

# The Impact of Leadership on Organizational Citizenship Behavior

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## ABSTRACT

The research problem is that Small Medium Enterprises are suffering from a decline in performance and the main reason is the absence of the implementation of effective human resources practices including transactional leadership, organizational justice and psychological contract. Additionally, it is also stated that the basis of the following motivational theories is represented by these two theories previously mentioned, because they establish a major difference between intrinsic and extrinsic motivation. Small Medium Enterprises are suffering from a decline in performance and the main reason is the absence of the implementation of effective human resources practices including transactional leadership, organizational justice and psychological contract. The research implemented both the quantitative and qualitative methodologies for data collection throughout distributing the questionnaires over 377 respondents in different Lebanese Small Medium Enterprises. The results will be analyzed using SPSS statistical tool and the AMOS for structure equation modeling. The results proved that psychological contract, transactional leadership and organizational justice are positively correlated with organizational citizenship behavior.

**Keywords:** *Organizational justice, Transactional leadership, Organizational leadership behavior, Performance, Psychological contract.*

**JEL Classification:** 510, 512.

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### Highlights of this paper

- Absence of HRM practices affect overall performance.
- Absence of leadership practices affect employees moral.
- Implementation of appraisals and leadership in workplace tend to boost employees motivation.

## 1. PROBLEM STATEMENT

Small Medium Enterprises in Lebanon had been facing a major decline in its performance due to absence of knowledge about the importance of human resources practices and its impact on organizational citizenship behavior.

The research problem is that Small Medium Enterprises are suffering from a decline in performance and the main reason is the absence of the implementation of effective human resources practices including transactional leadership, organizational justice and psychological contract.

Furnham, Forde, and Ferrari (1998) state that the motivator factors of Herzberg do not differ from the higher-order needs in Maslow's hierarchy. One can declare that there is a similarity between Herzberg's (1959) Two-Factor Theory and Maslow (1943) Hierarchy of Needs. Additionally, it is also stated that the basis of the following motivational theories is represented by these two theories previously mentioned, because they establish a major difference between intrinsic and extrinsic motivation.

Nevertheless, there is a difference in the five type's needs of motivation such as the self-actualization which is considered to be an intrinsic evolution of what already exists in the body human. Maslow (1943) states that self-actualization is not related at all to extrinsic factors which a human needs to maintain his/her health. Therefore, Maslow (1943) considers that extrinsic factors are mainly the lower needs while the intrinsic ones relate to the higher ones. Herzberg, Mausner, and Snyderman (1959) reformulated the Maslow (1943) Hierarchy of needs and put them into two categories called: hygiene and motivators. Thus distinguishing between intrinsic and extrinsic motivators is considered as one of the main efforts (Staw, 1976). Furthermore, they stated that there is not a contradiction between satisfaction and dissatisfaction (Salancik & Pfeffer, 1977).

The objective of this paper is to study the impact of psychological contract on the organizational citizenship behaviour taking transactional leadership and organizational justice as a moderator variables which might impact both the dependent and independent variables.

The objectives that will be addressed will be listed as follows:

- To study the relationship between psychological contract and organizational citizenship.
- To study the relationship between psychological contract and organizational citizenship taking organizational justice as a mediator.
- To study the relationship between psychological contract and organizational citizenship taking transactional leadership as a moderator.

However, the research will implement Structural Equation Modelling tools throughout using both the SPSS statistical Tool, and the IBM SPSS AMOS, in order to construct the required models.

In addition to that, the research will rely on both methodologies including quantitative and qualitative methodologies, and will use both types of data the primary data (Interviews and Surveys) and the secondary data (The previous studies that will be mentioned in the literature review).

## **2. EMPIRICAL LITERATURE AND HYPOTHESES DEVELOPMENT**

### *2.1. Organizational Justice and its Impact on Organizational Citizenship Behaviour*

All three aspects of organizational justice have a theoretically strong influence on the employee satisfaction of an employee, as per (Abekah-Nkrumah & Atinga, 2013). Previous literature in fact, indicates an important link between corporate justice and employee satisfaction (Lee & Joo, 2012). While organizational justice leads to a feeling of job satisfaction and engagement, the opposite is that levels of organizational justice cause employee dissatisfaction frustration, and even aggression toward the organization (Rae & Subramaniam, 2008).

Various dimensions of organizational justice have been introduced in the organizational justice literature. The first aspect, distributive justice, refers to the view of honesty among their colleagues by a worker concerning efficiency allocation. This involves both financial and semi-monetary components (such as salaries, benefits, promotions, etc.) that workers receive in return for their work environment contribution (Kofi, 2016).

Employees evaluate their respective output / input ratio to their peers; if they are compensated fairly for the effort they contribute, using the compensation package of their peers as their reference. If the proportion is the same for all colleagues, then distributional justice be said to have been achieved.

The second dimension, procedural justice, impacts the view of workers of the techniques, processes and procedures that the organization utilizes to allocate monetary and/or non-monetary outcomes between its staff members (Folger & Cropanzano, 1998). In other words, procedural justice relates to the apparent fairness of both the process of judgment-making through which outcomes are allocated (Wang, Liao, Xia, & Chang, 2010).

It also encourages employees to reach their goals, fulfill the basic need for social relationships (Chênevert, Jourdain, Cole, & Banville, 2013) and address the fairness of decision-making processes involving employees.

The third and final aspect, interactional justice, involves the perceptions of workers of their actions when institutional policies are implemented (Bies & Moag, 1986). As stated by the definition, there are two elements of interactional justice: interpersonal justice and informational justice.

Social justice concerns employees' social care inside the company, especially if they are adequately treated with dignity, courtesy, and respect. In contrast, information justice refers to the accuracy of the information provided to staff in addition to providing sufficient answers and justification for superior decision making (Cheung, 2013).

*Hypothesis One: There is a direct relationship between organizational justice and organizational citizenship behavior.*

### *2.2. Transactional Leadership and Organizational Citizenship Behaviour*

Leadership is considered as essential element for measuring performance, the principal performance of Concept of growth and mode of development in the organization.

Transactional leadership is considered the right leadership which engages them by taking decisions in Theories.

Transformational leadership is described as the leader's skillfulness in orienting his employees' talents and competencies at work for fulfilling the goals of the institution. Leaders must identify the type of leadership Neo-classical economics and development to get the best justice among their employees in the work in general.

One of the fundamental features that distinguish transactional leaders from others is their capacity to motivate their employees at work through applying network devices for communication which is established to enhance exchanging skills and information, building trust and promoting the concept of teamwork.

This kind of leadership is regarded as one of the fundamental ingredients to enhance the worker's experience at work and to improve the performance of the organization as a whole .

At last, transactional leadership can have a positive effect on the employees' creativity in the institution through providing new ideas and in order to keep employees motivated and retained to the organization they are working in, performance appraisals are conducted correctly. By that it is also tends to attend justice through the means of performance appraisals, the quality of the employee productivity is estimated.

All employees and managers in the organization is the responsibility of leaders. Former researches revealed that the performance of employees at the workplace is profoundly affected by transactional leadership. However, the fundamental target central of what attain the maximum degree of staff scenarios by improving the communication between the leader and the employees at work to accomplish the vision, mission and institutional objectives.

*Hypothesis Two: There is a direct relationship between transactional leadership and organizational citizenship behavior.*

### *2.3. Psychological Contract and its Impact on Organizational Citizenship Behavior*

Cheung, (2013) offer guidance into the influence of psychological contracts on job performance by using the theory of social exchange to illustrate that a violation of the psychological contract has adverse consequences. The degree to which negative effects influence the worker's commitment to the organization is defined as emotional engagement. As a consequence of the development process as emphasised, it can be associated with a fall in psychological commitment, verification and dedication.

Cheung (2013) proves in the analysis there is a statistically significant correlation in the psychological contract between adaptive dedication and a violation. When affective engagement is strong, furthermore, it may have a mediating impact on perceived corporate help and its influence on subordinates' extra-role activity; and workplace environment status like continuing acquisition and its effect on additional-role conduct. Research by Cheung (2013) also claims that regular communication with employees is critical and could lead to a decline in commitment and productivity if not practiced.

*Hypothesis Three: There is a direct relationship between psychological contract and organizational citizenship behaviour.*

## **3. METHODOLOGY**

This paper is the representation of the method used for doing the research and consequently the entire study. This paper explains the techniques used for data collection, variable measures undertaken and the techniques used for this study. Collection of data is crucial as analysis result depends on its quality only. Consequently, techniques used for this purpose must be appropriate enough to back in study purposes.

### *3.1. Sources Of Data*

The study has been made on the basis of primary and secondary data. The primary one derived from the outcomes of the researcher's questionnaires and frontal interview while the secondary one was furnished by company's HR and Administration Division.

### *3.2. Primary Data*

Primary data is based on the random sample and top Management staff via frontal interviews with company's few top and key Management staff. Other company staff like supervisors, officers and clerks were distributed questionnaires to get a thorough understanding of the staff on the chosen sample about the HR practices which was expected to influence their and performance and behaviors.

**3.3. Secondary Data**

Secondary data is derived from the HR records and various online reports, articles, textbooks and journals readied by many universities. This data was meticulously analyzed to assess its aptness, reliability, suitability and accuracy.

**3.4. Populations**

The study is based on the sample selected from the staff working in Lebanese Small Medium Enterprises. The count of the permanent staff comprises of 1546 people.

**3.5. Sampling Techniques**

As this study is based on the impact of human capital on organizational citizenship behavior in Lebanese Small Medium Enterprises, sample size is 377 participants. The size of sample for this study is derived accordingly from the idyllic sample suggested by experts.

As in this case, though the behaviors comprises of many hundreds, but as it’s a purposive research so, stratified sampling was also used, which tuned out to be 10% of the total count. The interviews held were done frontal with the top 10 management officials of the company. The sample size which comprised of 337 was demonstrative in terms of variability extent in the populace, time limitations and the context within which the study was meant to be accomplished and submitted abiding by the concluded interpretation.

**3.6. Data Collection Instruments**

As previously mentioned, sample size comprised of 377 willing employees and data was collected via questionnaires and individual interview, while self-examining. Both surveys and interviews will be distributed using Google forms for data collection, and the data will be analyzed using both SPSS and AMOS for structural equation modeling.

The questionnaires were made use of to cut cost, evade preconception and save time. The questionnaire structure will be explained as follows:

**Table-1. Questionnaires structure.**

<b>Variable</b>	<b>Number of Questions</b>
Organizational Citizenship Behavior	Four Questions
Organizational Justice	Four Questions
Transactional Leadership	Four Questions
Psychological Contract	Three Questions
Demographic Variables	Four Questions

**3.7. Interview**

For this research, frontal interviews were conducted by the researcher. Before going for the interview, researcher introduced the research field, the main drive of interview, and its technique to the interviewees. Some unofficial chat was also made to ease the interviewees before starting with the interview. Namelessness and secrecy were the watch words. Recording was not done during these interviews as the interviewees were not contented with it. The interviews were held in an interactive mood and the responses were carefully noted down by the researcher.

### 3.8. Data Analysis Techniques

Collection of valid data or and information and effectively analyzing it are quite different from each other. After collecting the data, interviews were transcribed to review the gathered information. This was done to reduce human memory limitations and also to help other researchers make analysis easier as and when required later on. Transcription served as the starting point of this analysis and also in data categorization.

As there was variance in the qualitative data techniques for understanding the textual material so, categorization scheme was made in use. So, the interview findings were classified to expressive categories based on which the desired study was strained. For this very reason, editing strategy was undertaken, which obscure on making decision on categorizing after transcribing all the interviews. After this, the derived information was summarized in the observed findings section so as to address all of the interview questions.

### 3.9. Research Model

The following section will address the model that will be implemented in the research:

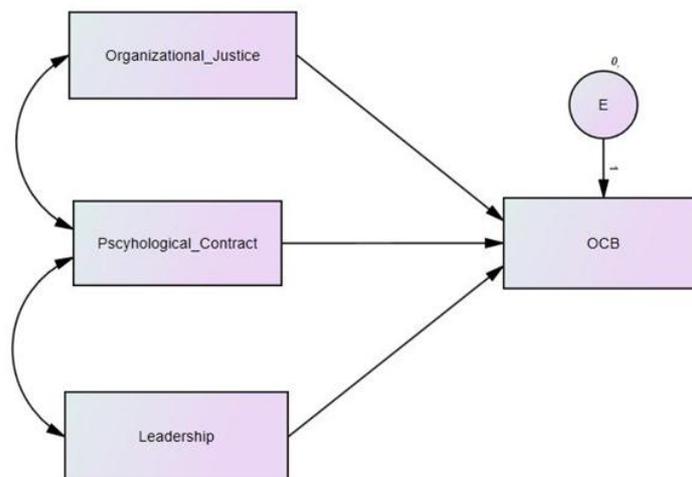


Figure-1. Research model.

The above figure explains the model that will be implemented in the research:

The dependent variable is: Organizational Citizenship Behavior.

The independent variable is: Psychological Contract.

The mediator variables: Organizational Justice.

The moderator variable is: Transactional Leadership.

Based on the above variables, the following hypotheses will be tested:

*H1: There is a significant relationship between psychological contract and Organizational Citizenship Behavior.*

*H2: There is a significant relationship between psychological contract and organizational citizenship behavior taking organizational justice as a mediator.*

*H3: There is a significant relationship between psychological contract and Organizational Citizenship Behavior taking leadership as a moderator.*

The paper will study the impact of the mediator and moderator variables and its relationship with respect to both the dependent and independent variables of the research. This will be illustrated in further sections in the paper.

3.10. Factor Analysis

Table-2. Factor analysis.

Component Matrix <sup>a</sup>		Cronbach Alpha
		1
	OCB	0.895
	Leadership	0.869
	Organizational Justice	0.854
	Psychological contract	0.883

The factor analysis had been conducted to study whether the collected data are valid for statistical analysis or not based on an indicator called Cronbach Alpha. If this indicator showed a sign above 0.7, this means that the data are valid and ready for statistical analysis.

If the indicator was between 0.5 and 0.7, this means that the data can be analyzed but there is a probability for bias. At last, if the indicator showed a coefficient below than 0.5, this means that the data are not valid and not ready for statistical analysis.

Thus, and based on the above results, the findings can be concluded as follows:

The Organizational Citizenship Behavior variable showed a valid relation 0.895

The leadership variable showed a valid relation 0.869

The organizational justice variable showed a valid relation 0.854

The psychological contract variable showed a valid relation 0.883

3.11. Analysis

Three different multiple regressions will be implemented to study the relationship between the dependent and independent variables adding on them the moderator and mediator variables. The regression will be clarified as follows:

The first regression will address the relationship between psychological contract and organizational citizenship behavior.

The second regression will address the relationship between psychological contract and organizational citizenship behavior adding on them organizational justice as a mediator.

The third regression will address the relationship between psychological contract and organizational citizenship behavior adding on them organizational justice as a mediator and the transactional leadership as a moderator.

*Regression to study the relationship between psychological contract and organizational citizenship behavior*

Table-3. Regression analysis.

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	0.713 <sup>a</sup>	0.508	0.507	0.600		
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	0.785	0.069	11.433	0.000	
	Psychological-Contract	0.689	0.035	0.713	19.662	
					0.000	

Note: a. Dependent Variable: OCB

The regression analysis showed a significant relationship between psychological contract and organizational citizenship behavior since the significance level is below 0.05, and it showed R-Square of 50.8% which means a good relationship between the psychological contract and organizational citizenship behavior.

*Regression to study the relationship between psychological contract and organizational citizenship behavior using justice as a mediator.*

**Table-4. Regression analysis.**

<b>Model Summary</b>						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	0.799 <sup>a</sup>	0.639	0.637		0.515	
<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.382	0.068		5.600	0.000
	Psychological-Contract	0.371	0.041	0.384	9.135	0.000
	Organizational-Justice	0.433	0.037	0.489	11.624	0.000

Note: a. Dependent Variable: OCB.

The regression analysis showed a significant relationship between psychological contract and organizational citizenship behavior and organizational justice since the significance level is below 0.05, but after adding the mediator variable which is organizational justice the R-Square increased to reach 63.9% which means that organizational justice increased the strength of the relationship between the dependent and independent variables.

*Regression to study the relationship between psychological contract and organizational citizenship behavior using justice as a mediator and transactional leadership as a moderator.*

The regression analysis showed a significant relationship between psychological contract (0.004) , organizational justice (0.001), transactional leadership (0.001) and organizational citizenship behavior since the significance level is below 0.05, but after adding the mediator variable which is organizational justice and the moderator variable (transactional leadership) the R-Square increased to reach 65.7% which means that transactional leadership increased the strength of the relationship between the psychological contract performance and justice.

**Table-5. Regression analysis.**

Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.811 <sup>a</sup>	.657	.655		.502	
<b>Predictors:</b> (Constant): Leadership, organizational justice perception, psychological contract fulfillment.						
<b>Coefficients</b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.235	0.074		3.159	0.002
	Leadership	0.385	0.038	0.434	10.138	0.001
	Organizational Justice					
	Perception	0.210	0.047	0.199	4.452	0.008
	Psychological Contract Fulfillment	0.271	0.046	0.281	5.951	0.004

Note: a. Dependent Variable: OCB.

**Table-6. Pearson correlations.**

		<b>OCB</b>
Organizational Justice	Pearson Correlation	.747**
	Sig. (2-tailed)	.000
	N	376
Leadership	Pearson Correlation	.636**
	Sig. (2-tailed)	.000
	N	376
Psychological Contract	Pearson Correlation	.713**
	Sig. (2-tailed)	.000
	N	376

The Pearson Correlations test had been implemented to test whether the variables are positively or negatively related to each other based on a coefficient called Pearson Correlation. If this coefficient indicated a positive sign, then the relationship will be positive or vice versa. The findings showed a positive relationship between Organizational Justice and OCB since the Pearson Coefficient is 0.747, which means the higher the organizational justice is practiced in the workplace, the higher the organizational citizenship behavior will be which tend to increase the performance in the Small-Medium Enterprises in Lebanon.

However, the findings also showed a positive relationship between Leadership and OCB since the Pearson Coefficient is 0.636 which means the higher the transactional leadership is, the higher the organizational citizenship behavior will be. At last, the findings showed a positive relationship between Psychological Contract and OCB since the Pearson Coefficient is 0.713, meaning that psychological contract tend to increase the organizational citizenship behavior positively.

This means that the relationship among the variables is directly proportional and tends to have a positive relationship. However, the following table will provide a comparison between the research findings and the critical literature review.

**Table-7. Comparison table.**

<b>Research findings</b>	<b>Literature Review Findings</b>
Positive relationship between organizational justice and organizational citizenship Behavior	Lee & Joe (2012) proved that organizational justice tend to have a positive impact on organizational citizenship behavior.
Positive relationship between transactional leadership and organizational citizenship Behavior	Suliman & Obaidly, 2013 proved that transactional leadership tend to have a positive impact on the organizational citizenship behavior of employees in the workplace.
Positive relationship between psychological contract and organizational citizenship Behavior	Restubog (2006) proved that psychological contract tend to have a positive relationship on the organizational citizenship behavior of employees.

### 3.12. Relationship Strength

The above model had been constructed using the IBM AMOS SPSS tool in order to construct the above model. The model can be explained as follows:

- The relationship between Psychological contract and OCB is 0.33.
- The relationship between Organizational Justice and OCB is 0.49.
- The relationship between Leadership and OCB is 0.13.
- The relationship between Psychological contract and Organizational Justice is 0.46.
- The relationship between Psychological contract and leadership is 0.46.

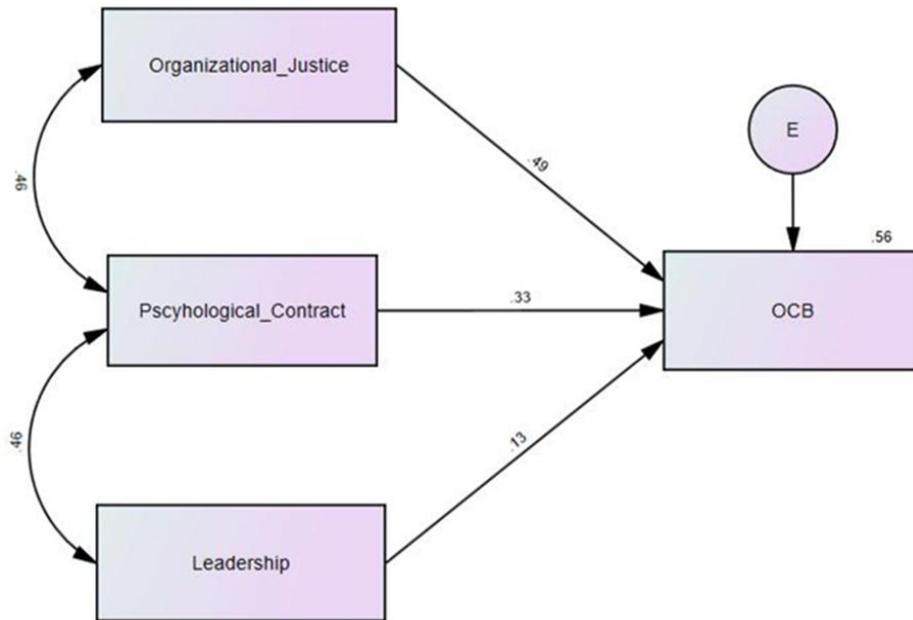


Figure-2. Correlations among the variables.

#### 4. MAIN FINDINGS

The regression analysis is an inferential statistics test which is implemented throughout the SPSS statistical tool to study the relationship between the endogenous and exogenous variables based on a standard error of 5%. The rule states that if the margin error is above 5%, then the null hypothesis is rejected and the alternative hypothesis is accepted. Thus, and referring to the above table, the following results can be clarified:

- H1: There is a significant relationship between psychological contract and Organizational Citizenship Behavior is accepted.
- H2: There is a significant relationship between psychological contract and organizational citizenship behavior taking organizational justice as a mediator.
- H3: There is a significant relationship between psychological contract and Organizational Citizenship Behavior taking leadership as a moderator.

Therefore, the following equation can be constructed:

$$Y=A+BX_1+BX_2+BX_3$$

Where Y = Dependent variable, A = Constant, X = Independent and Moderator variables

Thus,

$$\text{Organizational Citizenship Behavior} = 0.001 \text{ Leadership} + 0.008 \text{ Organizational Justice Perception} + 0.004 \text{ Psychological Contract Fulfillment}$$

This means that:

For every one unit increase in leadership, the OCB will be affected by 0.001.

For every one unit increase in Organizational Justice Perception, the OCB will be affected by 0.008.

For every one unit increase in Psychological Contract Fulfillment, the OCB will be affected by 0.004.

However, the findings proved that the strength between the independent variable (psychological contract) and the dependent variable (organizational citizenship behavior)

Tend to increase from 50.8% to 63.9% after adding the mediator variable (organizational justice) and the strength also increased to reach 65.7% after including the moderator variable (transactional leadership) in the suggested model.

## **5. CONCLUSION**

This section emphasizes on the conclusions, recommendations and conclusion pertinent to the identified problems in the made research. The research pursued to determine and comprehend the association between the designated HR practices in the company that led to Human Capital and its realism, on the operative acts of the Company by perceiving general staff and the Management. The responses derived from both the interviews held and the questionnaires indicate that psychological contract, transactional leadership, organizational justice tend to affect the organizational citizenship behavior in Lebanese Small Medium Enterprises. From the observations made and the discussions held, it is apparent that such type of HR practices will have a constructive effect on the Company's operations. In general, the employees felt that they don't have employment security from the management and discriminatory hiring further is left much desired. Few less anxious employees were found to be pleased with their own managed teams, but they too felt the necessity to ensure appropriate process management and team member selection. While the non-anxious defended this view point with the fact that Lebanese Small Medium Enterprises were very hazardous and should not be held lightly as these could threaten life. Normally, reward is considered competitive but the need to ensure impartial process was raised by the employees.

Employees agreed on compensating people on the basis of their performance and would appreciate this practice for better performance. They said this would reduce the bitterness amongst the employees to a great extent that leads to hatred, jealousy leaving the employees de-motivated. During this study, employee driven training matter, was not much-admired. Instead, an organizational training needs assessment was highly suggested as it would not only improve performance but is also a requirement to remain in operation. A more hand on approach towards the training was expressed, wherein along with academic training, practical training must also be given. This intended reengineering the training schools and reviewing the policy. To foster coordination of work activities and their understanding for enhanced and better performance, necessity of effective communication was also expressed by most of the employees. When the workplace issues especially which are concerned or affect the employees in some way are well informed to them, then they feel comfortable. This way they feel their worth being part of the Company.

## **6. SUMMARY OF FINDINGS**

This research study held on Lebanese Small-Medium Enterprises, demonstrates the interconnectivity and corresponding roles played by HR practices in any organization. Human Capital Management is an integrated effort to manage and develop human capabilities to achieve significantly higher levels of performance.

Hence to have an effective and successful management of human capital, HR practices need to be carefully selected. The analysis also showed that management level employees are more likely to stimulate information sharing and employee involvement if they have job security. Employees show more interest in working in teams if they are appreciated with incentives for the efforts made based on their performance and given some independence and also if they see the reward fair and reasonable enough.

Similarly, if careful hiring was done, then the knowledge and skills management as well as the abilities of employees, would comprise their development of their career and with-holding in the form of recompensing them with the precise rewards.

In accordance to this, employees felt that if they are involved in the decision-making then this would have a constructive impact on their work attitude as well as on their work behavior. This involvement would not only motivate their will to give better results but would also prove fruitful in achieving company's goal. By so, their self-confidence will also boost to perform the given tasks innovatively and creatively.

### *6.1. Felt Obligation and Employee Commitment*

It is quite evident from the research analysis that, the employees of this company showcase high level of work commitment and obligation sense. They feel that it's the responsibility of the management to ponder on employee's well-being only then high standards in work can be had. Henceforth, such kind of intrinsic motivation activities are kind of vice-versa. Management must compensate the employee good enough and also take care of their well-being to expect their employee to feel obliged towards their work. Hence, companies are getting back only what they are paying for to their employees. An organization can succeed only when its employees' vision and mission will comply with that of management. Employees who feel considerate in making significant contributions in company's success or those who feel themselves to be a part of the company are the only ones who put in additional efforts.

### *6.2. Work Attitudes and Employee Behavior*

Employees believe that their attitude and behavior at work can influence their performance. The negative behavior and attitude might be resultant of inadequate knowledge, skill, information or requirement of specific ability to perform a job. But when employees are left ignored about basic facts relevant to their job and its importance in overall operations of the company, then certainly their attitude and behavior in compliance with their work would not be in accordance with company's objectives and goals. Lack of right and adequate knowledge, skills as well as capabilities to do one's job can also hinder an employee's work behavior and attitude.

### *6.3. Employees' Involvement in Decision Making*

From the taken survey, to be operative and efficient employees must be a part of the decision-making process and given the anticipated authority to carry out their responsibilities. The view of large scale of employees was that the sense of mutual respect is one of the vital contributors to have a positive environment at workplace. It is expected by the employees to be involved in their daily job activities to achieve the desired objectives. As they are going to benefit directly from such decisions, so it would be fair enough to get them participated in decision making.

It has been observed that this leads to unified and operative accomplishment of organizational targets. This would also boost employees to identify and own solutions to their problems. Staff involvement in decision making not only builds trust amongst them but also goes a long way to deter destructive and unhealthy work behaviors and attitudes.

## **7. CONCLUSION**

The study reveals the moderating and intermediating roles that fingered employee responsibility and obligation in Lebanese Small Medium Enterprises. Only those employees feel committed and obliged towards their job who feel they are being well treated by the management. Subsequently, majority of the employees don't find the compensation process equitable. This very feeling of being treated unfair is mounting antipathy amongst the employees and is a contributing factor towards negative work ethic and behaviors presently widespread in the Company. The level to which employees are involved in Lebanese Small Medium Enterprises decision making process is categorized by concern from leadership part. Therefore, the work environment is clear with high level of insecurity and concern. In general, employees do not want to take the decisions or be liable for the taken actions.

## **8. RECOMMENDATIONS**

On the base of the outcomes, following commendations are suggested for consideration.

### *8.1. Talent Acquisition, Development and Retention*

It is evident from this study that there are loopholes in talent acquisition of this Company, insufficiency of skilled employees in labor market and effects on the recruitment method.

Therefore, it is suggested that, as a serious matter, management consider the necessity to validate with the training centers via National Training Authority courses in the necessary skills and knowledge needed for work. Direct recruitment can also be done from senior high schools and further for selection, internal training can be provided. This would help in improvised careful hiring practices which would yield enhanced productivity.

It is recommended to review the training policy to cater the academic training related issues and stabilize it with practical training. An effective career development plan and management of the training school is also recommended for all of the employees specially the ones with core competency level.

### *8.2. Employee Commitment and Felt Obligation*

As per survey, when the employees get into decision-making and are authorized, they feel obliged and committed towards their work, which in return helps in achieving organizations goals. Hence, employees should be given liberty to make and take appropriate decisions on their own to some extent as per the authority level so that they are ready to face the outcomes in every way whether negative or positive. When this will happen, then their sense of responsibility will thrust them to be creative and innovative. Therefore, it is recommended that the management encourages more participative style of management techniques.

### *8.3. Employee Involvement*

Based on the research made, it is found that employee involvement in decision-making would lead to efficient and effective implementation of decisions. On the basis of the above, it is recommended that employee viewpoint should be sought after as it affects their working in the organization. This will not only ensure effective implementation of the decisions made in favor of the organization but will also make them think out of the box to make things happen in efficient and accurate way.

### *8.4. Performance Based Compensation*

The researcher acclaims a new pay structure which would value numerous jobs and groups. The compensation package should be laid by some outside expert consultant. This would not only facilitate upgrades based on performances rather than seniority but would also cater the withholding issue while restoring employee's assurance and trust in management.

### *8.5. Further Contributions*

While doing this research another main issue that came up was the necessity for knowledge management. Knowledge management is all about storing and distribution of knowledge, considering the collected knowledge about organization's operations and the procedures which the management emphasizes on for firm-specific development of knowledge and the skills that are the outcome of organizational learning process."

Witnessing the Small Medium Enterprise operations as well as the need to amend justifiable performance during this study, it is advised that management should think over the essentiality of managing the knowledge within specifically on the operational issues so that it can sustain and continue the business. This in turn would lower unreliable power supply occurrences and other undesirable effects associated with it all across the nation.

Understanding and turning operative Human Capital Management strategy into knowledge based one seemed necessary for the betterment of organizations. On the basis of this, it is recommended that Lebanese SME's must recognize Human Capital Management as its strategic asset for a long way which would lead to enhanced and improved effectiveness in the future. Additional research can also be done to get up-to-date and innovative methods such as balanced score card to recognize the consequence of Company's human capital management.

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