RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP AND ORGANIZATION CITIZENSHIP BEHAVIOUR (OCB) IN SME'S SECTOR OF PAKISTAN

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ABSTRACT

Current research study investigate the relationship between different attributes of transformational leadership and organization citizenship behaviour (OCB). For this purpose data was obtained from manufacturing sector of SME's in KPK and Islamabad area. Researchers used adopted version of questionnaires to measure transformational leadership and OCB of employees. OCB construct was checked through Confirmatory Factor analysis (CFA). While relationship between dependent and independent variables was measured through simple and multiple regression analysis. Results indicate that High performance is the highest significant predictor of employees citizenship behaviour showing positive relationship (B=0.437, & p=.000) followed by group goal attribute (B=0.398 & p=.000). While the relationship between Individualized consideration as well as intellectual stimulation have significant but negative relationship (B = -0.097 p=0.001 and B= -0.141 p=0.030). Finding indicate that employees can perform in any culture that only suits to their survival. But if employees are given the confidence as well as their individual need is assist by the leaders than the outcome will be highly motivated workforce.

Keywords; Transformational Leadership, OCB, CFA, SME's

INTRODUCTION

Small and medium enterprises play an important role in the development of any nation. Pakistan SME's are contributing a lot in national and international market of different sectors e.g. Sector e.g. construction, manufacturing, tobacco, fishing, retailing, leather, mining, agri-business, farming, paper industries etc. Pakistani SME's are active agent in development process ranging from farming, fishing, Arians put out in villages (Rural Areas) up to dairy, beverages business in urban as well as light industrial activities in electric, computer paper, chemicals appeal and construction in local and abroad markets (Dasanayak, 2008). In really most of Pakistan SME's are run and managed by one person/ family and friends network, where the decision are taken by them. In such SME's mostly at rural area of Pakistan the role of personal attributes and percentage of assets as well as its nature does not play an important role in decision making process

(Dasanayaka, 2008). In such form of SME's the personal interest are higher as compare to corporate industries. This attribute may increase the chance of risk and decrease the efficiency of enterprises.

In Pakistan which shows the worker as poor class in comparison to those SME's working in formal sector. In contrast most of the SME's functioning in formal sector contributes in country development. Because of the variation in formal & informal sector difference among assets, capital, employees, functionality, productivity and innovation creates problems in setting common definition of Small and Medium Enter Prizes. There is no single definition of SME's is available and very organization define the concept of the SME's on the basis of different assets level, number of employees, productivity etc. Similarly different government agencies, corporations, NGOs, financial institutions, trades unions and chambers, international donor agencies define the concept according to their organizational need and requirement. Different terms are used for the explanation of SME's e.g. "small and medium scale industries, SMEIES, Micro Enterprises (MIs), Rural Enterprises (RES), Small and Medium Scale Activities (SMA's), Cottage & Small Scale Industries (CSSI's), Micro and Small Scale Activities (MSSA's) and Informal Sector Activities (ISA's) (Dasanayaka, 2008). Generally enterprises can be defines "any business activity of agribusiness, service industry in form and sole proprietorship, partnership or joint venture".

Pakistan is developing country that confronts different problems of various natures for smooth running of it development. Since its independence, country faces unlimited number of tackles problem. One of the major problems in its development is in effective leadership style as well as lack of international quality practices in our small and medium enterprises (SME's) sector. Leadership styles have great influence toward effective implementation of appropriate practices in developing countries like Thailand (Leohavichien, Fredendall and Cantrell., 2011). She explain that one of the important question related to effective implementation of these quality practices is that which type of particular leadership style is most appropriate. As transformational leadership consist of articulating vision, Stimulation, individual support, Group Goals and High performance while transactional leadership possess the qualities of contingent reward and contingent punishment of employees.

Current research study will try to give the answer to the question that either leadership have any influence toward implementing appropriate practices (e.g. to examine the organization culture as well as employees Citizenship Behavior OCB)in Pakistan Small and Medium Enterprises (SME's). Which types of possible leader's behavior is most appropriate in Pakistan (SME's) context. Objective of the study is to investigate that is there any relationship exist between Leaders behaviour and organization members commitment toward organization wellbeing. While our secondary objective in this study is to find out the role of Organization Citizenship behaviour in smoothing this relationship. Our second objective secondary in nature is to explore significant effect of demographics on the relationship between employees O.C Behaviour and transformational leadership attributes.

LITERATURE REVIEW

The new aspect of leadership that attracts almost everyone during the era of 1980 was it positive toward worker and generating the feeling of scarifies among his employees known as transformational leadership (Hoy & Miskel, 1996). Transformational leadership, alone has been studied mostly by leading researchers in recent years (Avolio, Bass & Jung, 1999; Judge & Bono, 2000), and linked to creativity among groups (Sosik, Kahai & Avolio, 1998, 1999). Transformational leadership may be defined as influencing and motivating followers toward goals and make them perform beyond the limitations (Dvir, Eden, Avolio& Shamir, 2002: 735). However, despite this type of leadership's theoretical significance few studies focus on the individual employee enhancement and creativity (Zhou & Oldham, 2001).Miskel (1978) following function are played by Transformational Leader.

- > Creation of vision and increasing commitment toward the vision.
- > Creating of environment that everyone many ready for change.
- Also creating feeling of scarifies among employees in order to achieve organization goal/objective.
- > While work on short term goal achievement must purer long term goals.
- Employees must aware of the changes; they must adopt the latest trends.
- Finally employees will be develop up to the extent that they will as a "leaders" and original leaders will act as change agent for transformation of environment.

In the research area of applied psychology and organization behaviour OCB is one of the most important topics for social science researchers (Podsakoff, MacKenzie, Paine & Bachrach, 2000). According to Katz (1960) organization cannot achieve its objective by strictly relaying on the behaviour of individuals performance assigned to them for performing jobs since last forty years. Katz (1960) says that voicing suggestions, protecting organization and employee's behaviour toward helping co-worker are the key determinates of organization effectiveness. On the other hand (Organ and Konovsky., 1983) explained these characteristics as citizenship that providing help to specific individuals or organizations.

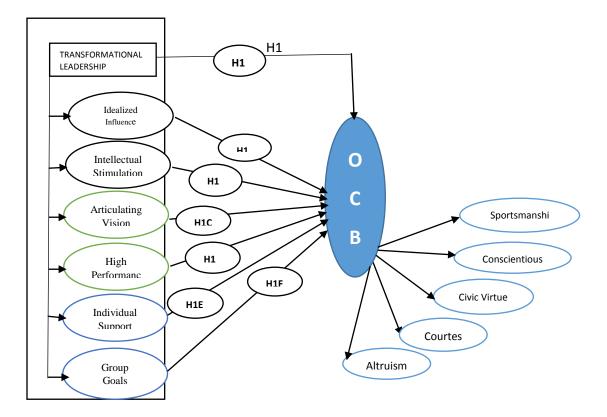
According to Bass (1990) transformational leadership generates such employees which have feeling of unselfishness, connected toward organization and faithful. These employees perform beyond the expectation (Bass, 1985) as compare to their Job specification. Many research studies have found positive and direct relationship between followers OCB's attributes e.g. Civic Virtue, Sportsmanship, Altruism and country with transformational leadership style (Mackenzie et al., 2002, Podoskoff et al., 1990; Pillai, Schriesheim, & William, 1999). Hutahayan et al. (2013), found positive relationship between transformational leadership and OCB in Indonesians state own enterprises. He states that relationship between these two variables becomes stronger when organization culture and organization commitment are used as mediator. Hence it because of strong relationship with appropriate leadership style that appears as high civic virtue, sportsmanship and courtesy as well as conscieutionses among employees of "PT Barata Indonesia".

The researchers Fatene, Seyyed & Morteza (2013) conduct research in "general office of sports and youth" at Mazandra Iran in order to find out relation between staff OCB and executives transformational leadership style. For this purpose data was collected through Questionnaires and for analysis statically tools was applied. Result from the research show that there is positive relationship between leadership style (transformational) and staff OCB. At the same time results shows that Mazandra Iran province general office of sports and youth department members widely accept. In the paper titled "leadership style and OCB in SMS firms" researchers (Khan, Ghouri and Awang.,2013) try to examine the relationship between organization member's OCB and leadership styles in small &medium sector Enterprises of information technology in Pakistan. For this purpose date was collected from 174 SME's in it sector. In these study three different styles of leadership i.e. transformational, transactional and charismatic was studied. In their research they found moderate relationship between leadership style and organization members OCB. Moreover it is explained that becomes of international citizenship process IT sector of SME's frequently adopt these management skill in their organization setup.

On the basis of previous research studies following hypothesis are drawn for the current research study.

- **H**₁: Transformational Leadership and employee's citizenship behaviour relationship in Pakistan SME's is positive and significant.
- H_{1A} : Idealized Influence characteristic of transformational leadership effects employee's citizenship behaviour.
- **H**_{1B}: Intellectual stimulations characteristic of transformational leadership effects employee's citizenship behaviour.

- **H**_{1C}: Articulating vision characteristic of transformational leadership have effect on employees citizenship behaviour.
- H_{1D} : High Performance characteristic of transformational leadership effects employee's citizenship behaviour.
- H_{1E} : Individual support behaviour characteristic of transformational leadership effects employee's citizenship behaviour.
- **H**_{1F}: Group goals characteristic of transformational leadership effects employee's citizenship behaviour.



RESEARCH METHODOLOGY

To collect the data population of the study consist of all those mature SME's (whose life span was more than three years). The reason behind selection of those SME's based on the concept of employees understanding about the different attributes of transformational leadership. Only those SME's were become the part of current study which are functioning in Manufacture sector. There are total 431 SMEs in KPK and Islamabad Areas (SMEDA., 2012). From the total population of 7435, we select 599 employees through random as well as proportional (in order to represent different tire of industries) sampling techniques. According to (Sekran., 2002) in social sciences research 200

respondents are enough for analysis. Finally we received 435 (72.66%) properly filled questionnaires.

Transformational leadership was measure through adopted version of Podsakoff et al. (1990) research instrument and employee's citizen ship behaviour was measured through Podsakoff, Mackenzie, Moorman, and Fetter (1990) scale to assess the supervisory ratings of employees' OCB. OCB constructs- consist of altruism, courtesy, sportsmanship; conscientiousness and civic virtue were measured on five points scale. As OCB construct was using for the first time in Pakistan SME's prospective, hence it was assist through CFA technique, while Transformational leadership was assist through Cronbach alpha reliability test. SPSS was used to examine the hypothetical relationship.

RESULTS AND DISCUSSIONS

4.1 Confirmatory factor analysis for organization citizenship Behaviour OCB

We conduct confirmatory factor analysis for five factor model of OCB. These factors are sportsmanship (SPS), altruism (AIT), Civic Virtue (CVR), Conscientious (CONS) and courtesy (COUR). Organization Citizenship behaviour consist of different factor with various item e.g. Altruism, conscientious and courtesy were represent by 5 items each, while sportsmanship (SPS) and Civic virtue (CVR) were represented by 4 items each.

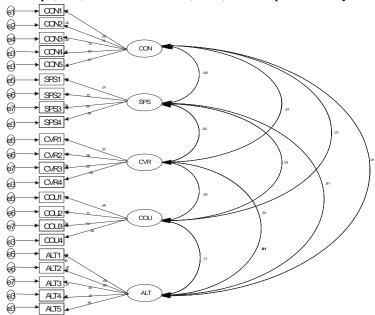


Fig. 4.1 Five factor model of OCB

Five factor confirmatory analysis (CFA) of organization citizen ship behaviour results indicate good fit i.e. Chi square (x^2/df) value is equal to 1.32, CFI is equal to .95, GFI=.90, AGFI=.91 TLI=.89 and RMSEA=.06 (present in table 4.1).

Table 4.1 Results of OCB five factor model fit indices

	X ² /df	GFI	AGFI	TLI	NFI	RMSEA
OCB (5 factor model)	1.32	0.91	0.89	0.88	0.95	0.06

4.2 Measurement of convergent and discriminate validities for OCB

In order to examine the convergent and discriminate validities for 5 factor model of OCB we follow Fornell & Larcker.,1981; Javed & Lecaz.,2011; Javed, LeCaz and Saif., 2014; Saif and Khattak.,2016) procedures. In for verifying the convergent validity, the PVC index was computed which explain the relevant proportion of variances among the various items explained by the relevant factor. The ρ VC index valve for different factors of OCB was (49%), (60%), (52%), (62%), (54%).

After calculating convergent validity (ρ VC) index for different factor's than we examine the shared variance among OCB five factors. In table (4.3.16) it is clearly indicated that correlation among altruism (ALT) and sportsmanship (SPS) is very high (.61) as compare to all other factors. Joreskog Rho value for different factor of OCB construct were Altruism (0.72), Sportsmanship (0.81), Courtesy (0.78) Civic virtual (0.88) and conscientious (0.71) respectively.

	SPS	ALT	CVR	CON	COUR	CR
SPS	0.60					0.81
ALT	0.61	0.62				0.72
CVR	0.41	0.38	0.52			0.88
CON	0.21	0.42	0.17	0.49		0.71
COUR	0.24	0.33	0.49	0.19	0.54	0.78

Table 4.3 OCB five factor model average exerted & shared variances

As from table (4.3) it is clearly indicated that two factors of OCB namely (Sportsmanship and Altruism) were highly correlated (0.61). So we combine these two factors and run confirmatory factor Analysis again on 4 factor model of OCB. Results of model fitness indices = 0.88. Than we also conduct Chai-Square test separately. Final result indicates that model 1 with five factors was good as compare to model 2 with four factors. So we will use five factor model of OCB for further analysis.

Model	R	R Square	Ajt. R Square	Std. Error
1	.590	.329	.322	.543280

Table 4.4 Summary of Simple linear Regression

In table (4.4) the relationship between independent variable (Transformational Leadership) and dependent variable (OCB) is explained. From table the value of (R=0.590) indicate the moderate correlation between the two variables and value of (R² =0.329) shows that total 32% variation in Employees OCB is predicted by Transformational leadership. Table (4.5) shows the results of simple liner regression model and the valve of (F=82.093) and (p=.000) clearly indicate the significant relationship between Transformational leadership and employees citizenship behaviour.

Table 4.5 Analysis of Variances

Model	Sum of square	Df.	Mean Square	F	Sig.
Regression	22.876	2	22.78	82.09	.000 ^b
Residual	51.184	433	.311		
Total	74.062	435			

From Table (4.6) coefficient values under the heading of B under Unstandardized values are shown as and we can write regression equation as OCB = 0.783 + 0.783(Transactional Leadership). From the model it can be clearly explain that by one percent increase in transactional leadership attribute will increase .783 percent increase in employee's citizenship behaviour.

Table.4.6 Coefficient values of examined Variable

Model	Unstandardized Coefficient		standardized Coefficient	Т
	В	Std. Error	Beta	
Constant	.783	.287		2.161
Trans	.783	.079	.573	8.343
Leadership				

Table 4.7 Summary of Simple Multiple Regression

Model	R	R Square	Ajst R Square	Std. Error
1	.813	.726	.699	.77234

a. Predictors; (Constant), GG,AV,IC,GG,HP,IS

From table (4.7) it is clearly indicated that ($R^2 = .726$), which shows that 72% variation in independent variables (Group Goals, Articulating Vision, Individualized Consideration, High performance and Intellectual Stimulation is explained by Employees OC Behaviour. On the basis of statistical figures presented in table (4.8) the relationship between dependent and independent variables are positive and significant i.e. (F=52.09 & p=.000).

Model	Sum of square	Df	Mean Square	F	Sig.
Regression	50.23	9	9.231	52.09	.000 ^b
Residual	23.83	426	.199		
Total	74.064	435			

Table 4.8 Analysis of Variances

Table.4.9 Coefficient values of examined Variable

Model		dardized ficient	Standardized Coefficient	Т	Sig.	95% C.I for B		Co linearity Statistics	
	В	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
Constant	.923	.252		3.345	.000	.442	1.284		
I.I	.301	.071	.244	3.567	.000	.087	.399	.566	2.113
I.C	097	.062	079	3.112	.001	168	.039	.694	1.231
I.S	141	.056	161	-1.295	.030	257	031	.865	1.807
A.V	.294	044	.345	-2.321	.013	.205	.304	.456	1.332
H.P	.437	.065	.553	6.098	.000	.310	.522	.432	1.432
G.G	.398	.071	.611	6.765	.000	.401	.601	.456	2.345

I.C= Individualized Consideration, I.S= Intellectual Stimulation, A.V= Articulating Vision, H.P= High Performance, G.G= Group Goals.

From Table (4.9) the values of Beta in Unstandardized coefficient for different attributes of Transformational leadership (Independent variable) are shown. Similarly significance levels of all the factors are also indicated. The Tolerance value is also defined. It can be explained as 1-R2k. Variances Inflation factor can be express as the reciprocal of Tolerance value. If we put the B values in multiple regression models than it will be

OCB= (.923)+(.301) I.I +(.097)I.V +(.141) I.S+ (.294) A.V+ (437)H.P +(.398)G.G + e

Table (4.9) clearly indicate that High performance is the highest significant predictor of employees citizenship behaviour showing positive relationship (B=437, & p=.000) followed by group goal attribute (B=.398 & p=.000). Hence on the basis of the regression results (H_{1D} and H_{1F}) are accepted. Similarly the relationship between Individualized

consideration as well as intellectual stimulation have significant but negative relationship (B = -.097 p=.001 and B= -.141 p=.030) Hence (H_{1B} and H_{1C}) are also accepted.

CONCLUSION AND RECOMMENDATIONS

The results of the current study are in line with (Ayologdu & Asikgil, 2011; Javed et al., 2014; Hutahayan et al., 2013). Saif and khattak (2014) also found positive relationship between Transformational leadership and organization citizenship behaviour. In our case we can presume that transformation leadership is strongly related to employee's citizenship behaviour by applying appropriate strategy of group goal behaviour. As it will infuse enough energy among employees to achieve their own as well as organizational task effectively. We conduct this study in Pakistan SME's manufacturing sector, while earlier studies were conducted in Private sector organizations. so far only two or three studies are conducted in Pakistan SME's sector but they were focusing on specialized manufacturing sector like (IT, Fan manufacturing, software or Textile sector) but the current study is innovative in nature that it investigate the concept in possible mixture of all different manufacturing industries.

General perception is that transformational leadership have greater impact on organization culture and employees OCB. In Our case transformational leadership association with employees OCB is higher. The logic may be that in Pakistan SME manufacturing sector reward and punishment act as psychological perception for employee's performance. Employees can perform in any culture that only suits to their survival. But if employees are given the confidence as well as their individual need is assist by the leaders than the outcome will be highly motivated workforce.

Based on the findings of current research study following are the recommendations for future work.

- In order to understand the diversified nature of employees leader relationship. Future researcher may find the association between different styles of leadership i.e. (Transactional, Transformational, Lassie fair, Spiritual, Level five, Ethical, Authoritarian, Charismatic, Servant, Transients, Adaptive and dispersed leadership Styles).
- It will be better to investigate the relationship between five various component of organization Citizenship behavior and six attribute of transformational leadership style. It will gives detail insight information about the problem in hand.
- If organization culture and cynicisms is studied as possible mediator or moderator in the relationship of transformational leadership and their citizenship behavior. It will also helpful in understanding the positive and negative nature of relationship between these variables in single model.

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