


Article

The Impact of Transformational Leadership on Job Performance and CSR as Mediator in SMEs

Faiza Manzoor ¹, Longbao Wei ^{1,*}, Mohammad Nurunnabi ^{2,3,*} , Qazi Abdul Subhan ⁴, Syed Irshad Ali Shah ¹ and Samaher Fallatah ⁵

¹ Department of Agricultural Economics and Management, Zhejiang University, Hangzhou 310029, China; Faizamanzoor@zju.edu.cn (F.M.); Irshadshah6@gmail.com (S.I.A.S.)

² Department of Accounting, Prince Sultan University, P.O. Box 66833, Riyadh 11586, Saudi Arabia

³ St Antony's College, University of Oxford, Oxford, 62 Woodstock Road, Oxford OX2 6JF, UK

⁴ Bahria Business School, Bahria University, Islamabad Sector E-8, Pakistan; qsubhan@gmail.com

⁵ Interior Design Engineering, Prince Sultan University, P.O. Box 66833, Riyadh 11586, Saudi Arabia; sfallatah@psu.edu.sa

* Correspondence: lbwei@zju.edu.cn (L.W.); mnurunnabi@psu.edu.sa or mohammad.nurunnabi@sant.ox.ac.uk (M.N.)

Received: 30 November 2018; Accepted: 12 January 2019; Published: 15 January 2019



Abstract: Leadership style is an important factor that affects the enhancement of organizational performance and employee's job performance, and what objectives they should pursue, which also makes a profit for their employees or makes another social and economic contribution to society. The present study was developed to observe the impact of transformational leadership on job performance and to investigate the mediating mechanism of corporate social responsibility (CSR). Primary data were collected from the employees by using a cross-sectional design method. Employees who participated in the study are working in the Small and Medium Enterprises (SMEs) of Pakistan. A total of 300 questionnaires were circulated, and 130 were received. The Regression analysis was executed to examine whether CSR mediated the correlation among transformational leadership and job performance. The results of the study suggest that transformational leadership positively and completely predicts job performance. Particularly, the study finds that CSR significantly mediated the effect of transformational leadership on job performance. On the basis of these findings, it can be explicated that transformational leadership, job performances, and CSR are important elements of an organization. These elements can improve organizational performance. Theoretical implications of the recent study are discussed, and offer directions for future research in the area.

Keywords: transformational leadership; Corporate Social Responsibility (CSR); job performance; Small and Medium Enterprises (SMEs); Pakistan

1. Introduction

Small and Medium Enterprises (SMEs) play a markable role in the economic growth of both developed and developing countries. In developing countries, SMEs contribute towards achieving sustainable development goals (SDGs) by generating employment opportunities, fostering innovation, promoting sustainable industrialization, and reducing income inequalities. SMEs provide job opportunities to many segments of society across different sectors and geographical areas such as low-skilled labor in rural areas and, hence, provide opportunities for skill development. The essential role of SMEs toward overall economic growth has been documented extensively in the literature [1]. SMEs become one of the key instruments that drive a country's financial, economic, political, and social growth, and the main source of poverty alleviation in developing nations [2]. These organizations are

facing many challenges, and leaders of organizations have become more sensitive about workforce and organizational performance [3]. Therefore, organizational performance and employee performance has gained greater attention for organizations (profit or non-profit), and the top management is interested in figuring out the factors which manipulate employees and organizational performance for taking appropriate actions [4].

Leadership style can predict the performance of the organization. This is one of the most important aspects that influence the development of organizational and employee performance [5]. Transformational leadership can be defined as “a style of leadership where a leader works with teams to identify needed change, creating a vision to guide the change through inspiration, and executing the change in tandem with committed members of a group” [6]. Transformational leadership has become the focus of interest among the researchers because of its significant and positive impacts on organizational as well as employee performance [7].

Leadership can influence organizational performance in two ways. First, leadership can directly influence performance. Koechet al. [8] reported that leadership is the main determinant of success or failure of an organization, group, and even a nation. The organization is inclined to focus on leadership since it is considered a technique for improving performance and handling impulsive situations [9]. Second, leadership can indirectly influence performance through corporate social responsibilities (CSR). CSR can be defined as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” [10].

Organizations have adopted a number of business techniques and management decisions to ensure survival and achieve outstanding performance that has led to improved output and high-profit margins [11]. Organizations have started to focus more attention on CSR for improving their performance. The motive behind this is that, even though productivity has conventionally been seen as an indicator of organizational achievement, current views recommend that other factors are to come [12]. During the past few decades, CSR has attained more attention in the academics and business communities around the globe [13]. This is mainly because of the most famous corporate scandals of organizations such as Enron, Worldcon, and Tyco international. Moreover, globalization, labor exploitation, misconduct, environmental concerns, social issues, human rights values, and business ethics have also contributed to the importance of CSR [14].

Due to these circumstances, the government cannot meet all the needs of society alone, so they have taken the help of business communities for playing a positive role in the society [15]. Therefore, organizations should not only give attention to economic performance but should take into account their environmental and social performance. Cegarra and Martinez [16] suggested that CSR mechanisms are used to ensure the survival and capabilities of firms, which, in turn, may lead to organizational performance. Specialists from various fields such as management and psychology are currently focusing on the corporate social responsibility perspective at the individual level and recommend that employee behavior and attitude play a pivotal part in renovating CSR into a positive organizational outcome [17].

The recent literature shows a significant and positive association among leadership and CSR. Evidence shows that many research studies highlighted various leadership styles. For instance, they investigated the characteristics of authentic and ethical leadership and their association with CSR [18,19]. However, there is inadequate research on the association among transformational leadership and CSR. Most of the research studies explored the relationship of transformational leadership and CSR in large companies and mostly in developed countries. Though, there is a need to investigate the correlation among transformational leadership and CSR in SMEs, especially in developing countries, due to limited literature on this concept. In the developed countries, research scrutinized the association among transformational leadership and job performance such as health and education sectors. Therefore, it would be interesting to glance at the relationship of transformational leadership and job performance in developing countries like Pakistan. Furthermore, past evidence

point out the essential role of CSR in affecting employee job performance [20]. This study attempts to achieve its main objective by examining the impact of transformational leadership and job performance in SME, Pakistan. The present research focuses on discovering the correlation among transformational leadership and job performance with the mediating variable of CSR.

The recent study is a contribution to the literature on the interface of transformational leadership, CSR, and Job Performance. The previous literature shows that transformational leadership behavior plays a key role in improving the performance of employee [6,21] and plays a vital role of CSR in influencing employees' behavior in the organization [22]. The present research intends to analyze the effect of transformational leadership on job performance in SMEs of Pakistan. This study investigates the impact of transformational leadership on employees' CSR perception. As far as we can tell, no research has been done analyzing the association among transformational leadership and CSR perception. Therefore, the current study is based on an innovative idea that aims to observe the supposed correlation. Additionally, recent study discussed the effect of transformational leadership as well as hypothesized the impact of CSR on employees' job performance. Hence, current research examines the mediating role of CSR between the relationship of transformational leadership and job performance. The authors assure that, if workers recognize leadership style and CSR actions as honestly as possible, they would display healthier citizenship behavior. Lastly, in the developed countries, research studies pertaining to leadership and CSR perception have been generally highlighted. The current study will fill the knowledge gap by focusing on Pakistan, a developing country in South Asia.

This paper consists of six sections. The first section provides a review of relevant literature and hypotheses to be tested. Section 2 explains the research methods. Section 3 provides the findings of the recent study and Section 4 contains discussions. The final section provides the conclusion and practical implications, limitation, and future research agenda.

1.1. Theoretical Background and Hypotheses Development

Contemporary leadership theory is typically as a dynamic and reciprocal process between people pursuing a common goal [23]. In the organization, this theory contemplates about the interpersonal behaviors (the relationships between supervisors and workers). For example, the unique connection between a leader and his/her followers that accounts for extraordinary performance and accomplishments for the organization and larger group. Therefore, it is believable that employees who perceive leadership behaviors and organizations' CSR activities as fair are more likely to improve their job performance.

Researchers have many views about the role of leadership and its effect on the achievement and failure of any project, organization, or institute, but most of the scholars agree that leadership style and leaders have a significant and central role in the evolution and success of any organization. Leaders are involved in identifying the organization's goals, promoting behavior in pursuit of these goals, and manipulating group civilization and maintenance. It is a group phenomenon. "There is no leader without followers" [24]. Leadership can also be defined as "the ability to influence, encourage, and permit workers to contribute to the achievement and efficiencies of the organization" [6].

The recent literature shows that well-known styles of leadership are transactional leadership and transformational leadership [25]. Transformational leadership highlights altruism and self-sacrifice for the betterment of the follower or organization, while transactional leadership is mostly seen among satisfied leader's self-interests as well as the large group (Organization) [26]. In addition, the difference among both of these leadership styles can also appear in term of what the leader and follower propose to one another, the complication of the association, and how influential it is.

The current research study is the main focus on transformational leadership and job performance with the mediating effect of CSR.

1.1.1. Transformational Leadership and Job Performance

Employees' job performance increases by higher job satisfaction and job commitment [27]. The major aim of every organization is to improve employees' job performance, so they can keep up with their competition.

Transformational leadership theory symbolizes a prominent example of the neo-charismatic paradigm that may provide new possibilities for the upper echelons perspective and the understanding of CSR in particular. Transformational leadership as a model for understanding extraordinary effort and performance in organizations and stresses self-sacrifice for the good of the organization [28].

Naeem and Khanzada [29] investigated the relationship between transformational leadership, employees' job performance, and the mediation of job satisfaction in the health sector of Pakistan. Accordingly, the findings of their study show that transformational leadership plays a significant role in job performance. Qualities of transformational leadership motivate and influence employees to perform at a higher level. Mangkunegara [30] determined the effect of transformation leadership and job satisfaction for the employee performance. Results of his study indicated that there is a relationship of transformational leadership and job performance. Therefore, transformational leadership has significant and positive influence on job performance. Findings showed that transformational leadership relates to an increase in the employees' job performance. Mahmoud [31] indicated that transformational leadership style has affirmative and significant effect on the employees' job performance. The study, which was conducted by Ekaningsih [32], concluded that transformational leadership has a significant effect on the employees' performance. It shows that transformational leadership can boost the employees' performance. Sundi [33], in his research, concluded that there is a positive and significant effect on the job performance of the transformational leadership. Furthermore, transformational leadership is effective to improve the employees' job performance. Dvir et al. [34] discussed three types of research studies. These studies have been conducted to examine the association among transformational leadership and job performance. Overall, evidence showed positive association among transformational leadership and job performance. These associations are stronger than the relationships between other leadership styles and performance [35].

Employees are mostly content with transformational leadership rather than other styles of leadership. Hence, on the basis of the previously mentioned argument, it is believable that transformational leadership plays a vital role in employees' job performance. Therefore, we posit that:

Hypothesis 1 (H1). *Transformational leadership has a positive correlation with employees' job performance.*

1.1.2. Transformational Leadership and Corporate Social Responsibility

The CSR concept was initiated by Sheldon in 1924 but did not receive attention by researchers and business community until the 1960s. Over the past few decades, governments, society, businesses, and the academic world equally have shown an interest in this matter [36]. CSR is based on the concept "that business is an essential element of society and should perform its functions in ways that permit it to co-exist with the assorted stakeholders in the society" [37]. CSR is considered "a reaction to social demands, surrounding concerns, and stakeholder pressures" [38]. The stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization. This theory explains CSR practices within a more systems-oriented view of the organization and society [37].

In previous studies, researchers concentrated mostly on external stakeholders such as consumers and investors [39]. However, presently, scholars focus much of their attention on the effect of CSR activities on employees' behaviors and attitudes [40]. Additionally, they also dispute that CSR performs an essential role in influential employees' behaviors [41]. Empirical evidence shows the significant and positive effect of CSR on different job outcomes, such as job contentment, organizational commitment [42], work engagement, and employees' job performance [43]. Similarly, extent literature

exposes a positive association between leadership and CSR. Waldman et al. [26], Obeidat et al. [44], and Waldman [45] indicated that transformational leadership has a positive influence on CSR. Their studies found that the transformational leadership has significant association to the CSR strategies. Many research studies have highlighted assorted leadership styles, such as authentic leadership and ethical leadership, as investigating their relationship by CSR [18,19]. However, studies related to the relationship among transformational leadership and CSR are inadequate. Based on the above literature, it is recommended that transformational leadership also acts as an essential part in determining CSR-related actions. Therefore, the following hypothesis is offered.

Hypothesis 2 (H2). *The transformational leadership has a positive association with CSR.*

1.1.3. CSR and Employee's Job Performance

Expectancy Theory plays in motivating employees to higher or increased performance. Expectancy is the belief that increased effort will lead to increased performance. The success, survival, and competing power of organizations depend on the commitment of their employees [46].

In the last few decades, numerous research studies have explored the effect of CSR on employees' job performance with positive and significant results. As an organization performs various types of functions for the benefit of workers, in return, employees also reveal model citizenship behavior in the organization and demonstrate positive thoughts regarding their workplace [47]. Prior studies have recommended the positive impact of CSR on job performance of employees. Farooq [48] and Sun and Robert [49] indicated that employees' CSR perceptions and job performance have a positive relationship. Likewise, Sarfraz et al. [50] point out that CSR actions have a positive effect on employees' job performance. The above literature shows that CSR has an important role in an employee's job performance. Therefore, we hypothesized that:

Hypothesis 3 (H3). *CSR and employees' job performance have a positive association.*

1.1.4. Mediating Role of CSR in Transformational Leadership and Employees' Job Performance

Employee performances increase job contentment and job satisfaction will occur due to a friendly environment and leadership styles. By adopting a suitable leadership style, the manager can have an impact on an employee's job performance, effectiveness, competence, output, and job contentment. Leadership style can be observed like a sequence of managerial behavior, attributes, manner, and capability based on the worker as well as the standard of the organization [5]. Leadership plays a crucial role in getting job contentment. Leadership deliberated as a function of management, which usually pays attention to public relationships, and techniques to motivate and promote people for attaining elevated employees' job performance and organizational achievement [30]. Some studies conducted in many countries indicate that transformational leadership approaches are optimistically related with job satisfaction and ultimately improve productivity in ways that improve employee performance and achieve organizational performance [51].

Leadership shows a significant and positive relationship with CSR [52]. Therefore, we believe that an organization should be highly involved in CSR activities. Since leaders are considered to be reliable and are considered well-informed about their own strengths and weak points as well. They should show their true self to the workforce, not enforce their views on personnel, and perform based on their values, and believe that they are more likely to complete a significant level of performance and facilitate others to achieve the same goals. Furthermore, leaders who are considered more loyal and build a fair environment may motivate higher levels of job performance [53].

Additionally, while literature shows that transformational leadership and job performance have a positive and significant correlation [29,30,32], the mediating mechanism of CSR still needs to be

explored. Therefore, on the basis of the above, we examined the mediating role of CSR on the relationship of transformational leadership and job performance. Thus, we assume that:

Hypothesis 4 (H4). *CSR has a positive mediating correlation between transformational leadership and job performance.*

2. Materials and Methods

The main purpose of the study was to examine the impact of transformational leadership on the employees' job performance with the mediating mechanism of CSR in SMEs. Reflecting the literature and the assumed hypotheses, a theoretical model was developed. The model tested in this study states that transformational leadership behavior promotes CSR strategies (to boost up the employee performance) (H1) and Transformational leadership and CSR relates positively to job performance (H2 & H3), respectively. Furthermore, CSR is the mediator between transformational leadership and job performance (H4). The proposed study model is exhibited in Figure 1.

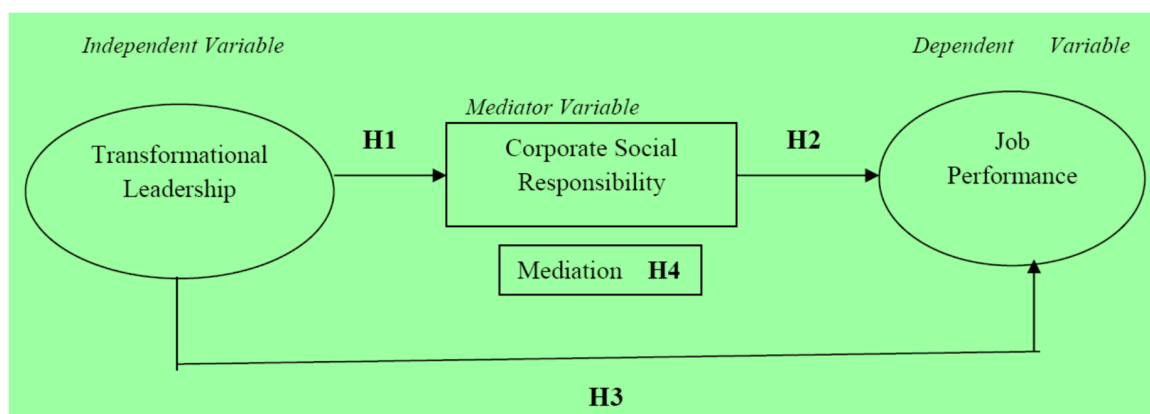


Figure 1. Proposed research model and hypotheses.

2.1. Sample and Data Collection Procedures

The present research applied the cross-sectional design and questionnaire that was used in the collection of primary data from the employees who are currently working in various SMEs of Pakistan. These SMEs were textile and leather, food and beverages, pharmaceutical companies, minerals, and construction. The authors visited SMEs to emphasize the importance of the study and motivate employees to contribute. A self-administered questionnaire circulated along with all the potential respondents. Additionally, the authors guaranteed the confidentiality of responses to participants.

By exploiting a convenient sampling technique, we circulated 300 questionnaires. However, we received 130 filled questionnaires. The greater part of respondents (70: 53.1%) held a master's degree. The remaining held bachelor's degrees. The majority of the respondents (87: 66.7%) were male and the remaining (43: 33.3%) were female. Almost 37.7% of the respondents were between 25–30 years old. Lastly, 43% of the respondents have 6 to 10 years of job experience, as shown in Figure 2.

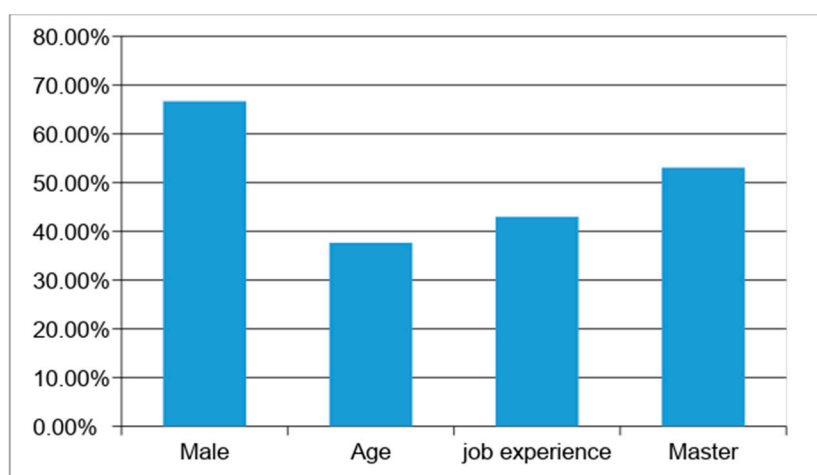


Figure 2. Greater part of demographic data of respondents.

2.2. Measurements of the Variables

Transformational Leadership (TL): Transformational leadership is one that articulates shared visions of the future, stimulates intellectual followers, and is a process of developing people and organizations by achieving laid out goals and objectives and reinforce ethics and values between the employees [54]. TL questionnaire consisted of six items designed by Wang et al. [55]. This measure used a 1–5 response scale (1, strongly disagree, to 5, strongly agree). Items included such as “My manager motivate employees to be a team player,” “My Manager is the best example of a role model,” and so on.

Corporate Social Responsibility (CSR): CSR refers to the state of being accountable either ethically or legally for carrying out duties for the care of someone or something [56]. The questionnaire of CSR variable consisted of 16-items and participants responded on a five-point Likert scale from “1” (strongly disagree) to “5” (strongly agree) for measuring the variable. The CSR questionnaire was adopted from the study of Iqbal et al. [18]. Example items are such as “My firm provides important job training to the workers” and “My firm provides an excellent working environment for workers.”

Job Performance (JP): JP is actions and behaviors that are relevant to organizational goals, which are under the control of employees. Job performance was measured with a five-item scale. The employee performance questionnaire was adopted from Janssen and Van [57]. A five-point Likert scale was used for quantifying the job performance. The scale ranged from 1 to 5 (strongly disagree = 1), (strongly agree = 5). Example items like: “I (employee) always complete duties on time” And “I (employee) fulfill the job requirement.” These items of the variables are presented in the Appendix A (questionnaires).

Table 1 proves the details of reliable data of each variable. Hair et al. [58] recommended that 60% or greater alpha would be considered reliable.

Table 1. Reliability of the data.

Variables	Cronbach Alpha
Transformational Leadership (TL)	0.60
Corporate Social Responsibility (CSR)	0.76
Job Performance (JP)	0.60

3. Results

3.1. Descriptive Statistics

Table 2 below displays the Mean, Standard Deviation, and Correlation of the variables. Transformational leadership have a positive correlation with Job Performance ($r = 0.380$, $P < 0.01$) and

CSR ($r = 0.279$, P value < 0.01). Moreover, CSR also found the positive correlation with job performance ($r = 0.380$, P value < 0.01). Consequently, these findings support the main hypotheses of this study.

Table 2. Mean, standard deviation, and correlation.

Variables	Mean	Standard Deviation	TL	CSR	JP
Transformational Leadership	3.322	0.805	1		
CSR	3.469	0.619	0.279 **	1	
Job Performance	3.657	0.585	0.380 **	0.380 **	1

Note: ** Correlation is significant at the 0.01 level (2-tailed). TL (Transformational leadership), CSR:(Corporate Social Responsibility), JP (Job Performance).

3.2. Common Method Bias

Measurement items used in the present study were tested for a common method bias. Measurement biases has been checked with the Harman's single factor [59], which showed that data does not suffered from the common method bias issue because the percentage of variance explained by a single factor is 34.4%, which is less than 50%.

3.3. Regression Analysis Technique

The present study conducted multiple linear regression in a Statistical Package for Social Science (IBM SPSS) version 22 to analysis major hypotheses of the study. For the analysis, we used mean values of the variables. Prime justification of using the mean value is providing a consolidated measurement of the variable. Averages converge all the dimensions of the variable into a single standardized average value, which represents more comprehensive measurement of the variable [60]. In Table 3, the findings reveal the positive and affirmative effect of the predictor variable on the predicted variable. The findings shown in Table 3 indicate that transformational leadership has a positive and significant association with job performance ($\beta = 0.207$, $P = 0.002$), which completely supports Hypothesis 1. R^2 value as 0.740 implies that 74% variation in job performance due to transformational leadership. Therefore, transformational leadership have a significant and positive correlation with CSR ($\beta = 0.215$, $P = 0.001$). The R^2 value 0.780 means that there is a 78% variation in CSR due to the explanatory variable. In addition, CSR has a positive and significant association with job performance ($\beta = 0.390$, $P = 0.000$). The value of R^2 shows a 13% variation in the dependent variable. Therefore, the results fully support Hypotheses 2 and 3, respectively. The overall regression model is significant.

Table 3. The regression results and mediation.

	Coefficient for the Mediating Effects				
	B	t-Value	p-Value	F-Statistics	R ²
IV-DV	0.207	12.710	0.002	10.293	0.740
M-DV	0.390	6.432	0.000	20.66	0.139
Mediator(IV-M-DV)	0.70	5.15	0.000	26.59	0.172
IV-M	0.215	3.293	0.001	10.84	0.780

Note: IV (transformational leadership), DV (job performance), and MV (corporate social responsibility).

3.4. Mediation Effect

We employed the computer software SPSS (v. 22) developed by Muller [61] to verify the mediation hypothesis for the current study. We used the regression analysis technique for analyzing the direct effect of transformational leadership on job performance as well as the mediation impact of CSR. In Hypothesis 4, the present study predicted that CSR did have a mediating influence in the relationship among transformational leadership and job performance. In Table 3, findings exhibit a significant and

positive mediating effect of CSR among transformational leadership and job performance ($\beta = 0.070$, $P = 0.000$). Therefore, the outcomes completely support Hypothesis 4.

4. Discussion

In the current research, we examined the effect of transformational leadership on job performance as well as the mediator role of CSR in the SMEs context in Pakistan. The present study explored a positive and affirmative connection among transformational leadership, CSR, and job performance. Furthermore, the study observed that CSR has a positive mediating role in investigating the association between transformational leadership and job performance. Additionally, the practical implications of the research are discussed below.

The current study expands the knowledge in understanding the interrelation between leadership style and employees' job performance and its unrevealing mechanism, which contributes to the leadership and CSR literature. Transformational leadership has become the focus of the researcher's interest because of its significant and positive impact on organizational as well as on task performance and organizational citizenship behavior [9,55]. The present research fills the mentioned gap by investigating the association among transformational leadership and job performance in the SMEs perspective in Pakistan. We originate an optimistic and positive association among transformational leadership and job performance. In addition, the study has demonstrated the positive influence of CSR on job performance. In the recent study, findings showed that the dependent variable job performance and the explanatory variable transformational leadership have a positive association. These results were similar to the previous study results of Naeem and Khanzada [29]. They conducted their research in the health sector of Pakistan. Furthermore, a positive correlation between CSR strategies and job performance was found in this study. Therefore, the results were in line with previous findings and are confirmed by the earlier study findings. Our results of CSR and job performance are also allied with the previous studies of Sun [49] and Erhemjamts et al. [12]. Our findings are in line with previous scholars who argue that an exclusive connection between leaders and followers that account for extraordinary performance and accomplishments for the organization. An employee who perceived leadership behaviors and organizations' CSR actions as fair are more likely to improve their performance. Moreover, the main outcomes of the present study are compatible with the previous study outcomes [6,29,49,62]. These findings suggest that transformational leadership qualities and CSR strategies can improve employees' job performance. The findings supported the hypotheses that there is a positive association between transformational leadership, CSR, and job performance.

Kim and Thapa [19] proposed an affirmative mediating consequence of CSR on the association among ethical leadership and job performance. In addition, Iqbal et al. [18] suggests that CSR have a positive and significant mediating effect on the correlation among authentic leadership and organizational citizenship behavior. The study has scrutinized the mediating role of CSR between transformational leadership actions and job performance that is still being explored. The present study investigated this gap and revealed that CSR have a positive and affirmative mediating influence in the relationship between transformational leadership and job performance.

This suggests that employees with the best leadership behaviors and CSR policies will exhibit a higher level of job satisfaction. As a result, their performance will be improved.

5. Conclusions

SMEs have a major role in the developing countries to boost their economy. In addition, SMEs have contributed significantly to achieve the SDGs by creating employment opportunities, reducing poverty, and boosting innovation and the development of the country's economic growth. In the developed countries, many studies have been conducted about CSR in the large firms and companies but have less attention in SMEs in the developing countries like Pakistan.

The present study explored the pact of transformational leadership on job performance and CSR as a mediator in the SMEs context in Pakistan. Findings of our study revealed that the

transformational leadership and CSR activities have a positive association with job performance, and it was also identified that CSR have a positive and affirmative mediating influence in the relationship between transformational leadership and job performance. These findings suggest that qualities of transformational leadership and CSR strategies could increase employees' job performance.

Transformational leadership actions have a significant association with job performance in both cases (whether or not incorporating CSR as a mediator). The current research reveals the way transformational leadership techniques and qualities accompany the employee's performance by demonstrating the significance mediator role of CSR. By implementing transformational leadership qualities, it help increase work satisfaction between personnel, which consequently enhances employee performance. An additional thing in the practical implications of the current study is that top-level management such as leaders and managers should receive training about transformational leadership style, which will boost the performance of them as well as organizational performance. In conclusion, our study suggests that the major aim of leadership training should focus on increasing employee job satisfaction and performance to achieve high outcome and benefits for the organization.

Limitations of the Study and Future Research Direction

It is very important to emphasize the few limitations of the current study, which can lead to future research. The cross-sectional research design is used for the collection of data. In order to avoid the ambiguity of a causal correlation, a future study can use a longitudinal study technique to present the research model. Second, the existing study is restricted to the SMEs sector. Therefore, it is recommended to extend the study to other organizations to overcome the restrictions of the present research. Third, the recent study is conducted in the context of Pakistan. Future research studies should be carried out in other less-developed countries by investigating the model to boost the outcomes generalizability. Lastly, future research should encourage examining others leadership style such as transactional leadership, Democratic, Autocratic, and Strategic Leadership, and more while focusing on organizational citizenship behavior, worker's job performance, and organizational performance. In addition, future research is needed to recognize the other possible mediator variables and moderator variables in this procedure.

Author Contributions: F.M. and L.W. have equal contribution to write the original draft of the paper. M.N. and S.F. reviewed and revised the paper. Q.A.S. and S.I.A.S. contributed in data collection.

Funding: The major project from Ministry of Education of the People's Republic of China. Project Name: Research on Urban and Rural Factor Allocation and Basic Public Service Equalization under the Background of Urban-Rural Development Integration (Project Code: 16JJD630008).

Acknowledgments: F.M. would like to convey special gratitude and thanks to the academic supervisor Longbao Wei (Department of Agricultural Economics and Management, Zhejiang University, 310029 Hangzhou, China,) for his guidance, constant support, and funding. He has given me the freedom to pursue my research. F.M. would like to say a very big thanks to Farman Ali (Director IDS, The University of Agriculture Peshawar, Pakistan) for always providing his invaluable guidance, credible ideas, and encouragement. M.N. would like to thank Business, Society and Environment (BSE) Lab, Prince Sultan University, Saudi Arabia.

Conflicts of Interest: The authors have declared no conflict of interest.

Appendix A. (Questionnaires)

Transformational leadership

1. My manager motivates employees to be team players.
2. My manager behaves in a manner thoughtful of my personal needs.
3. My manager leads by example (providing an appropriate role model).
4. My manager challenges me to set high goals for myself (high performance expectations).
5. My manager inspires others with his future plans.
6. My manager challenges me to think about old problems in new ways.

Corporate Social Responsibility

1. My firm encourages subordinates who acquire additional education.
2. My firm has flexible policies that enable employees to better balance work and personal life.
3. My firm provides important job training to the workers.
4. My firm provides an excellent working environment for workers.
5. The managerial staff of my firm complies with the law.
6. My firm follows the job recruitment and work laws for preventing discrimination in workplaces.
7. My firm fulfills the terms of work agreements as signed in mutual contracts.
8. My firm seeks to fulfill the law that regulates its activities.
9. My firm has adopted a comprehensive ethical code of conduct.
10. My firm has a proper employee evaluation system, which gives importance to fairness toward co-workers and business partners.
11. My firm provides accurate information to its business partners.
12. My firm is recognized as an organization with good business ethics.
13. My firm gives adequate contributions to charities.
14. My firm sponsors activities with partnership of local institutions and schools.
15. My firm gives importance to the activities relevant to nature and environmental protection.
16. My firm gives importance to activities, which are particularly important for the public well-being of society.

Job Performance

1. I (employee) consistently complete the duties specified in my job description.
2. I (employee) consistently meet the performance requirements of the job.
3. I (employee) fulfill all responsibilities required by my job.
4. I (employee) consistently fulfill my obligations to perform for my job.
5. I (employee) often fail to perform essential duties.

References

1. Syed, A.A.; Ahmadani, M.M.; Shaikh, N.; Shaikh, F.M. Impact analysis of SMEs sector in economic development of Pakistan: A case of Sindh. *J. Asian Bus. Strategy* **2012**, *2*, 44–53.
2. Ayanda, A.M.; Laraba, A.S. Small and medium scale enterprises as a survival strategy for employment generation in Nigeria. *J. Sustain. Dev.* **2011**, *4*, 200.
3. McMillan, J.; Woodruff, C. The central role of entrepreneurs in transition economies. *J. Econ. Perspect.* **2002**, *16*, 153–170. [[CrossRef](#)]
4. Alenezi, H.; Tarhini, A.; Masa'deh, R. Investigating the strategic relationship between information quality and e-government benefits: A literature review. *Int. Rev. Soc. Sci. Hum.* **2015**, *9*, 33–50.
5. Bisharat, H.; Obeidat, B.Y.; Tarhini, A.; Mukattash, I. The effect of human resource management practices on organizational commitment in chain pharmacies in Jordan. *Int. J. Bus. Manag.* **2016**, *12*, 50. [[CrossRef](#)]
6. Bushra, F.; Ahmad, U.; Naveed, A. Effect of transformational leadership on employees' job satisfaction and organizational commitment in banking sector of Lahore (Pakistan). *Int. J. Bus. Soc. Sci.* **2011**, *2*, 261–267.
7. Avolio, B.J. *Full Leadership Development: Building the Vital Forces in Organizations*; Sage: Newcastle upon Tyne, UK, 1999.
8. Koech, P.M.; Namusonge, G. The effect of leadership styles on organizational performance at state corporations in Kenya. *Int. J. Bus. Commer.* **2012**, *2*, 1–12.
9. Obiwuru, T.C.; Okwu, A.T.; Akpa, V.O.; Nwankwere, I.A. Effects of leadership style on organizational performance: A survey of selected small scale enterprises in Ikosi-Ketu council development area of Lagos State, Nigeria. *Aust. J. Bus. Manag. Res.* **2011**, *1*, 100.
10. Waddock, S. Parallel universes: Companies, academics, and the progress of corporate citizenship. *Bus. Soc. Rev.* **2004**, *109*, 5–42. [[CrossRef](#)]

11. Al-Busaidi, K.A. The impact of supporting organizational knowledge management through a corporate portal on employees and business processes. *Int. J. Knowl. Manag. (IJKM)* **2010**, *6*, 44–64. [[CrossRef](#)]
12. Erhemjamts, O.; Li, Q.; Venkateswaran, A. Corporate social responsibility and its impact on firms' investment policy, organizational strategy, and performance. *J. Bus. Ethics Forthcom.* **2012**, *118*, 395–412. [[CrossRef](#)]
13. Carroll, A.B.; Shabana, K.M. The business case for corporate social responsibility: A review of concepts, research and practice. *Int. J. Manag. Rev.* **2010**, *12*, 85–105. [[CrossRef](#)]
14. Jammulamadaka, N. The responsibility of corporate social responsibility in SMEs. *Int. J. Organ. Anal.* **2013**, *21*, 385–395. [[CrossRef](#)]
15. Tarhini, A.; Al-Dmour, R.H.; Obeidat, B.Y. Strategic IT-Business Alignment as Managers' explorative and Exploitative Strategies. *Eur. Sci. J.* **2015**, *11*, 437–457.
16. Cegarra-Navarro, J.-G.; Martínez-Martínez, A. Linking corporate social responsibility with admiration through organizational outcomes. *Soc. Responsib. J.* **2009**, *5*, 499–511. [[CrossRef](#)]
17. Shin, I.; Hur, W.-M.; Kang, S. Employees' perceptions of corporate social responsibility and job performance: A sequential mediation model. *Sustainability* **2016**, *8*, 493. [[CrossRef](#)]
18. Iqbal, S.; Farid, T.; Ma, J.; Khattak, A.; Nurunnabi, M. The Impact of Authentic Leadership on Organizational Citizenship Behaviours and the Mediating Role of Corporate Social Responsibility in the Banking Sector of Pakistan. *Sustainability* **2018**, *10*, 2170. [[CrossRef](#)]
19. Kim, M.-S.; Thapa, B. Relationship of Ethical Leadership, Corporate Social Responsibility and Organizational Performance. *Sustainability* **2018**, *10*, 447.
20. Dincer, B.; Dincer, C. Corporate social responsibility decisions: A dilemma for SME executives? *Soc. Responsib. J.* **2013**, *9*, 177–187. [[CrossRef](#)]
21. Podsakoff, P.M.; MacKenzie, S.B.; Moorman, R.H.; Fetter, R. Transformational leader behaviors and their effects on followers' trust in leader, satisfaction, and organizational citizenship behaviors. *Leadersh. Q.* **1990**, *1*, 107–142. [[CrossRef](#)]
22. Glavas, A.; Kelley, K. The effects of perceived corporate social responsibility on employee attitudes. *Bus. Ethics Q.* **2014**, *24*, 165–202. [[CrossRef](#)]
23. Komives, S.R.; Dugan, J.P. Contemporary leadership theories. In *Political and Civic Leadership: A Reference Handbook*; Sage: Newcastle upon Tyne, UK, 2010; Volume 1, pp. 111–120.
24. Erkutlu, H. The impact of transformational leadership on organizational and leadership effectiveness: The Turkish case. *J. Manag. Dev.* **2008**, *27*, 708–726. [[CrossRef](#)]
25. Bass, B.M. *Transformational Leadership and Performance beyond Expectations*; Division of Research, Harvard Business School: Boston, MA, USA, 1984.
26. Waldman, D.A.; Siegel, D.S.; Javidan, M. CEO transformational leadership and corporate social responsibility. *J. Manag. Stud.* **2004**, *43*, 1703–1725. [[CrossRef](#)]
27. Walumbwa, F.O.; Hartnell, C.A. Understanding transformational leadership—Employee performance links: The role of relational identification and self-efficacy. *J. Occup. Organ. Psychol.* **2011**, *84*, 153–172. [[CrossRef](#)]
28. Bass, B.M. *Leadership and Performance beyond Expectations*; Collier Macmillan: New York, NY, USA, 1985.
29. Naeem, S.; Khanzada, B. Role of Transformational Leadership in Employee's Performance with Mediating Role of Job Satisfaction in Health Sector of Pakistan. *J. Health Educ. Res. Dev.* **2018**, *6*, 245. [[CrossRef](#)]
30. Mangkunegara, A.A.P. The Effect of Transformational Leadership and Job Satisfaction on Employee Performance. *Univers. J. Manag.* **2016**, *4*, 189–195. [[CrossRef](#)]
31. Mahmoud, A. A study of nurses' job satisfaction: The relationship to organizational commitment, perceived organizational support, transactional leadership, transformational leadership, and level of education. *Eur. J. Sci. Res.* **2008**, *22*, 286–295.
32. Ekaningsih, A.S. The Effect Transformational Leadership on The Employees Performance through Intervening Variables of Empowerment, Trust, and Satisfaction (A Study on Coal Companies in East Kalimantan). *Eur. J. Bus. Manag.* **2014**, *6*, 111–117.
33. Sundi, K. Effect of transformational leadership and transactional leadership on employee performance of Konawe Education department at Southeast Sulawesi province. *Int. J. Bus. Manag. Invent.* **2013**, *2*, 50–58.
34. Dvir, T.; Eden, D.; Avolio, B.J.; Shamir, B. Impact of transformational leadership on follower development and performance: A field experiment. *Acad. Manag. J.* **2002**, *45*, 735–744.
35. Lowe, K.B.; Kroeck, K.G.; Sivasubramaniam, N. Effectiveness correlates of transformational and transactional leadership: A meta-analytic review of the MLQ literature. *Leadersh. Q.* **1996**, *7*, 385–425. [[CrossRef](#)]

36. Wang, L. Factors affecting perceptions of corporate social responsibility implementation: An emphasis on values. In *Dissertationes Forestales 130*; Finnish Society of Forest Science: Helsinki, Finland, 2011.
37. Freeman, R.E.; Wicks, A.C.; Parmar, B. Stakeholder theory and “the corporate objective revisited”. *Organ. Sci.* **2004**, *15*, 364–369. [[CrossRef](#)]
38. Lima Crisóstomo, V.; de Souza Freire, F.; Cortes de Vasconcellos, F. Corporate social responsibility, firm value and financial performance in Brazil. *Soc. Responsib. J.* **2011**, *7*, 295–309. [[CrossRef](#)]
39. Bhattacharya, C.B.; Korschun, D.; Sen, S. Strengthening stakeholder—Company relationships through mutually beneficial corporate social responsibility initiatives. *J. Bus. Ethics* **2009**, *85*, 257–272. [[CrossRef](#)]
40. Mueller, K.; Hattrup, K.; Spiess, S.O.; Lin-Hi, N. The effects of corporate social responsibility on employees’ affective commitment: A cross-cultural investigation. *J. Appl. Psychol.* **2012**, *97*, 1186. [[CrossRef](#)]
41. Azim, M.T. Corporate social responsibility and employee behavior: Mediating role of organizational commitment. *Revista Brasileira de Gestão de Negócios* **2016**, *18*, 207–225.
42. Valentine, S.; Fleischman, G. Ethics programs, perceived corporate social responsibility and job satisfaction. *J. Bus. Ethics* **2008**, *77*, 159–172. [[CrossRef](#)]
43. Lindgreen, A.; Swaen, V. Corporate social responsibility. *Int. J. Manag. Rev.* **2010**, *12*, 1–7. [[CrossRef](#)]
44. Obeidat, B.Y.; Tarhini, A.; Aqqad, N. The impact of transformational leadership on organizational performance via the mediating role of corporate social responsibility: A structural equation modeling approach. *Int. Bus. Res.* **2016**, *10*, 199.
45. Waldman, D.A.; Siegel, D.S.; Javidan, M. Components of CEO transformational leadership and corporate social responsibility. *J. Manag. Stud.* **2006**, *43*, 1703–1725. [[CrossRef](#)]
46. Nsofor, A.A. Influence of Expectancy Theory on Employees’ Performance in Lagos State. *SSRN Electron. J.* **2009**. [[CrossRef](#)]
47. Brammer, S.; Millington, A.; Rayton, B. The contribution of corporate social responsibility to organizational commitment. *Int. J. Hum. Resour. Manag.* **2007**, *18*, 1701–1719. [[CrossRef](#)]
48. Farooq, O.; Payaud, M.; Merunka, D.; Valette-Florence, P. The impact of corporate social responsibility on organizational commitment: Exploring multiple mediation mechanisms. *J. Bus. Ethics* **2014**, *125*, 563–580. [[CrossRef](#)]
49. Sun, L.; Yu, T.R. The impact of corporate social responsibility on employee performance and cost. *Rev. Account. Financ.* **2015**, *14*, 262–284. [[CrossRef](#)]
50. Sarfraz, M.; Qun, W.; Abdullah, M.I.; Alvi, A.T. Employees’ Perception of Corporate Social Responsibility Impact on Employee Outcomes: Mediating Role of Organizational Justice for Small and Medium Enterprises (SMEs). *Sustainability* **2018**, *10*, 2429. [[CrossRef](#)]
51. Berson, Y.; Linton, J.D. An examination of the relationships between leadership style, quality, and employee satisfaction in R&D versus administrative environments. *R&D Manag.* **2005**, *35*, 51–60.
52. Mazutis, D. CEO Open Executive Orientation and Positive CSR Initiative Adoption. In *Academy of Management Proceedings*; Academy of Management Briarcliff Manor: New York, NY, USA, 2014; p. 10510.
53. Gardner, W.L.; Avolio, B.J.; Luthans, F.; May, D.R.; Walumbwa, F. “Can you see the real me?” A self-based model of authentic leader and follower development. *Leadersh. Q.* **2005**, *16*, 343–372. [[CrossRef](#)]
54. Rao, M. Transformational leadership—an academic case study. *Ind. Commer. Train.* **2014**, *46*, 150–154. [[CrossRef](#)]
55. Wang, H.; Law, K.S.; Hackett, R.D.; Wang, D.; Chen, Z.X. Leader-member exchange as a mediator of the relationship between transformational leadership and followers’ performance and organizational citizenship behavior. *Acad. Manag. J.* **2005**, *48*, 420–432. [[CrossRef](#)]
56. Argandoña, A.; von Weltzien Hoivik, H. Corporate social responsibility: One size does not fit all. Collecting evidence from Europe. *J. Bus. Ethics* **2009**, *89*, 221–234. [[CrossRef](#)]
57. Janssen, O.; van Yperen, N.W. Employees’ goal orientations, the quality of leader-member exchange, and the outcomes of job performance and job satisfaction. *Acad. Manag. J.* **2004**, *47*, 368–384.
58. Hair, J.F., Jr.; Wolfinbarger, M.; Money, A.H.; Samouel, P.; Page, M.J. *Essentials of Business Research Methods*; Johns Wiley & Sons, Inc.: New York, NY, USA, 2003.
59. Yeap, J.A.; Ramayah, T.; Halim, H.A.; Ahmad, N.H.; Kurnia, S. Exploring the impact of internet addiction on academic engagement: A preliminary study on undergraduates. *Indian J. Manag. Sci.* **2016**, *6*, 1.
60. Walpole, R.E.; Myers, R.H.; Myers, S.L.; Ye, K. *Essentials of Probability and Statistics for Engineers and Scientists*; Pearson: London, UK, 2014.

61. Muller Prado, P.H.; Korelo, J.C.; da Silva, L.; Mantovani, D. Mediation, Moderation and Conditional Process Analysis. *Rev. Bras. Market.* **2014**, *13*. [[CrossRef](#)]
62. Rahman, S.; Haski-Leventhal, D.; Pournader, M. The effect of employee CSR attitudes on job satisfaction and organizational commitment: Evidence from the Bangladeshi banking industry. *Soc. Responsib. J.* **2016**, *12*, 228–246. [[CrossRef](#)]



© 2019 by the authors. Licensee MDPI, Basel, Switzerland. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<http://creativecommons.org/licenses/by/4.0/>).