Impact of job engagement and team processes on organizational learning: examining moderating role of leadership style

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ABSTRACT: Banking industry in Pakistan is facing intense competition attributed by great number of national and multinational banks, improved technology, enhanced innovation and concentrated products portfolio. This necessitates an ongoing learning culture in organizations to result in enriched service quality and better customer satisfaction. This study takes into account this dilemma and explains how organizational learning is influenced by team process and job engagement with moderating role of leadership style. Data were collected through self-administered questionnaire from 450 employees of selected banks in Multan district of Southern Punjab province, Pakistan. Regression analysis was run to statistically validate the conceptualized relationships. Findings provided significant statistical support to accept all hypotheses. This study provides useful insights for bankers to incorporate such policies which enhance teamwork and increase job engagement. Furthermore, a democratic leadership style congruent with organizational policies may also enhance organizational learning that would ultimately yield innovation and improved customer satisfaction.

Keywords: Leadership Style, Job Engagement, Organizational Learning, Team Processes, Moderator
A number of studies has been conducted by renowned authors and scholars to address the issue of organizational learning. These studies have provided a lot of information about various aspects of organizational learning. Organizational development (OD) is a long term effort aimed at continuous improvement which is supported at all levels of the organization (French and Bell, 1995). According to Argyris and Schon (1978), learning organization is the one that consistently acquires knowledge, improves it and transfers it to all its stakeholders. In the light of new knowledge gained, the organization continues to modify its behavior to reach its goals at the earliest.

There is a very close and intimate relationship between organizational learning and the learning organization. Pedler et al., (1997) define learning organization as the organization that facilitates learning of its members and continuously attempts to transform itself into progressive organization. Learning organizations institutionalize learning mechanisms into a learning culture. On the other hand, organizational learning is a concept that explains to what extent the organization is a learning organization in its approach and how far it is able to change the organization’s mission and value, a phenomenon regarded to as single-loop and double-loop learning (Argyris & Schon, 1978).

Learning and performance are closely related to each other (Dusket & Kayes, 2000; ) and ultimately lead to organizational success (Herre, 2010). When organizational goals are modified realistically in the light of reflected experience and current perceptions, organizational learning happens to take place (Argyris & Schon, 1978). According to Senge (1990), it is the failure which provides the richest learning experience. The organizations that make the best use of their failures and go all out to find the causes of failure and proactively try to rectify them can legitimately be considered moving towards learning organization.

Leadership style is a key factor in developing learning culture. A democratic leader can better manage the learning process by sharing his vision with the teammates; however an autocratic leader may impede the learning activity by imposing his authority and ignoring the valuable suggestions offered by the team members (Lane and Wenger, 1990).

Organizational Learning has been a topic of academic discussion in literature since 1990s. However it has rarely been applied in underdeveloped countries. The organizational learning construct is of paramount importance and of prime interest in research studies. Thus its application in practical and academic research is inevitable. That is why this construct has been chosen for current research. Since documented evidence on the relationship between team processes and job engagement on organizational learning with moderating role of leadership style is rare in research, current study attempts to verify and validate this relationship in Pakistani context.

Present study aims to explore the impact team processes and job engagement on organizational learning with leadership style as a moderator. This study is distinct from the previous studies in the sense that it has examined the impact of job engagement and team processes with leadership style as a moderator to predict organizational learning; whereas the previous studies didn’t address this issue with this combination of variables.

**Literature Review**

According to Hedberg (1981), organizations do not have brains but they are composed of cognitive systems and memories. Organizations being collection of individual members too, develop their own views and ideologies. Cook &Yanow (1993) thus note that organizational learning is exactly the same as individual learning. According to Templeton et al. (2002), organizational learning as an entity is a function of eight dimensions including awareness, communication, performance assessment, environmental adaptability, intellectual cultivation, social learning, intellectual capital management and organizational grafting. Undoubtedly, learning is a key determinant of an organization’s continued growth and even the very survival of it.

Several definitions of organizational learning have been given by academicians. According to one view, Organizational learning is a process through which organizations learn from experience and bring about a change in their cultures and systems to improve performance (Burgoyne, 1995). The enterprise should have a learning culture in which all the members should be allowed to question, analyze and appreciate various ideas. Organizational learning is therefore an important pattern which emerges when the organizations make efforts to promote employees’ welfare. Employees too, on their part reciprocate and work whole heartedly to achieve organizational goals.

Employees’ engagement has been a subject of interest for the leaders and managers across globe. It is considered as a key element that affects organizational effectiveness, innovation and competitiveness. Large number of studies differentiate employee engagement from organizational commitment thus terming it as a separate important concept to affect organizational performance (Goodman et al., 2009;Kahn, 1990; Saks, 2006;Macey& Schneider, 2008). According to Meyer et
al. (2010), organizational engagement refers to employees’ involvement in tasks with enthusiasm both individually and collectively. Engagement creates facilitating climate that manifests itself in a proactive value directed behavior which strengthens and invigorates the organization.

Team processes is another vital variable which has a great impact on organizational learning. According to Brown and Duguid (1991), team processes are closely related to organizational learning because of their interactive role. The members of the organization, who constitute or structure themselves into teams, have been referred as ‘mental models’. This is because they facilitate innovation and create new thinking and ideas with their interaction and produce collective wisdom that contributes significantly towards organizational learning (Catarina et al., 2013). Team mental models help to resolve conflicts among team members during various life-cycles of the teams and thus improve their effectiveness.

Leadership Style means how a leader influences the behavior of his teammates and subordinates; decides the direction of his work group and keeps a balance between the achievement of organizational goals and maintenance function of the group (Bass, 1985; Bass & Avolio, 2000). Bulk of the literature on leader style pertains to transformational and transactional styles. A leader is a person with authority to guide other members in the organization to accomplish a goal or set of goals. An effective leader is the one who motivates his subordinates and teammates supportively, encouragingly and zealously to put in their best for the organizational goals and also works towards his own professional objectives. Leadership Style theorists have identified four main leadership styles: Laissez Faire leader; Human Relations leader; Autocratic leader and Democratic leader (Participative leader).

Methodology

Measurement Scales and Critical Analysis

The scales used in this study to measure the independent and dependent variables were taken from four major sources: The questionnaire used for the measurement of organizational learning was developed by Templeton et al.,(2002). Templeton et al. (2002) developed eight dimensions and thirty items for the measurement of organization learning. These dimensions are:

i. Performance Assessment (4 items). For example, ‘The organization collects data on all facets of performance’.

ii. Intellectual Cultivation (5 items). For example, ‘the company develops the experts from within’.

iii. Environmental Adaptability (4 items). For example, ‘The organization is slow to react to technological change’.

iv. Social Learning (4 items). For example, ’ our employees resist changing to new ways of doing things’.

v. Intellectual Capital Management (2 items). For example, ‘the organization hires highly specialized or knowledgeable personnel’.

vi. Organizational Grafting (2 items). For example, when internal capabilities are deficient, we acquire them from outside.

Goodman (2000) holds that instead of reinventing a wheel that already exists, it is better to build on the knowledge that exists already and carry on this building process and develop the expertise to make full use of utilizing organizational learning to make organizations better and better. Through understanding how organizations learn, employees are empowered and are placed on a stronger footing to be more successful and competitive. It can therefore be concluded that the study given by Templeton et al (2002) provides a very good scale for the measurement of organizational learning.

Thomas (2007) developed a uni-dimensional scale for Job Engagement that is behavioral in nature and is split into three sub-dimensions namely: Physical, Cognitive, and Emotional. This scale consists of nine items, for example, ‘I am willing to really push myself to reach challenging work goals’ is the physical aspect of job engagement. ‘I get excited thinking about new ways to do my job more effectively’ is the cognitive item of job engagement. And ‘trying to constantly improve my job performance is very important to me’ is the emotional item of job engagement.

Leadership style scale was developed by Avolio (2007). It consists of four dimensions having 16 items including,

i. Self-awareness (4 items). For example, I can list my three greatest weaknesses.

ii. Ethical/Moral (4 items). For example, My actions reflect my core values.

iii. Balanced Processing (4 items). For example, I seek others opinions before making up my own mind.

iv. Relational Transparency (4 items). For example, I openly share my feelings with others. Overall, it is an effective scale for the
measurement of leadership style and to predict organizational learning.

Team Processes scale was developed by Van and Koopman (1996). Five dimensions having 14 items were established including:

i. Team Functional Heterogeneity (3 items). For example, ‘to what extent do you believe that team members are committed to the team goals’?

ii. Frequency of Meetings (4 items). For example, ‘the team usually discusses its goals and attains the agreement of team members’.

iii. Team Interaction Processes (4 items). For example, ‘my teammates and I criticize each other’s work in order to improve teaching’.

iv. Team Innovation (2 items). For example, ‘my teammates always look for different interpretations and perspectives to confront a problem’.

v) Control Variable (1 item). For example, ‘in our team, we all influence each other’. It is also an effective scale for the measurement of team processes.

Hypothesis Development

It is an idea or suggestion that is based on known facts and is used for reasoning and further investigation. Hypothesis serves as a predictor or a proposition for the variables of the study. It describes what one expects will happen during the course of research study.

Organizational learning stands as a construct which has been studied with reference to multiple constructs in academic literature. In the current study, the dependency level of the organizational learning will be measured with reference to two independent variables, Job engagement and Team processes and a moderating variable the Leadership style. Following is the diagrammatic representation of the study variables and their interrelationship.

Figure 1 Conceptual Framework

Job Engagement and Organizational Learning

According to Bakker & Leiter (2010) organizations require, if they have to survive in today’s vibrant economic environment, a team of employees who are proactive, dedicated, and have drive and initiative. They are deeply engaged with their roles and are fully committed to setting high standards of performance. This they demonstrate by exhibiting energy, self-confidence, great enthusiasm and passion and pride for their work, so that their organization continues to register robust growth rate and maintains a competitive edge over its rivals (Bakker and Schaufeli, 2008). Thus an engaged work force is a must for modern organization. Hedberg (1981) termed organizational learning as cognitive systems and memories. As employees develop their personalities, personal habits and beliefs over time, organizations too, develop their views and ideologies. Employee development schemes elaborate that it is of no importance what employees learn, as their desire to learn more will be stimulated creating willingness and the capacity to collaborate with the work place learning (Vallely, 1992). With reference to job engagement, employees have to be proactive and innovative to facilitate double-loop learning for the purpose of enhancing and promoting organizational learning. On the basis of above discussion it can be hypothesized that,

H1: Job engagement has a significant impact on organizational learning.

Team Processes (TP) and Organizational Learning (OL)

‘Team Processes’ is the second very important variable which has a positive effect on organizational learning. The way teams work, using their full potential, contributes significantly towards the promotion of organizational learning. Carroll, J.S., Rudolph, J.W. & Hatakenaka, S. (2002), considered learning as a social phenomenon involving interaction among employees leading to the creation of new ideas, knowledge, skills and development of a cooperative culture and systems’ thinking. Needless to say, such team processes have a great bearing on organizational learning. Schon (1984), illustrated that while working in teams and passing through team processes, the employees add to their existing knowledge and learn new procedures and skills. Mickan & Rodger (2000), state that conflict management (confrontation) and social relationship (support) produce creative solutions and establish practical assistance among team members. Therefore it can be said confidently, that the learning is accelerated and gets richer with varied and rich experiences and member
inputs based on their expertise, experience and up-to-date knowledge.

Another view that perceives organizational learning as a metaphor or a substitute for team learning is that it is not just the sum total of the individual learning; rather it is a synergetic process. It means the combined result of the individual efforts of the team members is much more than the sum of their individual achievements. The synergetic effect is the outcome of their interaction, shared vision and collective wisdom. Dechant, K., Marsick, V.J., &Kasl, E. (1993) and peddler, M., Burgoyne, J. &Boydell, T. (1997) hold the same view.

According to Pettigrew, A., Ferlie, E. & McKee, L. (1992) and Van de Ven& Poole (1995), the literature on organizational learning does not tell us why change does or does not occur or why the rate and pace of change differs. It gives an account of changes that occurred during the learning process but not the process of changes. The sense of ‘safety in numbers’ appears to have been overlooked despite the great works of Maslow (1943) and Herzberg, F., Mausner, B. & Snyderman, B.B. (1959), who laid great emphasis on team relationships as important factors in productivity and work. Dechant et al (1993), argue that learning recognizes the role of participants’ feelings as an integral part of the team learning process. Team interaction process indicates the degree of engagement of employees in the exchange of information, negotiation and motivation (Van Offenbeek & Koopman, 1996).

In the light of above studies, it can be proposed that

**H2: Team Processes are positively related to organizational Learning.**

**The Moderating Effect of Leadership**

The moderating role of leadership style on organizational learning has not received the attention it deserves in literature, especially when we see it in the perspective of rapid expansion of projects as a form of work organization over the past two decades. This changed scenario has forced the organizations to give more importance to team based productive activities (Jessen, 2002).

Teams, being a temporary form of organization; the dynamics of relationships within teams and the special role and power position of a project manager relative to general manager, are some of the contextual factors that invite answers to some interesting questions to understand what is leadership style and how it delivers within team environments. That the leadership style has a significant and a positive impact on organizational learning is supported by Songbo et al., (2013) maintain that a leader’s external learning behavior has a positive impact on team’s external learning which enhances employee creativity.

The moderator is a variable that directs qualitatively or quantitatively, the relationship between independent and dependent variable positively or negatively. Therefore the third hypothesis that is developed on the basis of previous studies is:

**H3a: Leadership Style moderates the relationship between TP and OL.**

Yukl, (1981), gave a broad definition of a leader as the one who can influence those processes which affect the engagement of employees in their jobs. Also, an effective leader determines the choice of objectives for the work team or the organization. During the 20th century, management scientists offered a number of theories about leadership style including: trait theory; behavioral theory; situational theory and many more. We conclude from the above discussion that the engagement of the employees in their jobs is closely related to organizational learning. The more the job engagement, the more will be the organizational learning. Job engagement can be further enhanced if it is supported by a suitable and attractive leadership. A participative leader can motivate the employees to put in their heart and soul into the work and achieve the organizational targets efficiently and effectively. That the managers of modern organization should be the role models if they have to engage their employees fully in the work place, is also supported by Janet et al. (2014).

According to a survey employee engagement is one of the three top trends facing organizations today Goodman et al., (2009). MacLoed& Clarke (2009) showed that employee engagement was a cause of concern for leaders in organizations whether public sector or private organizations. There was a lot of confusion as to what actually was meant by employee engagement. According to a survey reported by Balain& Sparrow (2009), there were 20 different models of engagement in just one organization. Having its roots in academic work, the term employee engagement was largely a business and consultancy related concept in 1990s. It is now receiving increasing attention particularly from scholars in business and management, psychology and organizational behavior disciplines. Thus varied conceptions of employee engagement are a source of confusion about the true meaning of employee engagement.

Personal work engagement can be defined as “the harnessing of organizational members’ selves to their work roles; in engagement, people employ and express
themselves physically, cognitively and emotionally during role performance” Kahn, (1990, P. 694). Kahn, gives three psychological conditions to bring the employees to their work role performance including: meaningfulness (work elements), safety (social elements including management style, process and organizational norms) and availability (avoiding individual distractions). Gallup’s Buchingham& Coffman (1999), while introducing the term employee engagement, claimed that customer loyalty was driven by employee engagement and that the right people in the right roles with right managers drive employee engagement. This study measures this relationship on the basis of several dimensions. Keeping in view the previous and current studies, the following hypothesis is developed;

**H3:** Leadership Style moderates the relationship between JE and OL.

**Reliability of the Instrument**

According to Netemeyer, R.G., Bearden W.O., & Sharma, S. (2003) and Mooi& M. Sarstedt (2011) reliability of the scale is considered very essential aspect of study application. In the study, reliability of the overall instrument is quite satisfactory. The Cronbach’s alpha value of 0.7 is an indication of satisfactory internal reliability (Nunnally, 1978).

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>N of Items</th>
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<td>0.900</td>
<td>69</td>
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**Target Population and Sampling Design**

Target population for the study is selected commercial banks of Southern Punjab. Data were collected from five major banks; National Bank of Pakistan (NBP), Muslim Commercial Bank (MCB), Habib Bank Limited (HBL), United Bank Limited (UBL) and Bank of Punjab. An aggregate of 450 respondents from aforementioned banks were selected as a sample. Nine branches from each of the five banks were taken and ten officers from each branch of grade OG3 to the vice president level were included. However, some banks use different terms for these grades (AM-1 is equivalent to OG3, AM-2 is equivalent to OG2, M-1 is equivalent to OG1, M-2 is equivalent to AVP, SM-1 is equivalent to VP).

The concerned branches were visited personally and the questionnaire was delivered to the employees by hand. Four hundred and nine useful responses were obtained. Data were collected from the employees during their lunch time; they were requested to spare some time to record their responses. They were briefed about the scope of the research and how their honest responses could be useful in assessing the phenomena and were assured of confidentiality. Data processing and analysis was performed by using the Regression Analysis with SPSS16.0.

**Analysis and Findings**

Regression analysis was used to analyse the modeled relationships detailed in figure and subsequently in each hypotheses. Analysis of the statistics show that Leadership Style positively moderates the relationship (β = .276, p = .046). Job engagement also proves to be a significant predictor of organizational learning (β = .911, p = .003) and so is the case for Team processes (β = .952, p= .000). Model summary and regression coefficients are summarized in subsequent tables.

<table>
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<tr>
<th>Model Summary</th>
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<tr>
<td>R</td>
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<td>0.650</td>
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a. Predictors: (Constant), Team Processes X Leadership Style (TPXLS), Job Engagement (JE), Leadership Style (LS), Team Processes (TP), Job Engagement X Leadership Style (JEXLS).

b. Dependent Variable: Organizational Learning.
Regression Coefficients

<table>
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<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Std. Error</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
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<tbody>
<tr>
<td>(Constant)</td>
<td>1.301</td>
<td>0.288</td>
<td>4.521</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Leadership Style (LS)</td>
<td>0.249</td>
<td>0.125</td>
<td>0.276</td>
<td>2.016</td>
<td>0.046</td>
</tr>
<tr>
<td>Job Engagement (JE)</td>
<td>0.579</td>
<td>0.192</td>
<td>0.911</td>
<td>3.020</td>
<td>0.001</td>
</tr>
<tr>
<td>Team Processes (TP)</td>
<td>0.729</td>
<td>0.201</td>
<td>0.952</td>
<td>3.628</td>
<td>0.001</td>
</tr>
<tr>
<td>JEXLS</td>
<td>0.234</td>
<td>0.081</td>
<td>1.343</td>
<td>2.678</td>
<td>0.004</td>
</tr>
<tr>
<td>TTXLS</td>
<td>0.139</td>
<td>0.086</td>
<td>0.994</td>
<td>1.205</td>
<td>0.018</td>
</tr>
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</table>

Testing of Hypothesis

Hypothesis 1 receives statistical as the results show that a positive relationship between JE-OL exists. Standardized estimates for JE-OL relationship provide a significant value of (β = 0.911, p = 0.003). Hypothesis 2 also receives support as the results show that a positive relationship between TP-OL exists. Standardized estimates for TP-OL relationship provide a significant value (β = 0.952, p = .000). Similarly, Hypothesis also reflects a positive relationship with Leadership Style as moderator and TP-OL by taking TPXLS as interaction term. By conducting simple slope test it is proved that Leadership Style strengthens the relationship between Team Processes and Organizational Learning. Standardized estimates for (TPXLS)-OL relationship provides us significant value (β = 0.994, p = 0.028). Hypothesis 3b also receives significant support as the results show a positive relationship between Leadership Style as moderator and by taking JEXLS as interaction term. By conducting simple slope test it is proved that Leadership Style strengthens the relationship between Job Engagement and Organizational Learning. Standardized estimates for (JEXLS)-OL relationship provide a significant value (β = 1.343, p = 0.004).

Simple Slope Test for Moderators

Simple slopes involve the regression equation for one predictor at specific levels of a second predictor, usually termed a "moderator." It is not too difficult to find simple slopes. But to test them for significance is rather complicated. Bauer & Curran (2005) illustrated testing of simple slopes with multilevel models. Simple slopes are graphical representations of the possible impact of the moderator on the relationship between independent and dependent variables. Simple slopes given in figure 4.5a depict the role of the impact of Leadership Style on the relationship between Team Processes and Organizational Learning.

Fig. 2: Moderating Effect of Leadership on TP-OL Relationship

Fig 3: Moderating Effect of Leadership on JE-OL Relationship

Team process X Leadership style – Organizational Learning
Simple slope in figure 2 denotes that Leadership Style strengthens the positive relationship between team processes and organizational learning.

Job Engagement X leadership style – Organizational Learning
Simple slope in figure 3 denotes that Leadership Style strengthens the positive relationship between job engagement and organizational learning.

Discussion

The main purpose of this study was to examine the predicting role of job engagement and team processes on organizational learning through leadership style as a moderator. The results obtained have confirmed the positive and significant impact of all the variables on organizational learning. This is further supported by the previous studies conducted on these variables as follows.

As reported, job engagement has a positive and significant impact on organizational learning and is supported by a study conducted by Albrecht (2010) a
considerable body of theory and research which regards “Engagement as a unique and distinct construct” that impacts organizational learning positively and significantly. Thus the results confirm current study.

This study finds that team processes have positive and significant impact on organizational learning. This is supported by similar studies conducted by Zaccar et al. (2001) who termed team processes as an important factor that brings about team learning and effectiveness, leading to organizational learning. Furthermore of this study reconfirms that leadership style has an interactive positive relationship with job engagement to predict organizational learning henceforth supporting the finding of Atwater and Brett’s (2006) Last but not the least, this study finds that TP X LS has a positive and significant impact on OL which is congruent with findings presented by Murry and Moses (2005) Thus the previous studies refer to above support and confirm the results and findings of this study.

Conclusion

Organizational Learning is a very important construct which helps to transform an organization into a learning organization. It is deeply influenced by two independent variables, namely job engagement and team processes. It is further affected by the moderating role of leadership style. The data analysis conducted in this study has proved that these independent variables positively affect the dependent variable that is organizational learning. Although, the academic literature is quite abundant and takes into account the positive impact of team processes and leadership styles, but the positive impact of job engagement through the moderating role of leadership style did not receive the attention that it deserved. This study therefore is an attempt to prove that in addition to team processes, the variable job engagement too, has a positive impact on organizational learning through the moderating role of leadership style. To highlight the positive role of job engagement and team processes, this study has introduced two interaction terms namely:

1. Job Engagement X Leadership Style (JEXLS)
2. Team Processes X Leadership Style (TPXLS)

To establish the moderating role of the leadership style, this study has made use of simple slope test which is a graphical identification of the impact of the moderator on the relationship between independent and dependent variables. This has confirmed that the leadership style has strengthened the positive relationship between Job Engagement and Organizational Learning, and also between Team Processes and Organizational Learning. Literature evidence served as a basis to develop a conceptual frame work for the proposed research model. The availability of theoretical support from literature helped a lot to define the relationship among the variables, as independent, dependent and moderating variables. By and large, this study has succeeded in achieving its research objective. Suitable methodologies were used and statistical devices were applied on the data which was collected through a self-administered questionnaire with a response rate exceeding 90%.

In the light of the findings revealed all the four hypotheses developed in the conceptual framework, have been supported and confirmed through the empirical evidence. Therefore it can be confidently said that all the four predictors have a positive impact on the criterion variable (Organizational Learning).

References


