

TRANSACTIONAL, TRANSFORMATIONAL LEADERSHIP AND EMPLOYEE PERFORMANCE: THE MEDIATING EFFECT OF UNION COMMITMENT

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ABSTRACT

Unionization of employees has received much attention of the researcher over the past years. They have identified many variables associated with employee unionization such as union commitment, union loyalty, union membership, strike behavior etc. However, union commitment has been one such variable. With the proposition of dual commitment, union commitment can be attributed a mediation effect on organizational variables associated with employees. However, it is noticeable that mediating effect of union commitment has been less attended by the researchers. This is specially evident in leadership studies in the field of management. The objective of this paper is to examine the relationship between union commitment and transactional, transformational leadership, and employee performance, and to assess the mediating effect of union commitment on the relationship between transactional and transformational leadership and employee performance. A sample of 380 employees from 33 public sector organizations in Sri Lanka was selected for the purpose of this study. It was found that there is a negative mediating effect of union commitment on the relationship between leadership and performance. Further, it was evident that the negative mediating effect of union commitment is high with transactional leadership than with transformational leadership.

KEYWORDS: Transactional Leadership, Transformational Leadership, Union Commitment, and Employee Performance

1. INTRODUCTION

With the increased level of challenges and opportunities of the business world, a high emphasis has been given by the managers of the organization for achieving and sustaining effective level of performance from employees (Fang, Chang, & Chen, 2009). As a result, both practitioners and academics, are continuously examining the antecedents of employee performance for gaining an insight through which they can enhance the performance of employee. Among the number of factors affecting employees' performance, leadership behavior of superiors has been cited as prominent (Vecchio, Justin, & Pearce, 2008).

Over the past years, large number of studies has been carried out to examine the effect of leadership on employee performance. As a result, several leadership behaviors have been identified as having positive impact on employee performance (Harris, Wheeler, & Kacmar, 2009). Among such leadership behaviors, transactional and transformational leadership behavior stand in front in this regards (Howell & Hall-Merenda, 1999).

However, the effect of transactional and transformational leadership on performance seems to be not straight forward as most studies claimed. Number of factors has been recognized as mediating on the relationship between transactional, transformational leadership and employee performance. Among such mediators, empowerment (Avolio, Zhu, Koh, & Bhatia, 2004), job Satisfaction (Paracha, Oamar, Mirza, Hassan, & Waqas, 2012), intrinsic motivation and goal commitment (Piccolo & Colquitt, 2006) can be cited. Further it is still little known about the mechanism thorough which this positive effect of transactional and transformational leadership get materialized (Dvir, Eden, Avolio, & Shamir, 2002). While some studies have found direct effect of leadership on employees' performance (Limsila & Ogunlana, 2008), others have reported an indirect effect of leadership on performance (Howell & Hall-Merenda, 1999). It is argued that some variables intervene between the leadership and performance relations and makes an avenue for indirect effect of leadership (Parry & Proctor-Thomson, 2003). Therefore, according to them, it is imperative to examine the possible mediating factors operating in this relation in order to understand the leadership process better.

With a contextual perspective, researchers have stressed the importance of examining the effect of some contextual variables on leadership particularly (Wang & Rode, 2010). However, it seems that little attention has been placed to examine the effect of contextual variables associated with unionized work context in leadership studies. Even though, union commitment that is a contextual construct associated with employee unionization has been identified as possible mediator (Fuller & Hester, 1998 ; Chan, Tong-Qing, Redman, & Snape, 2006), it has been attended by researchers to a least extent especially in leadership