The Mediating Effect of Organizational Commitment on Leadership Type and Job Performance

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ABSTRACT

In recent years, many Taiwanese manufacturers have moved to mainland China due to the raising of labor cost. Therefore, how to lead employees in China to improve their job performance becomes an important issue for an organization. A leader’s leadership style will affect not only organizational objectives and organizational commitment but also organizational performance. The study used the survey data from employees of a Taiwanese shoes subsidiary in China to explore the impact of leadership style on the relationship of organizational commitment and job performance. The study sent out 1600 questionnaires to collect data from employees of the Taiwanese shoes subsidiary in China. The effective response rate is 26%. The results show (a) leadership type will positively and significantly affect organizational commitment, (b) organizational commitment will positively and significantly affect job performance, (c) leadership type will positively and significantly affect job performance, and (d) organizational commitment has a partial mediating effect on the relationship between leadership type and job performance.

Keywords: Leadership type, Organizational commitment, Job performance, Mediating effect

INTRODUCTION

Many Taiwanese manufacturers have moved to mainland China in order to reduce labor cost and increase productivity. Thus, leadership style is especially important to motivate employees’ commitment to fulfill organizational objectives and increase job performance in the host nation (Riaz, Akram, & Ijaz, 2011; Chi, Lan, & Dorjgotov, 2012). Peter F. Drucker stressed that human resource is the most important asset to an organization (Liu, 2006), so it has to increase employees’ commitment to improve their work outcomes. When members hold identification and share sense of belonging in an organization, they will consider themselves affiliated to the organization and will work hard with other members to achieve organizational objectives (Chiang, 2008). A higher organizational commitment will promote employees’ willingness to work hard for an organization (Angle & Perry, 1981). Organizational commitment can improve employees’ performance and raise organizational overall competitiveness. The purposes of the study are to examine (a) whether leadership style will positively and significantly affect organizational commitment, (b) whether organizational commitment will positively and significantly affect job performance, (c) whether leadership style will positively and significantly affect job performance and (d) whether organizational commitment will mediate the relationship between leadership style and job performance.

LITERATURE REVIEW

Leadership Style

Leadership can influence an individual or a group’s behavior to achieve organizational objectives
and job performances (Hersey & Blanchard, 1974; Hsu, 2001). A suitable leadership can make organizational members step forward in the right direction to accomplish organizational goals, e.g., a good leader can guide or identify job direction for organizational members to follow (Hsien, 1985; Robbins, 2001). DuBrin (2004) believed that leadership can motivate organizational members to complete organizational objectives with confidence. Leadership style will affect the relationship between superior and subordinate and has a significant relationship with workers’ motivation, attitudes, and job performance (Dale & Fox, 2008). In the past, the major leadership researches stayed on the discussions of trait theory, contingency theory, and behavioral theory. It was until Bass proposed transformational leadership and transactional leadership in 1985, the researches of leadership style become extensively noticed. Bass (1985) defined that transformational leadership as leaders hold charisma characteristics that will give followers’ intellectual stimulation and individualized consideration. Bass and Avolio (1993) further indicated a transformational leader can inspire his or her followers to surpass the original performance expectations by enforcing, communicating and leading them to carry out organizational objectives spontaneously. Transformational leaders can understand needs, present organizational visions, enact regulations and delegate substantially to their followers (Chi, Yeh & Yu, 2008), and they know how to create an effective and meaningful workplace for creativity and development (Chi, et al., 2012). Transformational leadership includes four components: inspiration motivation, intellectual stimulation, individualized consideration and idealized influence (Bass, Avolio, Jung, & Berson, 2003).

On the other hand, a transactional leader understands what followers need and will give reward commitments, so they will work hard to achieve organizational goals in exchange for their benefits (Bass, 1985). Transactional leadership is a process of an exchange of benefits and a requirement orientation (Howell & Hall-Merenda, 1999). Transactional leaders will encourage followers to achieve predictable performance by helping them to familiarize with job responsibilities, recognize goals and build up confidence in the desired performance (Riaz, et al., 2011). Transactional leadership processes two factors: contingent reward and management by exception (Bass, 1985). The distinction between transformational leadership and transactional leadership is definite but not mutually exclusive (Bass, 1985). Therefore, the study considers that effective leaders should apply both leadership transactional leadership and transformation leadership to motivate individual members to achieve organizational goals. The study will use overall leadership style to examine its effect on organizational commitment and job performance.

**Organizational Commitment**

Buchanan (1974) asserted that organizational commitment is a kind of belief that connects feelings of organizational values and objectives with individual values and objectives. Organizational commitment is an individual expression of loyalty and devotion to an organization (Kanter, 1968). Organizational commitment is “the relative strength of an individual’s identification with and involvement in a particular organization” (Steers, 1977, p. 46) and represents a high level of affection, loyalty and concentration on a job role in an organization (Dee, Henkin, & Singleton, 2006). Organizational commitment indicates that individual goal is similar or identical with organizational goals and can stimulate employees’ productivity and loyalty (Chen & Aryee, 2007). Chen and Hong (2005) commented that if members in an organization trust and accept the organizational value, they are more willing to work hard to achieve organizational goal and have more organizational commitment. High organizational commitment will be beneficial for an organization because it signals that employees have high organizational identification (Jiang & Huang, 2002).

Mowday, Porter, and Steers (1982) also identified that highly committed employees perform better
than less committed ones. Buchanan (1974) indicated that at least five factors consist of organizational commitment, that is, a strong intention to maintain membership within the organization, an acceptance of the organizational major goals and values, a positive evaluation within the organization, an intention to work toward organizational goals, and a willingness to exert considerable effort on behalf of the organization. Porter, Lyman, Steers, Mowday and Boulian (1974) considered that organizational commitment includes three elements (a) the belief of organizational goal and value acceptance, (b) the willingness to pursue the organizational benefit, and (c) the intensive desire of organizational position maintenance. Allen and Meyer (1990) and Meyer and Allen (1991) further pinpointed that organizational commitment can be classified into three components: a desire (affective commitment), a need (continuance commitment), and an obligation (normative commitment) to maintain in the organization. These components are useful to examine the effects of employee retention, on-the-job behaviors, citizenship, job satisfaction and job performance (Meyer & Allen, 1991; Somers, 1995). Thus, organizational commitment can be a beneficial factor to employees’ behavior and work outcomes and a turnover rate reducer for individuals in an organization (Rose, Kumar, & Pak, 2009).

Job Performance

Job performance is kind of outcomes after a job is finished. It represents the levels of achievement of each job (Byars & Rue, 2000) and the fulfillment of organizational regulations, expectations, or requirements for an official role (Campbell, 1990). It is the contribution to organizational goals and can be measured by outcomes (Borman & Motowidlo, 1993). Moreover, job performance is productivity that expresses the quantity, quality and contribution of a job. When productivity is high the overall performance within the organization will be high (Su, 1999; Schermerhorn, 2000; Sun, 2001). That is, job performance is an employee’s overall work outcomes, including efficacy, efficiency, and effectiveness (Tsao, Huang, Huang, Chang, & Wang, 1997; Hsu, 2005). Schermerhorn (1992) argued that job performance is the results of quality and quantity after completion of a mission by an individual or a group. Blumberg and Pringle (1982) proposed that willing to perform, capacity to perform and opportunity to perform are three factors to influence job performance. Korman (1977) also pointed that job ability and skill, motivation, and role perception are three determinants to affect individual job performance. Additionally, Hsu (2000) mentioned that the performance evaluation can be used to build incentives standards to make organizational members understand their contributions and the direction to their efforts. The evaluations of job performance are to (a) indicate the necessities of training and development, (b) assess the effects of employees’ development and recruitment plan and enact incentive standards, (c) assist personnel decisions such as transfer, promotion, or layoff, and (d) provide feedbacks for employees in order for them to understand how performances are evaluated (Robbins, 2001).

In the past, many studies on job performance used Katz and Kahn’s (1996) organizational role theory to divide job performance into in-role behavior and extra-role behavior. In-role behavior denotes that behaviors accord with organizational or official regulations and can be an evaluation basis of job performance while extra-role behaviors specify that a behavior is not required by organizational or official regulations, and it is positive and discretionary (Linn & LePine, 1998). Borman and Motowidlo (1993) distinguished job performance into task performance and contextual performance. Task performance is the efficiency of individual work that indicates the degrees of completion of assignments under organizational expectations. It is the proficiency of an official job that contributes to the technological core of an organization (Borman & Motowidlo, 1993; Borman & Motowidlo, 1997). Motowidlo and Van Scotter (1994) further defined that task performance is individual work outcomes that
are related to the organizational expectations or the degrees of achievement on a job assignment. It is a kind of in-role behavior, which will directly influence an organization’s performance. Contextual performance means that individuals have the willingness to perform organizational activities, which are unofficially regulative and the earnest to persist in the accomplishment of organizational assignments as well as cooperate and keep good relationship with coworkers to achieve better performance (Borman & Motowidlo, 1993). Contextual performance signifies that employees will help organizational operations by free will without any internal system to regulate or control. This kind of performance can intensify an organization’s or a group’s efficacy and further affect job performance (Waldman, 1994; Moorman & Blakely, 1993; Organ, 1988). Organizational commitment will be positively related to both task performance and contextual performance (Muse & Stamper, 2007; Chi, et al., 2008; Joo & Park, 2010).

**Leadership Style, Organizational Commitment and Job Performance**

Leaders will influence organizational commitment and job performance because they can lead employees toward the achievement of job objectives. Leaders can guide individuals or groups to finish the goals and develop organizational commitment within employees (Bass, 1981; Reyes, 1990). Hence, leadership style is one of the critical factors that will influence organizational commitment (Yiing, Zaman, & Ahmad, 2009). By using the care and training of developmentally disabled persons as research subjects, Morris & Sherman (1981) found leaders’ consideration tends to be related to high level of organizational commitment. Pillai, Schriesheim and Williams (1999) found that transactional leadership has a significant and positive relationship with organizational commitment. Su (2001) commented that transformation leadership has a positive relation with organizational commitment on his study of expatriates in an organization. Yukl (2002) identified that transformation leadership can change the mindset of organizational members to commit organizational missions and objectives. Transformational leadership will significantly and positively affect organizational commitment (Chi, Yeh, & Chiou, 2008; Chi, et al., 2007). Lee (2010) asserted that transformational leadership and transactional leadership both have a positive and significant effect on organizational commitment. Moreover, organizational commitment will significantly and positively affect to job performance (Luthans, McCaul & Dodd, 1985; Chi, et al., 2007; Chi, et al., 2008; Pradeep & Prabhu, 2011). Wang (2006) observed that leadership style and organizational commitment have positive and significant effects on job performance. Chen (2004) concluded that the organizational commitment will mediate the relationship between transformational leadership behaviors and job performance in supportive and bureaucratic culture. Yiing, et al. (2009) suggested that leadership style would affect organizational commitment and, in turns, organizational commitment will influence job performance and mediate the relationship between leadership style and job performance.

**RESEARCH METHOD**

**Research Framework**

According to motivations, objectives and literature reviews on above, the study used leadership style as the independent variable, job performance as the dependent variable and organizational commitment as the mediating variable to explore the impact of leadership style on the relationship with organizational commitment and job performance (See Figure 1).
**Research Hypotheses**

The study proposed that research hypotheses as follows:

**H1:** Leadership style will positively and significantly affect organizational commitment.

**H2:** Organizational commitment will positively and significantly affect job performance.

**H3:** Leadership style will positively affect and significantly job performance.

**H4:** Organizational commitment will mediate the relationship between leadership style and job performance.

**Figure 1: Research Framework**

**Research Design and Sample**

The questionnaire included four measurement dimensions, leadership style, organizational commitment, job performance with thirty 7-point Likert scale questions (1 = strongly disagree/ 7= strongly agree). All measurement designs were adapted according to the relative literatures. The study used convenience sampling to collect data from employees of a Taiwanese shoes subsidiary in China and applied SPSS17.0 to perform data analysis. 1600 questionnaires were dispatched in total, and 420 copies were returned. The effective response rate is 26%.

**RESEARCH RESULT**

**Sample Characteristics**

The major sample characteristics are described as follows: 224 (53.3%) are male and 196 (46.7%) are female. 265 (62.9%) are married. Age below 30, between 30 and 40, between 41 and 50, and above 51 are 46.2%, 32.4%, 13.3% and 8.1%, respectively. Year of service between 2 and 3 years, between 4 and 5 years, between 6 and 7 years, and above 8 years disperse as follows: 28.6%, 31.0%, 15.7%, and 28.8%. Samples collected from processing and manufacturing department, warehouse management and delivery department, marketing and sales department, and human resource and management support department are distributed as follows: 51.1%, 22.9%, 13.8%, and 12.4%. 61.0% complete high school education, 26.2 % graduate from junior college and 12.9% are university educated.

**Reliability Analysis**

The reliability analysis applied Cronbach’s alpha to evaluate internal consistency of the
questionnaire. The results of Cronbach’s alpha are 0.530, 0.766, and 0.669 with respect to leadership style, organizational commitment, and job performance. According to Wortzel’s (1979) suggestions, it is acceptable when Cronbach’s α is higher than 0.5. Consequently, the questionnaire of the study has a high internal consistency since Cronbach’s alpha of each dimension is over 0.5.

**Correlation Analysis**

The study accepted Person’s correlation coefficient to examine the relationship between each dimension. The results show leadership style is positively related to organizational commitment (r=0.249, p<.001) and job performance (r=0.340, p<.001). Meanwhile, organizational commitment is positively related to job performance (r=0.484, p<.001).

**Regression Analysis**

As shown in Table 1, leadership style is positively and significantly affected to organizational commitment (β=0.249, p<0.001), organizational commitment is positively and significantly affected to job performance (β=0.484, p<0.001) and leadership style is positively and significantly affected to job performance (β=0.340, p<0.001). The results show that H1, H2, and H3 are supported. In addition, the study followed Baron and Kenny’s (1986) suggestion to verify whether organizational commitment will mediate the relationship between leadership style and job performance. First, leadership style has a positive and significant effect on organizational commitment (β=0.249, p=0.000<0.001). Second, leadership style is positively and significantly affected to job performance (β=0.484, p=0.000<0.001). Third, both leadership style and organizational commitment are positively and significantly accounted for job performance (β=0.234; β=0.426, p=0.000<0.001), when leadership style is controlled. After implementing the above analysis, the study found that the strength of the relationship between the independent variable (leadership style), and the dependent variable (job performance) reduced from 0.340 to 0.234 when the study added the mediating variable (organizational commitment). Thus, H4 is supported which signifies that there exists a partial mediating effect and the amount of indirect effect is 0.12.

**CONCLUSION AND SUGGESTION**

The study concludes the results as follows: (a) Leadership style is positively and significantly affected to organizational commitment. It implies if supervisors consider, motivate, assist to solve problems, and fight welfare for their subordinates, it can create positive organizational commitment and further promote job performance. Besides, supervisors can always increase organizational commitment by providing rewards to induce employees to work hard; (b) organizational commitment has a positive effect on job performance. It reveals that employees are willing to stay and devote themselves to accomplishing job objectives because they have the same values and goals within the organization; (c) Leadership style is positively and significantly affected to job performance. It means that supervisors’ considerations or motivations can result in employees’ positive feeling so their job performance will arise; (d) organizational commitment holds a partial mediating effect between the relationship of leadership style and job performance. It signalizes that supervisors have to notice the connection and influence of organizational commitment to employees. As employees have organizational commitment, their productivity will increase and so is job performance. Meanwhile, supervisors should give appropriate rewards to subordinates when they achieve job objectives. If supervisors cannot realize their promise, it
will engender subordinates’ negative feelings and cause them unwilling to exert efforts to their work. So, job performance will be decreased. The study suggests that (a) when an organization hires management level employees, it should consider selecting candidates with better leadership traits so that they will care and motivate subordinates to increase organizational commitment and job performance, (b) an organization can provide training programs to cultivate leadership talents of its employees. Especially, these programs can be designed in accord with subordinates’ personality in order to create a more effective leaders, (c) supervisors need to communicate organizational values and job objectives with subordinates so that they can yield motivations to have better job performance, and (d) leaders should adjust leadership style depending on different employees and give proper organizational commitment to subordinates for them to complete job objectives effectively.

### Table 1: The regression of leadership style and organizational commitment to job performance

<table>
<thead>
<tr>
<th>Leadership Style</th>
<th>Organizational Commitment</th>
<th>Job Performance</th>
<th>Job Performance</th>
<th>Job Performance</th>
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<td>Model 2</td>
<td>Model 3</td>
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<td>0.234***</td>
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<td>0.426***</td>
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</table>

Note: *p<0.05, **p<0.01, ***p<0.001

### REFERENCES


