



Research article

Employee performance under transformational leadership and organizational citizenship behavior: A mediated model

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ABSTRACT

Globally, small and medium-sized enterprises (SMEs) compete and work on their sustainability in order to survive and thrive. SMEs rely only on their internal strength, and this strength lies mainly in their employees. Maintaining employees and their engagement increases productivity not only in terms of employee performance but also in terms of organizational performance. Based on social bond theory, the link between leaders and employees empowers the employees; in this context, the present research addresses how SMEs' potential effectiveness is derived from the employees when leadership plays its role efficiently and promotes voluntary work among employees. Using a sample of 405 employees from Pakistani SMEs, this paper assesses the effect on them of organizational citizenship behavior and transformational leadership, in terms of engaging them in voluntary work that ultimately improves performance; this helps SMEs flourish domestically and internationally. The present research also expands the literature by examining the mediating effect of organizational citizenship behavior and provides new directions for researchers to study transformational leadership and organizational citizenship behavior.

1. Introduction

Worldwide, small and medium-sized enterprises (SMEs) are experiencing new learning opportunities and enhancing their capabilities (Karami and Tang, 2019). Further, these SMEs are encountering complex challenges and constant change that intensely affects numerous features of their performance (Masa'deh et al., 2018; Torlak and Kuzev, 2019).

SMEs' success is gradually becoming a fundamental challenge of prodigious prominence for economic development (Ndubisi et al., 2021). Globally, success is currently a keystone for all types of enterprises, and it relies on the structural capacity to adopt proactive managerial approaches and, in turn, acquire resources and intangible capabilities (Martínez-Martínez et al., 2017; Masa'deh et al., 2018). Performance can be described as a progressive indicator representing an organization's ability to thrive in a competitive environment (Wagner and Hollenbeck, 2020). Contemporary theoretical developments and empirical studies have revealed that leadership styles greatly influence individual and

organizational performance, including, for example, organizational citizenship, satisfaction, and performance (Aboramadan and Dahleez, 2020; Lai et al., 2020; Tian et al., 2020). Furthermore, the existing literature demonstrates that leadership is vital in accomplishing organizational goals and competitiveness and helps align resources and people (Fiaz et al., 2017; Jing and Avery, 2016). Leadership is used to achieve business objectives by influencing the interactions between leaders and subordinates (Kim and Beehr, 2018). Additionally, leaders deliver more essential assistance to their organizations than other human resource groups (Gibson et al., 2012). Leaders manage organizational resources and develop and implement valuable strategies to ensure a brighter future for their organizations, thus leading to improved performance and results (Para-González et al., 2018). A recent study has suggested that transformational leadership (TL) substantially impacts several employees' attitudes and behaviors (Gao et al., 2020). It has been established that TL is a leadership style that positively impacts various human and organizational outcomes. TL has been linked to the effectiveness of

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leaders (Brandt et al., 2016), job performance (Torlak and Kuzey, 2019), and organizational citizenship behavior (OCB) (Koo and Lee, 2021; Majeed and Jamshed, 2021).

Transformational and transactional leadership are two types of leadership styles that have been examined in connection to work performance (Advani, 2015). Transactional leadership is mainly based on processes and control, necessitating a strict management structure; in contrast, TL is based more on inspiring others to follow, necessitating a high degree of coordination, communication, and cooperation (Hall et al., 2002). Previous studies have found a significant relationship between leadership and employees' work performance specific to the transformational style (Al-Amin, 2017; Mangkunegara and Huddin, 2016). Furthermore, Advani (2015), Sundi (2013), and Asrar-ul-Haq and Kuchinke (2016) identified that TL motivates employees' work performance.

The bond between managers and employees is also considered an effective tool in the workplace. Social bond theory (SBT) has a relatively broad perspective, considering that respect and social bonding energize both parties, build dyadic relationships, and increase both productivity and the involvement of employees in occupational goals, ultimately improving overall performance.

Similarly, when the organization's management is able to manage its human resources in a trustworthy manner, employees can optimally execute their work (Mosaddeghrad, 2003). Individuals who make major contributions to creating encouraging settings and providing support in the workplace are known as leaders (Raelin, 2003). An organization must have talent mapping for specific structural jobs because each leader is unique and has various skills. Talent mapping is a technique for identifying key individuals with specific abilities who can assist in adhering to the company culture and improving employee performance (EP). According to Winston (2008), managing abilities is critical in this era of increasing organizational competitiveness. In line with this, the TL style requires further exploration as its effects remain questionable in different contexts. According to Manzoor et al. (2019), TL requires more attention in the context of Pakistani SMEs; thus, the present research aims to address this gap, extending the work on workers' job performance and contributing to the literature with novel findings.

Moreover, the present research addresses the experiences of SMEs in the areas of the management of companies, employees, and managers. The distinctive informants were chosen because the authors supposed that a larger sample distribution, comprising the variety of employees', subordinates', and staff's conducts, would facilitate acquiring more accurate and useful data. Similarly, this quantitative research inspects the relationships among TL, OCB, and EP in Pakistan's many-sided SME sector.

Based on the above lines of reasoning, as well as the results of the survey, the present study aims to reveal the most effective style of leadership for the SME sector in Pakistan and to understand how leadership impacts OCB and EP, as well as whether OCB plays a mediating role among the relationships. It is expected that this will ensure both employee achievement and organizational development and progress through the evolution of supervision in Pakistan's SME sector.

2. Literature review and hypotheses development

2.1. Transformational leadership (TL)

The concept of TL theory was first proposed by Burns (1978) while seeking to explore "world-class leaders" and was further improved by Bass (1985, 1997) and Bass and Stogdill (1990). Burns defined TL as the ability of leaders to motivate their followers to achieve organizational goals instead of focusing on self-interest (see Kuhnert and Lewis, 1987). Moreover, Bass and Avolio (2004) suggested that transformational leaders demonstrate four central characteristics: intellectual stimulation; idealized influence; individualized consideration; and inspirational motivation.

Inspirational motivation is regarded as leaders' ability to develop and express a vision and to prepare challenging goals for employees (Shin and Zhou, 2003). Idealized influence illustrates an environment where followers feel admired and have faith in and follow their leaders (Bass et al., 2003). According to Bass et al. (2003), individual consideration is the ability of leaders to focus on individuals' needs for development and achievement while understanding them as their mentor or coach. Intellectual stimulation occurs when transformational leaders reassess current assumptions, customs, and beliefs in an organization to recommend more novel ideas and ways of accomplishing tasks (Bass, 1997). Through work support structures, leaders encourage their subordinates to develop fresh perspectives of leadership through intellectual stimulation. Through inspiration and charm, leaders can be perceived as individuals who can help and care for their subordinates individually (Bass, 1985).

To efficiently manage in an organizational setting, TL is an appropriate leadership style (Krishnan, 2004). According to Koo and Lee (2021), TL influences coworkers' OCB during organizational transformation. The current research also looks at how TL and OCB interact in the context of organizational settings. SBT is used to examine the relationship between TL and OCB in the context of employees in the present study. Employee deviance and adverse attitudes can be mitigated, according to SBT, by maintaining a solid link between the leader and the followers (Hirschi, 1969). Strong bonding reduces organizational complexities (Rashid et al., 2004). Employees exhibit aberrant conduct in the workplace due to uncertainty and complexity connected with supervisor behavior, and this behavior leads to ethical violations (Zhang and Arvey, 2009). SBT, according to Sims (2002), is critical in reducing the likelihood of unethical employee behavior. As a result, this study also examines the link between TL and OCB in goal setting.

TL qualities also boost followers' motivation and strengthen bonds between the leader and the followers (Kuhnert and Lewis, 1987). Furthermore, through appealing leadership, TL can influence followers' ideas and engage them in the process of organizational goal-setting (Chou, 2015). Koo and Lee (2021) investigated how TL can help promote employees' citizenship behavior to achieve organizational success. Similarly, work performance is also an effective means to assess productivity. Schoemaker et al. (2018) determined that work activity can be considered an individual's capability to succeed in activities that increase the organization's value. Eliyana and Ma'arif (2019) stated that TL impacts the performance of employees, although further broader research is required to assess TL and other determinants. Afriyie et al. (2019) asserted, in the context of SMEs, that TL attributes enhance EP and lead to innovative practices and performance improvement.

2.2. Employee performance (EP)

The term "performance" refers to specific work activity (Sonnentag and Frese, 2002). It has been suggested that job performance is a stage of realization that occurs as a result of an individual's work. Three key elements influence work performance in an organization: organizational support; managerial capacity or productiveness; and the work of each individual who works in the organization. Everyone who joins an organization is assigned to one of several duties (Simanjuntak, 2002). According to Abubakar et al. (2019), performance is concerned with the work and its results, what to do, and how to accomplish it. Performance has also been described by Çetin and Aşkun (2018) as a person's ability to perform activities that contribute to the development of the organization's core capabilities.

EP has been studied as a construct by several researchers. For example, according to Goleman (2018), employees are the source of increased EP and should have no plans to leave the company.

Every organization's fundamental aim is to improve EP, and EP is linked to leadership (Ogbonna and Harris, 2000). Recently, the link between leadership and performance has received much attention (Vigoda-Gadot, 2007). According to Thompson et al. (2021), dealing with leaders plays a critical role in increasing interactional justice and in employees'

actions in relation to achieving the organization's goals. According to Walumbwa et al. (2008), the path-goal is related to several work skills when evaluating EP. Leaders involve their workers through scheduled meetings with them in which they solicit feedback, resulting in increased staff productivity. The organization can thus improve EP and empower its team members (Özaralli, 2003).

According to Stup (2007), employees who are happy with their bosses are more loyal to their companies. Leaders can lead individuals or groups to achieve goals and increase employee engagement in the organization. As a result, leadership style is seen as a significant aspect that drives employees' work performance. Individuals' aims that are in line with the organization's goals lead to what is known as organizational commitment, which motivates employee productivity and loyalty.

In SMEs, employees typically have a broader and more direct influence on organization-level effects than in large companies (Blasi et al., 1996). Accordingly, their contribution may result in significant participation in their enterprises' functions and productivity. As EP generally covers particular occupational and/or practical challenges (Cooke, 1994), employees' engagement conduct can directly enhance enterprises' performance. For example, heeding employees' suggestions and engaging employees in decision-making, voluntary work, and identifying products or services can increase operational productivity and financial viability (Arthur and Aiman-Smith, 2001).

EP facilitates an SME to effectively employ leadership styles, new knowledge, and work engagement. Prior research has shown that employees hold available information, problem resolving and management qualities, inspiration, and determination, which, if correctly used, can result in improved overall performance (Cooke, 1994, p. 595). From time to time, employees acquire new knowledge that they can effectively use for organizational purposes and for the betterment of others (Kogut and Zander, 1992; Leonard and Sensiper, 1998). EP encompasses acquiring knowledge, involvement in training programs, job replacements, and self-motivated work groups. These participations make employees competitive (Grant, 1996), and leaders' engagement (Chan et al., 2021) directly enhances SMEs' performance in terms of work output, growth in sales, and related success (Coleman, 2007; Rauch et al., 2005).

Employee behavior and performance can all be influenced by leadership, which in turn can affect the degree of workplace satisfaction (Bass, 1985). Further, most studies have posited a link between the TL style and employees' work performance (Raja and Palanichamy, 2011). Deluga and Souza (1991) discovered a connection between TL and performance. A positive association was discovered between TL and EP in a study by Buil et al. (2019). According to Dvir et al. (2002), employees' work is facilitated by the processes carried out by the leadership. Geyery and Steyrer (1998) discovered a positive association between leaders' behavior and work performance. According to Thamrin (2012), TL positively and significantly impacts employees' work performance. Therefore, we hypothesize:

H1. Transformational leadership impacts organizational citizenship behavior.

H2. Transformational leadership influences employee performance.

2.3. Organizational citizenship behavior (OCB) and its mediating effect

OCB is a term coined by Organ (1988) over three decades ago, although scholars such as Barnard (1938) and Katz (1964) originated the idea. Organ (1988, p. 4) explained the concept as entailing an "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization." Most importantly, the concept of OCB is related to an individual's choices and actions that are not related to any punishment for not displaying such behavior. In addition, such behaviors transcend the designated job description that an organization gives to an individual. Finally, an organization does not recognize OCB as a part of

its formal reward system. Accordingly, employees do not expect any reward for taking such actions (Organ, 1988).

The citizenship behaviors of employees can be divided into five dimensions: courtesy; conscientiousness; sportsmanship; altruism; and civic virtue (Podsakoff et al., 1990). The first component, courtesy, refers to assisting coworkers in avoiding or overcoming issues (Organ, 1988; Podsakoff et al., 2000). Conscientiousness is related to behaviors linked with a timely and effective presence at work, eliminating additional breaks, complying with the organization's rules, and earning income honestly by making the greatest effort possible (Organ, 1988, 1990; Podsakoff et al., 1990).

Sportsmanship concerns avoiding complaining when the acts of others create trouble for an individual (Podsakoff et al., 2000). Altruism is defined as employees' discretionary behaviors; such behaviors help colleagues to complete tasks and solve problems that they face concerning their duties and responsibilities. Thus, altruism is also known as helping behaviors (Organ, 1988, 1990; Podsakoff et al., 2000). Finally, civic virtue is related to displaying a degree of interest in the organization, which is also known as loyalty (Organ, 1988).

The effect of TL on OCB has been examined in some previous studies (Humphrey, 2012; Jahangir et al., 2004; Kim, 2014; Manoppo, 2020). In the context of the company's welfare, OCB contributes greatly through, for example, reshaping resources, instaurating, acquiring new ways of working, and improving overall performance for an organization. Netemeyer et al. (1997) also highlighted improvements in terms of efficiency and effectiveness by utilizing scarce resources effectively, problem-solving among work units in an aggregate way, and interdependence. Further, OCB defines the ratio effect in performance evaluation (Organ, 1988). It is a factor for human resource management programs in monitoring, ensuring, and improving work behavior, which encompasses the aggregated effects of employees' psychological health, performance, and intellectual ability. Thus, we hypothesize:

H3. Organizational citizenship behavior impacts employee performance.

The current study accordingly includes the OCB construct as a mediating effect. In several studies, the OCB construct has been highlighted as an interaction variable. For example, Baron and Kenny (1986) asserted that leadership has a significant effect on OCB; however, as OCB subsequently influences EP, OCB can play a mediating role. The effect of leadership on OCB has been demonstrated in much prior research (Maharani et al., 2013; Polat, 2009). Regarding leadership factors, employees want leadership in their organizations in which leaders demonstrate the features of accountability, respect, trust, morality, equity, human rights awareness, and equality. With such features, employees will trust leaders and feel safe (Advani, 2015). Employees will support their organizations through volunteering (Cycyota et al., 2016) and help to create a collaborative and positive work environment (Mangkunegara and Huddin, 2016). Consequently, we hypothesize:

H4. Organizational citizenship behavior has a mediating effect between transformational leadership and employee performance.

This study employs SBT as the foundation of the research framework (see Figure 1). The research utilizes TL behavior towards employees, voluntary work conduct (OCB), and EP as the variables in the model. SBT is interconnected with the bond between TL and employees' OCB in this work. Employee deviance and argumentative postures can be reduced, under SBT, by maintaining a strong association between the leader and the followers (Hirschi, 1969).

The links between TL and EP are social acknowledgment procedures. By highlighting the theoretical importance, encouraging a shared vision, and linking employees' self-concepts to this vision, transformational leaders form a social bonding and engage in voluntary work behavior, thus encouraging their subordinates to do the same. This social bonding is based on employees having pride in becoming significant contributors to a team or business; employees come to regard their personal determinations and occupational roles as contributing to a greater shared

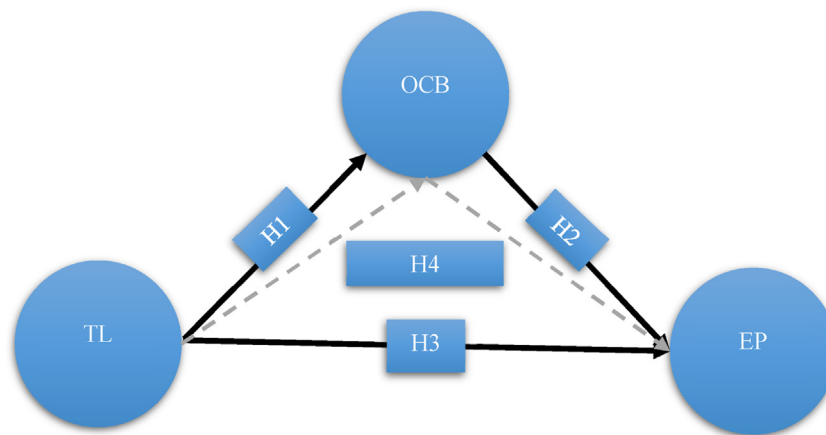


Figure 1. Conceptual framework.

vision. This standpoint augments the individual expressiveness and prominence of their job (Wang et al., 2005). SMEs have the same human resource practices that are seen in large organizations; SMEs also contribute greatly to several economic factors, including the employment rate, sales growth, enterprises' financial performance, and gross domestic product (GDP). Hence, the present study focuses on the SME context in which leaders and employees work together, and standard practices are observed.

3. Methodology

3.1. Sample and data collection

There are around 3.3 million Pakistani SMEs, and their contribution to GDP is high. In the industrial sector, approximately 78% of the labor force is involved in non-agricultural work, with the remaining 22% constituting the agricultural labor force (Shah and Syed, 2018). The Small and Medium Enterprises Development Authority (SMEDA) is a regulatory authority in Pakistan that monitors and provides financial and non-financial aid to these SMEs. Moreover, SMEDA has recognized many SMEs and categorized their services (SMEDA, 2020).

When examining numerous variables and a large number of items, PLS-SEM helps resolve sample size issues (Hair et al., 2017). PLS-SEM can also be employed with more small-scale samples. However, the nature of the population determines the conditions in which small sizes of samples are adequate (Rigdon, 2016). Based on the assumption that other conditional attributes are equal, the higher the diversity of the population, the greater the sample size required to ensure a tolerable sampling error (Cochran, 2007). In the present study, employees from multiple enterprises classified as SMEs filled out questionnaires, which were used to collect data. The participants were chosen by splitting the target population into four strata using a non-probability stratified sampling technique. Urdu and English languages were used to administer the tool. SMEs' managers, supervisors, staff heads, and their representatives were contacted for questionnaire dissemination, and consent was obtained for the data to be used for research purposes with the aim of improving organizational performance.

The Cochran technique is widely accepted and reduces sampling error to determine the best sample size (Cochran, 2007). The present research employed the Cochran technique as follows:

$$n = \frac{z^2 \times \hat{p}(1 - \hat{p})}{\alpha^2} = \frac{1.96^2 \times 0.5(1 - 0.5)}{0.05^2} = 384.2$$

where z = z-score; α = margin of error, and \hat{p} = population proportion. Accordingly, 500 questionnaires were sent to ensure this study's representativeness. The study recorded an 81% response rate (405 fully filled

questionnaires were received). In this study, all 405 responses were utilized, and these employees were considered key informants with an appropriate level of knowledge, thus being considered able to provide accurate responses (Mubarik et al., 2016).

Regarding the demographic information for the 405 respondents, 324 (80%) were males, and 81 (20%) were females. They ranged in age (years) as follows: 20–30 (171); 31–40 (186); 41–50 (32); and 51–60 (16) (42.2%, 45.9%, 7.9%, and 4%, respectively). Regarding education level, 148 participants had intermediate-level education, 186 held a Bachelor's degree, and 71 held a Master's or higher degree (36.5%, 45.9%, and 17.5%, respectively). Career level varied as follows: entry-level 122 (30.1%); intermediate level 235 (58%); and high level 48 (11.9%). Informants' experience varied as follows: less than a year (122); one to five years (190); six to ten years (51); and 11 or more years (42) (30.1%, 46.9%, 12.6%, and 10.4% respectively). Full details are provided in Table 1.

Table 1. Demographic information.

Gender	Frequency	Percent
Male	324	80
Female	81	20
Total	405	100
Age (years)		
20–30	171	42.2
31–40	186	45.9
41–50	32	7.9
51 or greater	16	4.0
Total	405	100
Career level		
Entry-level	122	30.1
Intermediate	235	58.0
High	48	11.9
Total	405	100
Education		
Intermediate	148	36.5
Bachelor's	186	45.9
Master's or higher	71	17.5
Total	405	100
Experience (years)		
<1	122	30.1
1–5	190	46.9
6–10	51	12.6
>11	42	10.4
Total	405	100

Table 2 presents the enterprise characteristics of the 405 employees who took part. Regarding enterprise type, 172 contributors were from education (42.5%), 91 were from health and care enterprises (22.5%), and 142 were from other types of service enterprises (35.0%). Enterprise size (number of employees) varied as follows: 5–30 (212); 31–60 (132); 61–99 (37); and 100 or greater (24) (52.4%, 32.6%, 9.0%, and 6.0%, respectively). Enterprises' age (years) varied as follows: 1–5 (67); 6–10 (176); 11–15 (113); and 16 or more (49) (16.5%, 43.5%, 28.0%, and 12.0%, respectively).

3.2. Measures

3.2.1. Leadership style

The Multifactor Leadership Questionnaire (MLQ) was utilized in this study (Bass and Avolio, 2004). The MLQ comprises 20 questions for employees that measure the transformational style of leadership. Responses were measured using a five-point Likert scale [1 (Not at all true); 2 (Once in a while); 3 (Sometimes); 4 (Fairly often); 5 (Frequently if not always)]. The descriptive statistics obtained were as follows: mean value 3.213; standard deviation 0.999; skewness -0.137 ; minimum value 1.60; and maximum value 4.85 (see Table 3).

3.2.2. Organizational citizenship behavior (OCB)

A scale was adopted to measure OCB from Podsakoff et al. (1990). To understand employees' viewpoints, the scale was a helpful measurement tool to investigate their insights effectively. A five-point Likert scale was used [1 (Strongly disagree) to 5 (Strongly agree)]. A total of 24 items were used in the present study. The descriptive statistics obtained were as follows: mean value 3.406; standard deviation 0.996; skewness -0.475 ; minimum value 1.542; and maximum value 4.792 (see Table 3).

3.2.3. Employee performance (EP)

To measure EP, based on individual work performance, 14 items were utilized. The instrument was adopted from Koopmans et al. (2013). A five-point Likert scale was utilized [1 (Strongly disagree) to 5 (Strongly agree)]. The descriptive statistics obtained were as follows: mean value 3.614; standard deviation 0.927; skewness -0.798 ; minimum value 1.333; and maximum value 4.867 (see Table 3).

Regarding the adoption of the scales, the challenge lay in the fact that this is the first extensive study on SMEs in the Pakistani context; therefore, following Tavakol and Dennick (2011), the adoption of questionnaires in a study must be tested to assure their consistency in order to accomplish the research objectives. Notably, this involves examining the efficiency of the scale to evaluate the constructs of the research. In

Table 2. Enterprise characteristics.

Enterprise type	Frequency	Percent
Education	172	42.5
Health and care	91	22.5
Other services	142	35.0
Total	405	100
Enterprise size (years)		
5–30	212	52.4
31–60	132	32.6
61–99	37	9.00
100 or more	24	6.00
Total	405	100
Age of enterprise (years)		
1–5	67	16.5
6–10	176	43.5
11–15	113	28.0
16 or higher	49	12.0
Total	405	100

Table 3. Descriptive statistics of variables.

Construct	Mean	Std. dev.	Skewness	Minimum	Maximum	Sample
TL	3.213	0.999	-0.137	1.600	4.850	405
OCB	3.406	0.996	-0.475	1.542	4.792	
EP	3.614	0.927	-0.798	1.333	4.867	

addition, it aids in measuring reliability and checks the consistency of every item on the scale. The alpha coefficients extracted from the pilot testing fulfilled the reliability criteria to utilize the tool as all the constructs' alpha coefficients were higher than 0.7.

4. Results and discussion

To analyze the data, the structural equation modeling (SEM) approach was used, employing SmartPLS software to integrate the partial least squares (PLS) approach (Hair et al., 2017). PLS-SEM's methodological qualities differentiate it from other SEM methodologies; PLS-SEM has been widely used in management and social sciences studies (Hair et al., 2019). PLS-SEM has gained prominence in the management discipline, indicating the applicability of its methodological qualities. As the current study aims to examine whether TL and OCB influence EP, we chose PLS-SEM to test our model. PLS-SEM is appropriate in this context (Hair et al., 2021) owing to its ability to estimate hypothesized relationships simultaneously, as demonstrated in the structural models (Hair et al., 2019). To assess the measurement model, Hair et al. (2019) and (Fang et al., 2022) asserted that researchers must calculate each individual item's reliability, internal consistency, convergent validity, and discriminant validity.

4.1. Measurement model assessment

The measurement model should be evaluated by computing the factor loading of every item under a construct. Hair et al. (2019) suggested that a value between 0.6 and 0.7 is considered acceptable for retaining an item. The current study reported that all outer loadings were higher than 0.6 (see Table 4); thus, the study fulfilled the criterion for individual item reliability.

Hair et al. (2019) provided a rule of thumb for determining the composite reliability coefficient, recommending a cutoff of 0.7 or higher. Table 4 shows the composite reliability coefficients for each construct in this study. As the composite reliability coefficient for every construct fell in the range of 0.959–0.968, this suggests the adequacy of constructs' internal consistency and reliability (Zimmerman et al., 1993).

For convergent validity assessment, according to Chin (1998), an average variance extracted (AVE) value of 0.5 or higher is acceptable to demonstrate the convergent validity of a specific variable. Table 4 shows that all the variables in this study were above the AVE threshold of 0.5, therefore demonstrating convergent validity (Chin, 1998).

The heterotrait-monotrait (HTMT) ratio assessment is a robust technique to test the discriminant validity (Hair et al., 2019). A value higher than 0.9 indicates a validity issue (Hair et al., 2019) in terms of measuring the validity and multicollinearity within the data. To achieve the validity standard, the value must be less than 0.85 (Kline, 2015). The present study achieved this standard as the results were between 0.626 and 0.773 (see Figure 2 and Table 5).

4.2. Structural model assessment

Collinearity can be checked for formative indicators (Hair et al., 2019). To demonstrate the absence of collinearity issues, VIF values should be < 3.3 (Hair et al., 2019) (see Table 4). According to recent studies, R^2 evaluates the predictive power of the model (Hair et al., 2019). In this context, Cohen (2013) provided the following range: 0.25 (weak); 0.5 (moderate); and 0.75 (substantial). In the present study, the

Table 4. Factor loadings (FL), Cronbach's alpha (CA), composite reliability (CR), average variance extracted (AVE), and variance inflation factor (VIF) values for the study constructs.

Construct (items)	Factor loading	(Items)	Factor loading	Inner VIF	Tolerance
TL: CA = 0.955, CR = 0.959, AVE = 0.540				1.873	0.534
Idealized influence attributes 1	0.751	Inspirational motivation 3	0.69		
Idealized influence attributes 2	0.612	Inspirational motivation 4	0.734		
Idealized influence attributes 3	0.742	Intellectual motivation 1	0.769		
Idealized influence attributes 4	0.794	Intellectual motivation 2	0.682		
Idealized influence behavior 1	0.784	Intellectual motivation 3	0.741		
Idealized influence behavior 2	0.776	Intellectual motivation 4	0.686		
Idealized influence behavior 3	0.663	Individualized consideration 1	0.735		
Idealized influence behavior 4	0.748	Individualized consideration 2	0.754		
Inspirational motivation 1	0.76	Individualized consideration 3	0.802		
Inspirational motivation 2	0.709	Individualized consideration 4	0.741		
OCB: CA = 0.966, CR = 0.968, AVE = 0.561				1.901	0.526
Conscientiousness 1	0.729	Civic virtue 3	0.721		
Conscientiousness 2	0.695	Civic virtue 4	0.74		
Conscientiousness 3	0.657	Courtesy 1	0.793		
Conscientiousness 4	0.73	Courtesy 2	0.733		
Conscientiousness 5	0.729	Courtesy 3	0.708		
Sportsmanship 1	0.739	Courtesy 4	0.787		
Sportsmanship 2	0.708	Courtesy 5	0.786		
Sportsmanship 3	0.762	Altruism 1	0.798		
Sportsmanship 4	0.765	Altruism 2	0.802		
Sportsmanship 5	0.677	Altruism 3	0.792		
Civic Virtue 1	0.726	Altruism 4	0.808		
Civic Virtue 2	0.771	Altruism 5	0.786		
EP: CA = 0.962, CR = 0.966, AVE = 0.653					
Task performance 1	0.778	Context performance 4	0.852		
Task performance 2	0.827	Context performance 5	0.826		
Task performance 3	0.79	Adaptive performance 1	0.849		
Task performance 4	0.76	Adaptive performance 2	0.837		
Task performance 5	0.762	Adaptive performance 3	0.862		
Context performance 1	0.76	Adaptive performance 4	0.881		
Context performance 2	0.731	Adaptive performance 5	0.853		
Context performance 3	0.735				

R^2 value for OCB was 0.466 and for EP it was 0.679, thus achieving an adequate coefficient of determination (see Table 6). Scholars have used the effect size (f^2) to ascertain mediation (full or partial) (Nitzl, 2016). An f^2 value of 0.02, 0.15, and 0.35 represents small, medium, and large mediation, respectively (Cohen, 2013). As a guideline for the path model, Q^2 coefficients should be greater than zero for a particular dependent variable to designate the predictive accuracy of the structural model for that variable. A Q^2 value greater than 0, 0.25, and 0.5 illustrates the PLS-path model's small, medium, and large predictive relevance, respectively (Hair et al., 2019). This study demonstrates the goodness of fit in this respect (see Table 6).

The current research executed the bootstrapping method with 5,000 bootstrap samples and a sample size of 405 to examine the path coefficients and their significance following Hair et al. (2019). Under the structural model with the statistics obtained, full estimates as presented in Table 7 and Figure 3. First, H1 hypothesized that TL positively impacts OCB. The results (Table 7 and Figure 3) show a positive relationship between TL and OCB at the 1% significance level ($\beta = 0.683$, $t = 23.82$, $p < 0.00$). Therefore, H1 is supported.

OCB and EP show a positive correlation, as seen in the results with a coefficient of the relationship of $\beta = 0.442$, $t = 9.82$, and $p < 0.00$, thus supporting H2. Similarly, the results revealed a positive TL–EP relationship ($\beta = 0.456$, $t = 11.106$, $p < 0.00$), thus supporting H3.

The results for the mediation of OCB showed a positive relation ($\beta = 0.302$, $t = 8.61$, $p < 0.00$). Hence, H4 is also supported. According to

Baron and Kenny (1986), if a direct relationship fails to be significant, an indirect significant relationship indicates full mediation; however, if both direct and indirect relations present significant effects, partial mediation is indicated. For H4, both direct and indirect effects were found to be positively significant, thus demonstrating partial mediation.

4.3. Discussion

4.3.1. Transformational leadership's (TL's) link with organizational citizenship behavior (OCB) and employee performance (EP)

TL had a significantly positive relationship with OCB and EP; comparatively, the beta value of TL with OCB was more than that with EP. Therefore, the present research reveals that leadership style could induce employees to show OCB, specifically in the SMEs chosen for this study. This employees' perception infers that a leadership role in SMEs usually establishes an encouraging working environment for employees to practice citizenship behaviors. It suggests that employees are inclined to seek attachment and help each other in Pakistani SMEs. Regarding a positively significant relationship between adopting a TL style and this being a predictor influencing employees' OCB, similar outcomes have been found in prior literature (Bass, 1985). Similarly, Paalanen and Hyypiä (2008) concluded that transformational leaders promote OCB among their workers. Other studies have also shown a link between a TL style and OCB and exchanging knowledge among employees (Lin et al., 2012; Moghadam et al., 2013). Dartey-Baah (2015) affirmed that this is

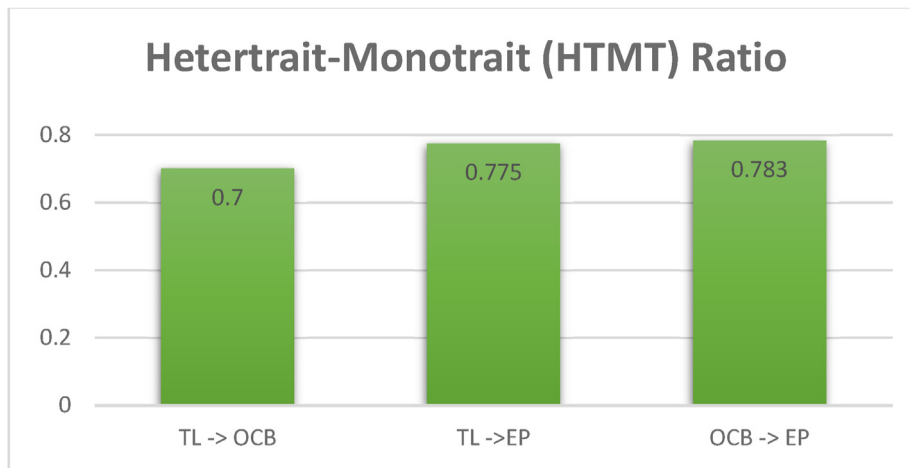


Figure 2. HTMT correlations.

Table 5. Heterotrait-monotrait (HTMT) ratio.

Construct	OCB	TL	EP
TL		–	–
OCB	0.7		–
EP	0.775	0.783	

Table 6. PLS-path model assessment.

Construct	R ²	f ²	Q ²
TL	–	0.347	–
OCB	0.466	0.326	0.242
EP	0.679	–	0.412

necessary to engender OCB, particularly in order to improve EP and organizations/firms’ performance. The available leadership literature, conducted by many researchers in different contexts, supports the current findings. Therefore, an effective TL style is needed for SMEs to grow, both domestically and internationally.

4.3.2. Organizational citizenship behavior's (OCB's) relationship with employee performance (EP) and with OCB as a mediator

Interestingly, an assessment of the relationship between OCB and EP showed that OCB positively and significantly stimulates EP. Furthermore, OCB was shown to positively and significantly mediate this relationship.

The work of Baron and Kenny (1986), however, remains the subject of debate; further mediation tests described by Zhao et al. (2010)

provided a decision tree and a step-by-step procedure for proving mediation, classifying its cause, and highlighting recommendations for theory construction and future research. Zhao et al. (2010) also validated the concept of mediation categories; complementary mediation is attained when direct and indirect paths are significant and positive. This study met this criterion (see Table 7).

It is important to denote the degree of the indirect effect; the variance accounted for (VAF) formula was applied to achieve this, as suggested by Hair et al. (2019). This process describes to what degree exogenous constructs define the variation of the endogenous construct and to what extent that variance is explained through the indirect connection. The VAF was calculated as follows:

$$VAF = \frac{\text{Indirect effect}}{\text{Total effect}} = \frac{0.302}{0.758} = 0.3984 \cong 0.40$$

Accordingly, it can be ascertained that the OCB construct in the study model played the role of mediating variable between TL and EP, as 40% of the effect of TL on EP is explained by the intervention of OCB. As the VAF is larger than 20% but smaller than 80%, this represents partial mediation (Hair et al., 2019); this is also in line with Hair et al.'s (2016) and (Qalati et al., 2022) stipulation for partial mediation.

Vipraprastha et al. (2018) suggested that OCB may possibly play a compound role, impacting performance and also intervening between leadership and performance; OCB roles may also vary in respective contexts.

Mediation shows that employees who work under TL-style managers/supervisors are engaged in OCB. Comparative analysis indicates that the beta value of TL is higher than that of OCB. TL is a helpful style in which a manager/supervisor fully engages in resolving employees' problems until the employee is again completely involved in his/her duties and

Table 7. Hypothesis testing.

Hypothesis	Relationship	Path coefficient	Confidence intervals		t-value	Decision
			Lower bound	Upper bound		
<i>Direct effect</i>						
H1	TL → OCB	0.683***	0.627	0.739	23.82	Supported
H2	OCB → EP	0.442***	0.352	0.529	9.82	Supported
H3	TL → EP	0.456***	0.372	0.536	11.106	Supported
<i>H4 (mediation effect)</i>						
Direct	TL → EP	0.456***	0.372	0.536	11.11	Partial mediation
Indirect	TL → OCB → EP	0.302***	0.233	0.371	8.61	
Total	TL → EP	0.758***	0.721	0.794	39.5	

Notes: ***p < 0.01; **p < 0.05.

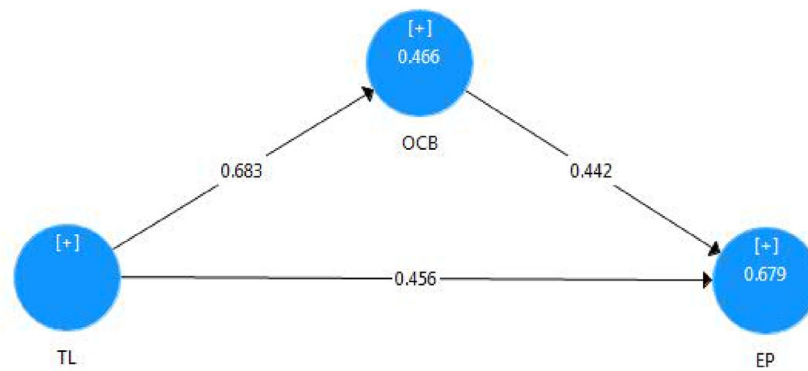


Figure 3. Structural model.

responsibilities. Over time, transformational leaders cope with employees' situations and improve their behavior. Exchanging values through OCB is also beneficial.

5. Conclusion

Comparing the current findings with the extant literature shows that numerous studies support the findings in the Pakistani context. Pillai et al. (1999a,b) suggested that leaders' behaviors may vary from culture to culture and context to context. However, one aspect seems to consistently encourage engagement in work. For example, Newton (2010) confirmed that, generally, the connection between leaders and employees affects whether employees will engage in voluntary behaviors. Pillai et al. (1999a,b) also confirmed that transformational leaders can encourage employees to display OCB. A recent study by Vipraprastha et al. (2018) revealed that OCB improves EP, and that it is likely that OCB plays an intermediary role between TL and EP. This research adds to the existing literature on behaviors such as OCB and EP that are directly linked to managerial styles and adds new evidence regarding leaders' behaviors, employee productivity, citizenship conduct, and the cross-border expansion of firms.

5.1. Implications

The social bonding between employees and leaders defines the performance of employees and their journey in the context of SMEs in Pakistan. The outcomes suggest that managers/supervisors in enterprises may find it beneficial to implement such practices to help their employees succeed. In particular, TL practices can encourage employees to participate in voluntary work. This research suggests that SMEs should formulate strategies to create an engaged and satisfied workforce, which will be helpful in gaining a competitive advantage not only domestically but also internationally. Employee satisfaction and engagement can be attained by permitting them to contribute to decision-making and sharing information through meetings, newsletters, reminders, and emails to encourage them to help each other. Organizations should continuously utilize positive practices and mechanisms that support EP and employee engagement. Engaged workers are likely to form a close bond with the business employing them, and leader-member exchange helps employees to adopt leaders' conduct and thus improve their performance. Adopting these styles can develop good postures and outcomes at work in terms of augmented commitment, happiness, and performance. Further, employees can become wholly involved in voluntary work, such as helping each other under such leadership. Finally, there are implications for the practice and theory of TL and the relationship between employees' engagement and leaders' engagement; this study has

provided evidence and confirmed previous studies regarding the positive connection between leadership styles and employee behaviors and outcomes, subsequently leading to greater employee well-being. Organizations that desire their employees to show the highest level of OCB must promote a TL style and enhance EP. This means that there must be a complementary and situational implementation of the TL style to influence the behavior of employees in terms of organizational citizenship.

In practice, the findings can serve as a valuable resource for corporate executives, experts, managers, and policymakers. Policymakers and planners can concentrate more on developing the SME sector, which is regarded as the foundation of economic development. This research may also help with ongoing initiatives to combine leadership, strategy, motivation, and willful help. By enhancing the SME sector, a study can significantly contribute to the stability of the Pakistani economy. In the latter scenario, the findings can add to the body of knowledge on collective action, leadership, and its characteristics by pointing out gaps and potential sites of convergence. It also emphasizes some of the challenges that appear in encouraging every leadership aspect to foster individual enterprise sustainability.

Moreover, based on the effects of every leadership attitude on optimizing employee performance, this study makes several recommendations for management and practical use. First, the leadership style (Idealized influence attribute, Idealized influence behavior, inspirational motivation, intellectual motivation, and individualized consideration) aids SMEs' pursuit of voluntary work and performance goals. The findings demonstrate that by concentrating on the social bond philosophy, HR managers may employ the traits to enhance the company's performance in terms of achieving bigger goals. Second, companies need to use conscientiousness, sportsmanship, civic virtue, courtesy, and altruism to create internal institution performance plans. Third, to boost a company's performance in terms of task, context, and adaptive for their organizations in putting these traits into action. As a result, they should adhere rigorously to it. Finally, managers should concentrate on the critical role that transformational leadership plays in maximizing the effects of OCB on employee performance. Transformational leadership abilities like creating a clear sense of purpose are only a few examples of these skills pursuing visions for their direct reports, coaching, and training.

In addition to removing the intensity of counterproductive workplace behavior (CWB), the organization's leaders should be mainly transformational in their leadership approach. Hence, it is suggested that proper management training programs should be offered that enable organizational managers' and subordinates' voluntary work behavior, which ultimately increases EP. As leaders, managers, supervisors, and enterprises' representatives should fully engage with employees, and these employees should be kept engaged in organizational and civic work (i.e. helping others).

5.2. Limitations and recommendations

This study implemented a single rating method for data collection from key informants. There may nevertheless be a degree of bias from the employees' perspective. Future studies may expand the investigation by using the leader–employee dyad perspective to examine organizational citizenship. Further, implementing a quantitative approach to evaluate the constructs identified represents one of the study's limitations. The interview approach or a mixed-method approach could provide a more in-depth analysis of employees' behaviors. Future research can aim to discover the influences of a transactional leadership style on employees' intended behaviors (e.g. OCB). TL dimensions can also be further explored; additionally, OCB is also a dimensional construct that can therefore be analyzed dimensionally. CWB can also be considered to discover employees' viewpoints under different dimensions of the constructs. Further exploration of other variables is also encouraged, e.g. transactional leadership style, CWB, job satisfaction, and job commitment. Future studies may also expand investigation of the style of leaders from the employees' point of view while examining employee's OCB and CWB from the perspective of leaders. Finally, future studies should be conducted in diverse contexts, and different types of organizations should be targeted in order to broaden the domain and increase generalizability.

Declarations

Author contribution statement

Sikandar Ali Qalati, Ph.D; Zuhaib Zafar; Fan Mingyue, Ph.D; Mónica Lorena Sánchez Limón, Ph.D; Muhammad Bilawal Khaskheli, Ph.D: Conceived and designed the experiments; Performed the experiments; Analyzed and interpreted the data; Contributed reagents, materials, analysis tools or data; Wrote the paper.

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Data availability statement

Data will be made available on request.

Declaration of interest's statement

The authors declare no conflict of interest.

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