



# THE MEDIATING EFFECT OF INVOLVEMENT CULTURAL TRAIT APPROACH ON LEADERSHIP STYLE AND JOB PERFORMANCE

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**Abstract:** This study focuses on the role of involvement cultural trait approach in relation to the practice of the style of leadership and job performance. The objectives of the study rely on the survey approach. A hierarchical multiple regression analysis was computed to test the hypotheses among 150 respondents to determine the relations between selected variables. A Statistical Package for The Social Sciences (SPSS) software was used to analyse the data. The results indicate that leadership style is significantly associated to involvement cultural trait approach which determines on the job performance and organizational future consequences particularly in the non-western business firms.

**Keywords:** Leadership style, involvement trait approach, job performance, small and medium sized enterprises (SMEs)

## Introduction

Businesses are facing stringent obstacles which permits their sustenance due to interchange in the business vista as well as the preferment of innovation exchange (Behlul, Matthias & Lars, 2011). The reinforcements such as identification, priority and re-strategize are acquired in order to reason with these new challenges in becoming competitive and stay relevant in the industries. In this regard, the Small and Medium Size Enterprises (SMEs) play a significant part to a country's economy development and aims to reach 42 per cent contribution to the Malaysia's gross domestic product (GDP) by 2020 from 35.9 per cent in 2014 (Pail, 2015). A comprehensive survey to show the role of SMEs in the country's economy was undertaken by the National SME Development Council. This survey was conducted in 2005. This proves that SMEs in Malaysia are notable in the economic succession. However, it is still at its infancy stage to attain the goals of becoming a higher income nation. The large involvement of SMEs totalling 99.2 per cent of 500,000 businesses has proven that they are notable in the economic succession (Bank Negara Malaysia, 2007).

Further, Malaysia as a developing federation had realized on the effectiveness of leadership as a robust determinant in corporate triumph. Leadership is an ongoing process of interaction between team leaders and their subordinates whereby a leader often attempts to influence the behaviour of his or her subordinates to obtain goals set by the organisation (Yukl & Lepsinger, 2005). Meaning that leaders have to provide guidance, to facilitate in foresee upcoming events; to facilitate in recalling achievements; to motivate and to inspire the people within organization. The people working in an organization are interrelated; their activities are also interrelated because all activities are performed toward common organizational objectives.

Issues such as business and technology changes are intimidating the organizational sustainability and contemporary management are surfacing prodigious challenges (Smith, 2011). Moreover, entrance of the new market and corporate constraints has resulted in high intensity of circumstances toward small industries due

to their business expense and sparse capital. Such obstacles are not only derived from their counterparts but also by large conglomerates and dependency on local markets for business generation.

In an attempt to define and implement procedures in dealing with technology and business landscape rapid changes, as well as to generate profit, the elements of culture and leadership practiced are seen as vital to ensure sustainability of the businesses or organizations. According to Pillai & Williams (2004), the formidable criterion in most business organizations is leadership. Leadership reflects on motivation, guidance towards set vision, objective and mission, innovativeness as well as versatility towards change proficiencies.

On the other hand, Seibert, Wang & Courtright (2011) stated that there is a possible element of cultural influence on leadership styles and organizational consequences. Moreover, studies have concluded that some but not all leadership actions together with organizational cultures are able to derive positive consequences of organizations (Chung-Wen, 2008; Abdul Manaf & Abdul Latif, 2014). In spite of the fact that there are substantial number of studies that have proclaimed that there is a continual interactions between the element of leadership and culture in organization (Sarros, Cooper & Santora, 2008), however an empirical analysis between leadership, culture and the organizational outcomes are still limited.

Hence, in reference to the consequences or outcomes of this particular study it focuses on the organizational performance. Business performance refers to the quest of developing long-term shareholder value by grabbing the opportunities and managing the risks which had arisen from an organization's economic, environmental, and social responsibilities (Pojasek, 2007) as well as globalization which had changed the functions and relations of business landscape, governmental agencies and key stakeholders (Kielstra in Wales, 2013). As reported by KPMG (2011), corporate performance has become a major consideration toward organization succession and the momentum keeps progressing. It is a substantial implication regulating through business media and practically the agenda of most business leaders as well as in-depth researched business concerns.

In this response, many organizations have undertaken some measurement upon loyalty among customers, employee job satisfaction, and several other scope of performance which are non-financial that it is presumed influence on profits (Ittner & Larcker, 2003). Nonetheless, only several businesses realized such advantages of non-financial performance reflect on the domain of intangible values due to leaders are neglecting to identify, to examine and to perform on the precise non-financial measurements.

Due to the situation as stated, the objective of this study is to dictate the roadmap and durability of the relationships between perceptions on leadership style, involvement culture trait toward the non-financial performance due to rapid and unpredictable changes in the economic environment, particularly the SMEs in Malaysia.

## **2. Review of literature**

### *2.1 Leadership styles*

The role of leadership is a key factor as of an organisations performance and achievement indication. It is perhaps, the success of an organisation or lack thereof that drives the researcher to try to understand the phenomena of leadership. Research on the field of leadership has been vigorous throughout the years and there is a large body of academia applicable to it and keeps expanding (Abbas & Yaqoob, 2009).

Previous studies focussed on the traits such as adaptive, responsive, ambitious, achievement-oriented, assertive, decisive, energetic, and persistent and so forth (Hollenbeck, McCall Jr. & Silzer, 2006) which differentiate between leaders and followers. Later on, it has shifted to behaviour styles in leadership that a leader practiced. According to Robbins & Coulter (2009) behavioural aspects of a leader were observed in order for it to be utilised to train others. In addition to this, studies have suggested that numerous leadership styles were utilized in distinct circumstances (Muller & Turner, 2007). However, there appears to be no single style of leadership that is ideal because an individual leader could have limited knowledge and skills to

respond in certain situation (Rad & Yarmohammadian, 2006). Northouse (2004) suggested that leadership are divided into two important behaviour namely; task and relationship behaviours which can be practiced. Importantly, those individuals who are in the leadership position have to be able to regulate duly in order to correspond into changes in organizational set up as well as to govern the task force.

Innumerable styles of leadership are acquired into various organization conditions and individual leaders need to realize on the suitability to signify the possible approach to exhibit their abilities to become influential toward others (Schaubroeck, Lam & Cha, 2007). Further, due to the rapid changes in technology, higher demand for quality products and services, and increased speed of responsiveness has caused to the importance of leadership (Nauman, Khan & Ehsan, 2010). Individual leaders have to have a fusion of technical and management skills that are able to correspond with the motivation and commitment of the organizational members (Kuprenas, 2003). Most leaders prefer to earn credit on respect and trust among followers by always considering the needs and wants of the organisation. Having good skills in communication tends to obtain better agreement on the organisation's objective, acceptance to change, the acquisition of skills and knowledge.

## *2.2 Organization culture*

Leadership has a direct effect on organisational form, culture, and practices (Javidan, House, Dorfman, hanges & De Luque, 2006). Organization Culture in the simplest term is the way of life in an organisation (Hatch, 1997, p. 204 in Lewis, Bebbington, Batterbury, Shah, Olson, Siddiqi & Duvall, 2003). Culture refers to the outcomes due to the routine interactions and negotiations among members of a particular organisation through mutual agreement on the proper way to perform tasks. Sadri & Lees (2001) stated that culture in organisation is ruled by several factors namely the background of industry, location wise, past events, members' behaviours and interaction patterns.

Organizational culture occurs within the process of societal context, as well being invisible and intangible force that functions in the organisation. Organizational culture is a set of customs, values, strategies, ideas and attitudes which exist and form a context of ongoing actions within the organisation and introduced to others who are new as the only correct culture (Jacques, 1952 in Wilson, 2001).

### *2.2.1 Involvement trait approach*

The involvement trait approach is the circumstances which refer to the degree of potentials, expertise and recognition of empathy as well as responsibility among employees (Yilmaz & Ergun, 2008). It quantifies the organizational inquiries in order to enjoin and require participation by members of the organization. As stated by Hechanova, Alampy & Franco (2006) that business organizations is acknowledged as successful are those which empowers it's people to embrace teamwork and enhance members' capabilities at different levels of position. In this support, numerous studies have conclude that successful organizations stressed on empowerment and involve the employees, incorporate teamwork, and advance employees' skills at all levels (Denison, Haaland & Goelzer, 2004). Organizational members are also encouraged to build their self-control and not to be dependent on outsourcing (Denison & Mishra, 1995). In this aspect, high commitment and strong sense of belonging are well embedded in the mind-sets of the members of the organizations, whereby their inputs are recognized and considered in decision making process that leads toward the attainment of organizational goals.

## *2.3 Job performance*

Job performance of organizations is the most significant factor which matter to business industries due to completion of specific assignment measured upon accuracy standards, degree of completion, cost efficiency, management responsibility and speed of delivery. Businesses organizations have to become competitive and importantly being able to endure the unpredictable changes in current business scenario in surviving for the long run (Kahya, 2007). Performance is an indicator on organizational succession, conditions and compliance. As stated by Pojasek (2007), performance refers to the accomplishment in the vision and mission as set in the

organization through activities such as enhancement of knowledge, skills, tools, and strategies in order to achieve the targeted goals.

### 3. Methodology of study

The determination of this study is to analyse the practice of leadership style, involvement trait approach, and job performance. Survey questionnaire was arranged in attempt to gather data on employees' perceptions on the selected variables and to test the validity of the model as indicated in Figure 1.

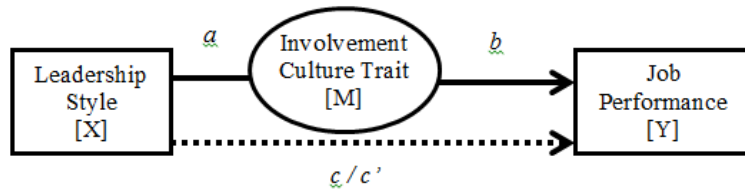


Figure 1: Research framework

Figure 1 dictates that the path coefficients of (a, b, c') determine the soundness of the causal relations through unstandardized regression coefficient analysis. Ideally, the c' coefficient estimates the strength of direct relation between leadership style on job performance. Thus, the systematical process is represented as  $X \rightarrow M \rightarrow Y$  known as mediating variables of X on Y through M (MacKinnon, 2008).

The null hypotheses have been developed as follows:

Ho<sup>1</sup> - Leadership style does not determines on the employees' job performances.

Ho<sup>2</sup> - Leadership style does not determines on the involvement trait approach in organizational culture.

Ho<sup>3</sup> - The involvement trait approach does not mediate between practice of leadership style and employees' job performances.

#### 3.1 Measurement and sampling

The measurement items of the dictated in the past studies have been selected; transformational leadership style by Bass & Avolio (1997), known as Multifactor Leadership Questionnaire (MLQ) 5x. Secondly, dimensions for culture involvement trait by Denison & Mishra (1995) and job performance measurement by Coleman & Borman (2000) were put to test. All variables were anchored by five-point Likert –style.

A minimum of Diploma holders in the SMEs served as the basis of selecting the target response group. This study runs on random sampling in selecting 20 firms as listed in the SME Corporation (SMECORP) Malaysia Website ([www.smecorp.gov.my](http://www.smecorp.gov.my)). The author distributed 200 questionnaires to be completed by the employees through the HR department. A total of 170 feedbacks were received, 20 are considered as incomplete. The remaining of 150 returned questionnaires are valid and then quantified.

#### 4. Analysis of data

The regression analyses were quantified in order to determine on path coefficients by referring to the steps recommended by Baron & Kenny (1986) as follows:

*Step 1:*

A regression analysis has been undertaken on Y (job performance or JP) from X (Leadership style or LS). The unstandardized regression coefficient corresponds to path c. Table 1 exhibits the results of the regression coefficients. The unstandardized regression coefficient for the prediction of Y (JP) from X (LS) is  $c = 2.871$  and was significant, whereby  $t = 6.621$ ,  $p < .001$ .

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	10.688	28.322		.420	.707
LS	2.871	.573	.820	6.621	.0000

a. Dependent Variable: Job Performance

Table 1: Regression coefficient to predict Y from X

*Step 2:*

Here, the regression analysis was to determine the mediating variable (M, involvement trait approach or ITA) from the causal variable (X, LS). It has resulted that the path coefficient denoted 'a' (Figure 1). The unstandardized indicates that an 'a' path coefficient was 1.521, with  $t = 3.628$ ,  $p = .001$ . The coefficient of this regression is presented in Table 2.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant)	78.612	24.131		3.343	.003
	LS	1.521	.406	.572	3.628	.001

a. Dependent Variable: Involvement trait approach

Table 2: Regression coefficient to predict M from X

*Step 3:*

In this final step, a regression has predicted the results for variable Y (JP) from both X (LS) and M (Involvement trait approach or ITA). This has provided an estimation of the unstandardized coefficients for path 'b' as well as path 'c' (the direct effect of X on M when the mediating variable has been included). Therefore, the results are represented in Tables 3, 4 and 5.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.743 <sup>a</sup>	.682	.668	36.774

a. Predictors: (Constant), Involvement trait approach, Leadership style

Table 3: Model summary

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	80887.133	2	41431.060	31.120	.000 <sup>a</sup>
	Residual	37340.718	148	1350.277		
	Total	118235.862	150			

a. Predictors: (Constant), Involvement cultural trait, Transformational leadership

b. Dependent Variable: Job Performance

Table 4: ANOVA<sup>b</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant)	-29.167	28.975		-1.003	.438
	LS	2.262	.482	.621	4.636	.000
	ITA	.509	.196	.358	2.668	.015

a. Dependent Variable: Job Performance

Table 5: Coefficients<sup>a</sup>

## 5. Results

Table 5 indicates that the unstandardized coefficient for path is  $b = .509$ ,  $t = 2.668$ ,  $p = .015$ ; the path  $c' = 2.262$ ,  $t = 4.636$ ,  $p < .001$ . The values are also used to determine on the null hypothesis  $H_0: ab = 0$ . Further, the standardized path coefficients which is known as beta coefficients has been exhibited in determining the regression analysis, whereby the  $R^2 = .743$ , the adjusted  $R^2 = .682$  in which statistically significant,  $F = 31.120$  and  $p < .001$ . The overall results confirmed that the two variables; namely the leadership style and involvement trait approach have predicted the variance of job performance through the analyses conducted as well as the null hypotheses were rejected.

## 6. Conclusion

The relationships between leadership-culture and its effect on employees' job performance in the unpredictable business condition have been examined. Culture particularly, the involvement cultural trait approach practised in organizations is able to shape employees' experiences and to enhance leaders and employees relationships in all organization matters. This indicates an understanding that employees are the most important asset in any organisations and thus leaders or business owners who are in the position to lead and motivate employees toward high performing employees in their jobs to obtain organisational goals. Studies in the past have tested the link between leadership and performance (e.g. Dionne et al., 2004); culture and performance (e.g. Jean-Fracois, 2006); leadership and organizational culture (e.g. Ke & Wei, 2008). The findings in this study is not to draw that leadership styles are irrelevant on employees' job performance however, to prove that cultural practices do function as mediating mechanism and predicting organizational members' performance in their jobs. Importantly, leaders and managers have to advocate on the significance of culture in managing the organizational routines and to uncover the types of culture that favours to an organization's growth as well as in cultivating positive work environment and high performing workforce.

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