Transformational leadership and job satisfaction: The mediating effects of perceptions of politics and market orientation in the Japanese context

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Abstract

This paper investigates the causal relationship among transformational leadership, perceptions of organizational politics, market orientation, and work-related outcome. In this study, we assumed that organization-level perceptions of organizational politics and market orientation mediate the relationship between top management’s transformational leadership and employees’ work-related outcomes and that perceptions of organizational politics diminish market orientation. Data were collected from a sample of 200 employees working in Japanese companies. To test the hypothesized correlations, we used structural equation modelling using AMOS 16.0. As we hypothesized, both perceptions of politics and market orientation mediated the relationship between transformational leadership and employees’ job satisfaction. However, contrary to our expectation, perceptions of organizational politics were not significantly correlated with market orientation. This study is the first empirical research of organizational politics using a Japanese sample. In future studies, we should resolve methodological limitations of this study and develop theoretical frameworks that reflect cultural difference among countries.

Keywords: transformational leadership, organizational politics, market orientation, job satisfaction

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1 INTRODUCTION

Since the 1960s, organizational politics has been a prominent issue in organizational management studies. One of the most often cited definitions of organizational politics is Mintzberg’s which views it as “individual or group behaviour that is informal, ostensibly parochial, typically divisive, and above all in a technical sense, illegitimate—sanctioned neither by formal authority, accepted ideology, nor certified expertise (although it may exploit any one of these)” (Mintzberg, 1983, p. 172). Some studies define organizational politics as a broader and more general set of social behaviours (e.g., Pfeffer, 1981). However, for the purpose of this study, we limited our focus to narrower and more specific definitions, such as Mintzberg’s which regards politics as behaviours strategically designed to maximize short-term or long-term self-interest (c.f. Ferris, Russ & Fandt, 1989).

Even more recently, there has been a considerable number of theoretical studies and empirical research in organizational politics (cf. Atinc, Darrat, Fuller, & Parker, 2010). Although some recent seminal studies used samples from Chinese organizations (e.g., Wei, Chiang, & Wu, 2012; Wei, Liu, Chen & Wu, 2010), most studies were carried out in the Western context. To the best of our knowledge there are no studies that empirically examine organizational politics in Japanese companies.

However, organizational politics is a common issue in Japanese firms. Japanese firms widely exhibit political behaviours, such as sub-optimization, power struggles, factional disputes, and tactics used by individuals to wield influences, such as ingratiations. Despite the lack of academic research, a lot of Japanese business people have pointed out the existence of organizational politics and its harmful effects. For example, Tsujino (2010), in memoirs of his working life at Sony stated that the recent slump of Sony was partly due to the spreading of an introvert attitude and a decline in market orientation caused by organizational politics.

Market orientation enhances business performance and leads to other positive work-related outcomes (Jaworski & Kohli, 1993). Thus, if organizational politics detrimentally affects market orientation, firms would be well advised to effectively manage politics in their organizations. One of the keys to promoting market orientation while diminishing political behaviours and their detrimental effects is transformational leadership (e.g., Avolio & Bass, 1991; Bass & Avolio, 1993). Previous empirical research has shown that transformational leadership behaviours are negatively related to perceptions of organizational politics (POPs), and positively related to market orientation (Vigoda-Gadot, 2007; Menguc, Auh, & Shih, 2007; Menguc & Auh, 2008). However, the relationship between POPs and market orientation has not yet been empirically examined.

In this study, we investigated correlations among transformational leadership, organizational politics, market orientation, and work-related outcomes. More specifically, we examined the correlation between transformational leadership and job satisfaction, and the mediating effects of POPs and market orientation on the relationship. We tested our model by using a sample of employees working in Japanese firms. Cultural differences among countries may lead to differences in some aspects of organizational politics. However, because there have been no academic studies of organizational politics in the Japanese context, and some previous studies implied the applicability of the Western framework to the Japanese context, we relied on theoretical framework of Western studies.

As described below, previous Western studies have already examined many of our hypotheses. In this respect, our study is an application of a Western theory in the Japanese context. However, to the best of our knowledge, our study is the first to integratively investigate correlations among the four focal constructs of transformational leadership, POPs, market orientation, and job satisfaction. Thus, our study aimed to not only replicate results of previous Western studies but to also investigate an unexamined research issue.

2 THEORY AND HYPOTHESES

2.1 Transformational Leadership

In leadership literatures, we often distinguish two types of leadership: transactional leadership and transformational leadership. This distinction was first suggested by Burns (1978) and has been developed by subsequent studies (e.g., Avolio & Bass, 1991; Bass & Avolio, 1993). Whereas transactional leaders seek to satisfy the current needs of followers through transactions or exchanges mediated by contingent reward behaviours, transformational leaders arouse heightened awareness and interests in the group or organization, increase confidence, and move followers gradually from concerns for existence to concerns for achievement and growth (Yammarino & Dubinsky, 1994).

Previous empirical research revealed that while transactional leadership behaviours are negatively related to organizational performance, transformational leadership behaviours lead to higher organizational performance (Howell & Avolio, 1993; MacKenzie, Podsakoff, & Rich, 2001; Parry, 2003). Although some studies emphasized a ‘culture-specific’ perspective of leadership effectiveness (for review see Dickson, Den Hartogo, & Mitchelson 2003), recent empirical research has found the effectiveness of transformational leadership across cultures, supporting Bass’s (1997) ‘universal’ perspective (Madzar, 2005, Muenjohn &

Traditionally, researchers define and measure transformational leadership behaviours in various ways. Reviewing influential studies of transformational leadership, Podsakoff, MacKenzie, Moorman, and Fetter (1990) identified six key behaviours of transformational leaders: (1) identifying and articulating a vision, (2) providing an appropriate model, (3) fostering the acceptance of group goals, (4) high performance expectations, (5) providing individualized support, and (6) intellectual stimulation.

Podsakoff et al. (1990) demonstrated that there is a great deal of consensus among the researchers on some of these behaviours, but not on others. For example, almost all of the reviewed literatures had established “identifying and articulating a vision” as an important component of the transformational leadership process. Similarly, more than half of the studies had identified “fostering the acceptance of group goals” and “providing an appropriate model” as elements of transformational leadership. In contrast, concerning the other three behaviours (i.e., high performance expectations, providing individualized support, and intellectual stimulation), only a few studies suggested their importance as aspects of transformational leadership.

2.2 Perceptions of Organizational Politics (POPs)

The literature on organizational politics can be classified into three approaches: (1) studies on influence tactics, conflict, and actual political behavior in organizations, (2) studies on POPs, (3) studies on political skills and capacities of the self within the workplace (Drory & Vigoda-Gadot, 2010). Since the seminal work by Ferris et al. (1989) proposed a model for the examination of employees’ POPs, researchers have conducted empirical analyses mainly on the second approach. This line of research relied on Lewin’s (1936) proposition that individuals respond based on perceptions of reality rather than on objective reality. Thus, in this approach, organizational politics are conceived of as a state of mind rather than as an objective state (Gandz & Murray, 1980; Harris, Andrews, & Kacmar, 2007).

Theoretical and empirical studies of POPs have focused on the negative side of organizational politics. Indeed, a lot of empirical research has shown that POPs bring about negative outcomes such as turnover intentions, job stress, job dissatisfaction, and declines in organizational commitment (cf. Atinc et al., 2010; Kacmar & Baron, 1999; Miller, Rutherford, & Kolodinsky, 2008). Therefore, reduction of employees’ POPs should be viewed as an important issue both in the theory and practice of organizational management.

Political behaviours are likely to occur when a work environment is characterized by a high degree of uncertainty or ambiguity (Ferris et al., 1989) which are generated when objective and specific criteria for decision making are absent. Such uncertainty and ambiguity give organization members room to engage in opportunistic behaviours and influence-related tactics. Even though an organization has some formal rules and regulations, employees’ perceptions of the decision-making process can be political if the evaluation criteria for decision making are obscure. Such a political environment will be viewed as unjust and unfair (Andrews & Kacmar, 2001). Indeed, Andrews and Kacmar’s (2001) empirical research revealed a significant negative relationship between POPs and organizational justice.

Vigoda-Gadot (2007) assumed that transformational leadership reduces POPs on the grounds that a transformational leader offers a vision, a mission, and an operative plan for goal achievement. This, then, eliminates ambiguity and professional uncertainty, and validates the feeling that it is possible to deal with organizational challenges in a decent way based on justice and fairness. In their empirical analysis, Vigoda-Gadot (2007) found a negative relationship between transformational leadership and POPs. Thus, we hypothesized the following:

H1: Transformational leadership is negatively correlated with POPs.

As noted above, Ferris et al.’s (1989) POPs model assumes that POPs negatively influence work outcomes. Indeed, a lot of empirical research has shown various detrimental effects of POPs on employees. Ferris et al.’s (1989) model posits that organizational politics is a source of stress in the work environment, and thus POPs induce negative work-related outcomes. Some researchers have argued that if the work environment is political, employees’ investment into the organization (i.e., expenditure of effort to work in the organization) becomes more risky (Croppanzano, Howes, Grandey, & Toth, 1997; Randall, Croppanzano, Bormann, & Birjulin, 1999). In a political environment, rewards tend to be allocated based on informal power structures rather than on contribution or efforts, and the rules may change from one day to the next. Because of this uncertainty, individuals are less likely to be confident that their efforts will produce any outcomes beneficial to themselves. Thus, individuals see their long-term contribution to such organizations as a risky investment, with the result they are more likely to withdraw (Croppanzano et al., 1997).

Although POPs affect various kinds of work-related outcomes, we limited our focus to their effect on job satisfaction. This was because of research implementation limitations we encountered. When decision-making is governed by political considerations, employees usually view their work environments as unfair. In such unfair
environments, employees feel unhappiness and stress, and therefore reduced satisfaction with their job (Ferris et al., 1989; Ferris, Frink, Galang, Zhou, Kacmar, & Howard, 1996; Poon, 2003). Indeed, a lot of empirical researches found the negative relationship between POPs and job satisfaction (e.g., Cropanzano et al., 1997; Ferris & Kacmar, 1992; Ferris et al., 1996; Harris et al., 2007; Poon, 2003; Vigoda-Gadot & Talmud, 2010).

The POPs model was established in the Western context (Ferris et al., 1989), and much empirical research on the model was conducted in Western countries. However, in recent years some research has replicated the antecedents and consequences of POPs suggested by Ferris et al.’s (1989, 2002) model in the Eastern context (e.g., Huang, Chuang, & Lin, 2003; Liu, Liu & Wu, 2010; Poon, 2003; Poon, 2006). Thus, we assume that POPs have negative effects on work-related outcomes in Japanese organizations as well. However, there has been no empirical research in the Japanese context. According to Hofstede (2001), a notable feature of Japanese culture is high uncertainty avoidance in which people tend to feel stressed by uncertain or unknown situations. Therefore, Japanese employees may be likely to suffer a feeling of dissatisfaction when they perceive their organization as a political environment, or in other words, work environment with high uncertainty. Thus, we hypothesized that:

H2: POPs are negatively correlated with job satisfaction.

2.3 Market Orientation

Market orientation is defined as “an organization culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers.” (Narver & Slater, 1990, p.21). Narver, Slater, and Tietje (1998) argued that market orientation must be understood as an organizational culture and not merely a set of processes and activities separate from the whole. According to Narver et al. (1998), the central principle of market orientation is that every person in the organization understands that each individual and function can, and must, continuously contribute skills and knowledge to create superior value for customers.

In addition to viewing market orientation as a kind of organizational culture, Narver et al. (1998) suggested that top management plays a critical leadership role in achieving and maintaining successful changes in organization’s culture. They argued that appropriate leadership is essential to create market orientation in an organization. Jaworski and Kohli (1993) echoed these viewpoints. They argued that unless an organization gets clear signals from top managers about the importance of being responsive to customer needs, the organization is not likely to be market oriented. Indeed, their empirical analysis showed that the greater top management’s emphasis on market orientation, the greater the market orientation in the organization.

To reinforce market orientation, top management should articulate their vision and propagate it among members so as to integrate the interests and values of various individuals and/or departments/groups within the organization, and enable members to prioritize goals and objectives of the organization. We can regard these leadership behaviours as essential parts of transformational leadership. Specifically, these leadership behaviours are equivalent to “identifying and articulating a vision” and “fostering the acceptance of group goals” (Podsakoff et al., 1990). Empirical studies have supported these arguments. Menguc et al. (2007) and Menguc and Auh (2008) directly examined the relationship between transformational leadership and market orientation, and found a significant and positive relationship. Therefore:

H3: Transformational leadership is positively correlated with market orientation.

Political behaviours are unsanctioned attempts at using influence to promote self-interest at the expense of organizational goals (Ferris & Judge, 1991; Ferris & Kacmar, 1992; Ferris et al., 1996). Thus, in a political organization, individuals and/or departments/groups tend to prioritize their own interests, and pay less attention to the interests of other groups and/or that of the overall organization. They are prone to engage in political behaviours in an attempt to receive favourable treatment and acquire more resources. These behaviours distort resource allocation leading to detrimental effects on organizational performance.

To be market oriented, an organization requires cross-functional customer-value creation processes and activities. In other words, each member, function, department, and/or group has to cooperate to create desired customer value (Narver et al., 1998). However, in a political organization, because of self-serving behaviours of each group or member, cross-functional customer-value creation processes and activities might be unlikely to emanate. Thus, a political climate might impede the development of market orientation. Organizational politics reflects a process of power struggles among conflicting individuals and groups attempting to further their own self-serving goals mainly in decision-making (cf. Drory, 1993). If such power struggles escalate, employees or groups are likely to compete with co-workers or other groups within their organization rather than with outside competitors. This predisposes an organization to being “self-oriented” rather than market oriented, and therefore less likely to gain a competitive advantage.

Nwanko, Owusu-Frimpong, and Ekwulugo (2004) examined the relationship between organizational climate and market orientation and concluded that to make a market orientation program more sustainable, an
organization needs to create a supportive climate. Nye and Witt (1993) argued that employees who perceive their work environment as political may be less likely to view their organization as supportive because they cannot believe that the organization is truly interested in their welfare. Previous empirical research has confirmed their argument, finding a negative relationship between perceptions of organizational support and POPs (Nye & Witt, 1993; Harris, Harris, & Harvey, 2007).

On the basis of these arguments and findings, we can assume there is a negative association between POPs and market orientation. Indeed, empirical research has shown that the extent of political behaviour by organizational members is negatively associated with the degree of market orientation (Harris & Piercy, 1999). Thus, we hypothesized:

\[ H4: \text{POPs are negatively correlated with market orientation.} \]

Empirical research has shown that market orientation leads to positive work-related outcomes, such as job satisfaction, trust in management (Ruekert, 1992), and organizational commitment (Jaworski & Kohli, 1993). Empirical research has also supported a positive relationship between market orientation and organizational performance, such as ROA, sales growth, new product success, customer retention, market share, subjective business performance (Greenley, 1995; Jaworski & Kohli, 1993; Kirca, Jayachandran, & Bearden, 2005; Narver & Slater, 1990; Narver & Slater, 1993; Ruekert, 1992; Slater & Narver, 1994). Although contextual factors significantly affect the strength of the link between market orientation and performance, the link itself universally exists across various contexts (Ellis, 2006). Therefore, we can assume the same association between market orientation and its outcome in the Japanese context as in the Western context. As noted above, because of the restrictions in research implementation, we limited our focus to job satisfaction. Thus, we suggested the following hypothesis:

\[ H5: \text{Market orientation is positively correlated with job satisfaction.} \]

Summarizing the above discussion, we suggest the model presented in Figure 1. This model proposes that POPs and market orientation mediate the association between transformational leadership and job satisfaction, and that POPs negatively affect market orientation. As noted above, previous Western studies examined our hypotheses and most of their results support the hypothesized correlations. However, no empirical studies have tested these correlations in the Japanese context. Thus, this study examined whether the findings in the Western context could be replicated in the Japanese context. Furthermore, no empirical study—including those in the Western context—has examined the integrative mediating model of these four focal constructs. Therefore, our study aimed to not only replicate results of previous Western studies but to also investigate an unexamined research issue.

**Figure 1: The Research Model**
3 METHOD

3.1 Sample and Procedure

The sample consisted of 200 full-time employees working in Japanese companies. Participants were selected from registered members of an online research program named iResearch administered by Neo Marketing Inc., a private Japanese research company. In this program, the company invites people who wish to participate in research and registers them as members. The company conducts various kinds of research on requests from firms, universities, or individual researchers. Registered members who become respondents include full-time company employees, those who are self-employed, public servants, part-time workers. From those registered, we selected people who satisfied the requirements of our survey (i.e., full-time employees, tenure at their organization of ≥2 years, in sales, general affairs, research and development, accounting, finance, or planning. These requirements will be explained below), and sent them written requests by e-mail. The survey was conducted by an online form questionnaire accessed via a URL written in the request e-mail.

We sent screening questionnaires to 13,625 randomly selected members, all of whom were company employees. This screening questionnaire was intended to sort out members who met the research requirements. It included questions regarding job, organization tenure, and job category. A total of 5,657 responses were obtained, representing a response rate of 41.5%. Among them 303 respondents met the research requirements and were then sent the main questionnaires. In this main questionnaire we collected the data regarding our four focal constructs (i.e., transformational leadership, POPs, market orientation, and job satisfaction). We obtained 200 responses (66.0% of 303 qualified members). To ensure anonymity and confidentiality, response data were automatically collected and converted into comma separated values. In this collection and conversion process, participants’ names or identifying information were not recorded.

All of the respondents were Japanese and 60% were male. Ages of the respondents ranged from 25 to 68 years with a mean age of 38 years. Judging from the results of the Japanese Labour Force Survey conducted by The Statistics Bureau and the Director-General for Policy Planning of Japan, these percentages and distributions of gender and age nearly corresponded to that of all employees in Japan.

Because of concerns about response burden, tenure at organization was measured categorically with responses being grouped in four blocks (i.e. 2 years and more to less than 3 years, 3 years and more to less than 4 years, 4 years and more to less than 5 years, 5 years and more). We only included respondents with 2 years and more at their organization because a certain degree of time is necessary for an employee to understand subtle features of their work environment, especially organizational politics. Although lacking a scientific rationale, as a rule of thumb in Japan it is said that it takes about 3 years for new employees to be well informed about their workplace. However, limiting respondents’ tenure to 3 years and more might have resulted in too-small a sample. Thus, we limited respondents’ tenure to 2 years and more. We also limited respondents to full-time employees, omitting part-time workers. In Japanese firms, full-time and part-time employees generally work under different human resource management systems even if they are in a same workplace. A lot of part-time workers are housewives and students. Therefore, there are large differences between full-time employees and part-time workers in social interactions and attitudes at work (Kimura, 2011). In this study, we focus on full-time employees and limited the scope of our research to them.

The sample included various job categories: sixty-seven (33.5%) in sales, forty-nine (24.5%) in general affairs, forty-four (22.0%) in research and development, twenty-nine (14.5%) in accounting and finance, and eleven (5.5%) in planning. Generally, in Japanese work settings, interactions among members are required, with power struggles and conflicts a common and inevitable outcome in these jobs. Therefore, they are appropriate for investigating organizational politics. Although this occupation classification is popular in Japan on a practical level, it does not fully correspond to that of Japanese government surveys. Giving priority to respondents’ convenience, we adopted this type of popular classification. Thus, we could not rigorously compare the distribution of job categories in our sample with that of the entire Japanese labour force. Nonetheless, by comparison with the results of the Japanese Labour Force survey, we would say that the job distribution of our sample was not very different from that of the national labour force.

3.2 Measures

All items were measured on a five-point Likert scale. The anchors were “1 = strongly disagree” to “5 = strongly agree”. The items in the scales were simply averaged to create an overall mean for each variable (i.e., not weighted by using the loadings of factor analysis from the construct).

Transformational leadership behaviours: Top management’s transformational leadership was measured by nine items from Podsakoff et al.’s (1990) scale. Of the nine items, five items reflect behaviours of “articulating a vision”. Sample items include “Our top manager has a clear understanding of where we are going.” and “Our top manager paints an interesting picture of the future for our group.” The remaining four items reflect behaviours of “fostering the acceptance of group goals”. Sample items include “Our top manager fosters
collaboration among work groups.” and “Our top manager gets the group to work together for the same goal.” Cronbach’s alpha for scores on this scale was 0.94.

Perceptions of organizational politics: Ferris et al. (1989) noted that political behaviour can occur in multiple levels, namely, individual, group, and organization. Recently, some theorists have emphasized the importance of applying a multi-level perspective to empirical analyses of organizational politics (e.g. Darr & Johns, 2004; Fedor, Maslyn, Farmer, & Bettenhausen, 2008; Hochwarter, Kacmar, Perrewé, & Diane, 2003; Maslyn & Fedor, 1998). The larger organization can be nonpolitical while an employee experiences high levels of politics in his or her immediate work group (Maslyn & Fedor, 1998). Indeed, Maslyn and Fedor (1998) and Hochwarter et al. (2003) found that employees distinguish between political behaviours occurring within their own work groups versus those in the larger organization.

Since our focus was at the organization-level, in the analysis we focused on organization-level variables, namely, top management’s leadership behaviours, and organization-wide market orientation. Therefore, as for organizational politics, we also focused on organization-level POPs. We measured POPs with Maslyn and Fedor’s (1998) four-item scale of organization-level POPs. Sample items from this scale include “There has always been an influential department in this organization that no one ever crosses.” and “I have seen changes made in policies here that only serve the purposes of a few individuals, not the work unit or the organization.” Cronbach’s alpha for scores on this scale was 0.61.

Market orientation: Market orientation was measured by an eight-item scale developed by Farrell and Oczkowski (1998). Sample items from this scale include “We monitor our level of commitment and orientation to serving customers’ needs.” and “Our strategy for competitive advantage is based on our understanding of customer needs.” Cronbach’s alpha for scores on this scale was 0.89.

Job Satisfaction: Job satisfaction was measured by a two-item scale developed by Hackman and Oldham (1975). A sample item from this scale is “Generally speaking, I am very satisfied with this job.” Cronbach’s alpha for scores on this scale was 0.82.

3.3 Factor analysis
We performed exploratory factor analysis (EFA) on these items by the principal factor method with varimax rotation and extracted predicted factors (i.e., transformational leadership, POPs, market orientation, and job satisfaction). Since two items of POPs, “Rewards come only to those who work hard in this organization” (reverse scored) and “Pay and promotion decisions are consistent with existing organizational policies” (reverse scored) demonstrated low factor loadings (i.e., lower than 0.50), we deleted these items from the analysis below.

Next, we performed four separate confirmatory factor analyses (CFAs) to assess the discriminant validity of these constructs. CFAs were conducted on the proposed four-factor model and three alternative models. Then, we compare the fitness of the four-factor model with those of alternative models. We used chi-square value, Tucker-Levis index (TLI), the comparative fit index (CFI), and the root mean square error of approximation (RMSEA) as comparative criteria. Table 1 shows the CFAs results.

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<th>Table 1: Results of Confirmatory Factor Analyses</th>
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Note: 3-factor model 1: transformational leadership and market orientation are combined
3-factor model 2: transformational leadership and job satisfaction are combined

The CFA results provided support for the four-factor model indicating the distinctiveness of the four constructs. The chi-square value for the four-factor model (chi-square=20.415, df=14, p=0.12) was lower than those for the three-factor model 1 (combining transformational leadership and market orientation; chi-square=33.751, df=17, p<0.01), the three-factor model 2 (combining transformational leadership and job satisfaction; chi-square=118.735, df=17, p<0.01), and the one-factor model (chi-square=183.937, df=20, p<0.01).
Furthermore, the fit indices indicated a better fit for the four-factor model (TLI=0.982, CFI=0.991, RMSEA=0.048) relative to the three-factor model 1 (TLI=0.961, CFI=0.976, RMSEA=0.070), the three-factor model 2 (TLI=0.765, CFI=0.857, RMSEA=0.173), and the one-factor model (TLI=0.678, CFI=0.770, RMSEA=0.203). Results of CFAs showed that the four-factor model is more appropriate than alternative models. Thus, we proceeded to test the four-factor model.

3.4 Statistical analysis
We used structural equation modelling (SEM) methods for data analysis using AMOS 16.0. We used maximum-likelihood estimation methods. We assessed the goodness-of-fit of our model by absolute and relative indices (Jöreskog & Sörbom, 1993). The absolute goodness-of-fit indices calculated were (1) the chi-square goodness-of-fit statistic, (2) the root mean square error of approximation (RMSEA), (3) the goodness-of-fit index (GFI), and (4) the adjusted goodness-of-fit index (AGFI). The relative goodness-of-fit indices computed were (1) the normed fit index (NFI), (2) the comparative fit index (CFI), and (3) the incremental fit index (IFI).

4 RESULTS
4.1 Descriptive statistics and correlations
Table 2 shows descriptive statistics and correlations among the study variables. This table demonstrates that the correlations between the research variables were in the expected directions. Top management’s transformational leadership was negatively correlated with organization-level POPs (r=0.205, p<0.01) and positively correlated with market orientation (r=0.755, p<0.01). Organization-level POPs was negatively correlated with market orientation (r=0.172, p<0.05), and job satisfaction (r=-0.201, p<0.01). Market orientation was positively correlated with job satisfaction (r=0.499, p<0.01).

| Table 2: Means, Standard Deviations, and Correlations |
|-----------------------------------------------|-------|----------|--------|--------|--------|--------|
| 1. Transformational leadership               | 2.790| .917     |        |        |        |        |
| 2. Perceptions of Organizational Politics    | 3.118| .992     | -0.205 (***) |        |        |        |
| 3. Market Orientation                        | 2.866| .773     | .755 (***), -0.172(**) |        |        |        |
| 4. Job Satisfaction                          | 2.915| 1.001    | .436 (***), -0.201(**), .499(**) |        |        |        |

Note: N=200; *p<0.10, **p<0.05, ***p<0.01

4.2 Hypotheses Testing
Figure 2 shows the SEM results of the structural model. Each numerical value shown in Figure 2 is a standardized coefficient. The resulting fit indices indicated an acceptable fit of the model as all fit indices showed a good fit. As for the absolute goodness-of-fit indices, chi-square=1.640 (p=0.20), RMSEA=0.057, GFI=0.996, AGFI=0.959. As for the relative goodness-of-fit indices, NFI=0.993, CFI=0.997, IFI=0.997.

Figure 2 shows that top management’s transformational leadership was negatively correlated with organization-level POPs (r=-0.205, p<0.01). Organization-level POPs was negatively correlated with job satisfaction (r=0.119, p<0.10). Thus, hypothesis 1 and hypothesis 2 were supported.

Top management’s transformational leadership was positively correlated with market orientation (r=0.751, p<0.01). Market orientation was positively correlated with job satisfaction (r=0.478, p<0.01). Thus, hypothesis 3 and hypothesis 5 were supported. However, organization-level POPs was not correlated with market orientation (r=0.018, p=0.71). Therefore, hypothesis 4 was not supported.

Finally, to test whether the mediation of POPs and market orientation was ‘partial’ or ‘full’, we set a comparative ‘partial’ model which assumed partial mediation: the direct effects of transformational leadership on job satisfaction. In this comparative model’s setting, we added an arrow from transformational leadership to job satisfaction, and deleted the arrow from POPs to market orientation. The resulting fit indices indicated that the fitness of the hypothesized model was better than that of the ‘partial’ model. As for the absolute goodness-of-fit indices of the ‘partial’ model, chi-square=8.370 (p<0.01), RMSEA=0.192, GFI=0.980, AGFI=0.798. As for the relative goodness-of-fit indices, NFI=0.971, CFI=0.974, IFI=0.974.
Our SEM results supported many of the hypotheses suggested in this study. Taken together, these results demonstrate that organization-level POPs as well as market orientation may mediate the relationship between top management’s transformational leadership and job satisfaction. To put it another way, top management’s transformational leadership is positively correlated with job satisfaction through reducing POPs and enhancing market orientation.

**Figure 2: Results of the Proposed Research Model (Standardized Coefficients)**

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<td>Market Orientation</td>
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**Note:** N=200; *p<0.10, **p<0.05, ***p<0.01

chi-square=1.640 (p=0.20), RMSEA=0.057, GFI=0.996, AGFI=0.959, NFI=0.993, CFI=0.997, IFI=0.997

**5 DISCUSSION**

**5.1 Findings**

Our SEM results support many of our hypotheses. In line with our expectations, top management’s transformational leadership had a significant influence on job satisfaction through organization-level POPs and market orientation. As stated by Podsakoff et al. (1990), essential components of transformational leadership include identifying and articulating a vision, and fostering the acceptance of group goals. These functions serve to make employees concentrate their attention on their company’s goals and to reduce unproductive conflicts. Thus, top management’s transformational leadership can serve to enhance organization’s market orientation and lower the level of organizational politics.

Since organizational politics represents certain unique domains of organizational culture and climate (Shaker, 1987), it may be that we need to examine POPs in consideration of the national culture. However, since there has been neither theoretical nor empirical research on POPs in the Japanese setting, we developed a correlational model based on Western literatures. Our findings are in line with previous empirical research in the Western context (e.g., Vigoda-Gadot, 2007). We thus assumed a similar theoretical basis and expected similar correlations to be found for various aspects of POPs in the Japanese context as has been reported for that in the Western context.

Unexpectedly, organization-level POPs were not significantly correlated with market orientation. Although a variety of theoretical reasons may account for this result, one possible explanation is that our measure of organization-level POPs did not reflect the all the aspects of organizational politics in Japanese firms. Based on the EFA results, we used only two items of Maslyn and Fedor’s (1998) POPs measure. Kacmar and Ferris (1991) argued that POPs consist of three dimensions—“general political behaviour”, “go along to get ahead”, and “pay and promotion”—and much recent empirical researches has adopted this view. Thus, the two items used in this study may not have been enough to measure whole aspects of organizational politics in the workplace. This may be one of the reasons why POPs was not correlated with market orientation.

The EFA result that two items showed low levels of factor loading might reflect work environment features in Japanese organizations. These two deleted are matters of distributions and procedures of rewards such as pay and promotion. In Japanese firms, pay and promotion decisions are sometimes distorted not only by organizational politics but also by “seniority-based evaluation”. Since the 1990s, many Japanese firms have discarded the “seniority-based personnel system” and introduced a “performance-based personnel system” (Keizer 2010). However, attitudes of seniority orientation still exist in many workplaces in Japan. Thus, we can
infer that when Japanese read the sentences of these two items, some of them may have interpreted them as items concerning seniority-based systems and not as having to do with political climate. That may be the reason why these two items were not integrated into the factor of POPs.

5.2 Implications for Theory and Future Research
This study makes some important contributions. First, we explored correlations among transformational leadership, POPs, market orientation, and work-related outcomes (i.e., job satisfaction). While previous empirical research has examined the relationship between two (some three) of these variables, the present study is the first to comprehensively explore the relationship among all of these variables.

Second, our study used a Japanese sample. Although a lot of empirical research on POPs has been conducted over the last several decades, most of it was in the Western context. As far as we know, this is the first empirical research on POPs using Japanese sample, and confirming, at least in part, the replicability of the POPs model (Ferris et al., 1989) in the Japanese context. Although many of our hypotheses replicated those made in the Western context, few studies have examined the mediating effects of POPs and market orientation as examined in our study. In future studies, we should examine our mediating model in various contexts other than a Japanese one.

As Ferris et al. (1996) stated, politics are inherent in the very contextual fabric of organizations. This may be true for Japanese organizations as well because our data indicated that a considerable number of our respondents showed relatively high POPs scores: on the average score of five-point items of POPs, 31.5% of respondents had scores ≥3.5, 18.5% had ≥4.0, and 17.0% had ≥4.5. However, it is possible that general features of organizational politics reflect the traits of national culture. According to Hofstede (2001), Japanese organizations are more collectivistic than Western organizations. Thus, it may be that political behaviours in Japanese organizations are more group or clique-centred and less individual-centred than in Western organizations. Moreover, Japanese people have a tendency to avoid uncertainty compared with Western people. Therefore, Japanese may be more likely to feel stress when in uncertain environments such as political workplaces. That is, it is possible that POPs have more detrimental effects on work-related outcomes in Japan. Although these cultural traits of organizational politics in Japan are only speculative, this conjecture can provide an avenue of future research in Japanese organizations.

Another important contribution of this study is the multi-level perspective of the analysis. Focusing on organization-level variables, we were able to explore correlations of top management’s leadership with organization-level politics and market orientation. Future studies could use this approach at a group level.

5.3 Implications for Practice/Management
Our findings have useful practical implications for Japanese firms. Although organizational politics and market orientation have received a lot of attention in practical fields, few empirical studies have examined the relationship between these constructs and leadership in the Japanese context.

The results of our study suggest that top management’s transformational leadership is correlated with and may lead to the reduction of POPs and the enhancement of market orientation. In the Western context, a lot of previous empirical research has confirmed the impact of organizational politics and market orientation on a firm’s performance. Our study suggests the importance of transformational leadership for Japanese firms suffering from the prevalence of organizational politics and a shortage of market orientation.

5.4 Limitations
This study has several limitations. First, our analysis was based on the same source of cross-sectional data and could thus be affected by common-method variance. Because we only examined correlations, this study did not look at causal relationships among the variables. To investigate causality, a ‘predictive’ research design in which independent variables are measured before dependent variables is optimal. However, we relied upon a ‘contemporaneous’ design in which the independent variable, the mediating variables, and the dependent variable were measured contemporaneously. Future research should use a longitudinal and multi-source approach to examine questions of causality.

Second, the validity of our POPs scale is questionable. To measure POPs, recent empirical research generally used Kacmar and Carlson’s (1997) fifteen-item, empirically validated scale (e.g., Miller & Nicols, 2008; Vigoda-Gadot & Talmud, 2010; Zetliler & Hilbig 2010). Because of concerns about organization-level POPs, we used Maslyn and Fedor’s (1998) four-item scale. However, this scale showed a 0.61 of Cronbach’s alpha which is a little lower than desired level (Henson, 2001). Furthermore, two of them were deleted in the analysis because of their low levels of factor loading. Thus, it is possible this scale did not sufficiently measure organization-level POPs.

Third, we did not analyse all aspects of transformational leadership. Namely, our analysis did not include some aspects of transformational leadership such as individualized consideration, inspirational motivation, and intellectual stimulation (Avolio, Waldman, & Yammarino, 1991). These factors might contribute to reduce
political behaviours and to strengthen market orientation by building a collective identity and mutual trust among subunits. Finally, as for work-related outcomes, we only examined job satisfaction. Because of some restrictions in the research implementation process—mainly, a concern for response burden—we did not include scales of employees’ performance. Future studies should measure employees’ or organizations’ performance and include them in research models.

6 CONCLUSIONS

Despite several limitations, this study makes some contributions by finding correlations among transformational leadership, POPs, market orientation, and work-related outcomes. This is the first study applying POPs to empirical research in the Japanese context, and our findings did not contradict results of previous Western studies. Therefore, the theoretical framework of POPs generated in the Western context might be applicable to the Japanese context.

However, our research indicated the possibility that the POPs measure should be adjusted to fit more with the Japanese context. Furthermore, because of the characteristics of Japanese culture and the climate of Japanese firms, in Japanese organizations it is possible that POPs have different antecedents and/or outcomes than that of Western organizations. Differences in the mediators and/or moderators of the effects of POPs may also exist. Future studies should consider cultural differences in more depth and reflect them in the research framework.

REFERENCES


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