

**LEADERSHIP STYLES AND JOB PERFORMANCE:  
THE ROLES OF PSYCHOLOGICAL  
EMPOWERMENT AND PERSON-SUPERVISOR  
FIT**

by

**LEE CHING HOE**

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**GAYA KEPIMPINAN DAN PRESTASI KERJA: PERANAN PEMERKASAAN  
PSIKOLOGI DAN KESESUAIAN PEKERJA-PENYELIA**

**ABSTRAK**

Penyelidikan ini bertujuan untuk mengenalpasti faktor penyumbang utama terhadap prestasi kerja. Berdasarkan kepentingan pengaruh kepemimpinan terhadap pekerja dan prestasi organisasi, penyelidikan ini mengkaji kesan corak kepemimpinan terhadap prestasi kerja. Penyelidikan ini mengesahkan hipotesis hubungan positif antara corak kepemimpinan transformasi dan transaksional terhadap prestasi kerja, tetapi hubungan antara corak kepemimpinan *laissez-faire* dan prestasi kerja adalah negatif. Sementara itu, model penyelidikan ini termasuk pertimbangan pemerksaan psikologi sebagai faktor pengantaraan, dan kesesuaian pekerja-penyelia sebagai faktor penyederhana. Penyelidikan ini adalah penyelidikan kuantitatif. Kajian selidik dijalankan ke atas ketua dan pengikut di dalam syarikat multinasional yang beroperasi di Malaysia, terutamanya bagi negeri Selangor, Pulau Pinang dan Johor, yang merupakan tiga negeri perindustrian utama di Malaysia. Hasil penyelidikan ini menunjukkan bahawa kepemimpinan transformasi mempunyai kesan positif kukuh terhadap pemerksaan psikologi. Tetapi, tiada bukti kukuh menunjukkan kesan kepemimpinan transaksional dan *laissez-faire* terhadap pemerksaan psikologi. Hasil penyelidikan ini juga menunjukkan bahawa pemerksaan psikologi mempunyai kesan negatif kukuh terhadap tingkah laku kontra-produktif. Di samping itu, pengesahan hipotesis untuk pemerksaan psikologi sebagai faktor pengantaraan, telah membuktikan bahawa kepemimpinan transformasi dan transaksional mempunyai hubungan secara tidak langsung dengan prestasi tugas, tingkah laku kewarganegaraan organisasi dan tingkah laku kontra-produktif. Namun begitu, tiada bukti

kukuh yang dapat menunjukkan bahawa kesan *laissez-faire* ada sebarang hubungan secara tidak langsung dengan prestasi tugas, tingkah laku kewarganegaraan organisasi, dan tingkah laku kontra-produktif. Pengesahan hipotesis bagi kesesuaian pekerja-penyelia sebagai faktor penyederhana menghasilkan bukti kukuh kesesuaian pekerja-penyelia berfungsi sebagai faktor penyerderhana secara menguatkan hubungan positif antara kepimpinan transformasi dan pemeraksanaan psikologi. Selain itu, data juga membuktikan kesesuaian pekerja-penyelia berfungsi sebagai faktor penyerderhana dengan melemahkan hubungan negatif antara *laissez-faire* dan pemeraksanaan psikologi. Sebaliknya, hasil analisis menolak hipotesis bahawa kesesuaian pekerja-penyelia berfungsi sebagai faktor penyerderhana untuk hubungan antara kepimpinan transaksional dan pemeraksanaan psikologi.

# **LEADERSHIP STYLES AND JOB PERFORMANCE: THE ROLES OF PSYCHOLOGICAL EMPOWERMENT AND PERSON-SUPERVISOR FIT**

## **ABSTRACT**

This research examined the relationship between leadership styles and job performance. In addition, the research proposed psychological empowerment mediates the above relationship. The research also proposed person-supervisor fit moderates the relationship between leadership styles and psychological empowerment where the positive relationship is stronger when the person-supervisor fit is higher. The research setting in which hypotheses were tested is MNCs operating in Malaysia, specifically the top three industrial states in Malaysia, namely Selangor, Penang and Johor. Examining leadership styles (transformational, transactional and laissez-faire) in MNCs is particularly useful for extending research on job performance because of the complexity of such setting highlights the importance of leaders (supervisors) and followers (employees) relationship on job performance. Additionally, many MNCs rely on teams to carry out much of their work, making the person-supervisor fit and psychological empowerment important issues for multinational management research. Using multisource data, the research found that transformational leadership has a significant positive effect on psychological empowerment. However, there is no evidence of significant effect for transactional leadership and laissez-faire on psychological empowerment. Psychological empowerment mediated the relationship between leadership style (transformational and transactional) and job performance. The results also indicated that person-supervisor fit moderates the relationship between transformational

leadership and psychological empowerment, such that it strengthens the positive relationship.

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Employees' job performance is an important criterion for organizational outcomes and success (Strauss, Parker, & O'Shea, 2017). Job performance is one of the most important factors in the success of an organization (Tims, Bakker, & Derks, 2015). Employees' job performance is a measurable behavior which is highly relevant to positive organizational outcomes and success (Sonnentag & Frese, 2013). Over the past two decades, the multi-dimensional concept of job performance has been highly discussed. A multitude of empirical studies have emerged, and job performance has become one of the most researched concepts in the field of organizational behavior and organizational psychology (Saleem, 2015).

Employees' job performance is defined as the value of the set of employees' behaviors that contribute, either positively or negatively, to organizational goal accomplishment (Williams & Anderson, 1991). Likewise, John P. Campbell (1990) describes job performance as an individual-level variable, or something as a single person does. This differentiates it from more encompassing constructs such as organizational performance or national performance, which are higher-level variables. According to Williams and Anderson (1991), job performance consists of three main components: (i) task performance, or the transformation of resources into goods and services; (ii) organizational citizenship behaviors (OCB), or voluntary employee actions that contribute to the organization; and (iii) counter-productive work behaviors (CWB), or employee actions that hinder organizational accomplishments.

Often it is not sufficient to comply with just the basic task performance requirements, organization and employees need to go beyond what is formally required with performance (Parker et al., 2012; Sonnentag & Frese, 2013). Organizational citizenship behaviors describe discretionary behavior which is not necessarily recognized and rewarded by the formal reward system, and not officially listed as job expectation (Organ, 1997). Although, not every single discrete instance of organizational citizenship behaviors will have impact to the organizational outcomes directly. However, the collective values of these organizational citizenship behaviors promote the effective functioning of an organization (Organ, 1997; Podsakoff et al., 2010). On the contrary, counter-productive work behaviors refer to employee intentionally hinder organizational goal accomplishments (Colquitt, Lepine, & Wesson, 2017). It could have a significant impact on the efficiency of work output. It includes damaging the team spirit, creating an unhealthy culture, and bring down the morale within the organization. Kaplan et al. (2009) refer to workplace deviance as voluntary acts that stem from either a lack of motivation to conform or the existence of a motivation to violate normative expectations of behavior. Thus, it is important to keep the employees motivated and guided them to stay away from any counter-productive work behaviors.

According to Podsakoff et al. (2015), leaders play an essential role in enabling employee's job performance, which helps to boost the accomplishment of goals and overall job performance. The best way for employers to maximize employees' strengths is through their managers or leaders. The benefits of being able to maximize employees' strengths lead not just to higher engagement levels and a better career, but also to a better life of the employees. These well-being advantages, in turn, benefit employers through increased productivity, fewer sick days, lower incidence of chronic

disease, and fewer health-related expenses from their employees. Engagement and strengths orientation together create a culture that fosters high performance (Sorenson, 2015). What leaders of an organization do, or fail to do, with the employee's potential has enormous implications for an organization's future. Gallup 2017 Global Emotions Report published data exhibiting that simply learning the employee's strengths makes employees 7.8% more productive, and teams that focus on strengths every day have 12.5% greater productivity. Investing in and focusing on employees' talents boosts employee and customer engagement, according to Gallup's research, leading to higher levels of performance, profitability, productivity, and greater earnings per share for businesses (Sorenson, 2015).

Over the past two decades, there has been much discussion on various leadership styles and their impacts. There are easily more than a dozen of diverse leadership styles being identified as exhibited by leaders in the business or other fields. Some of the common leadership styles include transactional leadership, democratic leadership, bureaucratic leadership, charismatic leadership, autocratic leadership, transformational leadership, servant leadership, situational leadership, laissez-faire, etc. The full range leadership model is probably the most comprehensive model (Barbuto & Cummins-Brown, 2007). The idea behind full range leadership is that there exists a constellation of leadership styles or behaviors, ranging from transformational style, transactional styles and laissez-faire (Avolio & Bass, 1991). The full range leadership model is based on more than a hundred years of leadership research (Barbuto & Cummins-Brown, 2007).

In today's complex business environments, there is an interruption of new technology and social media, plus the wave of post-millennial generation of workforce entering the business world, increase the challenges for leaders to ensure peak

performance of the organization (Osabiya, 2015). Most of Generation-Z have used the Internet since a young age, and they are generally comfortable with technology, can efficiently multitask, extremely fluent interacting on social media (Montana & Petit, 2008; Alex, 2016). The new generation, especially post-millennials, have unique expectation on work environment, and could respond distinctively to different leadership style (Kehinde & Banjo, 2014). Generally, the generation post millennials pay more attention to value, meaning and impact of what they do, and demand high autonomy on how they do their work (Watts et al., 2016; Bromwich, 2018). Basically, these are aligned with the aspects of psychological empowerment to the individual. Furthermore, the similarity and compatibility of values between organization, leaders, and employees would have an influence on the performance of the employees (Dill, 2015; Smith & Nichols, 2015). The compatibility between leader and employee can be assessed with person-supervisor fit (Cable & DeRue, 2002).

The continuous rapid changes in technology, mergers and fusions, and the globalization of many organizations require employees to be increasingly tolerant of uncertainty and highly adaptive (Pulakos, Dorsey, & White, 2006). Strategically and effectively managing the variables that influence employees' behavior and job satisfaction affects employees' discretionary efforts and performance levels (McCann, Graves, & Cox, 2014).

In today's competitive and complex business environments, organizational settings have become more dynamic and volatile than ever (Rahbi, Khalizani, & Khan, 2017). The companies in Malaysia face dramatic challenges, and impact by the wave of globalization and business volatile changes (Chandran, 2017). Examining leadership style (transformational, transactional and laissez-faire) in multinational corporations is particularly useful for extending research on job performance because



of the complexity of such setting highlights the importance of leaders (supervisors) and followers (employees) relationship on job performance. Many multinational corporations rely on teams to carry out much of their work (Asrar & Kuchinke, 2016), making the person-supervisor fit and psychological empowerment important issues for multinational management research.

As much as globalization has been changing the business landscape for the past two decades, every country has its unique working culture. Similarly, Malaysia has its own distinctive culture, where employees in Malaysia could react to leadership style in its unique manner (Cheng & Chan, 2008). Malaysia is a multi-cultural country and the working culture is highly mixed with many different nationalities working alongside each other (Wolf, 2016; DeVaney, 2015). Generally, Malaysian people are highly polite and have high respect for their superior in the workplace (Moore & Lim, 2015). Due to the unique working culture in Malaysia, leaders should not generalize and apply the generic approach developed in other region or country (Fun, 2017).

On the other hand, in Malaysia, the business losses related to poor job performance is on the rise (Chen, Fahb, & Jin, 2016). Furthermore, the overall Malaysian workforce performance is slipping down the slope (Cheng & Chen, 2008). Meanwhile, the shortage of good leaders who can propel employees' job performance in Malaysia has become a concerning gap (Moore & Lim, 2015; Teo, 2016). These issues have surfaced the need to study the factors which are influencing employees' job performance, particularly as proposed by this research, the leadership styles, psychological empowerment and person-supervisor fit.

## **1.2 Problem Statement**

Poor job performance is one of the key contributors to business losses (Baharom, Sharfuddin, & Iqbal, 2017). Organizations overall lose estimated USD15 to USD40 billion per year due to deviant behavior by employees (Robinson & Greenberg, 2008). A study by the Conference Board of Canada reported that the Canadian economy loses CAD16.6 billion in 2012 due to the poor job performance of employees (Nguyen, 2013). Businesses in Malaysia overall spend more than RM250 million annually on managing employees' performance (Chen, Fahb, & Jin, 2016).

In Malaysia, employees spend about 20% of their time cyberloafing, thus incurred businesses about RM154 million a year (Lim, Teh, & Benjamin, 2016). Overall Malaysian workers performance has been dropping about 3 to 5 percent in recent years (Cheng & Chan, 2008). There have been some critiques highlighting Malaysian workforce have relatively low productivity despite working long hours, compared to its neighboring countries (Fun, 2017).

For the past ten years, employers in Malaysia have been reporting increase difficulty to hire for management/executive positions (Teo, 2016). According to the ManpowerGroup's Talent Shortage Survey (2016), among the 42 thousand employers surveyed globally, employers in Malaysia are highlighting constant challenges to hiring senior and board level managers. The number one reason talent acquisition heads are having a tough time filling this role is due to lack of competent and experienced candidates; while 21% of employers reporting faced difficulty to retain their leaders in the company due to a shortage of existing capable leaders available in the candidate's pool (ManpowerGroup, 2016). Most employers in Malaysia, are coping with the recruitment puzzle by opting for more training and development opportunities for existing employees (Teo, 2016).

The job performance of employees in Malaysia is getting worst in recent years (Cheng & Chan, 2008). The lack of productivity with Malaysian employees compared to its neighboring countries could impact the competitive advantage of businesses in Malaysia and could sway foreign investment (Fun, 2017). This research examined the main factors contributing to the degradation of employees' job performance in Malaysia. One of the comprehensive approaches to study employees' job performance is by analysing its three main components, namely task performance, organizational citizenship behaviors (OCB), and counter-productive work behaviors (CWB) (Williams & Anderson, 1991). According to Moore and Lim (2015), the job performance and leader shortage gaps mentioned above are interrelated. Overall, it is a problem in Malaysia where there is a shortage of good leaders who can help to improve the work culture and job performance (Moore & Lim, 2015). One of the good methods to study the managers and employees relationship which have significant impact on job performance is by examining leadership styles, especially covering the full-range leadership model consisting of transformational, transactional and laissez-faire (Podsakoff et al., 2015).

### **1.3 Research Objectives**

This research enables organizations in Malaysia to understand the key contributing factors which impact job performance in the context of organizations in Malaysia, with the current generation of the workforce. Recognizing the high possibility of the significant influence of leadership has on employees and the overall success of an organization, this research focuses on the impact of leadership style on job performance. This research examines the relationship between leadership style and job performance. Also, to ensure specific improvement action can be derived to

improve job performance for the organization in Malaysia, this research includes consideration for an indirect relationship with mediating and moderating factors. The research objectives listed below enable this research to covers the comprehensive aspects of job performance (3 dimensions), and taking into consideration of the full-range leadership model (3 dimensions). Furthermore, the research objectives also need to cover the mediator (psychological empowerment) and moderator (person-supervisor fit). In other words, the objectives of this research are:

- 1) To examine the relationship between Leadership style and Task Performance.
- 2) To examine the relationship between Leadership style and Organizational Citizenship Behaviors.
- 3) To examine the relationship between Leadership style and Counterproductive Work Behavior.
- 4) To examine the relationship between Leadership Styles and Psychological Empowerment.
- 5) To examine the mediating role of Psychological Empowerment on the relationship between Leadership Styles and Task Performance.
- 6) To examine the mediating role of Psychological Empowerment on the relationship between Leadership Styles and Organizational Citizenship Behavior.
- 7) To examine the mediating role of Psychological Empowerment on the relationship between Leadership Styles and Counterproductive Work Behavior.
- 8) To examine the moderating role of Person-Supervisor Fit on the relationship between Leadership Styles and Psychological Empowerment.

## 1.4 Research Questions

Based on the research objectives mentioned above, this research targeted to answer the following research questions, in the context of MNCs in Malaysia:

- 1) Is there a relationship between Leadership style and Task Performance?
- 2) Is there a relationship between Leadership style and Organizational Citizenship Behavior?
- 3) Is there a relationship between Leadership style and Counter-productive Work Behavior?
- 4) Is there a relationship between Leadership style and Psychological Empowerment?
- 5) Is there an indirect relationship where Psychological Empowerment mediate the relationship between Leadership Styles and Task Performance?
- 6) Is there an indirect relationship where Psychological Empowerment mediate the relationship between Leadership Styles and Organizational Citizenship Behavior?
- 7) Is there an indirect relationship where Psychological Empowerment mediate the relationship between Leadership Styles and Counter-productive Work Behavior?
- 8) Is there an indirect relationship where Person-Supervisor Fit moderate the relationship between Leadership Styles and Psychological Empowerment?

## **1.5 Significance of Study**

This study aims to provide theoretical and practical significance to the frame of knowledge on leadership behavior, which will help in enhancing employees' job performance. This study will add new literature to complement existing literature on leadership and job performance.

### **1.5.1 Theoretical Significance**

First of all, this research helps to close some of the literature gaps on the influence of leadership styles on job performance. This research benefits the academic community and helps to fill the literature gap although many studies have been conducted on job performance and leadership. Chen, Fahb and Jin (2016) called for an extension of their study to examine the influence of leadership behavior on employees' performance as well as the future research should consider the multifactor of employees' performance. This research therefore attended the call by examining leadership impact on employees' task performance, organizational citizenship behavior, and counter-productive work behavior.

Secondly, this research added significance by testing the effect of psychological empowerment on the relationship between leadership styles and job performance. Based on the call for expansion of study on the effect of psychological empowerment on employees' performance (Saleem, 2015), this research examined the mediating role of psychological empowerment on the indirect relationship between leadership styles and job performance. Furthermore, there is little understanding on how laissez-faire could have positive influence on motivating employees (Bartram, Leggat, & Stanton, 2014). Zareen, Razzaq and Mujtaba (2015) call for expansion of

study on influencing factor on the impact of laissez-faire toward employees' motivation.

Thirdly, this research helps to develop literature clarifying the indirect impact of person-supervisor fit on the influence of employees' psychological empowerment. Basically, to understand the influencing factor on the relationship between leadership and psychological empowerment, this research included person-supervisor fit as a moderator to examine the indirect relationship between leadership and psychological empowerment.

### **1.5.2 Practical Significance**

This research helped to address the concern on job performance for a current generation of the workforce in organizations operation in Malaysia, specifically enabling organizations to put the right focus on adopting and developing the leadership style which drives employees' job performance. Founded on the understanding that leadership styles have an effect on the employees' behavior and the adoption of the strategies of the company (Osabiya, 2015). The investors or owners of organizations in Malaysia would be interested to know how to develop more capable leaders, who can work effectively with the current generation of workforce, and ultimately increase the employees' job performance. Thus, it is practical significance to understand how leadership is impacting employees' job performance so that leaders of organizations can put the focus on adopting leadership styles which could enable them to successfully improve the job performance of the current generation of employees.

This research explained psychological empowerment as the enabler for leadership to impact, either positively or negatively, towards employees' job

performance. This could influence leaders of organizations to formulate a leadership development program which focuses on leadership skills and behaviors that could elevate the psychological empowerment of employees in the organization.

This research draws attention to the effects of person-supervisor fit on psychological empowerment. This moderator is the key factor which influences the direction of how laissez-faire impact psychological empowerment of employees. This, in general, could influence human resources department or policymaker of organizations in Malaysia to change the perception on leaders exhibiting laissez-faire behaviors, and to consider conducting a person-supervisor fit assessment as part of the effort to improve team dynamic and overall job performance.

## **1.6 Definition of Key Terms**

In this section, the definitions and descriptions of the principal terms applied in this research are explained briefly. The research variables consist of independent, mediator, moderator and dependent variables.

### **Leadership:**

According to Avolio and Bass (1995), leadership is about leading a group of followers to achieve a common goal. It involves creating a way for people to contribute to making something extraordinary happen.

### **Transformational Leadership:**

A process by which a leader tried to increase followers' awareness of what is right and to motivate followers to perform beyond expectation (Bass & Avolio, 1995).



**Transactional Leadership:**

A process in which a leader promotes compliance by followers through both rewards and punishments. It focuses on supervision, organization, and group performance. It is also known as managerial leadership (Bass & Avolio, 1995).

**Laissez-faire:**

According to Bass and Avolio (1995), this is a passive and avoidant behavior in which leader avoid responsibilities, fail to make decisions, and often absent when needed or fail to follow up on requests.

**Psychological Empowerment:**

An intrinsic task motivation manifested in a set of four cognitions reflecting an individual's orientation to his or her work role: competence, impact, meaning, and self-determination (Spreitzer, 1995).

**Person-Supervisor Fit:**

It measures the compatibility between subordinates and their supervisor (Cable & DeRue, 2002).

**Job Performance (JP):**

The value of the set of employee behaviors that contribute, either positively or negatively, to organizational goal accomplishment (Williams & Anderson, 1991).

**Task Performance:**

Employee's behaviors that are directly involved in the transformation of organizational resources into the goods or services that the organization produces (Williams & Anderson, 1991).

### **Organizational Citizenship Behavior (OCB):**

Voluntary employee activities that may or may not be rewarded, but contribute to the organization by improving the overall quality of the setting in which the work takes place (Williams & Anderson, 1991).

### **Counterproductive Work Behavior (CWB):**

As the voluntary behavior of organizational members that violates significant organizational norms, and in so doing, threatens the well-being of the organization and its members (Robinson & Bennett, 1995).

## **1.7 Organization of Chapters**

This thesis consists of five chapters. Chapter 1 introduces the background of this research, the problem statement, the objective of this research, the significance of this research and the definition of key terms. The content of Chapter 1 as written above. Chapter 2 reviews the available literature, focusing on the prior studies about leadership, organizational behavior, psychological empowerment and job performance. The underlying theories, hypothesized model, and hypotheses are presented in Chapter 2 as well. Chapter 3 covers the research methodology utilized for this research, which includes the research philosophy, research design, data source and population, unit of analysis, sampling technique, research instruments.

Additionally, the data collection procedure, common method bias, questionnaire development, pre-validation of the questionnaire, and the statistical analysis are presented in Chapter 3. Chapter 4 reviews the data, statistical analysis and results pertaining to this research. Last but not least, Chapter 5 discusses the research

findings, the contribution of the research, finally conclude the thesis with the limitations of the research and suggestions for future research.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter reviews the literature relevant to the objective of this research, which is to examine the relationship between Leadership Styles (Transformation Leadership, Transactional Leadership, and Laissez-faire), Psychological Empowerment, Person-Supervisor Fit, and Job Performance (Task Performance, Organizational Citizenship Behavior, and Counter-productive Work Behavior). Explicitly focusing on literature about leadership, organizational behavior, psychological empowerment and job performance. The underlying theories, the hypothesized model, and hypotheses are presented in this chapter as well.

#### **2.2 Variables Relating to the Research**

Based on the problem statement and research objective mentioned, this research is trying to find the main contributing factors which influence the employees' job performance. According to Rotundo and Sackett (2002), job performance should be comprehended as a multidimensional paradigm with the main dimensions being multidimensional themselves. Furthermore, each performance dimension is related to different aspects of organizational success, such as the task performance primarily supports practical and technical core requirements. Effectively managing the variables that influence employee behavior and job satisfaction has a significant effect on employees' discretionary efforts and performance levels at the workplace (McCann, Graves, & Cox, 2014). It is often not adequate to comply with the formal job scope;

employees need to go above and beyond what is officially stated on the job scope (Parker et al., 2012; Sonnentag & Frese, 2013). The enduring rapid changes in technology (Frey & Osborne, 2017), mergers and fusions (Pike & Kuh, 2006), and the globalization of corporations (Samimi & Jenatabadi, 2014) are challenging the certain limit of employees, and demand workforces to be extremely tolerant of uncertainty (Pulakos, Dorsey, & White, 2006). Moreover, it is often not adequate to comply with the formal job scope; Rotundo and Sackett (2002) have grouped job performance around three broad dimensions: task performance, OCB and CWB.

According to Anderson (2016), leaders are the key person in the organization who have the greatest impact on the employees' performance. Essentially, one of the approaches for an organization to get the best out of employees' potential is through their leaders (Osabiya, 2015). Moreover, what leaders do, or fail to do, has enormous implications for the performance of the employees, and ultimately the success of the organization. Based on a study carried out by Gallup, by having leaders show interest and try to learn the strengths of the employees, the productivity will increase by 7.8%, and for teams with culture to focus on employees' strengths, the productivity will increase 12.5% (Gallup Global Emotions Report, 2017). Kehinde and Banjo (2014) reported from their study that there is a higher positive correlation between transformational leadership with the construct of organizational commitment, job satisfaction, job involvement and OCB and there is a negative correlation between Laissez-faire leadership (non-transactional leadership) with the construct of organizational commitment, job satisfaction, job involvement and OCB, and finally transactional leadership is negatively correlated with the construct of organizational commitment, job satisfaction, job involvement and OCB (Kehinde & Banjo, 2014). Transformational leaders inspire, empower and stimulate followers to achieve

exemplary results. Transformational leadership is leadership with a visionary, in which leaders motivate their followers to go above and beyond to achieve extraordinary results (Doucet, Fredette, & Simard, 2015). Transformational leaders know how to balance the attention on caring for the followers' personal needs and development (Carasco & Kim, 2014).

On the other hand, transactional leadership effectiveness can be achieved when leaders find a means to reward or punish his followers adequately. Transactional leaders are usually directive and action-oriented, and they are excellent in establishing criteria and process for rewarding followers, and following standard processes (Barbuto, 2018). Bernard Bass and Bruce Avolio (1995) developed the Multifactor Leadership Questionnaire (MLQ) to assess the degree to which leaders demonstrate transformational and transactional leadership and the extent to which the followers satisfied with their leaders. The Multifactor Leadership concept covers comprehensive leadership styles, from passive leaders (*Laissez-faire*) to leaders who give contingent rewards, and to leaders who transform their followers to be leaders themselves.

Dissatisfaction with traditional performance management processes, which often being perceived as demotivating, burdensome, and non-value added, is on the rise and driving many organizations to seek an alternative approach to improve managing performance (Mueller-Hanson & Pulakos, 2016). Comprehending the highly demanding and convoluted performance requirements, it is important to ensure the workforces are always motivated. The essence of employees' motivation is engagement with employees at the emotion and psychological aspect. Leaders who are caring for the well-being of other members will motivate and guide the employees to reach their full potentials (Zhu et al., 2013). Essentially, psychological empowerment is one of the key element for high job performance. On the other hand, for any

organization to achieve its targeted objectives and goals, it is necessary to establish a solid relationship between the leaders and employees (Osabiya, 2015).

Leaders with a high degree of fit with followers have more in-depth and personal understanding of what followers want and need in performing their responsibilities because engagement and communications between the two will be more open and smooth compared to the leader-follower pairs characterized by low similarity (Meglino & Ravlin, 1998). Based on the Similarity-Attraction theory (Byrne, 1997), and according to Kristof-Brown et al. (2005), person-supervisor fit has demonstrated the positive influence on employee outcomes, including job satisfaction, supervisor satisfaction, and the quality of the relationship with the leader (Kristof-Brown, Jansen & Colbert, 2002).

In summary, the key variables related to this research are job performance, task performance, OCB, CWB, leadership style, transformational leadership, transactional leadership, Laissez-faire, psychological empowerment, and person-supervisor fit. More details review for each variable is presented in the following sections.

### **2.3 Job Performance**

Job performance is the set of employee's behaviors which contribute either positively or negatively to the accomplishment of organizational goals (Colquitt, Lepine, & Wesson, 2017). Over the past two decades, job performance has been a very much studied area of organizational psychology and behavior, due to its importance to the success of an organization (Hilmi & Adam, 2015). Holtom (2015) pointed out that to operate efficiently, an organization must possess employees who are participating in the activities aligning with the organization goal, acting according to the behavioral

principles regulated by the organization, and automatic devotion to the organization. These criteria refer to employees with high job performance (Holtom, 2015).

Good job performance is essential behavior and culture all organizations try to foster, as the success of an organization is very much depends on the performance of its employees (Gosse & Hurson, 2016). Performance is what the organization hires employees to do and do well (Campbell et al., 1993). Job performance can be viewed as scalable actions, behavior and outcomes that employees engage in or bring about that are linked with and contribute to organizational objectives and goals (Hilmi & Adam, 2015).

Employees' job performance is not merely determined by the action itself. Instead, it is subjected to the judgmental and evaluative process (Motowidlo, Borman, & Schmit, 1997). When conceptualizing performance, it is important to differentiate between the action aspects versus the outcome aspects of performance (Campbell & Brenton, 2015). Generally, in most situation, the behavioral and outcome aspects are related empirically. However, they do not overlap completely. Outcome aspects of performance depend on other factors other than the individual's action (Thompson & Webber, 2016). According to Williams and Anderson (1991), job performance consists of three main components, (i) Task performance, or the transformation of resources into goods and services; (ii) Organizational Citizenship Behaviors, or voluntary employee actions that contribute to the organizational accomplishments; and (iii) Counter-productive Work Behaviors, or employee actions that hinder organizational achievements. In order to fully understand employees' job performance, it is necessary to examine it from the multiple dimensions mentioned above. Each of the performance dimension is related to different aspects of organizational success (Thompson & Webber, 2016). Based on the problem statement



and research objective mentioned in Chapter 1, in this research job performance is being defined as the dependent variable, and it is necessary for this research to examine the factors which impact job performance considering each of this main component. The subsequent sections will elaborate each of this component in more details, and review the key factors which potentially impact the performance.

### **2.3.1 Task Performance**

Employees' task performance refers to activities and behaviors that provision the organization's technical core, which includes the execution of technical processes, such as transforming raw materials into goods or services supplied by the organization, or the maintenance of those processes, like supplying raw materials, distributing products, or support the planning and coordination functions (Borman, 2004; Motowidlo & Van Scotter, 1994). Task performance comprises of activities that transform materials into the goods and services supplied by the organization, or to enable efficient functioning of the organization (Motowidlo, Borman, & Schmit, 1997). Hence, task performance takes account of the fulfilment of the requirements and expectation specified as part of the employment contract between the employee and the employer (Thompson & Webber, 2016).

Furthermore, task performance itself can be further described as a multi-dimensional construct. Based on the Organizational Behavior Model by Colquitt, Lepine and Wesson (2017), task performance is referring to the set of explicit tasks conducted by employees which transform raw resources into goods or services, and it is the fundamental obligation that employees must fulfil to receive remuneration and continued employment. Task performance is one of the key dimension of the multi-

dimensional construct of job performance (Gosse & Hurson, 2016). Task performance is related and predicted mainly by ability and competency of the workforces (Demerouti, Bakker, & Leiter, 2014). Task performance is in-role behavior and described explicitly in the formal job description, and directly refers to actions which are part of the formal remuneration system (MacKinnon, Lockwood, & Williams, 2004).

As highlighted above, employees' task performance is primarily supporting the practical and technical core requirements of the organization. How much an organization can produce and deliver to their customers are directly dependent on the task performance of the employees (Bacha, 2014). Hence, task performance is one of the dependent variables in this research.

### **2.3.2 Organizational Citizenship Behavior (OCB)**

Organization Citizenship Behavior (OCB) refers to voluntary employee activities that may or may not be rewarded, but contribute to the organization by improving the overall quality of the setting in which the work takes place (Coquitt, Lepine, & Wesson, 2015). OCB implicates discretionary behavior which is not obligatorily recognized and rewarded by the official reward system. Discretionary in this context implies the behavior is not formally stated as job expectation, not enforceable, and not part of the official role and responsibility listed in the employment contract.

Smith et al. (1983) conceptualized this contribution as non-organizational and informal regulation and behavior, which cannot be directly measured by traditional formal reward and punishment system. Organ, Podsakoff and MacKenzie (2006)

further elaborate the OCB as behavior that is discretionary, not explicitly recognized by the organizational formal reward system, however, in the aggregate, stimulates the proper functioning of the organization.

In recent years, there has been an upsurge emphasize the importance of OCB among scholars. The practical significance of OCB is that it improves organizational efficiency and effectiveness via fostering resource transformation, innovation, and promote agility and adaptability towards highly complex, ambiguous, and team-oriented business environment (Podsakoff et al., 2010). Some of these good behaviors include cooperation with peers, volunteering and helping others, performing extra duties without complaint, using time efficiently, punctuality, conserving organization resource, sharing knowledge, sharing ideas, and positively representing the organization (Rotundo & Sackett, 2002). Overall, this could help to improve harmony in the organization and reduce work pressure, as studies have demonstrated that support from other individuals in the organization can dampen consequences related to employee stress (Miner et al., 2012; Lindebaum, 2013; Demerouti, Bakker, & Leiter, 2014; Karatepe, 2015).

The importance of OCB is reflected in the huge volume of research directed at understanding its backgrounds (Moorman, 2001; Wayne, Shore, & Liden, 1997) and impacts, including organizational and individual effectiveness (Mackenzie & Podsakoff, 2012). Katz and Gartner (1988) pointed out that for the organization to achieve operation excellent, an organization must build upon the following three foundational conditions concerning to employees:

- (1) Employees are willing to participate and stay in the organization.
- (2) Employees consistently act according to the behavioral principles regulated by the organization.

(3) Employees voluntarily devoted and dedicated to the organization.

According to Organ and Ryan (1995), the third condition is the most important, and further elaborate defined it as “citizenship behavior”.

Due to its importance for organizational effectiveness, past research has examined various factors associated with employees’ OCB. Organ, Podsakoff and MacKenzie and Podsakoff (2012) advocate about constructive or cooperative gestures which are neither compulsory nor contractually compensated by formal reward systems. Smith et al. (1983) promote behaviors that are above and beyond the call of duty and goes beyond specified role requirement, which is discretionary and not rewarded in the context of an organization’s formal reward structure. It is considered extra-role in that it is not specifically required by the job (Lievens, Conway, & Corte, 2008). However, it has been very difficult to distinguish between job requirements and OCB. Often, boundaries between OCB, or extra-role behavior, and in-role behavior are often interpreted differently by a different individual (James, Velayudhan, & Gayatrivedi, 2010). One of the logical approaches in describing behavior in organizations is distinguished in-role behavior as behaviors that defined in formal role contract, versus extra-role behaviors as actions above and beyond formal role requirements (Katz & Gartner, 1988). Along the same argument, formal and extrinsic rewards are based upon in-role behaviors, whereas intrinsic rewards related to extra-role behaviors. Extra-role behaviors mainly arise from individual feelings of “citizenship” on the organization. Hence, the good employee-citizen of the organization voluntarily carry out activities on behalf of the organization, for the benefit of the organization, to which he or she is committed without being formally obligated to do so (Chartier & Abele, 2015).

Based on the Organizational Behavior Model by Colquitt, Lepine, and Wesson (2017), OCB is defined as voluntary employee activities that may or may not be rewarded but contribute to the organization by improving the overall quality of the setting in which the work takes place. OCB is very desirable from an organization standpoint because this kind of behaviors are believed in increasing available resources, improving efficiency, and reduce the need for formal and costly mechanisms of control (Podsakoff & Mackenzie, 1997). OCB is one of the key dimension of the multi-dimensional construct of job performance. Thus it is necessary to include OCB as one of the dependent variables in the research.

### **2.3.3 Counter-productive Work Behaviors (CWB)**

In recent years, uncivil behavior in the workplace has emerged as a substantive area in its right (Abele, Stasser, & Chartier, 2014). Scholars have begun to explore the third dimension of job performance that is the opposite of OCB. CWB refers to the voluntary behavior of organizational members that violates significant organizational norms, and in so doing, threatens the well-being of the organization and its members (Robinson & Bennett, 1995). CWB includes any intentional behavior conducted by an organization member which beheld by the organization as contradicting to its authentic interests. Nevertheless, behaviors that are unintentional, involuntary or accidental cannot be considered as CWB, as it comes about without the employee intending and consciously desire the outcome to take place. It is important that this should not be confused with workplace incivility or actions that diverge from any organizational norm (Bunk & Magley, 2013).

The published literature indicates that study on CWB has been conducted in various approaches, with some study focusing on specific facets of CWB, such as