁷

Sabine Sonnentag also describes three different perspectives in which most researchers are addressed performance. The first perspective focuses on individual characteristics that differentiate people's performance from their colleagues are known as individual differences perspective. Personality and general mental ability which uniquely create variation on individuals performance are examples of individual differences perspective. The second perspective is known as situational perspective which focuses on working conditions that indirectly affect performance. Situational perspective addresses work place situations and other motivational factors for enhancing performance. The third perspective that describes the performance process is known as performance regulation perspective. This perspective focuses on the continual action of individuals rather than individual abilities and working situations.⁸

2.3. Transformational Leadership

Transformational leadership captured researchers' attention since it was coined by Downton in 1973.⁹ Northouse defined transformational leadership as "...the process whereby a person engages with others and creates a connection that raises the level of motivation and morality in both the leader and the follower."¹⁰ Transformational leadership puts its center of attention on the needs and motives of followers and helps them to utilize their fullest potential.¹¹

Transformational leaders inspire and motivate followers for capturing their attention and launching them to attain extraordinary outcomes. Transformational leaders give attention to followers need, align individual goals with the larger organizational goals and empower followers to exercise decision making. Leaders, who demonstrate transformational leadership qualities, influence work environment by creating meaning, providing favourable working condition and enhancing followers' confidence. Thus, followers become more satisfied,

¹ Sabine Sonnentag, *Psychological Management of Individual Performance* (Germany: John Wiley & Sons, Ltd, 2002), PDF e-book, 4.

² Hueyren Yeh and Dachuan Hong, "The Mediating Effect of Organizational Commitment, 52.

³ Linda Koopman et al, *Conceptual Frame Works*, 856.

⁴ Ibid.

⁵ Sonnentag, *Psychological Management*, 5.

⁶ Koopman et al, *Conceptual Frame Works*, 856.

⁷ Jiang et al, *The Impact of Transformational Leadership*, 3; Sonnentag, *Psychological Management*, 5; Koopman et al, *Conceptual Frame Works*, 858.

⁸ Ibid., 8-11.

⁹ Peter G. Northouse, *Leadership Theory and Practice* (Western Michigan University, SAGE Publications, Inc, 2013), PDF E-book, 186.

¹⁰ Ibid.

¹¹ Ibid.

engaged and build their leadership capacity in the process.¹ Transformational leaders attain consistent organizational success by mobilizing individual efforts and channel them for organizational success.²

Transformational leadership is divided into four components. These are idealized influence, inspirational motivation, intellectual stimulation and individualized consideration.³

Idealized influence is also known as charisma. It is a moral and emotional element of leadership.⁴ Idealized influence refers to the leader's behaviour that allows presenting himself to be a role model for their followers since and followers want to emulate him. Transformational leaders identified themselves as moral or ethical exemplars that do the right thing.⁵

Inspirational motivation refers to the leader's ability to motivate and inspire followers by providing meaning and create followers' expectation.⁶ Transformational leaders are able to communicate followers to become part of the vision and to exert their utmost potential for attaining organizational goals.⁷

Intellectual stimulation entails encouraging followers to be creative and to observe the status quo from different angle. Followers are encouraged to think otherwise. Transformational leaders support followers in their attempt of solving problems in a unique manner.⁸

Individualized consideration involves giving special attention to followers' need and creating conducive situation for growth and development. Leaders connect needs and priorities of followers with organizational goals in which promotion opportunities will be created.⁹ Transformational leaders create favourable condition for identifying the needs of followers, provide opportunities in which followers put forth their abilities and guide them to reach at their self actualization.¹⁰

2.4. Employee Engagement

The concept of employee engagement is coined by Kahn as:

[T]he harnessing of organization members' selves to their work roles; in engagement people employ and express themselves physically, cognitively and emotionally during role performances.¹¹

Employee engagement is a complete investment of psychic energy into the task. Psychic energy conveys a powerful image; hence employees put their focus and utmost potential on the task. Employee engagement refers to the level of individuals' attraction into the job and charming in the performance of his/her roles. It is complete utilization of employees' thinking emotions and behaviours. There is high level of performance and value creation in organizations where employee engagement is existed.¹²

Kamau and Sma describe employee engagement in relation with other theories namely self determination theory (SDT), social exchange theory (SET) and job demand model (JD-Resource). According to SDT the fulfilment of psychological needs are instigators of employee engagement. SET presents engagement as repayment given to the organization in exchange of a continual relationship that develops trust, loyalty and mutual commitment. JD-Resource model assumes that resources motivate and energize employees which in turn create employee engagement.¹³

According to Schaufeli and Bakker engagement is categorized into vigour, dedication and absorption. Vigour is demonstrated by exerting high level of energy on the work and enduring the difficulty. Dedication is exhibited by strong involvement on the work, being passionate and inspired and facing challenges. Absorption is exhibited by a full concentration on work and having difficulty to detach when the time goes.¹⁴

Employee engagement, according to Hewitt Associates, is "the state in which the individuals are emotionally

¹ Bass and Riggio, *Transformational Leadership*, 3-4.

² P. Singh Asha Bhandarker, *Corporate Success and Transformational Leadership* (New Delhi: New Age International (P) Limited, 1990), PDF E-book, 12.

³ Bass and Riggio, *Transformational Leadership*, 6-7.

⁴ Northouse, *Leadership Theory*, 191.

⁵ Bass and Riggio, *Transformational Leadership*, 6.

⁶ Ibid.

⁷ Northouse, *Leadership Theory*, 193.

⁸ Ibid.

⁹ Bass and Riggio, *Transformational Leadership*, 7.

¹⁰ Northouse, *Leadership Theory*, 193.

¹¹ W.A. Kahn, 'Psychological conditions of personal engagement and disengagement at work,' *Academy of Management Journal*, 33 (1990) ; as Quoted in Supriya Ahlowalia, Deepika Tiwary and Ajeya Jha, "Employee Engagement: A Structured Theoretical Review," *The International Journal of Business and Management* 2 no.6 (2014): 309 accessed December 12, 2017, theijbm.com/june2014/46.BM1406-070.pdf

¹² William H. Massey et al, *Employee Engagement, Tools for Analysis Practice and Competitive Advantage* (United Kingdom: A John Wiley & Sons, Ltd., Publication, 2009), PDF E-book, 2-4.

¹³ Onesmus Kamau and Muathe Sma, "A critical Review of Literature on Employee Engagement Concept" *International Journal of Research in Social Sciences* 6 no.3 (2016): 3-4, accessed December 8, 2017, www.ijsk.org/wp-content/uploads/2015/12/1-EMPLOYEE-ENGAGEMENT.pdf

¹⁴ Schaufeli and Bakker, *Utrecht Work Engagement Scale*, 4-5.

and intellectually committed to the organization or group.”¹ The concept of employee engagement, in their model, demonstrates three activities: say, stay and strive. Say refers to an action of engaged employees advocating on behalf of the organization. Stay refers to willingness of employees to stay in the organization. Strive is the readiness of employees to work extended hour and put extra effort on the job.²

2.5. Transformational Leadership and Job Performance

Transformational leadership has a direct relationship with job performance as it inspires and motivates employees to perform extraordinary outcomes as compared to other leadership styles. Transformational leaders are energetic and zealous and exert their utmost effort to enhance followers’ ability, trust and ethics. Thus, transformational leaders and followers bound together for the accomplishment of organizational goals as transformational leadership techniques are positively related with obligation of employees to their organization and their performance as well. The more leaders are putting their effort to encourage employees and becoming sympathetic, employees become more productive.³ Employees in return repay their organization and leaders in the form of efficient Job performance.⁴

2.6. Transformational Leadership and Employee Engagement

Transformational leaders provide a situation in which trust and engagement is demonstrated as they motivate employees to exert their fullest potential and accomplish extra ordinary goal while being considerate for employees’ continual development. Furthermore, employee engagement is related with transformational leaders since morality and enthusiasm of followers tend to rise considerably which impliedly increases employees’ dedication.⁵ Employee engagement becomes a culture in organizations where all dimensions of transformational leadership are exhibited.⁶

2.7. Employee Engagement and Job Performance

Conceptualizing employee engagement as putting employee’s full self unto the job implies the relationship between employee engagement and job performance. An investment of cognitive, affective and physical energies together on the job makes difference on job performances.⁷ Enhanced job performance of engaged employees is explained by their positive emotion, enthusiasm and high level of energy.⁸

2.8 Developing Hypothesis

Transformational leaders inspire and motivate followers in order to show unexpected performances while considering followers need and guiding them to utilize their maximum potential for reaching at their goals. Followers, thus, tend to exchange high level of performance in return for the benefits received from leaders. Leaders present themselves as exemplary role model, communicate extraordinary performance expectation. In addition, transformational leaders are able to stimulate followers to see the meaning of their work and desired outcomes. Thus, attributes of transformational leadership are having relationship with employees’ job performance.⁹ Based on these theoretical frames the research hypothesize that transformational leadership positively affects job performance.

H1: Transformational Leadership positively affects job performance

Transformational leadership considers employees’ need and facilitate situations in which employees arrive at

¹ Hewitt Associates Employee engagement at double-digit growth companies, Research Brief (2004); Quoted in Supriya Ahlowalia et al, “Employee Engagement, 310.

² Ibid.,

³ Shahzad Naeem and Benish Khanzada, “Role of Transformational Leadership in Employees Performance with Mediating Role of Job Satisfaction in Health Sector of Pakistan,” *Journal of Health Education Research & Development* 6, no.1 (2018): 1-2, accessed April 12, 2018, <https://www.omicsonline.org/open-access/role-of-transformational-leadership-in-employees-performance-with-mediating-role-of-job-satisfaction-in-health-sector-of-pakistan-2380-5439-1000245.pdf>

⁴ Jeevan Jyoti and Sonia Bhau, “Impact of Transformational Leadership on Job Performance: Mediating Role of Leader–Member Exchange and Relational Identification,” *SAGE* (2015): 3, accessed April 7, 2018, <http://journals.sagepub.com/doi/pdf/10.1177/2158244015612518>; Humayun Faiz Rasool et al, “Leadership Styles and Its Impact on Employees Performance in Health Sector of Pakistan,” *City University Research Journal* 05, no.1 (2015): 101, accessed April 12, 2018, <http://www.cityuniversity.edu.pk/curj/Journals/Journal/Jan%202015/Article%2008.pdf>

⁵ Sahar Qabool and Tariq Jalees, “Transformational Leadership and Employee Attributes,” *Market Forces* 12, no. 2 (2017): 25, accessed April 12, 2018, <http://www.pafkiet.edu.pk/marketforces/index.php/marketforces/article/viewFile/342/315>

⁶ Swathi S., “Impact of Leadership on Employee Engagement,” *International Journal of Marketing, Financial Services and Management Research* 2, no.5 (2013): 154, accessed April 12, 2018, <http://indianresearchjournals.com/pdf/IJMFSMR/2013/May/14.pdf>

⁷ Bruce Louis Rich, Jeffrey A. Lepine and Eean Crawford “Job Engagement: Antecedents and Effects on Job Performance,” *Academy of Management Journal* 53, no.3 (2010): 617, accessed April 13, 2018, http://adviesbufoerier.nl/wp-content/uploads/2017/07/2_Job-engagement-and-job-performance_AMJ-2010.pdf

⁸ Guo Yongxing et al, “Work engagement and Job Performance: The Moderating Role of Perceived Organizational Support,” *anales de psicologia* 33, no.3 (2017): 708-709, accessed April 07, 2018, http://scielo.isciii.es/pdf/ap/v33n3/psicologia_social2.pdf

⁹ Jyoti and Bhau, *Impact of transformational Leadership*, 3.

their interest. Employees become more engaged and committed towards the organization while fulfilling their objective. Transformational leadership creates an environment of positive emotion which enhances employee engagement.¹ Transformational leadership encourages employees to use their analytical skill, solve problem by their own which enhances engagement on the job. Thus, the study hypothesizes positive relationship between the two constructs.²

H2: Transformational Leadership positively affects employee engagement

The conceptualization of job engagement as exertion of complete self in to the job implies the relationship between employee engagement and job performance. The linkage between individual characteristics and job performance is explained by employee engagement. Engaged employees present their feeling, thought, energy, knowledge and being integrated with their role performances which hints positive relationship between employee engagement and job performance.³

H3: Employee engagement positively affects job performance

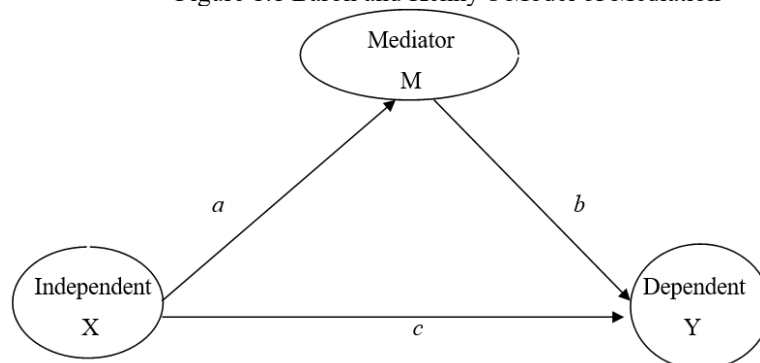
Transformational leadership is one of the key drivers of employee engagement. The positive behaviours of transformational leadership enhance employees' engagement which in turn is related to their job performance.⁴ Based on this theory the research hypothesizes that employee engagement mediates between transformational leadership and job performance.

H4: Employee engagement mediates between transformational leadership and job performance

2.9 Conceptual Framework

The study has one dependent variable, one mediating variable and one independent variable. Job performance will be dependent variable. Transformational leadership plays a role of independent variable while employee engagement plays a role of mediating variable. The following Figure shows the conceptual model of the study.

Figure 1.1 Baron and Kenny's Model of Mediation



Source: *Journal of Consumer Research Vol. 37 (August 2010)*

3. Methodology

3.1 Population and Sampling

This study used sampling technique to collect data. The data is collected from employees working in Addis Ababa due to cost and time though CBE is located all over the country. The employees of Commercial Bank of Ethiopia working at different directorates and selected branches of Addis Ababa were included in the sample. Branches were selected based on branch size whereas random sampling is applied to select individuals in selected branches for the study. The study determined sample size using sample size formula for simple random sampling.

3.2 Instrumentation

In this study Multifactor Leadership Questionnaire (MLQ) developed by Bass and AVALIO was used to measure transformational leadership style. To measure employee engagement Utrecht Work Engagement Scale (UWES) developed by Schaufeli and Bakker was used. To evaluate job performance Individual Work Performance Questionnaire (IWPQ) was used. IWPQ was originally developed by Campbell which evaluates four dimensions of individual work performance. However, Koopmans, Bernaards, Hildebrandt, Buuren, Beek and Vet conducted

¹ Azka Ghafoor, *Transformational Leadership*, 7391.

² İzlem Gözükkara and Omer Faruk Şimşek, Linking Transformational Leadership to Work Engagement and The Mediating Effect of Job Autonomy: A Study in a Turkish Private Non-Profit University," *Procedia- Social and Behavioral Sciences* 195, (2015) 963: accessed on April 14, 2018, https://ac.els-cdn.com/S1877042815037532/1-s2.0-S1877042815037532-main.pdf?_tid=a495ca8f-bb0a-4116-b170-a5aa457974ca&acdnat=1523689363_3bfc4e42fbbaf7976bfa7ebd6c9248b

³ Lepine and Crawford, *Job Engagement*, 617-619.

⁴ Yopono Bagyo, "Leadership Style In Improving Performance Through Engagement," *IOSR Journal of Business and Management* 16, no.5 (2014): 43, accessed on April 14, 2018, <http://iosrjournals.org/iosr-jbm/papers/Vol16-issue5/Version-2/G016524049.pdf>

detailed study to develop generic questionnaire. The researchers conducted pilot-testing, factor analysis and rasch analysis and identified a three dimensional generic questionnaire which would be applicable across occupational sectors.¹

3.3 Data Analysis

Descriptive statistics such as frequencies, percentages, means and standard deviations were analyzed. In addition, statistical result of correlation, simple and multiple regressions were computed and analysed.

4. Findings and Discussion

The researchers distributed 385 questionnaires to gather the required data whereas only 332 questionnaires were returned which recording a return rate of 86.2%.

4.1 Reliability Analysis

Though the study uses standardized scales, internal consistency analysis was carried out through Cronbach alpha reliability tests in order to re-affirm the reliability of questionnaire.

Table 4.1 Reliability Analysis of the Item

No.	Description	Cronbach's Alpha	Number of Items
1	Transformational Leadership	.915	12
2	Job Performance	.781	13
3	Employee Engagement	.914	16

Source: Survey 2018

The Cronbach's alpha results presented above measure the internal consistency or reliability of the instruments or scales used in the study. The cronbach alpha results satisfy the criteria set by Field because all of them are above the minimum threshold set by Field. Field suggested cronbach alpha values of .7 to .8 to be an acceptable value.²

4.2 Correlation Analysis

Table 4.2 Relationship between Transformational Leadership Behaviour and Job Performance Dimensions

		Task Performance	Contextual Performance	Counterproductive Behaviour
Transformational Leadership Behaviour	Pearson Correlation	.376**	.399**	-.015
	Sig. (2-tailed)	.000	.000	.782
	N	332	332	332

** Correlation is significant at the 0.01 level (2-tailed).

The above table indicated the relationship between transformational Leadership and job performance dimensions. As indicated in Table 4.14 there is a significant positive relationship ($r=.376, p=.000$) between transformational leadership behaviour and task performance. There is also significant relationship ($r=.399, p=.000$) between transformational leadership behaviour and contextual performance. Conversely, no relationship ($r=-.015, p=.782$) exists between transformational leadership behaviour and counterproductive behaviour.

Table 4.3 Relationship between Transformational Leadership Behaviour and Employee Engagement Dimensions

		Vigour	Dedication	Absorption
Transformational Leadership Behaviour	Pearson Correlation	.378**	.375**	.349**
	Sig. (2-tailed)	.000	.000	.000
	N	332	332	332

** Correlation is significant at the 0.01 level (2-tailed).

The above table indicated a significant positive relationship between transformational Leadership and employee engagement dimensions. As indicated in Table 4.15 there is a significant positive relationship ($r=.378, p=.000$) between transformational leadership behaviour and vigour. There is also significant relationship ($r=.375, p=.000$) between transformational leadership behaviour and dedication.

¹ Linda Koopmans et al, Development of an Individual Work Performance Questionnaire, 1.

² Andy Field, *Discovering Statistics Using SPSS* (London: SAGE Publications Ltd, 2009), PDF e-book, 675.

Table 4.4 Relationship between Employee Engagement and Job Performance Dimensions

		Task Performance	Contextual Performance	Counter Productive Behaviour
Employee Engagement	Pearson Correlation	.380**	.461**	-.150**
	Sig. (2-tailed)	.000	.000	.006
	N	332	332	332

** . Correlation is significant at the 0.01 level (2-tailed).

The above table indicated the relationship between employee engagement and job performance dimensions. As indicated in Table 4.16 there is a significant positive relationship ($r=.380, p=.000$) between employee engagement and Task performance. There is also significant positive relationship ($r=.461, p=.000$) between employee engagement and contextual performance. Conversely, a weak inverse relationship ($r=-.150, p=.006$) exists between employee engagement and counterproductive behaviour even though the relationship is significant.

4.3 Regression Analysis

Table 4.5 The Regression of Transformational Leadership Behaviour to Job Performance

Model	β	Std. Error	t	P-Value	Adjusted R ²
1 TLMean	.201	.029	6.941	.000	0.125
a. Dependent Variable: Job Performance					
b. Predictor: Transformational Leadership					

Source: Survey 2018

As we saw in the above table transformational leadership positively affects employees' job performance ($\beta=.201, p<.001$). Moreover, the Adjusted R square value of 0.125 confirming that, 12.5% of the variation in employees' performance is explained by transformational leadership style. Thus, it is concluded that transformational leadership is predicting employees' job performance. The research, therefore, confirmed H1.

Table 4.6 The Regression of Transformational Leadership Behaviour to Employee Engagement

Model	β	Std. Error	t	P-Value	Adjusted R ²
TLMean	.535	.068	7.856	.000	.155
a. Dependent Variable: Employee Engagement					
b. Predictor: Transformational Leadership					

Source: Survey 2018

As we saw in Table 4.6 transformational leadership positively affects employee engagement ($\beta=.535, p<.001$). Moreover, the Adjusted R square value of 0.155 confirming that, 15.5% of the variation in employee engagement is explained by transformational leadership style. Employee engagement, therefore, can be predicted by the existence of transformational leadership; henceforth H2 is confirmed.

Table 4.7 The Regression of Employee Engagement on Job Performance

Model	β	Std. Error	t	P-Value	Adjusted R ²
EEMean	.124	.022	5.662	.000	.086
a. Dependent Variable: Job Performance					
b. Predictor: Employee Engagement					

Source: Survey 2018

As we saw in Table 4.7 employee engagement positively affects employees' job performance ($\beta=.124, p<.001$). Moreover, the Adjusted R square value of 0.086 confirming that, 8.6% of the variation in employees' performance is explained by employee engagement. Thus, the research affirmed that job performance is also predicted by employee engagement; and hence, the research supported H3.

Table 4.8 The Regression of Transformational Leadership and Employee Engagement on Employees' Job Performance

Model	β	Std. Error	t	P-value	Adjusted R ²
TLMean	.160	.031	5.138	.000	.151
EEMean	.077	.023	3.353	.001	
a. Dependent Variable: Job Performance					
b. Predictors: Employee Engagement, Transformational Leadership					

Source: Survey 2018

The above table indicated the effect of transformational leadership and employee engagement on employees' job performance and the result showed that transformational leadership ($\beta=.160, p<.001$) along with employee engagement ($\beta=.077, p<.001$) positively affect job performance.

4.4 Calculating the Indirect Effect of Mediating Factor

In the above analysis the regression result indicated that there is significant relationship among the predictor, mediator and outcome variables. This leads to a test of whether the mediator affects the outcome and evaluating the relation between the predictor and the outcome while controlling the mediator. If the outcome is zero upon controlling the mediator, the finding confirms full mediation. Whereas, if the outcome is still significant the finding supports partial mediation.¹

Table 4.9 Regression of Indirect Effect of Mediating Factor

Model	β	Std. Error	t	P-Value	Adjusted R ²
1	.201	.029	6.941	.000	.125
2	.160	.031	5.138	.000	.151

Dependent Variable: Job Performance
 Model 1 Predictor: Transformational Leadership
 Model 2 Predictor: Employee Engagement and Transformational Leadership

Table 4.9 indicated the direct effect of transformational leadership on employees' job performance and the result (in model 1) indicated that transformational leadership ($\beta=.201$, $p<.001$) explained employees' job performance.

In the second regression, employee engagement along with transformational leadership as predicting variable is regressed on job performance. The result indicated that transformational leadership ($\beta=.160$, $p<.001$) still positively affects employees' job performance though β value is smaller by 0.041 (.201 less .160) after the mediator, employee engagement is added in the calculation. The difference indicates that employee engagement partially mediates between transformational leadership and job performance. Thus, regression analysis confirmed H4.

5. Conclusion and Recommendations

The study found out that transformational leadership is positively related with two job performance dimensions called task performance and contextual performance whereas it has no relation with counterproductive behaviour. Generally, the study affirmed direct impact of transformational leadership on job performance. The study also witnessed the existence of positive relationship between transformational leadership and employee engagement dimensions called vigour, dedication and absorption. Displaying transformational leadership behaviours has a positive effect on employee engagement. In addition, the existence of positive relationship between employee engagement and the two job performance dimensions called task performance and contextual performance is revealed. The study also revealed that employee engagement positively affects job performance.

Finally, the study uncovers that employee engagement partially mediates between transformational leadership and job performance. Multiple regression analysis showed a decrease in β value when the mediator is added in the calculation which confirms partial mediation of employee engagement.

The study suggests that CBE should provide trainings on transformational leadership to supervisors in order to create awareness about the positive impact of transformational leadership on employee engagement which ultimately makes a difference on employees' job performance. In addition, CBE should encourage supervisors to exhibit all dimensions of transformational leadership to make employees love their work and organization rather than performing with fear. Besides, CBE should consider employee engagement since it tunes the effect of leadership style on job performance and conduct subsequent researches in order to uncover reasons for reducing the level of employee engagement and take corrective measures.

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¹ Frazier, *Testing Moderator and Mediator*, 128.

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