



Fauzia Ahmed*

Saubia Ramzan †

Nagina Gul‡



Impact of Transformational Leadership on Employee Performance and Organizational Citizen Behavior

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Abstract *It has been agreed upon by the researchers that leadership style in an organization causes the quality of employee performance. Moreover, organizational citizenship behavior is also determined by the style of leadership in an organization. The question is what type of leadership style is determining these behaviors. In this study, the impact of transformational leadership on employee's task performance and citizenship behavior is studied. Transformational leadership was found to have a significant positive impact on employees OCB and performance further; it was also found out that OCB moderates the relationship of transformational leadership with employee's performance. It is concluded that there may be some incongruent behaviors or perceptions among the leader and his subordinates.*

Key Words: Organizational Citizenship Behavior OCB, Transformational Leadership, Employee Performance

Introduction

Transformational leadership style is thought to be the most effective in achieving greater employee performance and OCB. As human resource is considered to be of utmost importance, it is necessary to assure that it performs well. In any organization, whether private or public human resource policies do affect the performance of employees, the reward system leads to job satisfaction etc., but there is also a strong connection between styles of leadership that the manager exhibits and the quality of work they do. All the researchers agree in one way or the other that the nature of the relationship of employees with their leader determines the level of performance and OCB. The main purpose of an organization is to run effectively and efficiently; in order to do that, several strategies are adopted concerning human resource strategies. Transformational leadership style has been the focus of researchers for since long as well as a transactional leadership style. Research has concluded that the transformational leadership style is more effective in terms of enhancing the employee's performance and behavior. A transformational leader makes his followers believe that they should work only for the interest of their workgroup and leave aside their own personal interests. A transformational leader is able to do that by adopting the various dimensions; this study has chosen to work on the dimensions according to the Bass Model of transformational leadership explained later in the literature review. The trust, motivation and inspiration that the leaders instil in their followers give rise to behaviors that are distinct and not mentioned in the code of conduct. These behaviors are commonly termed as OCB, organizational citizenship behavior, of the individuals.

During the course of affecting the performance and OCB, transformational leadership style promotes many other positive characteristics like confidence, trust, social identification, creativity etc., to name a few. Transformational leadership style is said to create OCB in the employees; OCB is very important in the work-life of an organization. It is defined as the behavior which is not specified as a job requirement but a behavior that is purely at the discretion of the employees. Organ's five-dimension model is under this piece of research. An attempt has been made to find out

* Lecturer, Institute of Management Sciences, University of Balochistan, Quetta, Balochistan, Pakistan.

† Dean, Faculty of Management Sciences, Business and IT, University of Balochistan, Quetta, Balochistan, Pakistan.

‡ Assistant Professor, Faculty of Management Sciences, Balochistan University of Information Technology, Engineering & Management Sciences, (BUIITEMS) Quetta, Balochistan, Pakistan.

Email: nagina.gul@buitms.edu.pk

whether the prevalence of transformational leadership ensures the creation of OCB in the employees.

Further differentiation is made between discretionary work performance considered as OCB and required work performance considered as task performance. It is found out that motivation and strong beliefs can bring out the OCB in employees, not only ability and skills. Moreover, it is evident that the individual's attitude towards his organization also confirms his or her OCB. In addition to this, there is a certain exchange concept working along this process. It shows that if employees feel that they are evaluated less than what they expect, they will show lower levels of OCB, and just the opposite is the case when employees think that they are evaluated above what they expect. It seems that managers are interested in creating OCB in their employees because managers also enjoy benefits from this; for example, their work becomes less burdensome and easier. This makes them utilize their potential for more important strategic actions and decisions.

The relationship of employee performance with the transformational leadership style also has positivity in it. Transformational leaders change their employees into high performers due to leadership attributes shown to them by their leader. Employee performance is measured by different dimensions, which are discussed later. It is discussed here that high performance is shown due to the need for self-efficacy and self-worth, to name a few.

Employees who think that they are underestimated will have low performance, and the employees who think that they are getting what they deserve will have better performance.

Literature Review

Researchers have also shown that employees who have honest and trusting relationships with their supervisors display higher levels of OCB and job performance are in favor that how employees perceive their supervisor's behavior as one of the main reasons in building their attitudes in their respective organizations in addition to organizational commitment. It is inevitable to focus more on the different leadership styles for the researchers so that the managers and leaders can take full advantage of these researches because these leadership styles can change the quality and quantity of the employee's performance, is the question. The determination of organizational effectiveness, which is not possible without cooperation, hard work and in turn performance, has traditionally been seen as the extent to which an organization is successful in achieving its operative goals, while organizational efficiency is typically defined as the cost-benefit ratio incurred in pursuit of those goals. Considerable theory occurs on an abstract level concerning the nature of organizational goal formulation and goal achievement, particularly as it relates to the external atmosphere (Cyert & March 1963) that according to the researcher of this study, is possible only if supervisors/ managers competence in defining directions and setting goals for their subordinates.

Transformational Leadership

According to Bass' model, transformational leaders show the following attributes or behaviors:

- (a) Idealized influence-attributed. Idealized influence-attributed means that the leader has confidence in himself that he can achieve success for which his followers respect him, are proud of him, and also trust him and his potentials.
- (b) Idealized influence-behaviour is represented as a leader trying to instil his beliefs in a manner that's more influential
- (c) Inspirational motivation, the leader has the ability to serve as the role model for his followers so that he becomes an inspiration for his followers to fulfil the shared vision presented by that leader.
- (d) Intellectual stimulation, the leader should be able to activate his employee's imagination and to think to discover new methods to solve problems and find new paths to make things happen.
- (e) Individual consideration. Through coaching and training, each subordinates individual needs and aspirations are identified by the leader to use the subordinate's distinct potential to its fullest.
- (f) Trustworthiness, how much do the subordinates put their trust and belief in the leader that he would lead them to progress? ([Boehnke, Bontis, DiStefano, & DiStefano, 2003](#)) Studied many researches by renowned scholars which conclude that transformational leadership, as well as transactional leadership, mostly have positive correlations to each employee's individual performance ([Özaralli, 2003](#)) have searched out that subordinate's empowerment and team effectiveness depends on the contribution of transformational leadership. The relationship

between a leader and his people changes forever when the leader is involved with them. Unlike authoritative context, their master/servant relationship changes for the better in the quest of their common goal; they make their efforts to the fullest and perform their best in doing so; they become partners. The subordinates' sense of commitment is transformed and created in a meaningful context which can only be developed by a transformational leader. The subordinate's need for identity is sensed and brought into consideration by the transformational leader, which strengthens their belief in themselves meaning to their lives; hence their identity need is fulfilled. Motivation, commitment and achievement are processed in subordinates by transformational leaders who are performing as catalysts in this process.

([Kark, Shamir, & Chen, 2003](#)) have stated that by considering different social concepts, the employees can be influenced dynamically, which takes them to focus from one level to the other this influence is exerted by transformational leadership. Accordingly, different leadership behaviors are responsible for the employee's concept of prioritization and identification. In addition, different outcomes are the results of these influencing leadership behaviors. ([Kark et al., 2003](#)) found that the feeling of self-worth is enhanced by one of the transformational leadership dimensions, intellectual stimulation because the employees feel that their leaders believe in the worth and capability of their subordinates. The employees are made to leave behind their self-interests and start to make serious efforts for the progress and well-being of the organization under the influence of transformational leadership is the most striking effect, on employees.

(Jung, Chow, & Wu, 2003), said that there is a significantly positive relationship of transformational leadership with empowerment and organizational climate that supports and nurtures innovation. An organization's development, as well as employee's performance, is affected by the transformational leadership style influencing the employee's behavior is confirmed through research.

The distinguishing factor of transformational leadership is the amazing balance between head and heart and to influence employees effectively applies leadership characteristics to a leader's best knowledge. To what extent does leadership matter, if it matters at all? How many substitutes are there, if any, for leadership styles that can better explain employee performance? In the past years, has organizational citizenship behavior been unfortunately neglected? The real reason for this research is to find out if transformational leadership can better explain employee performance; otherwise, it would seem useless to ask if leadership really matters. Progress of organizations and employee performance is impacted positively upon by leadership behaviors, particularly transformational or transactional leadership has been argued by one school of thought ([Kelloway, Loughlin, Barling, & Nault, 2002](#)), ([Kelloway et al., 2002](#)), in addition, had proposed that research related to leader substitutes might be "merely a statistical artefact, resulting from common-source bias" (p. 454). However, some have been of the opinion that leader substitutes, for example, the potential to work of subordinates or task feedback, are separate from leadership and give a demonstration of their own on the performance of the employees ([Podsakoff, MacKenzie, Lee, & Podsakoff, 2003](#)).

In this study, the aspect of leadership style has been taken as a variable that impacts the OCB and Employee performance of the organization. According to ([Humphreys, 2005](#)) personal value systems that include qualities like justice and integrity make transformational leaders that are tightly held. Transformational leaders unite their employees by following these personal standards. For the better and forever, they can change their employees' goals, and beliefs are of more importance. Employees of transformational leaders are inspired by their leaders to achieve great heights when leaders communicate what is expected of them by using different methods to focus attempts and by letting them know important objectives or purposes. The employees have their leaders rather than transformational leaders as mentors. These mentors help their subordinates or employees by paying individual attention to them through advising and lending a helping hand in every aspect of life; in addition, they try to pay close attention to the individual differences among their followers and employees in their organization. ([Madhu & Krishnan, 2005](#)) in a peripherally studied the effect of transformational leadership on employees OCB in several Indian manufacturing companies. They found that transformational leadership develops altruistic behaviors and reliability of the employees but decreases civil virtue. This kind of leadership negatively decreases fair behaviors. Transformational leadership has no effect on staff's behavior, dignity, and kindness.

Organizational Citizenship Behavior

The concept of OCB was presented by professor Organ of Indiana University (1983). OCB can be defined as the special discretionary type of behavior that is beneficial for the organization the formal

system does not directly or explicitly measure. ([Atwater, Dionne, Camobreco, Avolio, & Lau, 1998](#)) Consider 5 aspects for OCB:

- 1- Social convention, i.e. a kind of organizational behavior determining a person's involvement in an organization's well-being such as participation in recreation programs when the person is serious needed, reading books and the media, supporting developments, increasing general knowledge to improve employee's awareness.
- 2- Conscientiousness, including behaviors beyond duties and commitments given by the organization in the workplace such as extra-hour work and work while being not well to attain organization's goals.
- 3- Altruism; behaviors are implying sympathy and friendliness with coworkers which help organization attain its goals.
- 4- Tolerance; facing intolerable difficulties and refraining to complain.
- 5- Decency; sensitiveness toward the level of effect positive or negative a personal action may have on other's destiny.

In most studies, OCB had a positive effect on organization's performance; however, their preconditions and factors have been given less attention. One of the most important predictions of OCB is leadership. In flat organizational structures there is an environment of competition from global economies and national economies international trend of increased responsibility and autonomy it is considered that the performance of discretionary work behaviors is essential for an organization to function effectively.

Organizational citizenship behavior has received much attention in the field of research than the different conceptualizations of discretionary work performance for example contextual performance, social organizational behavior, extra role behavior.

L. J. Williams and Anderson ([Williams & Anderson, 1991](#)) suggest that there are two kinds of behavior one is directed towards individuals which is termed as (OCBI) and the other one is the behavior directed towards the organization which is termed as (OCBO). It is interesting to note that Williams and Anderson's dimensions were largely related and based on Organ's (1988) five-dimension construct.

It would not be wrong to include that job performance is more likely related to motivational factors with task performance in marking the distinction between task performance and OCB. According to ([Hurtz & Donovan, 2000](#)), research analysis demonstrated that the widely held opinions are in contradiction to the model comprising five factors of personality was not strongly related to discretionary work behaviors, but these behaviors are strongly related to task performance. OCB and task performance often display a distinct pattern of relationships with work attitudes in contradiction to previously conducted research that suggested that ([Wayne, Shore, Bommer, & Tetrick, 2002](#)). Nevertheless, the purpose of this study is to find out the dimensions to be measured and their relationship with the style of leadership prevailing in the organizations. All of this discussion was to emphasize that the five dimensions proposed by Organ are best suitable for this study. OCB is that positive behavior useful for the organization and is not included in the formal job description of the employee. The most commonly researched form of OCB, is in the condition when employees readily accept to do things that benefit their coworkers in their organization and the organization itself or in the condition when workers use their free will and decide to assist co-workers with their work is especially in the organization is one of the helping forms of organizational citizenship ([LePine, Erez, & Johnson, 2002](#)). It is logical to conclude that organizational citizenship is an exchange of social resource which can be obtained by employees to whom social rewards have been showered by their organization. Employee's citizenship behavior will be higher when they know that what they are getting in return is more than they expect, which is more than enough in their perception. Moreover, employees would feel no fear of adverse results and can refrain from showing discretionary behaviors this would be because they might perceive that their exchange relationship is not giving them much benefit. The employees know that they will not be punished by the rules of their organization formally if they do not show these behaviors. This is because of the fact that organizational citizenship is not required by the job formally. Hence some employees try to create an equilibrium state of their inputs in the form of work with the outputs in the form of benefits they receive from their organizations. OCB might be generated by the exchange processes of input and out as OCB researchers have identified; from an organizational perspective, it is not uncommon for the followers or employees to perform and show OCB characteristics to get desirable consequences and results in addition to organizational rewards. It may be suggested to link the attainment of desired rewards with the OCB of the worker might serve as an important step in the study, which are considered as consequences of leadership style. The term instrumentality has been used to show links between employee performance and desired outcome. Instrumentality can be defined as the chances of getting the desired results according to the employee's perception

by using their performance as a base for it. Several researches have been conducted, including bank tellers to business firms across the world, and compared the levels of OCB asking about the leadership style their supervisor or manager adopts to investigate the questions arising during the course of time. This research contributes to many critical issues. First, it is examined whether OCB was related to the transformational leadership style. Second, it is examined that a relative aspect of OCB with leadership style together will have an impact on employee performance. In spite of the fact that OCB is not a part of the formal code of conduct followed by the organization also that rewards are not totally dependent on it, there are many evidences that prove that managers do take into account the amount of OCB performed by the employee in the course of performing his formal duties and fulfilling responsibilities. Many researchers attempted to find proofs on the relationship between OCB and managers' evaluations of employee performance and concluded that "an employee's extra-role contributions may be at least as important as his or her in-role contributions as far as a manager's overall evaluation is concerned". Research has also proved that supervisory evaluations of performance are influenced by OCB, as it is discussed earlier. Evaluations of performance should not be incidental but, in fact, are conscious ratings of the relationship between OCB and supervisory. It may be inferred that managers should consider an employee's OCB when preparing his or her performance appraisal. That is because there are good reasons for that one of the reasons being that the manager's work becomes very easy which increases his productivity. That is why the manager is always trying to help and support the high OCB showing workers, and the other reason is that the employees will get their desired rewards, for which they will be more OCB oriented. The researcher's opinion is that the managers pay attention to distinct behavior, which is an extra favor they think and pay less attention to the non-distinct behaviors as they think that those are the employee's responsibilities which they are bound to fulfil. Rewards are what employees work hard for. Promotion is one such possible reward in addition to many others. Supervisory evaluations are usually required to get a promotion as it is clearly known and a fact which has also been proven by the researchers. Chances might be that OCB adopted by the employees may be only to actually get a promotion. But it is to be kept in mind here that getting a promotion is not the main focus of this study the main focus is rather leadership style has significant effects on the employee's OCB.

Employee Performance

As evident, involvement in the work and independence and creative thinking and approach follows empowerment that is led by transformational leadership. Commitment to organization follows transformational leadership leading empowerment. Effectiveness, less strain, and job satisfaction has been found to be concerned with empowerment, and patience and less stress on the job ([Judge & Piccolo, 2004](#)) and organizational attachment and ownership ([Shaffer & Shaffer, 2005](#); [Spreitzer & Mishra, 2002](#)).

According to many scholars, and also based on Burns' model, transformational leaders brings a change in their followers so that they perform to strive for higher levels and many other progressive results through four dimensions: charisma, inspirational motivation, intellectual stimulation, and individualized consideration. The followers are inspired by the transformational leader's vision to think above the limits of their own interests for the progress and success of their employer organization. Providing autonomy, job satisfaction, happiness etc. transformational leaders train their employees to become leaders themselves this gives them some meaning to work for ([Bono & Judge, 2003](#)) found that transformational leaders make their employees believe and view their work as more important, more interesting and as more self-congruent. The motivational factors like setting goals as motivation and the theories based on self-concept are interrelated, further supported by [Bono and Judge \(2003\)](#), which are important components of Snyder's hope theory. Motivational factors set by transformational leaders for their followers are in three main directions the first being to enhance the work efficiency of the followers the second one is to ensure the feeling of owning and identification with the leader or organization, which gives them pride and job and the third being to harmonize the employee's values and norms with the work values of that organization.

The roles of task significance, autonomy, and effort in the relationship between the style of leadership and task performance have been under examination by ([Piccolo, Greenbaum, Hartog, & Folger, 2010](#)) is important research. Piccolo et al. (2010) found that improved performance is the result of leadership that increases task significance.

On one side, when employees perceive and think that they are evaluated with justice, and the outcomes of their evaluations are justified, then they will respond positively by behaving in such a way that will benefit the organization and its well-being, and these behaviors are not specified in

their job descriptions (Paré & Tremblay, 2007). On the other end, if the organization is unjust unfair and evaluation is not fair according to the employee's beliefs and perceptions, they will respond in a negative direction, not necessarily violence, but there are many other ways like performing at a low level to balance the feelings of equity which they think are disturbed by the unjust evaluations regarding work exchange relationship. Therefore, the fairness of the exchange relationship and perceptions of justice represent the quality of work performance or as perceived by the employees and hence affect performance. Higher levels of in-role or work performance or OCB can be expected when these perceptions are higher.

Transformational Leadership and Follower Performance

Several approaches are more directly concerned with supportive organizational climate. For example, as reported by one of the scholars, a positive relationship between employee results such as organizational commitment and job satisfaction and supportive organizational climate provided by management and. Similarly (Rogg, Schmidt, Shull, & Schmitt, 2001) proposed that organization whose climate is supportive provided by the leadership was the main reason to achieve what is desired the most as organizational objective might be customer satisfaction. The Rogg et al. (2001) research results provided the groundwork needed for further studies to investigate the impact of a supportive climate provided by the organization in the presence of transactional leadership on the desired factors like performance, job satisfaction, and commitment, although it was conducted at the organizations and did not consider the individualistic aspect of the analysis. (Rhoades, Eisenberger, & Armeli, 2001). Have concluded that employee perceives the amount of the supportive climate present is actually the amount present according to the employees' perception.

The conventional wisdom says that the perceived amount of support received by the employees from their leaders or organization as a whole would result in higher quantity and quality of employee performance. Research has proven and greatly shown a direct relationship between these variables. However, this is also a fact to be noted that if the aptitude to perform a certain task is lacking in the employee, or there is a lack of capacity and capability to come up with that task, then the support provided no matter to what extent will not result in the success aimed for. Therefore, if the results of researches regarding the relationship between leadership support and performance have not been consistent and this phenomenon needs further researches for better understanding and prediction. The critical importance of individual factors, ability and effort and their link between organizational leadership and support and individual performance is evident through research by Gardner and colleagues. These individual factors are not the main focus of this study, but it is suggested that this might be the focal point in future research. Hopefully, by examining the other factors included in this research, we will be able to find leadership's consistent relationship with performance.

It can also be proposed that in order for the organization to flourish, some positive conditions should be generated that can only be done through the perceived transformational leadership. Employees use new ideas and generate new methods to solve problems and creativity. Employees also use a characteristic of optimism when it comes to trying new roads or methods to complete organizational tasks which were never used before; such employees feel supported by the leaders. In addition, leaders will also make their followers resilient, which means that they will quickly recover from any setback and failure with new zeal and vigor is; the transformational leader will act as a contextual resource for the employees. If a setback or failure is faced by the organization because of the mistake of an employee, the support created by the leadership and OCB of fellow workers will join hands together to correct that setback rather than wasting time reprimanding him. So it is obvious that there is no fear of charges against that employee, so he will quickly bounce back, putting more cautions and sophistication into his task. This would not have been the case if there was no support provided to the employees. The contribution of leadership and OCB to individual levels of employee performance can be comprehended as metaphors of optimistic attributions. The mistakes of the employees will be attributed to the external factors rather than to their incapacities this support will encourage them to work hard next time optimistically, but this is another story that sometimes attributed to the external factors make employees lazier and ignorant and irresponsible, so the trick is to strike a balance and control the situation accordingly. So the first hypothesis is:

H₁. Transformational leadership has a positive impact on employee performance.

Transformational leadership and OCB

According to (Ehrhart, Bliese, & Thomas, 2006), for the creation and maturity of OCB norms and practices in an organization, leadership behaviors are important. Followers' attitudes and

performance, as prominent leadership authors have found, are affected consistently by the leadership style their leaders exhibit (Bass, 2008). In their paper called “transformative leadership, job characteristics, and OCB”, (Purvanova, Bono, & Dziewieczynski, 2006) confirmed the relationships between transformational leadership and OCB, showing that employees understanding of their job regulates the relationship. The research determined that transformative leadership is a variable that helps to predict employees understanding of their job. This research was done by using staff and executives of different organizations of Banks showed that there was a positive relationship between transformational leadership and OCB of the employees. Also, research has shown that there is a positive relationship between transformational leadership and organizational citizenship behavior (Kent & Chelladurai, 2003). This research work is an answer to whether there is a relationship between the executive’s transformative leadership style and the employees OCB and employee performance in the population. The second hypothesis is:

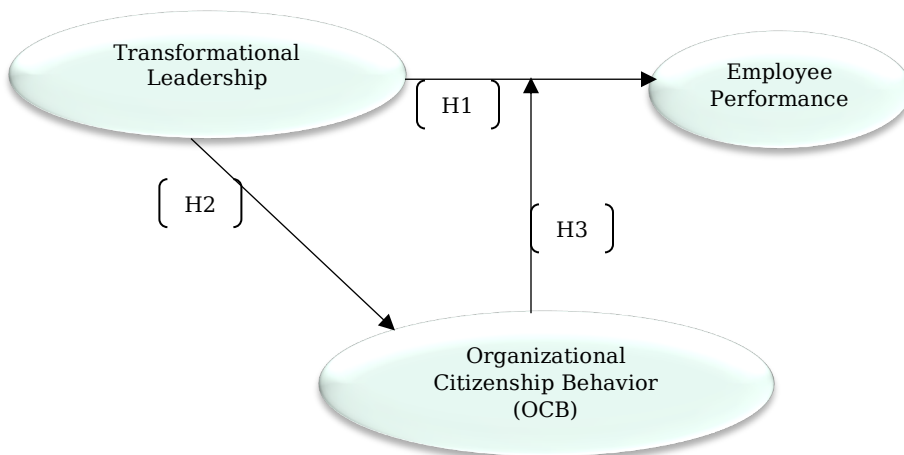
H₂: Transformational leadership has a positive impact on OCB

OCB Moderates the Impact of Transformational Leadership on Performance.

Transformational leaders are concerned with their employee’s well-being more than themselves; moreover, they take care of the organization’s good; they are concerned with society and its betterment as a whole. If, in employee’s perception, their leader is caring and will do everything which is in the best interest of the employees, it is inferred by the employees that their leader is sincere and committed to them. This results in, because of high levels of loyalty, emotional connections, and mutual support, an enhanced and high-quality leader employee relationship (Erdoğan & Enders, 2007). (Treviño, Weaver, & Reynolds, 2006), assuming if ethical leaders are assumed as transformational leaders, then it is not wrongly said because transformational leaders are also caring and hold strong values and norms.

Even that individual performance is considered as the equation with the ability of employees, support of managers/ leaders and efforts of both employees and leaders as a multiplicative combination. So it is visible that if the abilities of employees, support from the managers to the task smoothly and motivational factors that are valid for the employees are combined together product that we get is the employee performance. Henceforth it can be concluded that one of the major parts that predicts the employees’ performance is the share of support they receive from their management and even coworkers in the form of a supportive climate. It is also proposed in order to get the positive results desired; it is necessary to have a support-oriented climate of the organization. It is suggested that careful research can draw a conceptual linkage between transformational leadership’s organizational climate and performance. Skill variety, task identity, task significance, autonomy, and feedback and individual performance are some of the elements among several elements of employee performances. The role that OCB plays between positive/negative relationship of various elements of leadership and individual employee performance has been proven by research and may provide some foreground for my third proposed hypothesis:

H₃: OCB moderates the transformational leadership and employee performance relationship.



Research Methodology

Multivariate data analysis techniques are used in order to examine the above-conjectured relationship was deployed. Data quality is gauged by using descriptive statistics, further ran correlation analysis to check dependence, colinearity issues etc. The questionnaire is used and filled out by employees of both financial institutions and banks. Qualitative research is considered in the interpretive frame in which the concern is with the form of meaning. Such a process involves a wide description, which develops and makes visible the operationalization of the theoretical problem. Such an attempt is made to find out the impact of transformational leadership on OCB and employee performance. In order to collect data questionnaire was used. This questionnaire was formulated to collect primary data about the variables identified. An attempt has been made to measure the behavioral change that a leader can bring in his employees and consequently in the organization. First of all, a pilot test was conducted for the first fifty questionnaires, which yielded Cronbach's alpha 0.917 for leadership style, 0.898 for OCB and 0.883 for Employee Performance. The target population for this study was the banking sector of Pakistan, including both government and private banks. The unit of analysis is employees of banks. Questionnaires were distributed by hand and also collected by the same. 450 questionnaires were distributed, keeping in view that some are not responded. A sample of 373 was required for the population of 10000 bank employees of Pakistan; fortunately, 400 questionnaires were responded to.

Data Analysis and Results

One sample Kolmogorov Simonov test shows that the data is normally distributed. It is inferred that the results of this study can be generalized to the whole population. The Durbin Watson test indicates that there is no autocorrelation between dependent and independent variables. Regression analysis shows 78% change is recorded in the dependent variable EMperf due to change in independent variable Leadership as indicated by R square 0.78. ANOVA is used to measure F statistics. The results indicate that the model used is significant/ fit. If t statistics is more than 2 or $\text{sig} < 0.05$, then H_0 is rejected. The hypothesis used in this study is H_1 transformational leadership has a significant positive impact on employee performance. The measure of t statistics shows that hypothesis H_1 in this study is accepted. According to Gujrati, VIF should be 1 to 10. The value of VIF of this data is 1, so there is no error of multicollinearity. For the second hypothesis, the dependent variable is OCB, and the independent variable is leadership. The Durbin Watson test indicates that there is no autocorrelation between dependent and independent variables. Regression analysis shows that 87% change is recorded in dependent variable OCB due to change in independent variable Leadership, as indicated by R square 0.87. ANOVA is used to measure F statistics. The results indicate that the model used is significant/fit. If t statistics is more than 2 or $\text{sig} < 0.05$, then H_0 is rejected. The hypothesis used in this study is H_2 transformational leadership has a significant positive impact on OCB. The measure of t statistics shows that hypothesis H_2 in this study is accepted. According to Gujrati VIF should be 1 to 10. The value of VIF of this data is 1, so there is no error of multicollinearity. For my third hypothesis, the dependent variable is EMperf, and the independent variables are leadership and OCB. The Durbin Watson test indicates that there is no autocorrelation between dependent and independent variables. Regression analysis shows that 92% change is recorded in dependent variable EMperf due to change in independent variables Leadership and OCB as indicated by R square 0.92. ANOVA is used to measure F statistics. The results indicate that the model used is significant/ fit.

If t statistics is more than 2 or $\text{sig} < 0.05$, then H_0 is rejected. The hypothesis used in this study is H_3 transformational leadership and OCB have a significant positive impact on EMperf. The measure of t statistics shows that hypothesis H_3 in this study is accepted. According to Gujrati, VIF should be 1 to 10. The value of VIF of this data is 8, so there is no error of multicollinearity. There was a slight negative relationship between transformational leadership and employee performance when OCB is taken as a moderator. This outcome was rather confusing, so to study each element of transformational leadership closely was studied to find out the negative impact of some elements. By studying the computed results elements of, Intellectual stimulation, Individual consideration, Personality, Inspirational motivation, Idealized influence attribute, Idealized influence behavior, play negative role in the employee performance.

Discussion and Conclusion

It is seen through results that the hypothesis H_1 transformational leadership has a significant positive impact on employee performance is accepted. This means that if the managers exhibit

transformational leadership qualities the work performance of employees will be improved as a result. This can bring about improvement in the whole organization. Whereas the hypothesis

H₂ transformational leadership has a significant positive impact on OCB is also accepted. This shows that OCB in employees can be created in employees if transformational leadership qualities are exhibited by the managers of that organization. As the banking sector of Pakistan was the target population of this research, it was noted that a great extent of OCB is required in this sector which is beneficial for employees and the organization itself. As for the third hypothesis

H₃ OCB moderates transformational leadership and employee performance. This hypothesis was also accepted according to the statistical results, but leadership style showed some negative relations, which were rather confusing. So to study more closely, each element of each dimension of leadership was studied. It was found out that the following dimensions and their elements have a negative relation to employee performance. This may be due to the physical appearance of the manager that the subordinate may not like, or it could be the strictness to follow the rules or directions given by the manager, or it could also be the lack of participation opportunities provided to the subordinates. The seven dimensions of transformational leadership are the Idealized influence attribute which is further operationalized into self-confidence, pride and respect. Idealized influence behavior, which is further operationalized into observing rules, set standards give related information. The inspirational motivation, which is further operationalized into the act as a role model, inspire subordinates, subordinates to act in the desired direction—intellectual stimulation, operationalized as innovation, creativity, problem-solving, subordinate participation, considering different perspectives. Individual consideration has elements as concern for subordinates, identifying individual needs, coaching and training.

Trustworthiness is further operationalized as subordinate's trust, subordinate's belief. Personality further operationalized as physical appearance, disposition towards life and work.

Study Limitations and Suggestions

This study is targeted towards financial institutions only this kind of study can be carried on other sectors too like public sector as public institutions are perceived to be not as effective in performance as the private sector. This has to be found out through extensive research. Due to time limitation, some aspects pointed out during the research could not be studied extensively. This study can also be carried in other countries to ensure generalizability.

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