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The Influence of Leadership Styles on Employees Performance under Perceptions of Organizational Politics: A Study of Telecom Sector in Pakistan

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Abstract

The purpose of this study is to investigate the relationship of leadership styles and employee performance. In addition to that, this study also examines the mediation effect of perceived organizational politics between leadership styles and employee performance in the telecom sector of Lahore, Pakistan. Positivism research paradigm and deductive research approach has been adopted. Survey research method and focus group interviews have been triangulated in order to validate the findings of the research. Random sampling technique has been used in which 360 questionnaires has been distributed in the selected telecom companies of Lahore, Pakistan and 249 valid questionnaire were received at a response rate of 69%. Results of this study indicated that transformational leadership is insignificantly related with employee performance while transactional leadership significantly related with the employee performance. This findings of this study also indicated that perceived organizational politics fully mediate the relationship of transformational leadership and employee performance. Moreover, perceived organizational politics partially mediate the relationship of transactional leadership and employee performance. Future implications and limitations are also discussed.

Keyword: *Transformational Leadership, Transactional Leadership, Employee Performance, Perceived Organizational Politics, Telecom Sector*

1. Introduction

Leadership is defined as a process of leader-subordinate interaction where leaders can influence the behavior of their subordinates for achieving organizational objectives (Kanter, 1982; Conger & Kanungo, 1998; Pavett & Lau, 1983; Reid, 2016). It is important for an organization to have knowledge about leadership styles that can play a role in increasing employee performance. Different studies show that leadership style is important for influencing performance of employees, several studies have revealed correlation between leadership style and employee performance (Turner & Muller, 2005; Asrar ul Haq & Kuchinke, 2016). In a fast changing world, it is highly important to select leadership style according to the situation for achieving high performance (Galperin & Alamuri, 2017). According to Bass & Stogdill (1990), there have been two styles of leadership: include transactional and transformational leadership styles.

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Nowadays organizations include multifunctional teams integrated in a horizontal structure where employees are given autonomy in setting goals and evaluating outcomes (Elangovan & Xie, 2000). Organizations are reengineering themselves and no longer using the traditional hierarchical structure, this stresses the significance of expanding roles of subordinates in the decision making of organization (Carlton & Perloff, 2015). Such trends justify the readiness of leaders to delegate power to lower levels (Choy, McCormack & Djurkovic, 2016). Past studies highlight that such leadership styles are more helpful in developing a learning culture by focusing on creative behaviors and creating new values and norms (Dvir, Eden, Avolio & Shamir, 2015; Qu, Janssen & Shi, 2015).

Nowadays Pakistan is facing uncertain environment. Pakistan is experiencing lots of problems including inflation, unstable policies, insufficient capacity to innovate, inadequately educated work force, crime and theft (World Bank report, 2016). Under such conditions developing appropriate leadership style for managing turbulent environment is not an easy task. The choice of leadership style gets complex in the politicized environment. Ferris and Hochwarter (2011) describe organization politics as self-serving behavior intended to get advantage over other employees and hence viewed as negative. They suggest that in uncertain environment organization politics is more likely. To remain efficient and sustain competitive advantage in uncertain environment along with organization politics, it is necessary to continuously search such leadership style that improves employee performance.

The purpose of this study is to investigate the mediating effect of organization politics on the relationship between leadership style and employee performance in telecommunication sector of Lahore, Pakistan. For this purpose, a mixed method approach has been employed. The rationale behind using a mixed method approach is that the findings from quantitative part of this study were contradictory to other correlation studies done in the past in different contexts. Thus interviews were conducted to validate the quantitative findings.

1.1 Significance of the study

The majority of the past studies have examined organizational politics as antecedent of performance (Gandz & Murray, 1980; Kacmar & Baron, 1999; Valle & Perrewe, 2000) or studied organization politics as mediating variable (Islam, Rehman & Ahmed, 2013; Vigoda-Gadot, 2007). The study will contribute to the existing literature of politics as well as employee performance by using organization politics as a mediating variable between leadership style and

employee performance. Literature regards the importance of employee performance for most of the organizations. However, it gets less attention from scholars around the world in the area of organization politics and leadership style. Thus, the study contributes to existing stream of literature by placing focus on employee performance.

The study is also important because the result refute the accumulated body of research in this area and results of this study also necessitate of using a mixed method approach. The majority of prior literature has used either quantitative approach (Ferris & Rowland, 1981; Islam et al., 2013; Mackenzie, Podssakoff & Rich, 2001; Pillai, Schriesheim & Williams, 1999; Rahman, Hussain & Haque, 2011; Vigoda-Gadot, 2007) or qualitative approach (Klenk, 2008; Fletcher & Arnold, 2011) and rarely employed mixed method approach for investigating the leadership style and employee performance along with organization politics as a mediating variable. Another major contribution of the study is that it will have important consequences for practitioners. The study will be helpful for managers for identifying contingencies of different leadership styles as these may have influence on employee performance.

2. Literature Review

In this modern era, organizations give more emphasis to team work for the accomplishment of organizational tasks. The effectiveness of teams however is dependent on a good extent on competence of the focal person (Durham, Knight & Locke, 1997). Leadership is of primary importance in organizational settings as the direction, instructions and guidance to the team is primarily provided by the leader (Yukl, 2002). Transformational leadership is a way to lead a team in which the change needs are identified by the leader in association with the members of the team (Bass, 1997). In other words, there is involvement of common team members who can have their say, upon how transformation can take place or how they expect to adopt the change. The transformational leader is a visionary, capable of conveying a clear message to his or her team why and what type of change is necessary (Bass, 1999).

Transformational leaders hold positive expectations from their followers as their primary trait (Ogbonnaya & Nielsen, 2016). Such leaders are enthusiastic by nature and capable of making the team members believe that they can actually deliver up to their potentials. It follows that, a transformational leader believes that his or her subordinates are both talented and willing to work, such expectation elevate the spirit and inspiration of the work unit (Bass & Steidlmeier,

1999; Dong, Bartol, Zhang & Li, 2016). Other related traits of the transformational leaders include that they are considerate to personal and professional needs of team members. This means that not only is such a leader capable of utilizing his or her team members up to their full potential but is also kind hearted to understand and appreciate the humanly capacity of the team members (Brodbeck, Frese & Javidan, 2002).

A transformational leader is motivational in nature for his or her team members. Where an organization is capable to offer economic and non-economic rewards to team members, a transformational leader utilizes these rewards to enhance the performance of his/her employees (Ahmad, Abbas, Latif, Rasheed, 2014). It is because a leader who closely works with the subordinates, shows consideration is able to achieve motivation of team members to deliver their best output. At the same time, a transformational leader is also an image that employees can idealize. Therefore, the role of the transformational leader is not solely, of a supervisor and performance enhancer but also of a guider and role model for their team member. (Barling, Slater & Kevin Kelloway, 2000). Transformational leaders actions has an appealing impact on their team members (Avolio & Bass, 1988).

In order to increase the performance of employees, it is inevitable that the leader encourages the employees to deliver. This can be viewed as a way through which the employees can deliver, based on a belief that the service of their organization benefits them as primary stakeholders. Boosting the confidence of the team to evolve with the change and to accept challenges is another associable trait of a transformational leader duly reflected in their behaviors (Avolio et. al, 2004). It is possible for the employees to come across confusions and complaints regarding colleagues and the leader himself. This adds to the responsibility of the transformational leader to ensure that he or she does not ignore or suppress the complaints and concerns of his or her team members. Such attitude on the part of the leader can give rise to toxic emotions towards the organization and can harm the performance (Braun et. al, 2013).

According to Gong, Huang & Farh (2009), the transformational leadership style leads to employee performance because such a style of leadership is effective in bringing out the creativity of employees. Because this style of leadership allows the employees to think creatively and without any restrictions, it can help create a competitive advantage for an organization and find unique and quick solutions to their problems (Mittal & Dhar, 2015). Similarly, Wang et. al

(2005) confirm that the incidence of organizational citizenship behavior in employees and their performance is enhanced with the help of transformational leadership style opted by organizations.

Transactional leaders are very consistent in accomplishing the organization goals and objectives. These goals can be made by the leader themselves or they can be passed down from the top management. Transactional leaders' prime concern is the accomplishment of task by all means through reward and punishment strategy (Tremblay, Vandenberghe & Doucet, 2013). When the goals are set by the top management the leader is expected to complete these goals by making explicit agreements with the team members about the rewards if they adhere to the policies and are threatened with punishment if they fail to do so. The efforts and commitment of the employees is thus driven by a promise of reward and fear of punishment (Podsakoff, Bommer, Podsakoff & MacKenzie, 2006). The purpose of feedback in such a leadership style is purposed only to ensure that a message is conveyed across the team and that the leader is aware of the individual efforts of the team members. For an organization, this style maybe useful to keep every working unit in the organization on track (Vera & Crossan, 2004).

The study of MacKenzie and Podsakoff (2001) that was held in the field of marketing suggests that the transactional leadership style has substantial influence over the performance of employees considering that they fear the outcomes of their poor performance and are motivated by the rewards that are promised for better performance. Hater and Bass (1988) suggest that the supervisors who evaluate their subordinates strictly on rewards and punishment are able to extract the best out of their subordinates. This means that the transactional leadership style has the capacity of enhancing the performance of employees. The main difference between transformational leadership style and the transactional leadership style is that the former focuses on enabling of employees to give their best on the job through support provided by their leader whereas the later demands output from the employees rendering them solely accountable for their actions, performance and output.

According to Witt, Andrews and Kacmar (2000), the processes of decision making get affected by the organizational politics and the interference of people's bias, preferences and emotions that are inserted in the system because of the politics and hence cause dissatisfaction on the job for employees. According to Ferris and Kacmar (1992), the incidence and prevalence of

organizational politics is mostly perceived as a negative thing in the organizations across the employees. Although it is an undesirable thing for most of the employees who perceive that it is a bad thing for organizational fairness, it is unavoidable aggregates since most employees either knowingly or unknowingly indulge in politics. Cavanagh, Moberg and Velasquez (1981) studied that the employees in an organization develop tendencies of playing politics in organizations because they view it as a way for them to survive in the organization.

Most employees try to influence their supervisors and managers through unethical means so that they can find a better place for themselves in the view of their management as compared to their colleagues (Karatepe, Babakus & Yavas, 2012). Employees also involve themselves in politics in their organizations because they believe that others will do the same against them. It is hence a preemptive approach of the employees that is meant to seek comfort through support of supervisor before someone could damage their repute (Madison, 1980). The prevalence of the organizational politics is not only in the lower levels of the organization but also affects the upper levels of the organization equally. The study of Pearce (1997), found that there is a good deal of incidence of organizational politics on the top level management emerging from the roles of employees and venture owners.

Organizational politics can have a great influence on the employee performance for several reasons. Firstly, the incidence of organizational politics can have a great influence over the appraisal systems. In the organizations where politics is commonly considered as a way through which employee enter the good books of the supervisors and management, the devoted employees get neglected. There establishes a norm that the employees are better off doing politics than their jobs since the former promises to benefit them more. Consequently, the performance of the organizational members is reduced. Considering that there is no escape from the incidence of organizational politics, it is safe to say that organizational politics is inevitable and mostly influences the organization in a negative way. As the study of Aryee, Chen and Budhwar (2004) suggests that the extent to which there is organizational politics in a workplace, the perception regarding the fairness of procedures in view of the employees is reduced. This means that the employee perception of prevalence of politics in organization is inversely related with the perception of fairness of procedures. As Greenberg (1986) suggests the fairness of organizations directly influences the performance of the employees.

The study of Vigoda (2000) suggests that the incidence of organizational politics in a work place deteriorates the working attitudes of employees as they consider themselves better off if they focus their attention towards politics in the organizations rather than working. The most important concept that relates incidence of politics in the organization with performance of employees is the fairness of systems in the organizations. In other words, the organizational systems, with intense politics become unfair in evaluating the employees on their performances and favoritism sets in as the criteria for employee performance. The nature of politics in organizations can also change over the course of time and according to the study of Chang, Rosen and Levy (2009) this change can influence the attitudes of employees as well as their behavior towards the organization. Hence, it can also change the performance levels of the employees considering that the need for doing politics and the perception about the prevalence of the politics changes. The study of Hochwarter, Witt and Kacmar (2000) have suggested that employees purposefully wither engage in politics or avoid it and that organizational politics directly interferes with the level of performance of employees.

2.1 Hypothesis

H_1: Transformational Leadership significantly affects Employee Performance.

H_2: Transactional Leadership significantly affects Employee Performance.

H_3: Transformational Leadership significantly affects Perceived Organizational politic.

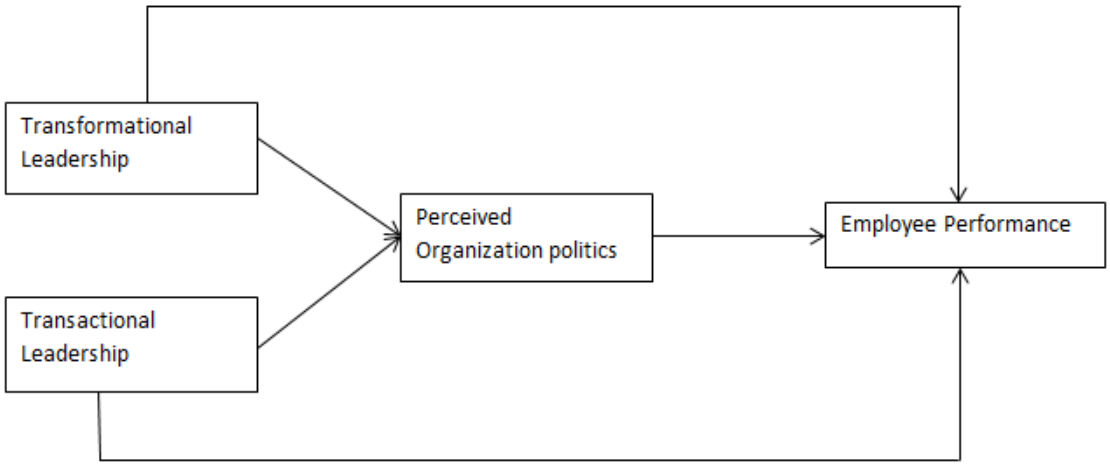
H_4: Transactional Leadership significantly affects Perceived Organizational politic.

H_5: Perceived Organizational Politics mediate the relationship of transformational leadership and employee performance.

H_6: Perceived Organizational Politics mediate the relationship of transactional leadership and employee performance.

H_7: Perceived Organizational Politics significantly affect employee performance.

Figure 1. Theoretical Framework



3. Research Methodology

3.1 Research Philosophy

Positivism research paradigm has been adopted for this study. In this paradigm knowledge is considered as objective. However it also explain the reality exist independently and knowledge is objective for all (Bryman, 2015).

3.2 Research Approach

Deductive and quantitative research approach has been adopted for this study because the model has been developed on the basis of existing theories and then tested statistically. Deductive approach is normally considered when the research process has been developed to test whether the observed phenomena fit with the existing research or not (Silverman, 2013).

3.3 Research Strategy

Triangulation has been used for this study in which survey and interviews are used for the validation of findings. Triangulation means combination of two or more research strategies for rigorous results findings (Bryman, 2015). Triangulation has also been adopted by using different data sources in order to enhance the understanding of phenomena (Creswell & Clark, 2007). In

the first step research has been conducted through survey method and in the second step focus group discussions were used in order to validate the findings of the research.

3.4 Research Design

Cross sectional research design has been used because data was collected at one point in time. Cross sectional design is used when the researcher is concerned about a specific phenomenon in particular of time (Bryman, 2015).

3.5 Data Collection Method

Self-monitored questionnaire has been used for this study because it increase the valid response rate and make respondent attentive in data collection phase. The population of this study were the customer representative officers (CRO`s) of the telecom industry.

3.6 Sampling

The sampling process has been done into two phases. First 4 companies were selected randomly out of 8 companies then in the second phase data has been collected randomly from the sampling frame which has been obtained from the selected telecom companies. The details of the companies are given in Table 1. The sample size has been calculated through Slovin`s formula (Ellen, 2012).

$n= N/ (1+N e^2)$

$n= 2135/ (1+ (2135) (0.05)^2$

n= 2135/6.3375

n= 337

In this formula N is the total population, e is equal to the error of tolerance and n is the sample size. The total population consists of 2135 CROs of the selected companies. With the help of slovin`s formula 337 sample size has been calculated so population segmentation and questionnaire distribution mentioned in Table 2. So 340 questionnaires were distributed and 249 valid questionnaires were received at a response rate of 73.23%.

Table 1. Companies List

Sr No	***Companies Name***	**Selected/ Not Selected**
1	Digital Global Services Company (DGS)	***Not Selected***
2	Mobilink	***Selected***
3	The Resource Group (TRG)	***Not Selected***
4	Telenor	***Selected***
5	Ufone	***Selected***
6	Zong	***Not Selected***
7	Abacus Consulting	***Not Selected***
8	Warid	***Selected***

Table 2. Sampling

Sr No	***Companies Name***	**Total CROs**	**Selected CROs**
1	Mobilink	***650***	***85***
2	Abacus Consulting	***475***	***85***
3	Ufone	***487***	***85***
4	Warid	***523***	***85***
Total		***2135***	***340***

3.7 Questionnaire Development and Pre-testing:

Structured questionnaire was used for this study comprises the variables of transformational, transactional leadership, organizational politics and employee performance. The transformational and transactional leadership scale has been adapted from MLQ5x which is developed by (Bass and Avolio, 1992) and perceived organizational politics scale has been adapted from (Kacmar & ferris, 1991) study. The leadership and organizational politics scale based on five point likert scale 1-5 i-e (Strongly Disagree to Strongly Agree). On the major contribution of this study is the development of Employee Performance scale which ranges from 1-10 in which respondent asked to compare its performance from the best one its team. At the initial stage the questionnaire was discussed from the linguistic and psychological experts for face validity that whether the questionnaire is giving same concept or not.

4. Data Analysis and Interpretation

4.1 Demographic Statistics

The questionnaire demographic consists of gender, age and marital status. In Table 1 (Demographic statistics) shows that number of male and female from the respondents. As table explains from total respondents of 239, male respondents were 154 having a percentage of 64.4 % while there are 85 respondents from female gender giving us the response rate of 35.6%. This table also depicts that the number of respondents from 15-20 years were 36, from the 20-25 were 126, from 25-30 were 62, from 30-35 were 15 having a percentage of 15.1%, 52.7%, 25.9% and 6.3 % respectively. This table also shows the marital segmentation of the sample in which 75 respondents were married (38%) while 164 were unmarried (68.6%) form the total respondents of 239.

Table 3. Demographic Statistics

Demographics	Categories	Frequency	Percentage (%)
Gender	Male	154	***64.4***
	Female	85	***35.6***
Age	15 to 20 years	36	***15.1***
	More than 20 to 25 years	126	***52.7***

	More than 25 to 30 years	62	***25.9***
	More than 30 to 35 years	15	***6.3***
Marital Status	Married	75	***31.4***
	Single	164	***68.6***

4.2 Correlation Analysis

Correlation analysis shows us the relationship among variables of the model. In Table 4 of correlation shows the association among Transformational Leadership, Transactional Leadership, Perception of Politics and Employees Performance. Correlation coefficient of r = .283 between transformational leadership and employee's performance signify that there is a positive and weak correlation between them but it is highly significant as the P =. 000 which is less than 0.01 that is the highest significance level in two-tailed.

Similarly, the correlation coefficient value of (r*)* for transactional leadership and employee's performance is .315 as shown in the table which shows that there is a weak but positive correlation exists however again they are highly significant with each other as the level of significance (shown by *p value)* is 0.000 which is less than 0.01. Correlation coefficient for perception of politics and employee's performance is also positive and there also exist a relationship between them which is weak (.269) and again the value of P (.000) which is less than 0.01 shows that they are highly significant with each other.

Table 4. Correlational Analysis

Variables	**TFL**	**TSL**	**POP**	**EP**
Transformational Leadership (TFL)	1			
Transactional Leadership (TSL)	.794**	1		

Perceived Organizational Politics (POP)	.454**	.331**	1	
Employee Performance (EP)	.283**	.315**	.269**	1

* Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed).

4.3 Regression Analysis

Table 5. Model Summary of Regression of TFL, TSL on EP

R	.319
R-Square	.102
Adjusted R Square	.094
F-Value	13.407
Sig.Value	.000
Durbin- Watson	1.83
Tolerance -Value	.373
VIF-Value	2.71

Predictor: Transformational Leadership (TFL), Transactional Leadership (TSL). Dependent Variable: Employee Performance (EP)

Table 5 shows that R Square explains the variation in the dependent variable above mentioned table explains the effect on employee's performance due to Transformational and Transactional Leadership style. As social sciences are more complex and fluid than natural sciences, the value of R varies depending on the nature of the respondents. Value of R- Square in this case is .102 which shows that independent variable (Transformational and Transactional Leadership) is

producing a variation in the dependent variable (Employee Performance) by 10.2%. Adjusted R square is attained by reducing irrelevant value form the data set and catering the estimated error, therefore the value of the adjusted R square is less than the R square value and thus produce a more realistic regression line. Adjusted R square is .094 which is acceptable in social sciences.

The value of F shows the fitness of the model which in this case is 13.407 as shown in Table 5 which is more than the standard required i.e. 5. *P* value is .000 which shows the significance level of the model. The value of significance should be less than the .05 ($p<.05$). As value of the *P* shows, model is statistically significant and there is also a good fitness of model. The value of Durbin Watson is 1.83 and tolerance value is 0.37 and VIF value is 2.71.

Table 6. Regression of Transformational and Transactional leadership on Employee Performance

Variables	B	Std. Error	β	t	Sig.Value
Constant	4.309	.579		7.447	.000
TSL	.601	.250	.244	2.403	.017
TFL	.267	.302	.090	.884	.377

Predictor: Transformational Leadership (TFL), Transactional Leadership (TSL). Dependent Variable: Employee Performance (EP)

Table 6 shows that Beta value of coefficient explains that how much change 1% of change in the independent variable will bring about a change in the dependent variable. Results in above mentioned table shows that there is positive effect on dependent variable (Employee's Performance) due to independent variable (Transformational and Transactional Leadership).

Above table provide a regression line of: Employee Performance = 4.309 + .244 (Transactional Leadership). This equation shows that one unit of change in Transactional Change will generate a change in Employee Performance by .244 units and they are significant with each other.

Above table provide a regression line of: Employee Performance = 4.309 + .090 (Transformational Leadership). This equation shows that one unit of change in Transformational Change will generate a change in Employee Performance by .090 units but they are not significant with each other (P=.377>0.05).

4.5 Mediation Analysis

The mediation analysis is carried out through Preacher and Hayes process. The effect size of mediation is measured through Kappa Squared. The results of mediation of Perceived organizational politics between transformational leadership and employee performance are as follows:

Table 7. Indirect Effect of X on Y

	Effect	**Boot SE**	**Boot LLCI**	**Boot ULCI**
POP	.2395	.1493	.0231	.5898

Independent: Transformational Leadership (TFL). Dependent: Employee Performance (EP)

Table 7 shows the indirect effect of transformational leadership on employee performance. The B-value effect size is .2395 and the standard error is .1493. The upper and lower limit boot ranges from .0231 to .5898 which shows that perceived organizational politics mediates the relationship of transformational leadership and employee performance.

Table 8. Preacher and Kelly (2011) Kappa-Squared

	Effect	**Boot SE**	**Boot LLCI**	**Boot ULCI**
POP	.0747	.0409	.0081	.1712

Independent: Transformational Leadership (TFL). Dependent: Employee Performance (EP)

In the above table the confidence interval range which ranges from .0081-.1712 does not include zero so it is significantly related with each other. The value of K^2 which is .0747 which shows that perceived organizational politics explain 7.47% variation in the relationship of transformational leadership and employee performance. As in table 10 the relationship if transformational leadership is insignificant but in the presence of perceived organizational politics the relationship becomes significant which shows that there is full mediation exist.

The results of mediation of Perceived organizational politics between transactional leadership and employee performance are as follows:

Table 9. Indirect Effect of X on Y

	Effect	**Boot SE**	**Boot LLCI**	**Boot ULCI**
POP	.1512	.0890	.0058	.3664

Independent: Transactional Leadership (TSL). Dependent: Employee Performance (EP)

Table 9 shows the indirect effect of transactional leadership on employee performance. The B-value effect size is .1512 and the standard error is .0890. The upper and lower limit boot ranges from .0058 to .3664 which shows that perceived organizational politics mediates the relationship of transactional leadership and employee performance.

Table 10: Preacher and Kelly (2011) Kappa-Squared

	Effect	**Boot SE**	**Boot LLCI**	**Boot ULCI**
POP	.0610	.0321	.0096	.1366

Independent: Transactional Leadership (TSL). Dependent: Employee Performance (EP)

In the above table the confidence interval range which ranges from .0096-.1366 does not include zero so it is significantly related with each other. The value of K^2 which is .0610 which shows that perceived organizational politics explain 6.10% variation in the relationship of transactional leadership and employee performance. As in table 10 the relationship if transactional leadership is significant and in the presence of perceived organizational politics the relationship also remain significant which shows that there is partial mediation exist.

5. Discussion

Transformational leadership has a significant relationship with the employee performance (Yammarino, Spangler & Bass, 1993). It has also been found as part of literature review that transformational leadership can single- handedly question and change employee performance values. Transformational leaders do it by setting personal examples and aligning personal and professional goals (Wang et. al, 2011). However, the current study implies that transformational leadership may not significantly affect the employee performance in organizational settings. Existing research has also failed to establish a conclusive between transformational leadership and higher levels of employee performance. Walumba and Hartnell (2011) observed that transformational leadership alone does not influence employee performance in a positive direction. Rather employee self-efficacy is necessary amongst employees in order to get influenced positively by transformational leadership.

Similarly, Piccolo and Colquitt (2006) suggest that the characteristics of an employee's job are the deciding factors in the performance and transformational leaders that satisfy the employee

requirements of these characteristics are able to enhance employee performance. Interviews were conducted in the current study to explore the reason as to why the employee performance did not get affected by the transformational leadership. One of the respondents explained:

"Every person wants to progress in his organization but since he is ambiguous about their standing in their organization, they prefer sticking to routine relationship with their bosses". [R_1]

This suggests that managers find transactional leadership style as much clearer as compared to the transformational leadership style for the employee to follow and managers also find more clarity in their own standing in their organization when they adopt a transactional style. This may be because a transactional set of managerial behaviors can be clearly matched with job expectations from the managers as reflected in their job descriptions. Managers also claimed that the transactional leadership is more suitable for enhancement of employee performance because of the fact that it saves employees from getting de tracked. Standardized methods and procedures are preferred by the managers because these methods are embedded in the organizational routines and norms. Another respondent said:

"People do not generally see long-term,…. for 5 or 6 years in the future, rather they simply think short term" [R_2]

It may be argued that one of the reasons why employee performance does not get influenced by transformational leadership is that the employees do not believe in staying in their organization for a long period. Change oriented behaviors intended to contribute purposefully and sincerely towards organizational development require long term commitment of the employees towards their organizations. However since employees may have little intention to stick with a specific organization for a long time, such a commitment may not develop. Consequently, a leadership style encouraging change oriented behaviors i-e transformational leadership the employee may be preferred.

Transactional leadership has been found to have a significant relationship with employee performance and the findings of this study is in line with the literature. It was found by Bass et. al (2003) that the transactional leadership style takes control over the employee activities and performance to the managers. The organizations that are bureaucratic in nature, particularly find

transactional leadership style to be more suited well developed job methods and processes. Howell and Avolio (1993) support the idea of effectiveness of transactional leadership towards the enhancement of employee performance. They suggest that although the transactional style of leadership hinders with the employees' innovative capacities but it provides control over employee activities to the leaders keeping projects and multi-function units work as per operational plans.

Managers confirm that the transactional leadership style keeps the employees disciplined because it has a very clear system of rewards and punishments. The transactional leadership style is the ideal style for leaders who believe that the ability to fulfill organizational objectives and goals is the most important thing and experimentation within organization is of secondary importance, even uncalled for. There is a general belief that experimentation may or may not pay. However existing practices that have a proven track are believe. As a consequence transactional style of leadership becomes a style of choice for managers and fits well with expectations of employees as well. Managers believe that the employees are more inclined towards their own interests rather than the interest of their colleagues or their organization at large. This may explain the relationship between transactional leadership style and higher level of employee performance. Another respondent said in an interview

"On the higher organizational levels, transformational leadership may be important……,, there is certainly no significance of transformational leadership style for the lower and middle level employees and only transactional leadership style affects their performance". [R_3]

This suggests that transactional leadership style serves as a better control mechanism and promises uniformity and consistency in the employee job processes owing to which the employees' performance is significantly related with the transactional leadership style.

Organizational politics has been discussed as a significant role player towards organizational performance as well as employee performance (Randall et. al, 1999; Lieberson, & O'Connor, 1972). Politics has been found to be an inevitable outcome of human interactions in any organization. This study found a significant direct relationship between the organizational politics and employee performance. The study has also confirmed that there is a partial

mediating effect of organizational politics in the relationship of transactional leadership and employee performance (Vigoda-Gadot, 2007; Islam et al., 2013). This study also found that the transformational leadership has insignificant relationship with the employee performance but it became significant in the presence of organizational politics so that's why there is full mediation between them. Although the study of Ferris and Kacmar (1992) suggests that the prevalence of organizational politics is a negative thing in an organization, the findings of this study disagree as it has been found to play a very significant role in the enhancement of employee performance through transformational leadership style. The study of Braun (2013) stated that trust plays a mediating role in the relationship of transformational leadership and performance as a part of the political domain of organizational interactions.

Pearce (1997) suggests that the organizational politics is more prevalent on the upper levels of an organization and the lower levels are not much affected by the organizational politics. According to one respondent:

"Organizational politics affects the transformational leadership" and "organizational politics affects the higher levels more". [R_4]

This gives an impression that organizational politics is more relevant at the higher levels of an organization. Managers in interviews suggest that the transformational leadership is suitable for uplifting the spirits of the employees, whereas in order to enable them to perform their duties effectively, transactional leadership is more effective. They suggested that organizational politics serves as a great way for uplifting the spirits of the employees if done constructively.

Another respondent said:

"Managerial role in the direction of organizational politics is very crucial towards the effectiveness of management and leadership, only the leaders who are good politicians in their organizations are well heard by their employees". [R_5]

Employees also tend to perform well as a result of presence of transformational leaders because once they identify their organizational leader as their representative and political savior, they wish to please him or her in order to get in their good books. Therefore, as suggested in the

managerial responses, the employees seek their personal and professional benefits from a transformational leader that results in enhancement of their performance.

6. Conclusion

There has been a long debate on the importance of transformational leadership and transactional leadership in organizational context with advocates of both these leadership styles presenting their ideas and arguments backed by hard facts and findings. However, this study shows that the employee performance is significantly influenced by the transactional leadership style. This finding comes in line with the literature that advocates a significant relationship between transactional leadership and employee performance. Employees tend to have improved performance when they have witnessed and expect to get visible rewards and punishment as consequences of their actions. This means that employees are more influenced by the leadership roles that directly influence their experience on the job that may be related to their compensation or appreciation on the job.

The study found that there is no significant relationship between the transformational leadership and employee performance. It may be because the employees have little concern with the long term outcome of the leadership style in their organizations. Employees are more concerned with their direct, individual and short term affiliation and exchange within the organization and so they do not get affected by the transformational leadership processes. Culturally and habitually, employees are more comfortable with hard and fast and objective methods of leadership which makes transformational leadership a less influential style of leadership in organizational context.

The study indicated that organizational politics is a full mediator in the relationship between transformational leadership and employee performance. The previously insignificant relationship between transformational leadership and employee performance turns to a significant one in the presence of organizational politics. This happens because constructive political behaviors in an organization can encourage employees to enhance their performance in order to gratify the transformational leaders that they wish to follow. Even if is for their individual gain, the presence of organizational politics enhances performance of employees in order to consolidate their position in the organization in the future.

6.1 Limitations and Future Directions

There are some limitations of this study and future directions for the researchers which are as follows:

- Data has been collected from the telecommunication companies of Lahore only due to time and resources constraint. In order to increase the generalizability of the findings future researchers can collect the data from all over the Punjab through stratified sampling.
- Data has been collected through cross sectional research design in order to examine the influence of leadership style on the employee performance with respect to time longitudinal research design may be adopted by the future researchers.
- This study is based on quantitative research in which questionnaire has been used as instrument tool. Future researchers may conduct an interview in order to explore the reasons of the insignificant effect of leadership style on employee performance.
- SPSS 20 version has been used for the data analysis other statistical software can be used by the researchers in future for the better understandability of the model.
- The questionnaires which are used in this study are based on self-rating scale (Subjective measure). In order to remove the biasness of the respondents some objective measures can be used by the researchers in future.
- Two types of leadership styles i-e Transformational and Transactional leadership styles are used in this study other types of leadership such as networking, democratic and autocratic leadership styles can be used by the researchers in future studies.

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