Research Article

Improving Organizational Citizenship Behavior through Transformational Leadership:
Mediating role of Trust in Leader

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Abstract: This study assesses to what extent Organizational Citizenship Behavior (OCB) is influenced by Transformational Leadership (TL) in Pakistani banking sector with the sample of 180 leaders and their respective followers working in that organization. This is purely quantitative research and data is collected in dyads. Furthermore, this study also investigated the mediating role of Trust in leader between transformational leadership and organizational citizenship behavior relationship. The results of this study demonstrate that transformational leadership and organizational citizenship behavior are positively related to each other in the presence of intervening variable Trust in leader. Taken together, the findings suggest that in order to attain desired outcome, the leaders should be aware of their responsibilities and its potential effect.

Keywords: Organizational citizenship behavior, social exchange theory, transformational leadership, transformational leadership theory, trust in leader

INTRODUCTION

An effective leadership is necessary for an organization to work effectively. Only policies in any organization don’t help in performing tasks efficiently. Supervisors and followers need to have required and positive attitude and standard ethics to give excellent results. Managers and leaders should adopt positive and good behavior to have an excellent performance from their employees.

In last three decades lots of researches put their efforts in examining the impact of transformational leadership on outcomes and performance of employees e.g., job performance, employee creativity and Organizational Citizenship Behaviors (OCB) (Burke et al., 2007; Lowe et al., 1996; Judge and Piccolo, 2004). However, recently leadership research area has started to unite the psychological mechanisms underlying such type of relationship (e.g., Avolio et al., 2004 and Walumbwa and Hartnell, 2011). From them follower’s trust in leader is one of the mechanism of effective transformational leadership (Kark et al., 2003; Jung and Avolio, 2000). Leader and employees relationship especially about social exchange is measured through trust (Schaubroeck et al., 2011). Thus in current research we are interested in identifying the influence of the Transformational Leadership on Organizational Citizenship Behavior (OCB). In this research, it is examined that how transformational leadership do have an impact on OCB when trust acts as mediator between them.

From previous decade transformational leadership style has got much popularity as a research topic in organizations, as a transformational leadership’s education and transformational leadership’s trainings (Eisenbeiß and Boerner, 2013). This transformational leadership concept was originally introduced first time by (Burns, 1978) and was more developed by Bass and Avolio (2000). Gradually, different researchers demonstrated its importance in different ways. As according to the study of Gadot (2007), transformational managers have a skill to train and support their followers through their behavior. Specifically transformational leaders stimulate their followers intellectually and thus trigger the creativity potential of followers (Bass and Riggio, 2006). Similarly, relationship always exists between employees and leader in organizations and the quality of this relationship depends on trust level of employees (Wei, 2003). Transformational leaders pin point the unusual viewpoints, go away from traditional way of thinking and stimulate their employees to assess things critically and existing working methods (Bass and Bass, 2008). So, we are going to cover this area in our study by showing TL impact on organizational citizenship behavior of employees. In this relationship trust acts as a mediator. As trust forecasts performances of individuals as well as organizations so it has got much importance in literature. The main outcomes it predicts are e.g., organizational citizenship behavior, job performance, creativity, performance, revenue of organizations and job satisfaction (Dirks, 2000; Dirks
Pakistan’s banking sector is considered the context of current study. Many changes like downsizing, acquisitions etc. are common in this sector. So, it was necessary to study this sector in respect of its leadership and quality as well as type of relationship between employees and their leader. As managers have an important role in running any organization especially the banks so, transformational leadership style of managers and its impact on followers was studied here. Though all the dimensions of transformational leadership have been investigated but no study found their impact on all dimensions of the organizational citizenship behavior in banking sector of Pakistan taking trust as a mediator. So we are trying to bridge these gaps in our current study.

THEORETICAL FRAMEWORK

Transformational leadership: Bass (1985) proposed Transformational leadership theory which provides the theoretical framework to understand the relationship between the transformational leadership and organizational citizenship behavior. Here we are considering four dimensions of transformational leadership proposed by Burns (1978). These types are individualized consideration, idealized influence, intellectual simulation and inspirational motivation. Dimension of Individualized consideration refers to a special concentration of the transformational leader on each follower treating each as unique individual. Intellectual simulation refers to the degree to which the leader challenges the ideas and suggestions of followers and status quo. Idealized influence refers to the behavior in which transformational leader act as a role model. Inspirational motivation is the degree to which transformational leader compels an inspiring and appealing vision to motivate followers (Avolio and Bass, 1988; Bass, 1985). Leaders practicing transformational leadership are involved with the individuality of employees and try to find out the new ways for making the employees’ performance better. Transformational leaders commit such behavior and practices that improves employee’s satisfaction with leader and employee’s perceptions about leader’s effectiveness (Howell and Shamir, 2005).

Trust in leader: Trust in leader is the psychological state which comprises of the behavior or intension of accepting one’s vulnerability that is based on positive expectations of another’s intensions or behavior (Rousseau et al., 1998). Different researchers widely used the trust in the leader to measure the extent and quality of social exchange relationship between leader and follower (Lavelle et al., 2007). The extent to which the followers prepare themselves to the behavior of the leaders totally depends on how they are treated by their leader. Transformational leaders should engender great level of trust in order to gain the higher level of follower’s trust in leader. So, it is significant to investigate that how the employees’ trust for their leader is developed and what effects the trust has on attitude and behavior of employee’s. According to Whitener et al. (1998) a leader is the one who infuses the level of trust in his employees through good behavior by thinking it as his job responsibility. This study examines the traits of a leader that cause a good level of trust in his employees and also if the behavior of employees get effected by this trust. So, the primary objective of this study is to check the mediation effect of trust between transformational leadership style and OCB.

Organizational citizenship behavior: Organizational citizenship behavior include those types of behaviors that an individual perform to work its organization more effectively and efficiently to achieve its goals. Such employees are always ready to cooperate with their peers in performing their duties. According to Pitts, 2005, empowerment, encouragement and decision making power should be given to employees practicing OCB.

OCB have five dimensions mainly and these are named as Altruism, Sportsmanship, Conscientiousness, Civic virtue and Courtesy. Sportsmanship is the behavior of employees of not complaining about the circumstances and situations even if they are not according to their expectations. In Conscientiousness behavior employees work and show their performance above the organizational requirements as in following rules of vacations, attendance and different policies. While according to (Podsakoff et al., 1990) helping peers in solving their work related problems is defined as courtesy. Organ and Ryan, 1995 defined the Civic Virtue behavior as it’s the intensity of employee’s interest in solving organizational problems and it consists as how to respond to company emails, concern showed in attending company meetings and information about the overall development of organization (Konovsky and Organ, 1996). If an employee behave conscientiously, it will enhance his performance ultimately as leader don’t need to inspect his work, so the leader can freely perform his other assignments and organization itself can embrace and adopt changed beneficiary for it (Podsakoff et al., 2000).
Relationship between transformational leadership, trust in leader and OCB: There are various theoretical evidences supporting the association of transformational leadership, OCB and trust in leader. E.g., relationship between employees’ outcome as OCB, job performance, organizational commitment and transformational leadership had been studied by Lowe et al. (1996); Wang et al. (2011); Walumbwa and Hartnell (2011)).

This is a type of exchange relationship among them. According to (Dirks and Ferrin, 2002) social exchange theory (Blau, 1964) explains this relationship of transformational leadership and employees work outcomes in a better way. If a leader exchanges transformational leadership behavior, then in return employees also exchange their behavior in the form of performance. As a result the performance of the organization also increases as well.

Further, Pillai et al. (1999), Bycio et al. (1995) also demonstrated that organizational citizenship behavior increases in response of transformational Leadership behavior. Employees practicing citizenship behavior motivate their coworkers to put more efforts in achieving their goals in a good way (Van Scotter and Motowidlo, 1996). Moreover, Judge and Piccolo (2004); Walumbwa and Hartnell (2011) worked and found relationship between transformational leadership and work outcomes of employees as OCB and performance. On the bases of above theoretical foundations we proposed the hypothesis to show the relationship of TL and OCB.

H1: Transformational Leadership and OCB are positively related to each other
H2: Idealized influence and OCB are positively related to each other
H3: Inspirational motivation and OCB are positively related to each other
H4: Intellectual stimulation and OCB are positively related to each other
H5: Individualized consideration and OCB are positively related to each other

Transformational leader acts as a role model by providing employees with idealized influence and ultimately cause a good level of trust in employees (Jung and Avolio, 2000). Transformational leaders who care for needs, job security and welfare of employees build an emotional bond with employees and ultimately encourage a high level trust with their employees (Dirks and Ferrin, 2002; Jung and Avolio, 2000). Followers get indication that leader respects their opinion and is ready to go in process of social exchange (Avolio and Bass, 1995). In the same way, a leader who practices intellectual stimulation gains high trust of his followers by stimulating and encouragement, a leader gives empowerment to his followers for getting them involved in decision making process. We are also going to cater this aspect in our hypotheses.

H6: Idealized influence and Trust are positively related to each other.
H7: Inspirational motivation and Trust are positively related to each other
H8: Intellectual stimulation and Trust are positively related to each other
H9: Individualized consideration and Trust are positively related to each other

Further, when leaders have good behavior with employees, they are actually putting such types of struggles on the behalf of their organization (Organ, 1988). According to follower (Lavelle et al., 2007) many researchers worked on trust in leader to find out the value of social interchange between employees and leaders. Employee’s behavior depends upon the behavior and treatment of their leader. As transformational leaders’ exhibit encouragement, respect, support and concern to their followers, so they stimulate and cause a high level of trust in their employees (Dirks and Ferrin, 2002; Jung and Avolio, 2000).

If employees are having trust on their leader then they will definitely work hard to complete their tasks within specified time and show such type of behaviors that are helpful for an organization to achieve its ultimate goals, even if these behavior are not part of their job task (Burke et al., 2007; Organ et al., 2006). As Organ et al. (2006) concluded in his study that followers having trust on their leaders do have high performance as well OCB. Dirks and Ferrin (2002) also showed the similar results regarding relationship of trust in leader and employees outcomes of their work. Social exchange theory is used to describe the transformational leadership’s impact on employee’s working results (Dirks and Ferrin, 2002). According to it when leader behaves well with his employees, as a result they put their stronger efforts for the betterment of organization on its behalf (Organ, 1988). Trust in leader is being used by scholars to find out the social exchange quality between employees and their leader (Lavelle et al., 2007).

Besides this, the direct link between transformational leadership and followers outcomes, e.g., performance, OCB, organizational commitment, have been supported in a better way by meta-analytic and empirical findings Lowe et al., 1996; Wang et al., 2011; Walumbwa and Hartnell, 2011). Ali et al. (2008) conducted a study on OCB, transformational leadership and organizational justice while taking trust as a mediator. His results supported our hypothesis as all were positively and directly related to each other. More over (Pillai et al. (1999); Jung and Avolio (2000) gave the same results in their studies by showing positive...
relation of trust with OCB and employee job performance. There are different theoretical evidences in which trust plays a mediating role. Podsakoff et al. (1990) gave the similar assumption of taking trust as a mediator between OCB and transformational leadership. Moreover, Nanus (1992) explained that if a leader wants to be an effective manager, he needs to earn trust of his employees. Boal and Bryson (1988) put emphasis on importance of employees trust by showing its significance in transformational leadership model.

Moreover, Bhatnagar (2005) concluded that transformational leadership do have an impact on OCB through trust in leader. In current study these relationships are hypothesized as follows (Fig. 1).

**H10:** Trust and OCB are positively related to each other

**H11:** Trust and OCB are positively related to each other

**H12:** Transformational leadership and OCB are mediated through Trust.

**H13:** Transformational leadership and Trust are positively related to each other

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**METHODOLOGY**

We applied dyadic-respondent approach and collected analyzed data in dyads from banking sector of Pakistan. For this study purposive sampling technique was used. We chose this technique because specific criteria or purpose of current study is to observe the exchange relationship of leaders and followers because there is a direct interaction of leaders, followers and customers in banking sector of Pakistan. So, the five top commercial banks of big cities of Pakistan e.g., Lahore, Islamabad and Multan were selected as a sample. We distributed 250 questionnaires among bank’s employees and out of which 180 questionnaires were returned.

**Measures:**

**Transformational leadership:** Transformational leadership is the independent variable and it was assessed by MLQ questionnaire by Bass and Avolio (1995). This questionnaire further has 4 subscales e.g., Inspirational motivation (4 items), Idealized influence (2 items), Individualized consideration (2 items) and Intellectual Stimulation (3 items). Reliability of all
subscats of TL is satisfactory (above recommended value 0.5). Respondents of our research are employees of the banks who answered the questionnaire about perception of their leader’s behavior. A five point likert scale is used, ranking from 1 (not at all) to 5 (frequently).

**Trust in Leader:** Employees’ trust level for their leaders was assessed by trust scale of by Cook and Wall (1980). It contained four items and it was 5 point likert scale. Its reliability is also above recommended value.

**Organizational citizenship behavior:** Organizational citizenship behavior questionnaire developed by Podsakoff et al. (1990) is used to assess the OCB. Further, it consists of five dimensions named Courtesy, Altruism, Civic virtue, Sportsmanship and Conscientiousness. Reliability of organizational citizenship behavior is found to be quite satisfactory. A five point likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) is used.

**DATA ANALYSIS TECHNIQUES**

We used SPSS version 17 to analyze the data by applying descriptive statistics and pearson correlation, Principal component analysis and Regression analysis.

**Descriptive statistics and Pearson correlation:** Firstly we applied descriptive statistics and correlation Analysis. This analysis is performed to judge the relationship between overall transformational leadership, each dimension of transformational leadership, trust in leader and organizational citizenship behavior. Table 1 shows the standard deviations and means of all constructs in an organized form. The rating of each factor’s mean is greater than 3, which is beyond the midpoint. As all the dimensions of transformational leadership have mean’s value greater than 3, so it depicts that these are rated high. If we compare the each dimension of transformational leadership, inspirational motivation has more mean value (M = 4.7403) as compared to others. Thus, it is obvious from the results of the table that transformational leadership, trust in leader and organizational leadership are positively related to each other. Highest mean value of OCB illustrates that employees behave positively in response to TL. These employees show full devotion towards their work, arrive in time, help their coworkers and don’t waste their time. Moreover, Pearson correlation Analysis is performed to know the relationship of all indicators with each other. It shows that all variables are significantly correlated to each other at the 0.01 level (2-tailed).

**Principal component analysis:** Then we performed Principal Component Analysis (PCA) to reduce the data having redundancy with eachother. It was performed for all the indicators separately. Two items of trust in leader and nine items of transformational leadership and organizational citizenship behavior were removed in PCA due to low weight of components e.g., <0.40. Moreover, to measures the adequacy of the sample, the value of “Kaiser Meyer Olkin” for all constraints e.g., transformational leadership (0.819), trust in leader (0.761) and organizational citizenship behavior (0.898) exceeds the recommended value of KMO that is 0.6 (Kaiser, 1974).

**Regression analysis:** The relationship between dependent and independent variables is further explored by regression analysis. This analysis is applied to assess all hypotheses step by step. Test was performed to measure the impact of all dimensions of transformational leadership and trust in leader on Organizational citizenship behavior. The Table 2 contains the results of multiple regression analysis. This result clearly demonstrates that all factors of transformational leadership are positively related to Organizational Citizenship Behavior (OCB) such as; Idealized influence (IITL) and OCB (R² = 0.136, p<0.001), IMTL and OCB (R² = 0.208, p<0.001), ISTL and OCB (R² = 0.167, p<0.001), ICTL and OCB (R² = 0.270, p<0.001). The adjusted R square values of all dimensions show their variations from the OCB. For example, the adjusted R square for IITL is 0.136 which states that IITL explained the variation by 77.771% to OCB. It supports hypothesis 1. The adjusted R square for IMTL is 0.208 showing that IMTL explained the variation by 50.098% to OCB. This relationship supports hypothesis 2. Similarly, the adjusted R square for ISTL is 0.167 and it states that ISTL explained the variation by 26.961% to OCB, supporting the hypothesis 3 and adjusted R square for ICTL (0.270) is also explaining the variation of ICTL by 65.792% to the OCB. This result is supporting hypothesis 4.

Same is the case, all dimensions of transformational leadership are also positively related to

<table>
<thead>
<tr>
<th>Mean</th>
<th>S.D.</th>
<th>Alpha</th>
<th>TL</th>
<th>IMTL</th>
<th>ISTL</th>
<th>ICTL</th>
<th>T</th>
<th>OCB</th>
<th>TL</th>
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<td>1</td>
<td>0.357**</td>
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<td>0.639**</td>
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<td>4.740</td>
<td>1.0198</td>
<td>0.899</td>
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<td>0.405**</td>
<td>0.337**</td>
<td>0.360**</td>
<td>1</td>
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<tr>
<td>4.703</td>
<td>1.1546</td>
<td>0.879</td>
<td>0.611**</td>
<td>0.524**</td>
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<td>4.363</td>
<td>1.2583</td>
<td>0.754</td>
<td>0.460**</td>
<td>0.574**</td>
<td>0.568**</td>
<td>0.109**</td>
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<td>5.895</td>
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<td>0.862</td>
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**Correlation is significant at the 0.01 level (2-tailed)**
trust in leader such as; ITTL and trust (R square = 0.160, p<0.001), IMTL and trust (R² = 0.326, p<0.001), ISTL and Trust (R² = 0.319, p<0.001), ICTL and Trust (R² = 0.176, p<0.001). These adjusted R square values are also showing variation of all dimensions from trust in leader e.g., the adjusted R square of ITTL (0.160) states that ITTL is explaining the variation by 77.771% to trust. It is supporting hypothesis 5. The adjusted R square for the IMTL is 0.326 which states that the IMTL explained the variation by 50.098% to trust. It supports hypothesis 6. The adjusted R square for the ISTL (0.319) is stating that the ISTL explained the variation by 26.961% to the trust. It supports hypothesis 7. Similarly, the adjusted R square for ICTL is 0.176 and it is showing that ICTL explained the variation by 65.792% to trust. It is supporting hypothesis 8. Moreover, leadership also has a significant and positive relationship with trust in leader and OCB with values of 0.398 and 0.341, respectively. Consequently, it is supporting hypothesis 9 and 10. In addition, a positive relationship between trust in leader and OCB (R square = 0.167, p<0.001) is also clarifying that trust in leader explained the variation by 64.809% to the OCB. It supports our hypothesis 11. Collectively, the overall result of regression analysis is indicating that transformational leadership and as well as its four dimensions is positively and significantly related with OCB and trust in leader. By taking all dimensions individually, Individualized consideration (ICTL) is significantly related with OCB with value of 0.270 and Intellectual stimulation (ISTL) is least related with OCB (0.167). Similarly, IMTL is significantly related with trust in leader with value of 0.326 and ICTL is least with value of 0.069.

**Mediation through regression analysis:** In order to analyze the mediating impact of trust in leader between transformational leadership and organizational citizenship behavior, regression analysis is also carried out. We investigated the direct and indirect effect described by Baron and Kenny, 1986. Firstly, the results shows that value of adjusted R² (0.341) is showing that variation in organizational citizenship behavior is explained up to 34% through variation in transformational leadership that is independent variable. Standard regression coefficient between T.L and OCB is significant (β = 0.587, p = 0.001) and F value (9.677, p = 0.001) with significant T value (9.677, p = 0.001) and F value (93.640, p = 0.001). Secondly, adjusted R² (0.398) is explaining the variation in trust up to 39% through variation in transformational leadership. Similarly, standard regression coefficient between Trust and Transformational leadership is also significant (β = 0.633, p = 0.001) with significant T value (10.920, p = 0.001) and F value (119.240, p = 0.001). Thirdly, trust in leader is added as a mediating variable. When the analysis was performed, it indicates that standard regression coefficients has decreased in magnitude in case of OCB but still it is significant (β = 0.587, p = 0.001). However, in case of trust in leader, it is not only decreased in magnitude but also become non-significant (β = 0.089, p = 0.257). Hence, it is proved that trust mediates the relationship between OCB and T.L (Table 3).

**DISCUSSION**

A number of researches have been accomplished in leadership area, but results of the current study provide support to our hypothesis and add its importance by providing literature about the relationship of transformational leadership and organizational citizenship behavior. As Pakistani culture is relationship oriented, individuals have collectivistic values and work hard to maintain and develop relationship among each other (Farh et al., 1998; Hwang, 2000). Social relationships grow stronger when both employees and leader engage themselves in social
behavior can be judged OCB of students. So, it’s one of the important factors for study in future.

LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

First limitation is its cross sectional nature. It is hard to determine the true cause and effect relationship among variables by using this nature of study. Future study should be performed by using longitudinal design of study, which will help in examining incremental process of developing employees’ trust in leader. Sample is developed only from banking industry of the main cities. Future study should focus on drawing sample from all big cities of Pakistan to generalize the findings. Cross cultural studies should also be conducted to know whether these relationships between leader and employees are culturally bound. As we chose banking sector, but it can also be performed in other important sectors of Pakistan where leadership plays most important roles e.g., hospitality, telecommunication and educational sector. As in case of educational sector, teacher acts as a leader and his behavior can be judged OCB of students. So, it’s one of the important factors for study in future.

CONCLUSION

Many researches have been performed on the topic of transformational leadership in previous three decades. These studies have put emphasis only on how transformational leader’s behavior translates into work outcomes of employees for the benefit of organization. This study contributes in literature by emphasizing importance of trust in leader as well as OCB and also clarifies that how transformational leaders make their followers to work hard for manager and organization. Employees become effective by showing more commitment and involve themselves in more productive organizational citizenship behavior.

REFERENCES


