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THE POWER OF LEADERSHIP STYLES IN DETERMINING EMPLOYEE PERFORMANCE: A STUDY OF TECHNICAL OFFICERS IN SRI LANKA

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ABSTRACT

Leadership plays a considerable role in determining the behavior of employees and the success or failure of organizations. Therefore, research in leadership gets more attention from researchers worldwide to find the leadership style or styles that could result in better outcomes in organizations. The present study investigates the effect of transformational and transactional leadership styles on performance and the mediating effect of organizational citizenship behaviour in the effect of the styles on performance among Technical Officers in Sri Lanka. A sample of 204 Technical Officers working in public sector organizations in Sri Lanka was selected based on a convenience sampling method. It was explanatory and a cross-sectional survey method was employed. The study results revealed that perceived transformational leadership style has a significant positive impact on technical officers' performance and organizational citizenship behaviour. In contrast, perceived transactional leadership style does not significantly impact performance and organizational citizenship behaviour. In addition, organizational citizenship behaviour partially mediates the effect of transformational leadership on performance but does not mediate the association between transactional leadership and performance of Technical Officers. The study results give an insight into the need for adopting a transformational

leadership style to enhance organizational citizenship behaviour and employee performance.

Keywords: employee performance, organizational citizenship behaviour, transactional leadership, transformational leadership, technical officers

INTRODUCTION

Leadership research gives direction regarding the qualities and behaviors of leaders that lead to positive results for organizations and employees. In addition, every organization is unique to some degree about another and has distinctive culture, practices and systems. Therefore, it becomes necessary to conduct specific leadership research to determine the best leadership style for a particular organization or context (Avolio, Walumbwa & Weber, 2009). Several researchers (for example, Sparkling, Mollaoglu, & Kirca, 2016; Jiang, Lu, & Le, 2016; Andreani & Petrik, 2016) have reported that leadership styles and employee outcomes are associated while in Sri Lanka, little work has been done on this topic.

Leadership plays a vital role in the success of any organization. Leadership is a dynamic process where a person influences others to contribute voluntarily for reaching the goals and objectives (Cole, 2005). There are various styles of leading, such as transformational, transactional and laissez-faire.

Although the empirical evidence of the relationship between leadership styles and employee performance is spread across countries and industries, the evidence of the effects of leadership styles on employee performance is varied. However, most of the empirical evidence is consistent in suggesting that transformational and transactional leadership styles are positively associated with employees' performance and that the effect of transformational style is more strong than that of the transactional style (Rasool, Arfeen, Mothi & Aslam, 2015; Kehinde & Bajo, 2014; Tsigu & Rao, 2015). However, a review of existing literature revealed that only a few empirical pieces of evidence are available in the subject of leadership to understand the association between leaders' leadership styles and employees' performance in the Sri Lankan context (For example, Raveendran & Gamage, 2019; Jayakody, 2008; KasturiArachchi, 2011; Chamika & Gunasekara, 2016; Athukorala, Perera & Meedeniya, 2016). Mainly, it is scarce to come across studies on this phenomenon in the Sri Lankan public sector. Therefore, research on this phenomenon is necessary to improve public service and add the body of knowledge in leadership. Considering the gap in the literature, the current study attempts to investigate how far the leadership styles influence job performance of technical officers in Sri Lanka.

In the current study, the researchers have identified an apparent knowledge gap in the prior research concerning the influence of leadership styles on employee performance as there are conflicting findings in the literature. There is no clear evidence about which leadership style is effective in enhancing employee performance in the public sector in Sri Lanka. in addition, previous research has separately applied different types of leadership styles such as autocratic, democratic and laissez-faire leadership, servant leadership, authentic leadership and, people-oriented and task-oriented leadership to examine the variables of interest. However, there is a gap in the current research literature examining the influence of transformational and transactional styles on performance in a particular

job category in the Sri Lankan context. The population of Technical Officers in Sri Lanka has been under-researched in the prior literature. Sri Lankan culture has been characterized by high power distance and uncertainty avoidance, while individualism and masculinity are lower for Sri Lanka (Dissanayake & Semasinghe, 2015). Hence, the leadership styles which work best in western cultures (e.g. US, United Kingdom, Sweden, Canada, Netherland, etc.) characterized by low power distance, low uncertainty avoidance and high individualism (Ghemawat & Reiche, 2011) would not bring the same effect in the Sri Lankan culture. Therefore, there is a need for investigating the applicability of western theories in the Sri Lankan context.

Even though many factors could mediate the effect of leadership styles on employee outcomes, there is inadequate research examining the mediators' role in the leadership-performance relationship. Considering the need for addressing the gap, the current study also attempts to examine organizational citizenship behaviour (OCB) as a potential mediator in the association between the study variables.

Research Problem

Many attempts to address the unsatisfactory performance of state-owned enterprises could be observed in the literature (Athukorala, 2008). This may be due to internal procedural reforms, structural management reforms, and employee performance problems. Gunaruwan (2016) examined unacceptable performance among Sri Lankan public enterprises to diagnose the causal factors for poor performance. The study revealed that inefficiency is a common feature in all Sri Lankan state-owned

enterprises across all organisational categories. Dasanayaka, Gunasekera and Sardana (2012) investigated the service quality of healthcare delivery of public sector hospitals in the Western Province of Sri Lanka and found a large gap between the expectations of the people and the perceived services. According to them, the gaps are high in rural, peripheral hospitals. An important reason for this gap could be due to the poor performance of employees.

Technical Officers (TOs) are mostly field workers. They perform a wide range of activities, including monitoring the projects on the construction sides, reporting the progress of works, etc. They deal with the public, stakeholders, contractors, event organizers and project staff in their day to day tasks. The success of projects of the government departments partially depends on the project monitoring by the respective staff of the departments. As the TOs play a key role in monitoring the construction projects, their performance should be effectively managed. The leadership styles adopted by their immediate superiors can influence their job performance. However, there is no evidence of the influence of leadership styles on the job performance of this category of staff in Sri Lanka. Thus, there is inadequate knowledge about which leadership style would work best in terms of the job performance of TOs. Therefore, there is a need for understanding the influence of transformational and transactional leadership styles on the performance of TOs.

The objective of the study

The study's main objective is to determine the impact of transformational and transactional leadership styles as perceived by the Technical Officers on their job performance and the mediating effect of organizational citizenship behaviour (OCB) in the relationship between leadership styles and employee performance in the Sri Lankan context. In addition, the researchers intend to find out how far the leadership styles impact employee performance. The study results would provide an understanding of which leadership style to adopt to enhance employee performance. Adopting appropriate styles will help induce trust and loyalty among employees, leading to improved employee performance.

Research Questions

The present study has been designed to address the following research questions.

"To what extent transformational and transactional leadership influence performance of Technical Officers in Sri Lanka?"

"Does OCB mediate the effect of transformational and transactional leadership on performance of Technical Officers in Sri Lanka?"

Theoretical underpinnings and hypotheses

Transformational leadership

Leadership behaviors can be categorized into two main styles: transformational leadership and transactional leadership (Bass & Avolio, 1997; 2000). Transformational leadership is concerned with how a leader inspires and influences the followers to behave in the desired way. Burns (1978) pointed out that the transformational leadership style can be seen when leaders and followers make each other move on to the high level of morale and increased motivation. These types of leaders modify the beliefs and attitudes of the employees by inspiring them. They create a vision and

articulate it to the followers and motivate them to achieve particular goals. Transformational leaders can inspire followers to make changes in their perceptions and expectations and motivate them to reach their goals. Walumbwa, Avolio and Zhu (2008) reported that transformational leaders enhance the perceptions of self-efficacy of followers by communicating high expectations and encouraging them to accomplish the organisation's mission.

Bass (1985), Hater and Bass (1988), and Bass and Avolio (1990) have proposed five subscales or dimensions of transformational leadership: inspirational motivation, idealized influence (attributes), idealized influence (behaviour), individualized consideration and intellectual stimulation. Inspirational motivation refers to the articulation and representation of a vision by the leader. According to Sarros and Santora (2001), most transformational leaders could provide inspirational motivation to their followers. Intellectual stimulation is concerned with challenging the assumptions of followers' beliefs, analyzing the problems faced by them and the solutions generated by them (Rowold, 2005). Transformational leaders stimulate change and encourage creativity and thus, followers are encouraged to approach problems in new ways. Individualized consideration means considering the individual needs of followers and developing their strengths. Key indicators of individualized consideration include encouragement, care for workers, coaching them, consulting them and adopting an open approach (Sarrros & Santora, 2001). Finally, idealized influence involves the ability to build confidence in the leader. Without confidence in the leader's motives and aims, any attempt to direct the organization may cause great resistance. The major indicators

of idealized influence consist of role modelling, values creation and articulation, a sense of purpose, confidence in followers, self-esteem, self-determination, self-confidence, emotional control, etc (Sarros & Santora, 2001). Idealized influence is divided into attributes (traits assigned to a leader) and behaviour (what one does). Idealized influence-attributes refers to the attribution of charisma to the leader, whereas idealized influence-behaviour stresses a sense of mission and values and acting upon these values (Rowold, 2005).

Transactional Leadership

Transactional leadership is a process in which the leader-follower relationship is based on exchanging a certain amount of work for a reward. Bass (1998) mentioned that transactional leaders determine what their followers need to do to reach their own goals and their organizational goals; they classify these goals and help their followers be more confident of achieving their goals. In contrast, transformational leaders encourage their followers to perform more than expected by stimulating them to go beyond their interests. In this style, the leader simply encourages the followers to work hard by providing rewards or punishments. In transactional style, reinforcement of employees is contingent on the performance of employees. Transactional leadership stimulates subordinates by alluring to their desires based on economic transactions. Transactional leaders use power and authority to maintain control and this style is sometimes referred to as authoritative (Bennet, 2009). In addition, transactional leadership is also characterized by reward and punishment oriented leadership (Bass & Avolio, 1994).

Researchers (Bass, 1985; Avolio, Bass, & Jung, 1999; Bass & Avolio, 1990; Hater & Bass, 1988) hypothesized three behavior components of transactional leadership: contingent reward, management by exceptionactive and management by exception-passive. Contingent rewards can be classified into contingent positive reinforcement and contingent negative reinforcement (Odumeru & Ogbonna, 2013). When the employees achieve the defined goals or complete the task assigned, positive reinforcement is given by the transactional leader in the form of praise or rewards. Contingent negative reinforcement is given when the employees do not meet the set goals or when the performance is not up to the standards. Previous researchers (e.g. Bass, 1985; Podsakoff, 1990) have identified contingent reward, which involves leaders clarifying task expectations and providing rewards to accomplish agreed tasks. The transactions or exchanges included in contingent reward may include tangible rewards (e.g. bonuses) or intangible rewards (e.g. recognition). Active management by exception means that the leader observes followers' performance, monitors deviations from the standards or rules, anticipates problems and issues and takes corrective actions (Odumeru & Ogbonna, 2013). Finally, in passive management by exception style, the leader does not attempt to fix the problems unless severe and intervenes only if the problem worsens (Odumeru & Ogbonna, 2013).

Employee Performance

Employee performance is the capability of individuals to achieve the goals set for them (Kreitner & Kinicki, 2007). The employees who are highly engaged in their organization and demonstrate high commitment to the organization create immense outcomes and give a higher performance

(Luthans & Peterson, 2002). Befort and Hattrup (2003) view employee performance as a multidimensional construct. Researchers attempt to identify the indicators or dimensions of employee performance in various jobs to assess and manage employee performance in organizations (for example, Kats & Khan, 1978; Borman & Motowidlo, 1997). Kats and Khan (1978) categorized job performance into two: task performance and contextual performance. Task performance refers to the effectiveness of employees' activities to contribute to the organisation's functioning, whereas contextual performance is defined as the extent to which employees contribute to the organizational development and promote organizational culture (Kats & Khan, 1978).

Similarly, Borman & Motowidlo (1997) also categorized job performance as task performance and contextual performance. Task performance is referred to as "in-role prescribed behavior" (Koopmans et al., 2011) and it describes the key job responsibilities of an employee. It is reflected in the quality and quantity of the work assigned to the employees. Contextual performance is referred to as "discretionary extra-role behavior" (Koopmans et al., 2011). It is reflected in activities of employees such as coaching peers, strengthening social relationships at work and going the extra mile for the organization.

Even though several models are available for assessing employee performance, the task and contextual performance model (Motowidlo & Van Scotter, 1994) and the role-based performance model (Welbourne, Johnson, & Erez, 1998) are recorded to be highly accepted two models of performance. However, Dammika (2003) reported that the five factors

model (job, career, innovator, team, and organization performance) stand more suitable for assessing employees' performance in the public sector.

Organizational Citizenship Behaviour (OCB)

Jex (2002) defines OCB as the behavior demonstrated by an employee which is not formally a part of the job description. It includes employees' discretionary behaviors that go beyond their assigned tasks and are not required by the formal reward system of an organization (Konovsky & Pugh, 1994). Velickovska (2017) defines the concept of OCB as an engagement of an individual regarding workplace responsibilities beyond the set of duties for which the organization compensates the employee. A person with high OCB performs tasks without the expectation of bonuses from the organization while contributing to achieving organizational goals. OCB promotes the voluntary behavior of employees to take in extra efforts that contribute to the achievement of organizational goals.

Organ (1988) proposed five main categories of OCB: altruism, conscientiousness, sportsmanship, courtesy, and civic virtue. Altruism is helping behavior which includes voluntary actions of workers to help the fellow workers in their tasks and overcome the problems in the organization (Organ, 1988). Conscientiousness includes voluntary behavior that goes beyond the requirement (Organ, 1988). Sportsmanship is defined as refraining from actions that may lead to tension at work and maintaining a synergistic atmosphere in the organization against any adverse incidents (Podsakoff et al., 2000). Courtesy includes trying to prevent other people from suffering due to a specific action, informing fellow workers on work schedules that must be considered in advance

(Podsakoff et al., 2000). Finally, civic virtue is the employee behavior as good organization membership (Organ, 1988). Employees who are high in OCB may not always be the top performers, but they are the ones who are known to 'go the extra mile.

Empirical evidence

Transformational leadership and employee performance

The effect of transformational leadership on performance was proposed by Butler, Cantrell, and Flick (1999) that Transformational leadership behaviors will bring significant positive effects to improve psychological empowerment of subordinates. Transformational leader that gives attention to individual will capable of directing the vision and mission of the organization, providing motivational support, and creating new ways to work effectively. Surveying 107 managers from a multinational company, Cavazotte, Moreno and Bernardo (2013) suggest that transformational leadership is associated with high task performance. Several studies found significant effect of transformational leadership style on employee performance (for example, Pradeep & Prabhu, 2011; Kehinde & Banjo, 2014; Ejere & Abasilim, 2013; Tsigu & Rao, 2012; Gimuguni et al., 2014; Andreani & Petrik, 2016; Jiang, Lu, & Le, 2016; Sparkling, Mollaoglu, & Kirca, 2016; Yammarino, & Dubinsky, 1994; Spangler, & Braiotta, 1990). Transformational leaders encourage subordinates to have vision, mission and organization goals, motivate them for higher performance, and stimulate them to act critically and solve problems in new ways. However, Elgelala and Noermijatib (2014) reported that transformational leadership does not impact employee

performance. Based on the review of literature, the following hypothesis was formulated in the present study.

H1: Transformational leadership has a significant positive impact on perceived performance of Technical Officers

Transactional leadership and employee performance

Howell and Avolio (1993) confirm that transactional leadership's dimension, namely contingent reward, negatively impact followers' performance. The contingent reward is viewed as an exchange between leaders and followers whereby followers reach the agreed objective. Managing by exception, which is also a dimension of transactional leadership, negatively impacts performance (Howell & Avolio, 1993). This means leader passively awaits problems before taking any action. Many studies (e.g. Pradeep & Prabhu, 2011; Anwar & Ahmad, 2012; Kehinde & Banjo, 2014, Tsigu & Rao, 2015; Raveendran & Gamage, 2018; Podsakoff et al., 2000; Suliman & Obaidly, 2013) reported a significant positive correlation between transactional leadership styles and employee performance. However, Rasool et al. (2015) have reported that transactional leadership's impact is not stronger than transformational leadership on employee performance. The following hypothesis was established to test the association between transactional style and employee performance.

H2: Transactional leadership has a significant positive impact on perceived performance of Technical Officers

Transformational leadership and OCB

Nguni, Sleegers and Denessen (2006) found that transformational

leadership dimensions strongly impact the OCB of teachers. Transformational leaders pay attention to the individual needs of followers and persuade them to prioritize the common interests over the individual interests to achieve the organizational targets and the wellbeing of the workgroups. In addition, they share a collective identity that promotes OCB, such as helping colleagues and engaging in actions that are not directly related to the prescribed tasks. Several studies (Asgari, Silong, Ahmad, & Samah, 2008; Boerner, Eisenbeiss & Griesser, 2007; Suliman & Obaidly, 2013; Wang, Law, Hackett, Wang & Chen, 2005; Lian & Tui, 2012; Humphrey, 2012; Song, Kang, Shin & Kim, 2012; Ng, 2017; Vipraprastha, Sudja & Yuesti, 2018) have confirmed that the transformational leadership style is a positive predictor of OCB. Based the literature, hypothesis 3 was formulated.

H3: Transformational leadership has a positive impact on OCB of Technical Officers

Transactional leadership and OCB

The transactional leader clarifies the goals for employees and makes the employees understand that achieving the goals will imply rewards, while failure to comply with the goals or targets will imply punishments. Thus, these leaders motivate the subordinates by establishing a mutual agreement with them and enhance trust in the leader. Podsakoff et al. (1990) found a direct relationship between contingent reward behavior of transactional leadership and OCB but no direct relationship between transformational leadership and OCB. They argued that leaders consider both in-role and extra-role behaviors when evaluating their staff performance and thus, the staff may see the OCB as a means of getting

rewards.

MacKenzie, Podsakoff & Rich (2001) examined the influence of transformational and transactional behaviors of salespeople on OCB and found that transformational leadership behaviors augment the effect of transactional behaviors on OCB. Furthermore, empirical evidence demonstrate that transactional leadership predicts the OCB (Asgari et al., 2008; Podsakoff et al., 2000; Suliman & Obaidly, 2013; Whittington, Coker, Goodwin, Ickes & Murray, 2009). Based on these considerations, the current study attempts to investigate further the effect of leadership styles on OCB in the public sector in the Sri Lankan context. For this purpose, the following hypothesis was formulated.

H4: Transactional leadership has a positive impact on OCB of Technical Officers

Mediating effect of OCB in the impact of transformational leadership style on employee performance

Though many researchers have focused on the direct impact of transformational and transactional leadership on follower performance and other outcomes, only a few studies have focused on the mediating effect of OCB in the relationship between transformational and transactional leadership and job outcomes (e.g. Boerner et al., 2007; Han, Seo, Yoon, & Yoon, 2016). However, the results of some former studies contradict each other. For example, Jiang, Zhao and Ni (2017) examined the mediating role of OCB in the influence of transformational leadership on employee sustainable performance with a sample of 389 contractors and reported that more than half of the influence of transformational leadership on employee

performance is mediated by their OCB. Vipraprastha et al. (2018) also reported that OCB fully mediates the relationship between transformational leadership and employee performance. These findings emphasize that managers need to adopt transformational leadership to promote OCB and improve employee performance. However, Boerner et al. (2007) found that the influence of transformational leadership on employee performance is not mediated by OCB in banks. Therefore, more research is needed to understand the interaction effect of OCB in the transformational leadership-performance relationship.

The following hypothesis was established in this regard.

H5: OCB mediates the impact of transformational leadership on perceived performance of Technical Officers

Mediating effect of OCB in the impact of transactional leadership style on employee performance

Tai, Chang, Hong and Chen (2012) explored the mediating role of OCB in the relationship between transformational leadership, transactional leadership and ethical leadership, and performance with a sample of 210 employees. The sample was taken from new product development teams in Taiwan's small and medium enterprises (SME). Their study revealed that transformational leadership and transactional leadership have a significant impact on performance through OCB. Furthermore, if organizations establish effective supervisory systems to improve voluntary employee behavior, employee performance will also increase. However, there is inadequate empirical evidence on the mediating role of OCB in transactional leadership-performance relationships. More empirical studies are needed to confirm the mediating effect of OCB in the

relationship between leadership styles and employees' job performance. The current study hypothesizes the mediation effect of OCB as follows.

H6: OCB mediates the impact of transactional leadership on the perceived performance of Technical Officers

RESEARCH METHODOLOGY

Conceptualization

The conceptual framework guiding the quantitative study postulates that transformational and transactional leadership styles can impact employees' performance through the interaction of OCB. The relationship is illustrated in Figure 1.

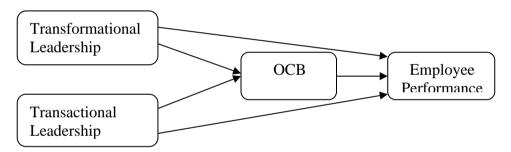


Figure 1: The conceptual framework

Study design and sample

The current study is explanatory and a cross-sectional survey method was employed. The unit of analysis can be individual, group or organization. The current study is based on individual-level analysis. For the study, 252 Technical Officers working in various public sector organizations in Sri Lanka were selected as samples based on the convenience sampling method. Out of the surveys distributed, 204 surveys were returned, constituting a response rate of 81%.

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Instruments

excluded from the scale.

The leadership styles were measured using MLQ, Form 5X - rater form, developed by Bass and Avolio (2000). The MLQ form 5x is a 45 item questionnaire. The current study included only 32 items of MLQ related to transformational and transactional leadership, and the other items were

Employee Performance was measured using the Five-Factor Performance Scale developed by Welbourne, Johnson and Erez (1998). It is a 20 item instrument that covers five performance roles, namely job role, career role, innovator role, team role, and organization role behaviour.

OCB was measured using Organizational Citizenship Behaviour Scale developed by Podsakoff et al. (1990). It is a 24 item scale that captures the five OCB dimensions. It is a 7- point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree).

A pilot study was conducted with 21 TOs selected based on convenience sampling and the instruments were modified or reworded based on the respondents' feedback. Subsequently, the survey was administered to the study samples.

DATA ANALYSIS

Data analysis was conducted using SPSS 24.0 and AMOS 20.0. Confirmatory Factor Analysis was performed to ensure the validity and reliability of the instruments. To determine the association between the study constructs, Structural Equation Modeling (SEM) was performed.

FACULTY OF BUSINESS STUDIES, VAVUNIYA CAMPUS, UNIVERSITY OF JAFFNA

Table 1: Sample profile

Category		Frequency	Percent
	Below 25	14	07
	26-35	85	42
Age	36-45	93	45
	46 and above	12	06
	Total	204	100
	Male	165	81
Gender	Female	39	19
	Total	204	100
	Married	161	79
Marital status	Unmarried	43	21
	Total	204	100
	Diploma	176	86
Educational	Degree	18	09
Qualification	Professional qualification	10	05
	Total	204	100
	Below 5 years	109	53
	6-10 years	43	21
Evnerience	11-15 years	30	15
Experience	16-20 years	14	07
	Above 20 years	8	04
	Total	204	100

The sample profile is shown in Table 1. In the sample, a high percentage of the participants fall in the age groups 26-35 years (42%) and 36-45 years (45%). 81% of the participants are males and 79 % are married. The majority of them have diploma qualifications (86%) and a very few

participants are with professional qualifications (5%). The majority of the participants are with below five years of experience (53%) A very low percentage of them have more than 20 years of experience (4%).

Table 2: Reliability Statistics

Variable	No. of	Cronbach's
	items	Alpha
Transformational leadership		
Intellectual Stimulation	4	0.884
Inspirational Motivation	4	0.714
Individual consideration	4	0.709
Idealized Influence (attributes)	4	0.795
Idealized Influence (behavior)	4	0.742
Transactional Leadership		
Contingent Reward	4	0.760
Management-by-exception (active)	4	0.698
Management-by-exception (passive)	4	0.740
OCB		
Sportsmanship	4	0.870
Civic virtue	4	0.742
Courtesy	4	0.701
Altruism	4	0.834
Conscientiousness	4	0.722

Employee Performance		
Job	4	0.785
Career	4	0.899
Innovator	4	0.897
Team	4	0.841
Organization	4	0.878

Source: Survey Data

Table 2 shows the reliability alpha of the variables studied. The Cronbach's alpha for each component ranges from 0.698 to 0.899, indicating inter-item consistency. As the alpha coefficient complies with the minimum requirement of 0.7 (Nunnally, 1978), except for one subconstruct (MBE-Active), the data are reliable and thus, it decided to continue the analysis.

In the current study, to determine if any observations were outliers in the dataset, the overall model integrating the study constructs was run and the observations farthest from centroid were examined. In the results of AMOS's test of outliers, a few observations were identified as possible multivariate outliers as the values of p are less than 0.05 for the respective D². According to Byrne (2010), the D² value that differs from all the other D² values could be the outliers. Here, even though the D² values are significant for few observations, upon closer inspection, the observations seem to be not distinctively farthest from centroid and they were valid data points. In addition, as the normality assumption was fulfilled for most of the variables and the analysis involved the MLE method, the outliers may

not make any significant difference in the results (Penny, 1996). Therefore the observations were retained in the data set.

To test normality assumption, the values of skewness and kurtosis were examined. The values between -2 and +2 are considered acceptable to confirm that the data are typically distributed (George & Mallery, 2010). In the present study, most of the variables are normally distributed, and a few items under OCB are slightly deviating from normality. As the maximum Likelihood Estimation method was used in SEM, the requirement of normality assumptions is not considered necessary and the analysis was proceeded. The linearity was confirmed based on the scatterplot of each pair of latent constructs and it was observed that linearity between each pair of latent constructs is acceptable.

Tolerance and VIF values of each pair of constructs were examined to identify multicollinearity between study constructs. As shown in Table 3, the Tolerance value is above 0.1 and the VIF value is less than 10 for the constructs of this study. These indicate that the values are within the cut-off limits recommended by Hair, Black, Babin and Anderson (2014) and thus there is no multicollinearity issue in this study frame. Therefore, SEM could be performed to examine the relationship between the constructs and test the study's hypotheses.

Table 3: Collinearity statistics

Model	Collinear	ity
	Statistics	
	Tolerance	VIF
Transformational Leadership <> Performance	.593	1.948

Transactional Leadership <> Performance	.581	1.784
Transformational Leadership <> OCB	.569	1.779
Transactional Leadership <> OCB	.562	1.773
OCB <> Performance	.561	1.752

Source: Survey data

Before performing SEM, as an initial step, CFA was conducted using AMOS software. Then, the measurement model of each construct named transformational leadership, transactional leadership, OCB and employee performance was constructed to validate the models. In CFA, the items with low factor loadings were removed from the measurement models. However, after the items were removed, an examination of factor intercorrelation indicated that the correlation between the two sub-constructs of transformational leadership, namely idealized influence-attribute and intellectual stimulation was very large (more than 0.85). This suggested that these two transformational leadership behaviours might be multiple indicators of an underlying "core" transformational leadership dimension. In this case, one of the sub-constructs could be dropped (Podsakoff et al., 1990). Here, the idealized influence- attribute was dropped as the loadings for the measures also were low compared to the measures of intellectual stimulation. Consequently, in the present study, transformational leadership was represented by four first-order constructs: idealized influence-behaviour, individualized consideration. intellectual stimulation, and inspirational motivation.

Similarly, it was observed that the correlation between the two sub-constructs, 'altruism' and 'courtesy', was very large (more than 0.85). This finding might have been expected based on Organ's (1998) distinction

between these two sub-constructs. He stated that altruism is helping someone who already has a problem, while courtesy is helping someone to prevent a problem from occurring or taking steps in advance to mitigate the problem. Thus, we might expect that these two forms of helping behaviour would be highly correlated. This suggested that the two OCB dimensions might be multiple indicators of an underlying "core" OCB dimension and thus, one of them could be dropped. Here, the sub-construct 'courtesy' was dropped as its measures' loadings were also comparatively low. Consequently, in the current study, the OCB was represented by four first sub-constructs: conscientiousness, sportsmanship, altruism, and civic virtue.

The parameter estimates of measurement models are depicted in Table 4. The results reported in the table show the standardized regression weights of each measurement item of the study constructs and the respective significance levels obtained from CFA. The table also shows the calculated values of Average Variance Extracted (AVE) and Composite Reliability (CR) of each construct. The reliability alpha also was calculated with the retained items after performing the CFA.

Table 4: Results of CFA, validity and reliability

			Estimate	P	AVE	CR	Cronbach's Alpha
ID_IN_B4	<	ID_IN_B	.663				
ID_IN_B3	<	ID_IN_B	.664	***	0.514	0.792	0.857
ID_IN_B2	<	ID_IN_B	.713	***	0.514	0.762	0.837
ID_IN_B1	<	ID_IN_B	.816	***			
IN_ST4	<	IN_ST	.671				
IN_ST2	<	IN_ST	.625	***	0.400	0.699	0.683
IN_ST1	<	IN_ST	.572	***			
IN_CN4	<	IN_CN	.846		0.825	0.884	0.766

IN_CN1	<	IN_CN	.967 ***	
IN_MO2	<	IN_MO	.744	0.710
IN_MO1	<	IN_MO	.744 .834 *** 0.624 0.727	0.710
MBE_P4	<	MBE_PA	.661	
MBE_P3	<	MBE_PA	.822 *** 0.561 0.622	0.843
MBE_P2	<	MBE_PA	.756 ***	
MBE_A3	<	MBE_AC	.691	0.701
MBE_A2	<	MBE_AC	.691 .675 *** 0.466 0.602	0.701
CR2	<	C_REWA	.957	0.770
CR1	<	C_REWA	.957 .686 *** 0.693 0.694	0.779
P_INO4	<	P_INO	.770	
P_INO3	<	P_INO	.828 ***	0.901
P_INO2	<	P_INO	.828 *** .904 *** 0.723 0.860	0.891
P_INO1	<	P_INO	.893 ***	
P_TEA4	<	P_TEA	.837	
P_TEA3	<	P_TEA	.856 ***	0.041
P_TEA2	<	P_TEA	.803 *** 0.660 0.850	0.841
P_TEA1	<	P_TEA	.749 ***	
P_CAR4	<	P_CAR	.863	
P_CAR3	<	P_CAR	.894 *** 0.759 0.701	0.856
P_CAR2	<	P_CAR	.857 ***	
P_JOB3	<	P_JOB	.755	
P_JOB2	<	P_JOB	.815 *** 0.604 0.736	0.882
P_JOB1	<	P_JOB	.761 ***	
P_ORG4	<	P_ORG	.896	0.706
P_ORG2	<	P_ORG	.896 .824 *** 0.741 0.702	0.786
OCB_CON5	<	OCB_CON	.672	
OCB_CON4	<	OCB_CON	.688 *** 0.518 0.872	0.766
OCB_CON1	<	OCB_CON	.794 ***	
OCB_AL5	<	OCB_AL	.645	0.970
OCB_AL2	<	OCB_AL	.645 .692 *** 0.447 0.657	0.870
OCB_CIV4	<	OCB_CIV	825	0.701
OCB_CIV1	<		.868 0.717 0.685	0.701
OCB_SP5	<	OCB_SP	.718	0.696
OCB_SP4	<	OCB_SP	.550 *** 0.409 0.628	0.686

Key: ID_IN_B: Idealized influence-behaviour; IN_ST: Intellectual stimulation; IN_CN: Individualized consideration; IN_MO: Inspirational motivation; MBE_PA: Management by exception-passive; MBE_AC: Management by exception-active; C_REWA: Contingent reward; P_INO: Innovation role; P_TEA: Team role; P_CAR: Career role;

P_JOB: Job role; P_ORG: Organization role; OCB_CON: Conscientiousness; OCB_AL:

Altruism; OCB_CIV: Civic virtue; OCB_SP: Sportsmanship

Source: Survey data

The present study constructs were subjected to validity and reliability tests before integrating them in the SEM. In this study, transformational leadership and transactional leadership were exogenous constructs while employee performance was endogenous. OCB was investigated as a mediator in the relationship between exogenous and endogenous constructs.

CFA results reported in Table 4 show the factor loadings for all the items measuring the subscales of the study constructs, except for two items measuring transformational leadership (IN_ST1) and OCB (OCB_SP4), are above the minimum level of 0.6 (Awang, 2015). Therefore unidimensionality is achieved for the subscales of the constructs.

The reliability of the data was examined after performing CFA. The Cronbach's alpha values (for the retained items) reported in Table 4 show that the internal reliability is achieved as the alpha values exceed the cutoff level of 0.7 (Nunnally, 1978) for the sub-constructs. Further, as reported in Table 4, the AVE for most subscales exceeded the minimum value of 0.5 (Hair et al., 2014). Even though the values of AVE for the subscales named intellectual stimulation, management by exceptionactive, altruism and sportsmanship are 0.4, 0.466, 0.447 and 0.409 respectively, the AVE below 0.5 but higher than 0.4 is adequate if CR is higher than 0.6 for the construct (Fornell & Larcker, 1981). In the current study, as the CR is higher than 0.6 for the particular subscales, the values of AVE are deemed to be adequate and thus convergent validity is achieved for the subscales of the constructs. Composite Reliability (CR)

was achieved as the values of CR exceeded the minimum required value of 0.6 (Hair et al., 2014) for all subscales.

Convergent validity is achieved as all items in a measurement model are statistically significant. A good rule of thumb is that standardized factor loading estimates should be at least 0.5 and ideally 0.7 or higher (Hair et al., 2014). As shown in Table 4, the standardized loadings of most of the items exceed 0.7 and the loadings of few items meet the minimum requirement of 0.5. Thus, convergent validity was achieved. Convergent validity is also confirmed as the computed value of AVE for most of the constructs exceeds the minimum requirement of 0.5 (Hair et al., 2014) for the subscales, whereas the AVE for the subscale of few subscales is less than the cut-off point but above 0.4 which is also acceptable according to Fornell and Larcker (1981). Therefore, the convergent validity is achieved for the subscales of transformational leadership, transactional leadership, employee performance and OCB.

Construct validity is achieved for subscales as the factor loadings exceed the minimum level 0.5 (Hair et al., 2104) and the fitness indexes achieved the required level. The CMIN/DF should be five or less; GFI, AGFI, CFI, TLI and NFI should be above 0.9 and RMSEA should be 0.08 or below (Hair et al., 2014). In the current study, the fitness indexes achieved the required level for the overall CFA model consisting of all the study constructs. (CMIN/DF=2.04, GFI=.98, AGFI=.96, CFI= .98, TLI=.98, NFI=.97 and RMSEA=.041). Therefore, the model fit is excellent.

Discriminant validity indicates that the measurement model of a construct is free from redundant items. To reach discriminant validity, the pairs of items with a high value of MI were identified as the redundant pair and were constrained as "free parameter estimate". Another important method of examining discriminant validity is to compare the AVE of the construct with its corresponding squared correlation estimate. Table 5 depicts the discriminant validity of the subscales of the study constructs. In the table, the diagonal values are AVE of the sub-constructs and the off-diagonal values are squared correlations. As the AVE estimates are greater than the corresponding inter-construct squared correlation, discriminant validity is achieved (Hair et al., 2014).

Table 5: Discriminant validity

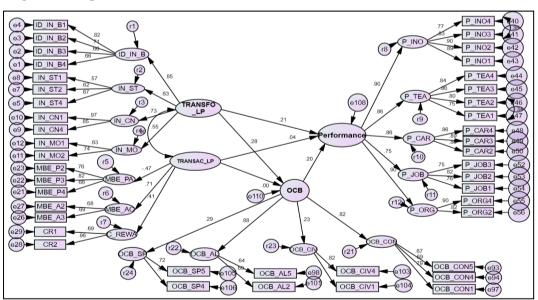
	ID_IN_B	IN_ST	N_CN	IN_MO	MBE_PA	MBE_AC	C_REWA	P_INO	P_TEA	P_CAR	P_JOB	P_ORG	OCB_CON	OCB_AL	OCB_CIV	OCB_SP
ID_IN_B	.514															
IN_ST	.445	.400														
IN_CN	.317	.246	.825													
IN_MO	.445	.352	.246	.624												
MBE_PA	.316	.192	.368	.236	.561											
MBE_AC	.271	.074	.275	.266	.368	.466										
C_REWA	.241	.258	.191	.235	.349	.199	.693									
P_INO	.295	.236	.251	.225	.235	.204	.266	.723								
P_TEA	.330	.266	.230	.379	.154	.242	.235	.379	.660							
P_CAR	.259	.235	.243	.164	.173	.499	.225	.152	.329	.759						
P_JOB	.258	.225	.286	.089	.175	.164	.179	.389	.361	.452	.604					
P_ORG	.206	.179	.336	.259	.224	.142	.364	.253	.319	.381	.390	.741				
OCB_CON	.013	.164	.211	.26	.169	.332	.246	.223	.231	.153	.499	.368	.518			
OCB_AL	.349	.089	.271	.117	.145	.189	.188	.147	.254	.123	.264	.349	.335	.447		
OCB_CIV	.315	.259	.361	.162	.142	.315	.259	.262	.273	.347	.442	.235	.166	.199	.717	

OCB_SP	.188	.260	.291	.344	.261	.336	.013	.244	.375	.152	.432	.154	.301	.204	.197	.409
						.550									.137	

Key: ID_IN_B: Idealized influence-behaviour; IN_ST: Intellectual stimulation; IN_CN: Individualized consideration; IN_MO: Inspirational motivation; MBE_PA: Management by exception-passive; MBE_AC: Management by exception-active; C_REWA: Contingent reward; P_INO: Innovation role; P_TEA: Team role; P_CAR: Career role; P_JOB: Job role; P_ORG: Organization role; OCB_CON: Conscientiousness; OCB_AL: Altruism; OCB_CIV: Civic virtue; OCB_SP: Sportsmanship

Source: Survey data

For testing the study's hypotheses, SEM was constructed integrating the validated measurement models of transformational and transactional leadership, OCB and employee performance, as shown in Figure 1. The SEM was run with a bootstrapping method with the existing dataset. In this study, 1000 Bootstrap samples were created and the bias-corrected confidence interval was set as 95%. As a result, the fitness indexes of the integrated model (SEM) achieved the required level except for NFI (CMIN/DF=3.01, GFI=.99, AGFI=.91, CFI=.98, TLI=.95, NFI=.88, RMSEA=.036). Therefore, the fit of overall model to the data appears to be good. The parameter estimates of SEM are shown in Table 6.



Key: ID_IN_B: Idealized influence-behaviour; IN_ST: Intellectual stimulation; IN_CN: Individualized consideration; IN_MO: Inspirational motivation; MBE_PA: Management by exception-passive; MBE_AC: Management by exception-active; C_REWA: Contingent reward; P_INO: Innovation role; P_TEA: Team role; P_CAR: Career role; P_JOB: Job role; P_ORG: Organization role; OCB_CON: Conscientiousness; OCB_AL: Altruism; OCB_CIV: Civic virtue; OCB_SP: Sportsmanship

Figure 1: Structural Equation Model

Table 6: Path coefficients and hypothesis testing

Direct effect	Estimate	P	Status of hypothesis
Transformational leadership—> Performance	.21	.000	H1 supported
Transactional leadership → Performance	.04	.547	H2 not supported
Transformational leadership→ OCB	.28	.002	H3 supported
Transactional leadership—→ OCB	.003	.964	H4 not supported
Indirect effect			
Transformational leadership→ OCB Performance	.06	.002	H5 supported
Transactional leadership → OCB − Performance	.001	.995	H6 not supported

The results of SEM reported in Table 5 reveals that transformational leadership significantly and positively influences employee performance ($\beta_{std.}$ =0.21, sig=0.001 level) whereas the influence of transactional leadership on employee performance is statistically not significant ($\beta_{std.}$ =.04, sig=0.547). Transformational leadership has significant positive influence on OCB ($\beta_{std.}$ =0.28, sig=0.05 level). At the same time, transactional leadership does not significantly influence OCB ($\beta_{std.}$ =0.003,

sig=0.964). The mediation effect of OCB was estimated based on the bootstrap method. As shown in Table 5, the mediation results show that OCB partially mediates the effect of transformational leadership on employee performance as both direct effects (β std.=0.21, sig=0.001 level) the indirect effect (β std.=0.06, sig=0.05 level) are significant. However, OCB does not mediate the effect of transactional leadership on employee performance (direct effect: β std.=0.04, sig=0.547; indirect effect: β std.=0.001, sig=0.995). Hypotheses were tested based on the results of SEM.

DISCUSSION OF FINDINGS

The current study revealed that transformational leadership style positively impacts employee performance. The finding is consistent with the previous studies (for example, Andreani & Petrik, 2016; Elgelala & Noermijatib, 2014; Cavazotte et al., 2013). Transformational leaders encourage the followers for maximum performance, stimulate them to act critically, solve problems in new ways, and treat employees individually. In addition, the transformational leadership style is a systematic way by which subordinates praise and appreciate their leaders. Thus this style enhances their motivational level, which leads to productivity (Bass, 1985).

In the meantime, transactional leadership style does not significantly impact employee performance. The finding is not consistent with the literature (Kehinde & Banjo, 2014; Tsigu & Rao, 2015). The inconsistency of findings of the current study could be attributed to the context and job category. The current study was conducted in the Sri Lankan context and

the subjects of the study were TOs. At the same time, the study of Tsigu and Rao (2015) was conducted in the Nigerian context. The Nigerian culture and context are entirely different from the Sri Lankan culture and context. Thus, we cannot expect that the transactional style, which works best in the Nigerian context, would be effective in the Sri Lankan context. Furthermore, since transactional leadership is based on rewards and penalties, it does not inspire people to go beyond the basics.

The results of the current study revealed that transformational leadership style positively impacts OCB. The finding is congruent with the reported findings of the previous studies (e.g. Suliman & Obaidly, 2013; Vipraprastha, Sudja & Yuesti, 2018). Transformational leaders consider the individual needs of their subordinates, inspire them and motivate them for outstanding efforts. A transformational leader inspires followers to pursue organizational goals instead of their self-interest (Barbuto, 1997) and thus, the followers are willing to demonstrate extraordinary behavior to fulfil the leader's expectations. At the same time, transactional leadership does not significantly impact OCB. The finding does not conform to the literature (e.g. Podsakoff et al., 2000; Suliman & Obaidly, 2013). The transactional leaders clarify the goals to be achieved by the followers and clarify that the achievement of those goals will lead to specific rewards, while non-compliance with the goals will lead to punishments. Hence, the followers of transactional leaders are motivated toward getting rewards or avoiding punishments but cannot be encouraged to go beyond the expectations or goals set for them.

In the case of the mediating effect of OCB, the study results confirmed that OCB partially mediates the influence of transformational leadership on employee performance. The finding is in line with the literature (e.g. Jiang et al., 2017; Vipraprastha et al., 2018). Through inspiration, stimulation and individualized consideration, the transformational leaders encourage their followers' extra-role behaviours, which could be the facet of OCB and the resulting performance boost. However, OCB does not mediate the effect of transactional leadership on employee performance. The finding is incongruent with Tai, Chang, Hong and Chen (2012) results which reported that OCB mediates the effect of transactional leadership on employee performance. Moreover, the study of Tai et al. (2012) was conducted with the sample from new product development teams in Taiwan's small and medium enterprises and many of the respondents were engineers. Thus the finding of the current study which was conducted with the sample of TOs in Sri Lanka, is not in line with the results of Tai et al. (2012), which was conducted with professionals from small and medium enterprises.

Implications of the study

The current study aimed at understanding the effect of leadership styles on employee performance and the mediating role of OCB in the effect of the leadership styles on employee performance. The study uniquely investigated the leadership styles and their effect on the performance of TOs. The study showed that transformational leadership is influential in enhancing job performance as well as OCB. It contributes to the existing body of knowledge of the nexus between leadership, OCB, and performance. Previous researchers have reported that transactional leadership is positively associated with employee performance (e.g. Tsigu

& Rao, 2015; Raveendran & Gamage, 2018; Podsakoff et al., 2000; Suliman & Obaidly, 2013) and with OCB (e.g. Asgari et al., 2008; Suliman & Obaidly, 2013; Podsakoff et al., 2000). However, the current study shows that transactional leadership is ineffective in employee performance and OCB. The study shows that transactional leadership cannot have the same effect in different contexts and cultures. In addition, OCB mediates the effect of transformational leadership on employee performance. The study clarifies that leaders need to adopt transformational leadership style to make the employees perform well and demonstrate extra-role behaviour in the job.

The study reveals that the transformational style is appropriate for enhancing employee performance and OCB. This study's findings will help leaders focus on adopting the right leadership style for their organization or section. The results of this study have several implications for managerial practice and future research. First, since most of the evidence on the effects of transformational and transactional leadership have been confined to the other parts of the world, this study extends this line of query by examining the effects of leadership styles on employee outcomes in the Sri Lankan context. Second, the findings add knowledge about the direct effects of leadership styles on employee performance and the indirect effects via OCB. Third, from a practical standpoint, organizations can use the findings of this study to develop general strategies for improving leadership training programmes.

Limitations and avenues for future researchers

Regarding the research limitations, the samples were limited to Technical Officers working in public sector organizations and the private sector was

not covered. In addition, leadership style as a single independent variable cannot be the sole variable to judge employees' performance and OCB. Other factors such as job satisfaction, motivation and empowerment could have been given attention. Another limitation is the cross-sectional method of the study. Finally, the other leadership styles which were successfully practised around the globe were excluded.

This study helps managers better understand the need for adopting a transformational leadership style to increase employee performance. The findings will be useful for future researchers exploring the effects of different leadership styles on employee performance. The study gives a foundation for future researchers to expand the study to other job categories and private sector organizations in the Sri Lankan context. It would be better if future researchers investigate the phenomenon based on a longitudinal study. Further, as various other factors could influence employee outcomes, they should be examined. Finally, the various leadership styles such as autocratic, democratic and servant leadership might be investigated as the predictors of employee performance and other job-related outcomes to determine which style works best in the Sri Lankan context.

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