

IMPACT OF SUSTAINABLE LEADERSHIP ON EMPLOYEE PERFORMANCE WITH THE MODERATING EFFECT OF ORGANIZATIONAL CULTURE

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ABSTRACT

The aim of this study is to examine the impact of Sustainable Leadership on employees performance by using the organizational culture as moderator. The data was collected from different kinds of 50 organizations for the checking of inequality of the research. Data was then collected from the waged employees of different organizations. Reliability was examined by using test of reliability, which shows that our data is 89.5% dependable. This method is helpful for more analysis in the research. The significance of independent variables was shown by using the method of factor analysis. We checked the relationship or impact between different variables with the help of multiple regression model. Analysed data show a positive relationship among sustainability development factors (environmental, economic and, social aspects) and employee performance. Furthermore, the result has shown that the sustainable leadership has positive relationship on the employee performance. This work supports the previous findings in the available literature as to how sustainability practices increase the performance. The research shows the impact of all the variables. Firstly, there is a significant effect of direct leadership on the performance of employees, secondly there is also a significant effect of organizational culture on the employee's performance.

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1. INTRODUCTION

Different classes of people make the organization and all of them are attached for achieving different objects of the firms. Top management in the organization refers the work and liabilities to their employees and below staff to fulfil the work that is referred by the organization. This is elastic system whereas the companies inner and outsider vibes may not be constant policies and strategies may be changed according to the situation. Each company is based on three factors: object, community and procedure. People perform work in a systematic method to achieve the goals. Organizational culture basically explains everything that must be applied inside and outside in an organization, like how to behave with the staff and other procedures that are performed in the company. Culture of one company is changed with another and it is not easy to adapt the other company's culture. Only three types of cultures are discussed in this study and those are newness, helpful and bureaucratic that we mostly look in an organization. Employee's relation with his work and organization must be loyal and positive imagination in all circumstances. Positive organization culture increases the efficiency of employee's work. Continuous commitment mentions, employees wish to remain with the current organization Wherefore let go the employees may have to pay some price or when they did not scratch the best alternative job. Normative commitment mentions employee cognition to their enterprise, employee promises with his work and organization. Organizations wants to fulfil the expectations of the employees so that they work well and will always remain attached with the current place.

Job satisfaction is the behaviour of all employees with his or her job. If the Employee's behaviour is positive it means they are satisfied and if the employee's behaviour is negative than it shows employees are not satisfied about their jobs and organization policies. Employee's comfort is necessary for workplace to achieve the higher goals and if due to some reason they are not happy then it creates a bad impact on the organization work. Job consolation is mentally and physically good feeling for his or her work. Organization might be motivating the employees by issuing bonuses and paying other incentives.

2. LITERATURE REVIEW

2.1 Employee Performance

Employee performance depends on labour job performance and it is affected by different factors which might be internal and external, employee performance is also affected by human resource management. HRM helps the organization to achieve the organizational goal effectively (Hur & Lexington, 2007). According to Elena-Iuliana & Maria (2016) employee performance is checked by: employee job performance, organization productivity, organization profitability and earning capacity. Performance varies from person to person according to personality traits, cognitive abilities, motivation skills and knowledge (Motowidlo & Kell). According to Jr. (2016) job satisfaction, motivation and job performance are linked with each other. Muda, Rafiki, & Harahap (2014) stated that job stress, motivation and communication effect the job performance. Job stress is created when nobody listens to employees issues and nobody properly coordinates them about the job. Training and development affect the employees job performance, training improves the employee's performance and enhances the employee's skills (Nassazi, 2013). Here we review the previous research paper of organization performance, sustainable leadership and culture.

2.2 Sustainable leadership

Sustainable leadership is a factor which effects the employees job performance in the organization whereas a unsustainable leadership creates stress. Due to bad leadership the performance of employees will decrease and the employees will not be satisfied with their job, on the other hand the management motivates the employees and satisfy them from their job that makes high job performance (Wen, Ho, Kelena, Othman, & Syed, 2019). Sustainable leadership grows the employee's motivation and commitment, which makes the employee hard work and honest which is helpful for the organization to fulfil their goals (Chowdhury, 2014).

2.3 Organizational Culture as moderator

Organization culture is also affected by the performance of the employee's job. (Shahzad, Iqbal, & Gulzar (2013) Organized study on organizational culture and employee's job performance proves that the organization culture and employees performance have a positive impact. The strong culture makes the views and inspiration of the employees. The strong culture increases the promise of employees to achieve goals and creates opportunity for the employees for the extension of the business (Shahzad et al. 2013). According to Sabri, Ilyas, & Amjad (2011) helpful organization culture increases the job satisfaction and employees performance. Organization performance has significant correlation with organizational performance (Bodia, Ali, & Ali, 2013). The organization culture and job performance having a positive relationship and positive work environment is created by a strong culture (Sand & Abbas, 2018).

2.4 Theoretical Framework

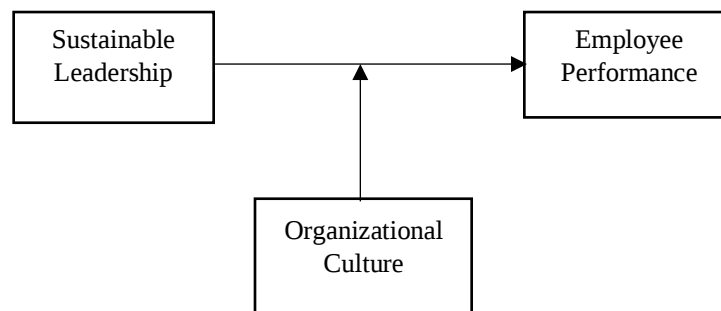


Fig. 1: Theoretical Framework

2.5 Development of hypothesis

H1: Sustainable leadership has positive and significant relationship with employee's performance.

H2: Organization culture moderates the relation between the sustainable leadership and employee performances.

3. METHODOLOGY

The targeted population for this study included employees of telecom doctors working in Lahore, Pakistan. Employees were selected by applying simple random sampling technique Krejcie and Morgan (1970) described that if the population is more than 3,000, a minimum sample size of 341 is enough. Meanwhile, as a rule of thumb, the sample size of a minimum 300 usually provided reliable results. For ensuring the minimum 341 respondents, a total of 500 questionnaires were distributed in the telecom sector offices location in Lahore.

3.1 Data Collection Procedure

Telecom sector was selected to examine the relationship between SL (SUSTAINABLE LEADERSHIP) and EP (employee performance). The survey questionnaire method was used to collect the data from employees. Prior to collecting data from the participants, many procedures had to be fulfilled. First, a letter of recommendation for the data collection and request letter to obtain the list of employees were sent to telecom offices. After that, an introductory and approval letter was sent to the concerned authorities of the offices to explain the objective of the study, and after their formal acceptance, data were collected by using the survey methods. The distribution and collection of the questionnaires took almost 4 months to be completed.

3.2 Sample Demographics

This section deals with the demographic characteristics of respondents. Results showed that out of 300 employees 82.2% were male and 17.2 were female. The findings reported that the majority of employees were aged 25 to 35 years. Meanwhile, 71.3% of respondents had permanent job positions, while 15.5% were on the contractual nature of employment, and the remaining 13% of participants were Internees in their respective department. The results relating to employees length of service found that 22.6 % of participants had up to I-year job experience, 32.2% of participants had 2 to 5 years of experience, while 15.5% had 6 to 10 years of experience, and the remaining 29.7% had 10+ years of job experience.

4. ANALYSIS AND RESULTS

After completing the data collection step, both inferential and descriptive statistics were applied for analysis. For data coding, preliminary data screening and descriptive profile, SPSS version 24 was used. Structural equation modeling (SEM) technique was used to test the hypotheses. Meanwhile, PLS-SEM was used because the purpose of this study was more toward prediction rather than theory testing. A study by Hair et al. (2011) also revealed that PLS-SEM could be a “silver bullet” to estimate the theoretical models. Hence, based on the above characteristics and arguments, this study focused on PLS-SEM for the assessment of measurement and structural model and used SMART PLS 3 software. Before determining the convergent validity, the researcher examined loading and cross loading of all items of the study variables to point out any problem which serve as a pre- requisite for measurement model. As argues by Hair et al. (2010) CV is checked when all the items have factors loading higher than 0.5.

Table 1: Construct reliability, Cronbach’s alpha, composite reliability and AVE of all the latent variables

Construct	Items	Loadings	Cronbach's Alpha	Composite reliability	Average variance extracted
Sustainable leadership	SL1	0.931397	0.930569	0.945962	0.693472
	SL2	0.592712			
	SL3	0.931397			
	SL4	0.931397			
	SL5	0.539349			
	SL7	0.86057			
	SL9	0.833659			
	SL10	0.931397			
Employee Performance	EP1	0.871119	0.732245	0.811705	0.522908
	EP2	0.637438			
	EP3	0.71245			
	EP4	0.647204			
	EP7	0.90959			
	EP9	0.970305			
	EP11	0.966695			
	EP13	0.981152			
	EP15	0.826929			
	EP17	0.981314			
	EP19	0.949302			
Organization culture	OC1	0.933773	0.965669	0.968612	0.794647

OC2	0.921063
OC3	0.902468
OC4	0.804122
OC5	0.905044
OC6	0.950942
OC7	0.888949
OC9	0.813754

4.1 Correlation Matrix

Correlation matrix was directed to assure the external consistency of the model, based on the correlation between the latent variables the constructs were compared with square root of AVEs. As shown in Table 3 all the correlations between the constructs are lower than square root averages (AVEs).

Table 2: Correlation Matrix

	EP	SL	OC
EP	1		
SL	0.857325	1	
OC	-0.29761	-0.15805	1

4.2 Structural Model for Direct Relationships

After retrieving the measurement model, the structural model was assessed by using SmartPLS 3.0. To assess the structural model hypothesis testing with path coefficient and T-value, effect size and predictive relevance of the model were examined.

4.3 Direct Hypothesis Testing

In PLS, structure model gives internal analysis of the immediate relationship among the variables of the research study and their t-values with respect to as path coefficients. As contended by Henseler et al. (2009), the way coefficient is a similar like beta coefficient. Where beta estimations of the coefficient t-values are analyzed to settle on the significance. Following the standard guideline by Hair et al., (2014), Bootstrapping technique was performed (with 500 testing emphases for 209 cases/perceptions) to get beta estimations of the coefficient and t-values which more than 1.64 is viewed as significant, which is additionally utilized for deciding on the purposed hypothesis. The fundamental reason for this investigation is to concentrate on model assessment with examination of direct connections and also to test the hypothesized connections among the variables through basic model.

Table 3: Results of Hypothesis Testing (Direct Effects)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics ((O/STERR))	Findings
SL-> EP	0.823113	0.821205	0.020067	0.020267	27.99036	Supported

4.4 Structural Model with Moderation

In the meantime, the R2 value is increased by introducing the moderating variable which is organizational climate between IV's and DV.

Table 4: Moderation Analysis

Path	O	M	SD	S.E	t-Stat	Result
SL*OC → EP	1.39	1.02	1.11	1.11	1.65	Supported

5. DISCUSSIONS

In a telecom industry, EP presents a critical challenge and contributes pragmatically in organizational success. This study seeks to identify the positive role of SL in determining EP of employees of telecom offices. Sustainable leadership and good organizational culture increase the employee's performance. We analysed the different variables that basically affect the performance of employees. The path analysis shows strong evidence that SL has a significant positive influence on EP.SL

has been conceptualized and framed as strong predictor of EP. THEREFORE SUPPORTING H1. This positive association between SL and EP infers that a SL keeps employees safe from stress and burnout and brings positive attitude and behavior due to felt obligation of work support from supervisor and co-workers. Besides, the investigation likewise infers that OC positively affects EP. Backing for this end can be found in numerous investigations, for example, Adas (1996), Ankrah and Langford (2005), Dulaimi et al. (2005), Jabnoun and Sedrani (2005), Lewis et al. (2003). OC plays the role of moderator in the relationship between SL and EP, thus supporting H2. This is similar to previous scholar's findings (Juhdi et al., 2013; Samgnanakkan, 2010). Indeed, the supervisor's feedback, fair appraisal, information sharing, participation in problem-solving, forgiving, and a favorable attitude caring and friendly environment make employees feel indebted and committed. The feelings of indebtedness and belongingness force them to remain with the organization to reciprocate a supportive environment. The entire hypotheses are accepted because the P value is less than 0.05 that is significant.

5.1 Recommendations for Future Research

In recent study we find out the impact of sustainable leadership and organizational culture on employees' performance. Further study will be managed in future for enhancing the performance of employees and organization. In future we want to check the impact of the job satisfaction and motivation on employee's performance.

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