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Predicting employee performance through transactional leadership and entrepreneur's passion among the employees of Pakistan

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ARTICLE INFO

Article history:

Received 6 January 2021

Received in revised form

20 December 2021

Accepted 4 March 2022

Available online xxx

Keywords:

Transactional leadership style

Entrepreneur's passion

Employee performance

SMEs

Pakistan

ABSTRACT

The present study proposes to investigate the impact of transactional leadership style (TLS) and entrepreneur's passion (ETP) for employee performance (EP) and mediating role of passion between TLS and EP in Pakistan. The study is a quantitative approach and based on cross-sectional data. In total, 356 cases are applied for the final analysis. The results demonstrated a positive and significant effect of TLS and ETP on EP. Thus, the ETP recognized as a mediator between the TLS and the EP. The study's findings would offer significant contributions and implications for executives, entrepreneurs, and managers. The leadership style perception of the employees has a considerable contribution to generating a higher level of job performance. Hence, the study would provide the smoothness in enhancing EP with leadership behaviours' development. However, the mediation investigation of ETP between TLS and EP among the employees of Pakistan would give further guidelines for the policymakers of developing nation to observe the role of ETP.

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1. Introduction

The tendency in the leadership aspect usually differentiated between transactional leadership and transformational leadership (Feranita et al., 2020). Henceforth, many people illustrated the various definitions of leadership with the support of words including "influence and group" for the description of leadership (Jong & Hartog, 2007; Naqvi et al., 2017). Thus, leadership is concerned with attaining objectives by boosting the followers based on the application of tactical plans. According to Yukl (2002), the much prevalent literature of relevant leadership theories is classified into two specific notions, including transactional leadership and transformational leadership. Besides this, the transactional leadership concept based on the maintenance of the general flow of actions. However, the word "transactional" illustrates the reality that such a

leader fundamentally encourages swapping rewards for performance.

However, job performance is related to workers' behaviours within an organization (Howladar et al., 2018). Further, transactional conception is to focus on "keeping the ship afloat". Additionally, transactional leaders apply disciplinary control and the apparent motives to encourage the performance of employees at their best. Moreover, researchers generally measure the performance of working staff based on job performance. In this way, job performance stands for how many employees have performed for achieving a goal for organizational setup (Blickle & Schütte, 2017). Finally, job performance is related to the demonstration for the fulfilment of regulated/expected function through an organization's demand. Thus, job behaviour is concerned with incidental, multifaceted and measurable behaviour along with the totality of alternating occasions that employees intend to perform within a span of period.

Moreover, it can effectively apply job performance to determine the variables for evaluating personal characteristics and job performance. Also, skill and understanding counted as the fundamental facts and rate of attendance for measuring the performance and productivity of an organization (Sánchez-Hernando et al.,

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Peer review under responsibility of College of Management, National Cheng Kung University.

<https://doi.org/10.1016/j.apmr.2022.03.001>

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2021; Wade & Parent, 2001). At the initiative step, the globe focuses on the primary challenge for the executives is to investigate the various strategies to enhance the organization's performance. For empowering an organization; job satisfaction plays an essential role in an organization and presents much influence on the employee's performance in an organization. Thus, leadership is concerned with an employee's performance in an organization (Nawoseing'ollan & Roussel, 2017; Dastane, 2020). Hence, there is a closely established relationship between performance and leadership. Therefore, the specific purpose of an organization is to boost up the performance of employee within an organization. Apart from this, passion is such the propensity to the performance that people like and find out an essential and for that, the individuals spend time and energy (Astakhova & Rutgers, 2015; Mas'ud et al., 2020).

Meanwhile, passion is classified into an obsessive passion and harmonious passion, while an obsessive passion (OB) is related to an organized internalization of the action in one's distinctiveness that produces the inner force to involve in action, which the individual likes. Besides this, harmonious passion (HP) stands for the self-governing internalization which moves individuals to involve in the practices which they prefer. Therefore, this study is essential to assess the influence of passion on TLS and the performance of employees. However, it is the first time; such a research study is carried out to measure the relationship among the variables in the context of Pakistan. For such the research task, we added to the domain of literature on leadership to examine and boost up transactional leaders and employees' performance. In addition, the role of passion is investigated as it has a robust effect on TLS and the EP in an organization.

2. Literature review and conceptual framework

Commonly, leadership focuses on the essence of the effect and performance of people who are termed as leaders. Leaders are the "sparking leaders" who come with new minds and ideas that spark others' minds and motivate them to achieve the objectives (Bilginoglu & Yozgat, 2018). Besides, the leaders also prove to be a spark of enthusiasm, a glimmer of potential, a flash of determination, the first flame of raw talent, or lighting of interest (Bilginoglu & Yozgat, 2021). However, leadership indicates the ability of a leader who mobilizes the followers to a specific aim. Apart from this, much more literature has discussed leadership typologies through two distinctive styles of leader behaviours under the imaginary notions, including transactional and transformational leadership, support of research task and Bass's theory (Bass, 1985). Thus, transactional leadership and transactional leaders are straight, and they speak of the employees' performance as required to be done. They would obtain a reward when such activities are covered, and punishments are rendered for unsatisfactory performance. However, transformational leadership is related to the leader who will assign a task to workers and direct each of the employees on the path to be better. Nevertheless, transactional leadership is based on leader-follower interactions. The followers purposively carry out the tasks according to leaders' direction, and leaders reward their struggles. Transactional leadership focuses on exchanges between leader and follower, whereas the leader manages the rewards and consents (Meisam et al., 2013). In a similar fashion, the leader and follower implicitly or explicitly exchange opinions for the task. The desired behaviours of the followers will be appreciated with rewards, and unlike and unwanted behaviours will be drawn out for punishment. Potential rewards comprise an enhancement of promotions, salaries and other benefits. In contrast to it that penalties consist of demotions, pay cuts and service terminations. Transactional style directs the followers to gain pre-

determined objectives, unpredictable rewards, rewards strategies and supervisions. As managers practice TLS employing reward strategies to boost up a corporate performance given to those who excel in their activities and punishment to those who otherwise (Dai et al., 2013). TLS indicates a substantial influence on each follower to be improved. Apart from this, a few disadvantages of transformational leadership resulted in no involvement or limitation on decision-making for any task in an organization (Patiar & Mia, 2009). The followers are not given the proper exposure for managing and overcoming these situations. As the voluntary actions are highly encouraged by employees on account of performance, rewards in return. Influential leaders develop the interest of workers by providing the subjective motives, trusts, and promises that take to attain the organization's objectives (Bass & Avolio, 1990). In irrespective perspectives, the notion of the association for leader-member exchange between transactional and transformational leadership styles in employees' activities and comparison between both leadership styles points out the more influence on workers' activities and job satisfaction. In other words, many researchers stressed transformational leadership, but others emphasized the importance of transactional leadership (Howell & Hall-Merenda, 1999). Entrepreneurial passion is the robust antecedent of entrepreneurial orientation (EO), which, in return, powerfully affects strategic entrepreneurship behaviour (SEB). Further, the linear thinking style of entrepreneurs positively and significantly moderates the EO-SEB association, nevertheless not the connection between passion and EO (Zollo et al., 2021). More recently, Bilginoglu and Yozgat (2021) suggest that employees lack work passion in today's highly competitive work environment. The sparking leaders are putting a significant and positive influence on subordinates' work passion, leading to a higher JS. The empirical findings of Saif (2020) show that individuals with entrepreneurial creativity identification incline to have higher entrepreneurial passion for founding which stimulates them to involve in entrepreneurial actions. In the perception of Arvonen and Ekvall (1999), there is a positive and significant effect between appropriate leadership style, organizational demands and true leadership style. The findings of Ekvall and Ryhammar (1998) suggest that the manager's behavioural style significantly affects the social climate. According to Sun and Anderson (2012), attributional complexity is a construct that permits consideration in future research on both leadership attributions and transformational leadership. In the perception of Ho and Pollack (2014), harmoniously passionate entrepreneurs had higher out-degree significance in their networking assemblage. An entrepreneurial passion does not continually result in constructive financial gains—the type of passion makes a variance. Hence, there is a quite difference between these styles as transformational style indicates more influence than transactional style irrespective of the organizational type and the adopted method of leader comprised of his potential, activities, experiences and preferences (Egan et al., 1995). Thus, the output of an organization is negatively influenced by transactional leaders (Bass, 1985). As if the position found as nonobvious then, a leader must resort to the transformational style and recognize the main components of such the circumstance and select an authentic style for such the circumstance (Somech & Wenderow, 2006). The findings of the study of Megheirkouni et al. (2018) revealed a significant association between leadership styles and the skills approach such as human, technical, and conceptual skills. According to Fisher et al. (2018), in the presence of resilience, harmonious passion contributes directly and indirectly to insights into entrepreneurial success. Entrepreneurial passion has a positive association with entrepreneurial intention. Such association is developed by entrepreneurial alertness (Campos, 2017). Also, the mediation of behavioural integrity, employee empowerment and transformational

leadership positively affect organizational commitment and EP (Saleem et al., 2019). Toth et al. (2021) conducted a quantitative study from specialized knowledge workers through a survey questionnaire that found a significant and positive effect of entrepreneurial passion on work engagement and increased job demands. According to the findings of Mustafa et al. (2020), JS can be predicted by nonfamily employees' job autonomy except the intention to quit. Besides, nonfamily employees' work passion is a vital factor that mediates the partial relationship between JS and job autonomy. In the education industry of Taiwan, patriarchal leadership has a significant positive impact on inner JS. The employees under TLS have more significant positive effects on outer JS (Lan et al., 2019). In the financial services companies of the United Kingdom (UK), ethical aspects of corporate social responsibility (CSR) can be affected by both leadership approaches (transformational and transactional) (Changar & Atan, 2021). According to Mustafa et al. (2016), job satisfaction is positively and significantly associated with entrepreneurial behaviour. It also mediates the relationship between entrepreneurial behaviour and psychological ownership. Singhry (2018) found the factors of organizational justice such as interpersonal, procedural, distributive, and informational justice play a mediatory role between transactional leadership and Job satisfaction. TLS is more helpful in achieving the pre-determined objectives in an organization (Afolabi et al., 2008). Hence, administrators have an essential role in employees' performance and job satisfaction. In other words, transformational leaders can sometimes exploit workers through the application of their potential to gain personal objectives (Franke & Felfe, 2011).

Despite this fact, there are still gaps are existing in the literature. Firstly, in the domain literature, the different factors such as employee empowerment, transformational leadership, organizational commitment and EP, job satisfaction were found to be significantly associated with employee performance in the different contexts (Campos, 2017; Franke & Felfe, 2011; Megheirkouni et al., 2018; Singhry, 2018). Secondly, passionate organizations and unengaged employees relationship offer a conceptual framework because earlier studies mainly relied on anecdotal evidence (Bilginoglu & Yozgat, 2018). Thirdly, in Pakistan, transactional leadership positively affects organizational commitment and EP (Saleem et al., 2019). Besides, Soomro and Shah (2020) found a significant impact of transformational leadership on corporate entrepreneurship in the SMEs sector of Pakistan. However, the presence of mediation of passion between transactional leadership and performance has not been found in the literature (Fisher et al., 2018; Saleem et al., 2019), particularly in the SMEs sector of Pakistan. Based on such gaps, we developed the model (Fig. 1) for investigation.

Consequently, based on such gaps and the existence of the relationships, we developed the model (Fig. 1) for investigation. The principles reason for developing the research framework is to develop the entrepreneurial passion due to an active agent of the spirits of employees and entrepreneurs and boosts them for adopting creative problem handling strategies. Besides, the selection of these variables of the conceptual framework would create

motivation, eagerness, and energy to enhance the EP for their respective organizations. The offered association between TLS in the model would be supportive for improving job performance. Moreover, the mediating effect of ETP would further provide valuable guidelines for developing future conceptual frameworks.

2.1. Transactional leadership style (TLS) and employee performance (EP)

The relationship between transactional leadership and leader-member exchange focus on the prediction of the performance of employees; meanwhile, the TLS demonstrates as an optimistic analyst of the performance of followers in an organization (Howell & Hall-Merenda, 1999; Sims et al., 2020; Zollo et al., 2021). However, the military platoon indicates an organization that works in an unstable environment and stood for transactional leadership. The organization shows enhancement of performance of the soldiers in a platoon in an organized way (Bass et al., 2003). TLS is associated with the notions of political organization and is also feebly related to performance (Vigoda-Gadot, 2007; Nawoselng'ollan & Rousset, 2017; Dastane, 2020). TLS has remained dominant over laissez a fair styles and transformational leadership style. Further, conscientiousness, amicability and personality factors are positively associated with transactional leadership (Pedraja-Rejas et al., 2006). Transactional leadership points out the effect of organizational performance on Russian companies. Russian managers take on transactional leadership behaviour that is positively related to innovation and organizational performance (Elenkov, 2002; Hoogh et al., 2005).

TLS is judged through the performance of employees and job satisfaction. Transactional leadership is highly associated with team performance and leadership behaviours (Burke et al., 2006). A study by Rowold and Schlotz (2009) illustrates the relationship between leadership and performance while leadership is a job of explicit transactions and leader's rewards magnify the performance of the followers in an organization. Transactional leadership is related to rectification by punishment and, owing to the exchange relationship and pre-determined activity accomplishment, resort to follower's up-gradation (Munaf, 2011; Sims et al., 2020). Apart from this, transactional leadership boosts followers to carry out their tasks as per the leader's expectation to gain promotions and rewards. Transactional leadership is more productive and effective leadership and rewards workers for good performances and punishment for bad performances. Transactional leadership takes to intense struggle between co-workers to boost up the assurance so that every employee would attain reward and sharpen one's skill and enhance knowledge, which assists in performing in a better way in an organization. In this way, each employee can gain goal and obtain the objectives through the performance in an organization. Transactional leadership encourages and exchanges the performance of employees to be better and be more conscious for the fulfilment of tasks of the organization through encouragement to followers (Karami et al., 2014; Shah & Hamid, 2015). Transactional leadership is classified into four facets: active management by exception, passive management by exception, contingent rewards, and laissez-faire (Schermerhorn et al., 2000). The first dimension, management-by-exception, explains whether leaders act to either prevent (active management) or resolve (passive management) problems as they arise. The second, contingent reward, illustrates the extent to which effective transaction and exchange are set up between follower and leader. The last indicates avoidance or absence of any leadership behaviour that is numbered as "laissez-faire leadership." Based on relationships, we proposed the following hypothesis that is not examined before in the Pakistani context:

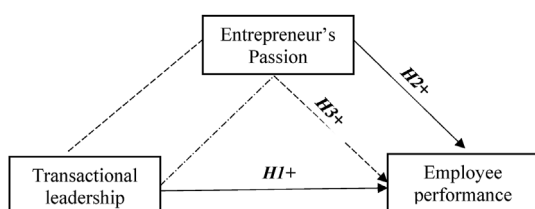


Fig. 1. Conceptual model of the study.

H1. Transactional leadership style (TLS) is significantly and positively affects employee performance (EP).

2.2. Entrepreneur's passion (ETP), transactional leadership style (TLS) and employee performance (EP)

Passion is termed a strong tendency/desire that one likes or loves and seeks out the importance of utilizing energy and time (Astakhova & Rutgers, 2015; Mas'ud et al., 2020; Vallerand et al., 2003). The performance is an identification of the person regularly that leads to higher values in an organization. Passionate activity is concerned with one's identity. Likewise, intense movement divided into two domains, including harmonious and obsessive passion. Meanwhile, harmonious passion is an outcome of an autonomous internalization of one's identity through performance (Astakhova & Rutgers, 2015; Mas'ud et al., 2020). This internalization occurs when a person freely agrees and engages in an activity as significant to her or him. It originates from an inherent propensity for self-direction (Astakhova & Rutgers, 2015; Deci & Ryan, 2000; Mas'ud et al., 2020; Ryan & Deci, 2003). Apart from this, harmonious passion is related to behavioural engagement that can observe as elastic. Individuals become able to make the decision when they are not engaged in the activities. The individuals remain harmonious with other facets of social lives (Forest et al., 2012; Vallerand et al., 2003). Hence, this focuses on positive outcomes and engagement in the activity.

Conversely, an obsessive passion can be controlled through the activities if the employee's performance goes out of one's control and leads to negligence and occasioned in individual's life conflict. Simply utterance, entrepreneurs are such people who "discover and exploit new products, new processes, and new ways of organizing" (Baum & Locke, 2004). Entrepreneurial struggles are explained in terms of acknowledgement and manipulation of entrepreneurial determinations to support new risks (Zhang & Cain, 2017). Entrepreneurial passion is an active spirit of yens that an entrepreneur realizes for distinctiveness about his/her activities and objects. Entrepreneurial passion is significantly related to entrepreneurial behaviours and identities, including absorption, persistence and creative problem-solving technique (Baum & Locke, 2004; Cardon et al., 2005; Chen et al., 2009; Li et al., 2020; Smilor, 1997; Zollo et al., 2021). Henceforth, entrepreneurial passion boosts motivation with more energy and intense feelings Cardon et al. (2009). ETP rallies energy in others (Brännback et al., 2006) and such incentives also enhance the EP in the organization. As a result, different scholars have investigated such factors, excluding Pakistan. Thus, we developed the following hypotheses for investigation:

H2. Entrepreneur's passion (ETP) is significantly and positively affects employee performance (EP).

H3. Entrepreneur's passion (ETP) significantly and positively mediates the relationship between transactional leadership style (TLS) and employee performance (EP).

3. Methods

3.1. Sampling design and response bias

This research study is conducted in the small and medium-sized enterprises of Pakistan, employing the convenience sampling technique on entrepreneurs flexibly concerned to employees (two of each) in SME's different divisions. We have distributed the survey questionnaires among entrepreneurs and focusing on employees (two of each). We focused on the joint evolution of entrepreneurs versus employees due to a considerable debate

about the researchers, and academic belief is diverting towards an entrepreneurial society. Others are highlighting an increase in the precariousness of work. A primary distinguish between entrepreneurs (or freelancers) who work for themselves and employees who sell their work hours to somebody else used to be clear-cut (Jaskiewicz et al., 2015). However, in the present study, we kept in mind the double role of entrepreneurs and employees in the economy, predominantly in SMEs. Both get the profits of risk and salaries without risk (Gawel, 2010). They are adventurous people, gaining control over time and space at work by sacrificing security and stability. They favour the ease of salaried job, at the outlay of personal freedom and the capability to select the way they work (Van Praag et al., 2009). Therefore, we decided to launch the same questionnaire among the entrepreneurs and employees. A total of 650 questionnaires have been distributed among entrepreneurs and employees. In return, we have collected 362 raw samples (as included of missing data and outliers) with a response rate of 55.69%. Classically, we distributed 350 samples among the employees. In return, we collected back 194 samples from employees, which yields 55%. Likewise, we distributed 300 samples among the entrepreneurs, where 168 samples were returned with a response rate of 56% (Table 1). After data cleaning and screening, we have proceeded with 356 valid cases (190 = employees and 166 = entrepreneurs) for the final result.

To ensure more, we conducted Mann-Whitney-U-test to reduce the response bias of two different populations (employees and entrepreneurs). We made two groups (employees and entrepreneurs) by taking the first fifty samples of each group. We considered the employees as the first group and entrepreneurs as the second group to observe the difference between them with escalating to all the variables (Saunders et al., 2007; Weiss & Heide, 1993). Consequently, the Mann-Whitney-U-test appeared with insignificant scores as $p > 0.05$ (Table 2). These outcomes did not find the existence of bias between the samples.

3.2. Validation of survey tool

The instrument for the present study is developed from the field literature. Thus, further to validate the Pakistani context survey, we have assuredly of the two main assumptions (reliability and validity) of the questionnaire through a pilot study of 32 respondents. We have employed Cronbach's alpha (α) to check the internal consistency among the items (Field, 2006). In addition, to evaluate the validity assumption of a survey questionnaire, we had sent the preliminary questionnaire to the field experts, particularly university professors of the field of management and entrepreneurship. As a result, the comments and suggestions of the respondents (employees and entrepreneurs) were entertained and incorporated correctly. The then, we had brought into use the translation procedure of the questionnaire from English to Urdu (national language) from two experts (Brislim, 1980). The two translators had performed the tasks independently and resolving scientific issues and complexities incomprehension of wordings. Hence, we have some extent, modified as per the comments and suggestions of the university professors.

3.3. Measures

We have acquired the response from the respondents based on a five-point Likert scale (1 = strongly agree; 2 = agree; 3 = neither agree nor disagree; 4 = disagree and 5 = strongly disagree). Further, we have included the demographic constructs including age, gender, education level, job tenure and the class representing the employees and entrepreneurs. Thus, we have employed the SPSS and AMOS version 26.0 windows for the data analysis.

Table 1
Sampling design (362).

Employees					Entrepreneurs				
Distributed	Returned	Response rate (%)	Missing/outliers	Valid	Distributed	Returned	Response rate (%)	Missing/outliers	Valid
350	194	55	4	190	300	168	56	2	166

Table 2
Mann-Whitney-U-test for bias between the groups.

Test statistics	Employees		
	TLS	ETP	EP
Mann-Whitney U	1041.500	1188.500	1039.000
Wilcoxon W	2154.500	2519.500	2157.000
Z	-1.208	-0.098	-1.208
Asymp. Sig. (2-tailed)	0.225	0.928	0.222

Note: Grouping variable = 1 = employees; 2 = entrepreneurs.

Transactional leadership style (TLS) – “The multifactor leadership questionnaire (MLQ)” as developed by Bass and Avolio (1995) and applied to evaluate the TLS. The scale is consisted of sixteen items. Due to a reliable and valid scale; this scale is frequently employed for the research of leadership (Bryman, 1992).

Entrepreneur's passion (ETP) - We have employed to “Passion scale” of Vallerand et al. (2003) for measuring out the ETP. This scale covers two sub-scales, and based on two factors including harmonious passion and obsessive passion. Each sub-scale is comprised of seven items.

Employee performance (EP) - To measure out the EP; we have applied four items which have been adapted from “Scale of evaluating individual performance at work” which has been constructed by Bozkurt and Ercan (2007).

4. Data analysis and findings

4.1. Demography

Demographic factors indicate that, in total, 190 employees have participated in the survey. The majority like 57.90% (n = 110) noticed as males and 42.10% (n = 80) as females. Similarly, 47.37% (n = 90) employees found between 26 and 35 years, and 37.90% (n = 72) in between 18 and 25 years of age. Regarding the employees' education, the majority of the employees stated as undergraduate (63.16%; n = 120) education and postgraduates were in minority level. The job experience/tenure factor highlights that 62.10% (n = 118) employees had 6–15 years of job tenure, whereas the only 8.42% (n = 16) employees found the above 16 years of job tenure. Compared to the high class, most employees (72.63%; n = 138) belonged to the middle class (Table 3). Similarly, 166 entrepreneurs had taken part in the study. The majority of entrepreneurs observed as males (59.03%; n = 98) have participated compared to females (40.97%; n = 68). 42.17% (n = 70) were above 36 years of age, while 20.48% found less than five years of age. Further, 67.47% (n = 112) entrepreneurs numbered as undergraduates whereas the only 8% (n = 14) stated as postgraduates. 49.40% (n = 82) respondents had less than five years of experience. Lastly, 66.27% (n = 110) respondents belonged to the high class as compared to the middle class (Table 3).

4.2. Hypotheses testing

Before checking out the direct and indirect effect of the independent variables over dependent variables, we have also confirmed the relevant indices of model fit to know either model is

Table 3
Respondents' demographic profile.

	Category	Employees		Entrepreneurs	
		Frequency	Percent	Frequency	Percent
Gender	Male	110	57.90	98	59.03
	Female	80	42.10	68	40.97
	Total	190	100.0	166	100.0
Age	18–25 years	72	37.90	34	20.48
	26–35 years	90	47.37	62	37.35
	>36 years	28	14.73	70	42.17
	Total	190	100.0	166	100.0
Education	Undergraduate	120	63.16	112	67.47
	Graduate	50	26.31	40	24.10
	Post graduate	20	10.53	14	8.43
	Total	190	100.0	166	100.0
Job tenure	<5 years	56	29.48	82	49.40
	6–15 years	118	62.10	64	38.55
	>16 years	16	8.42	20	12.05
	Total	190	100.0	166	100.0
Income level	Middle class	138	72.63	56	33.73
	High class	52	27.37	110	66.27
	Total	190	100.0	166	100.0

fitted with data or not. Consequently, we have the required model fit indicators, including CMIN, AGI, RMSEA and others within the acceptable ranges (see caption of Fig. 2). By employing the Structural Equation Modeling (SEM), the direct path suggests a significant and positive effect of TLS on the EP (CR = 6.342; p < 0.01) (Table 4 and Fig. 2). Thus, it is further confirmed that the proposed relationship is accepted (H1 accepted). Similarly, we found that an ETP factor has also shown a significant and positive effect on the EP (CR = 4.893; p < 0.01) (Table 4 and Fig. 2). Hence, H2 is also supported by the SEM analysis. Further, the indirect effect indicated that the ETP mediates as the positive impact of TLS on EP (CR = 3.229; p < 0.01) (Table 5 and Fig. 3). Thus, H3 is also accepted.

In simple words, we found a significant effect of ETP and TLS on EP. Besides, ETP is a potent factor that mediates the relationship between the TLS and EP among respondents (the employees and entrepreneurs) of the SMEs sector of Pakistan.

5. Discussion and conclusion

The purpose of the study was to inspect the influence of the TLS and the ETP for the EP. The small and medium-sized enterprises (SMEs) of Pakistan were selected as the study context. We have also found an indirect effect of TLS on EP in the presence of an ETP. Thus, this study covers a survey questionnaire for responses from the respondents.

By employing the SEM technique, the results of a research study found a positive and significant effect of TLS on EP among the respondents. Hence, H1 is accepted. Meanwhile, the positive impact of TLS on EP are accorded with the previous studies of Howell & Merenda (1999), Elenkov (2002), Yozgat and Kamanli (2016), who have claimed the same findings within the various contexts. These positive effects may have appeared because it has a reputation as a dominant predictor of employees' performance. In Russian companies, managers who adopt transactional leadership behaviour are significantly and positively related to organizational performance and innovation (Elenkov, 2002). According to Bass (1990),

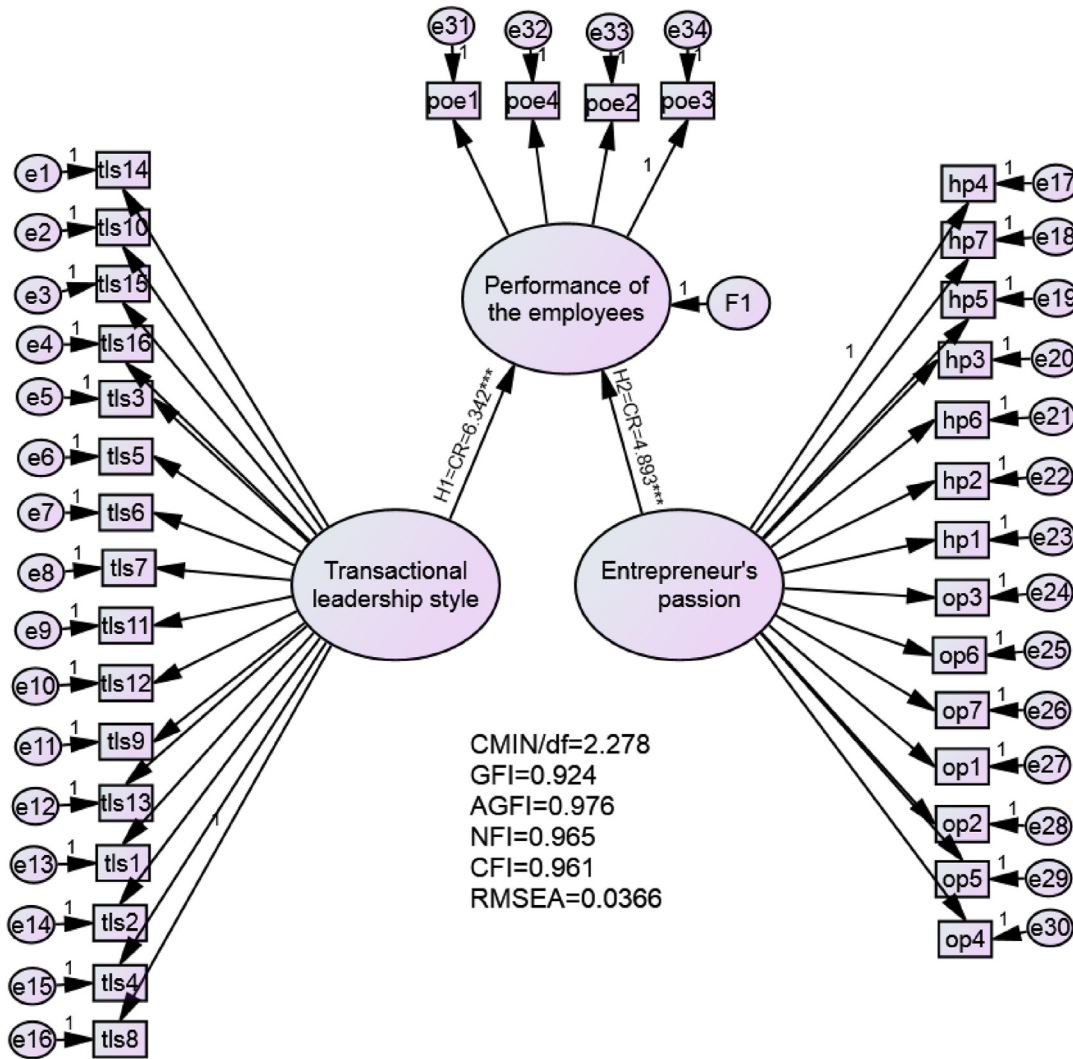


Fig. 2. Direct effects.

Table 4

Direct effect.

	Independent variables		Dependent variable	CR	P-value	Decision
1	Transactional leadership	→	Performance of the employees	6.342	***	Accepted
2	Entrepreneur's passion	→	Performance of the employees	4.893	***	Accepted

Note: C.R = critical ratio; p = significance level at <0.01.

Table 5

Indirect/mediating effect.

	Independent variable		Mediating variable		Dependent variable	CR	P-value	Decision
3	Transactional leadership	→	Entrepreneur's passion	→	Performance of the employees	3.229	***	Accepted

Note: CR = critical ratio; p = significance level at <0.01.

transactional leadership happens when the leader's motives and the mechanism depend on the capability of the follower's activity. In the same vein, [Burke et al. \(2006\)](#) demonstrated that leadership behaviours and team activity consequences are correlated with each other. In the SEMs context of Pakistan, the employees and entrepreneurs may be motivated for transactional leadership. They encourage followers to accomplish as per the leader's anticipation

and get rewards and promotion. It would avail the skills for the leader that can be applied in operating and inspiring its followers to satisfy the organization's necessities and ambitions by swapping for employees' performance ([Jung & Avolio, 2000](#)). On the other hand, [Vigoda-Gadot \(2007\)](#) did not support this association and found a relatively weakly association between TLS and performance. However, it is optimistically associated with the perception

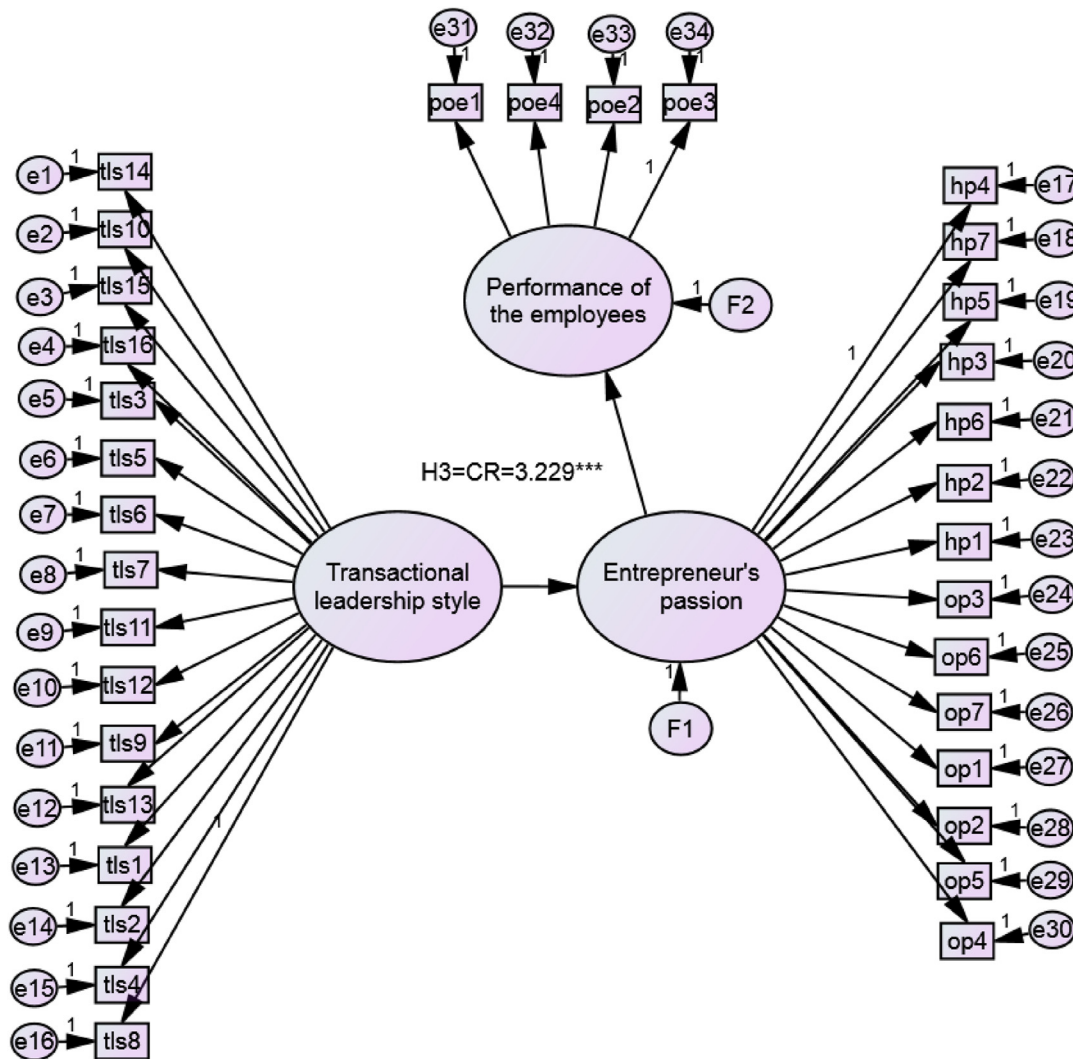


Fig. 3. Mediating effects.

of organizational politics. Thus, the findings suggest a positive and significant effect of the ETP on EP (H2 is accepted). These results are concerned with the previous literature, including Vallerand et al. (2003); Deci and Ryan (2000); Ryan and Deci (2003); Brännback et al. (2006); Forest et al. (2012); Yozgat and Kamanli (2016) who have proposed the same relationships. The results reflect that passion is found as a strong disposition or longing to what one loves (likes) and finds significant and devotes energy and time (Vallerand et al., 2003). The relationships of two sub-domains of passion, including harmonious and obsessive passion; work as motivational forces involving the individuals into the action enthusiastically (Vallerand, 1997). People do not feel an uncontainable longing to participate in the zealous performance but rather spontaneously select to perform. Hence, when it speaks to the harmonious passion and behavioural engagement as observed elastic and persons can choose when and when not to participate in the activities. These may lead people with a harmonious passion for entirely focusing on the activity and experienced as positive consequences both during activities of engagement in performance. Entrepreneurial passion explains a strong sense of desire that an entrepreneur feels for objects or actions and found as meaningful to his or her identity. On the other hand, obsessive passion comes from a meticulous internal task into one's distinctiveness (Deci & Ryan, 2000).

Finally, the results also supported the positive and significant effect of TLS on EP in the mediation of the ETP (H3 is supported). These effects also concur with scholars, including Yozgat and Kamanli (2016), who have underlined the same outcomes Istanbul context. The mediatory role of passionate entrepreneurs demonstrates motivation and providing more energy (Baum et al., 2001; Bierly et al., 2000). It also activates energy in other sectors (Brännback et al., 2006), and such energy also increases employees' performance.

In a sequel, the outcomes of a research study investigated that ETP and TLS has a positive and significant impact on EP. Thus, ETP mediates the relationship between the TLS and EP among employees and entrepreneurs in the SMEs sector of Pakistan.

6. Contribution, limitations and future research

Practically, the study's findings offer significant implications and contributions for managers, executives and entrepreneurs. Hence, the results may be applied for reference to human resource management operation and practice. The leadership style perception of the employees has a substantial role in creating a higher level of job performance. Leaders are more translucent in relations with employees, openly listening and sharing facts, and depending on

moral values (Baum et al., 2001; Bierly et al., 2000). Thus, passionate entrepreneurs have inspiration that delivers them with further energy. The study would provide the guideline for organizations in enhancing EP through the development of leadership behaviours. Theoretically, the study would offer a solid theoretical background of TLS and EP through the mediation of ETP in the SMEs sector of Pakistan. The study would further be beneficial for the development of theory in the light of present outcomes. The study's findings would enrich the insights of the literature in the domain of TLS, ETP and EP. Methodologically, the study would offer the methodological sphere, which would make strong the future methodological stances. The quantitative approach in the SMEs sector would provide the road maps for future researchers to examine EP. The adoption of statistical tests in SEM would further strengthen the confirmation of results in a developing context. The study would open avenues for readers to get more ideas about the primary challenges and their smooth solutions to enhance the organization's performance. Besides, the study would benefit the readers in getting the notions to create job satisfaction among the entrepreneurs and employees with a great passion. Passion is the vital and protagonist factor that raises individuals' inner force in involving the skills that ultimately govern and ensure the organization's performance. Finally, the study of transactional leadership style may be reassuring in directing readers to get their organizational targets and boost corporate performance.

The study is based on certain limitations. First, the present study applied only a quantitative approach based on cross-sectional data. Second, the study only concentrated on TLS and ETP on EP in SMEs of Pakistan. Third, the study is narrowed to the sampling strategy (convenience sampling) and restricted to a sample size of 190 employees and 166 entrepreneurs. Fifth, the study did not apply any concerned theory to underpin the conceptual framework. Finally, we targeted only the SME sector to get the responses from the respondents.

In future, more longitudinal studies should be conducted to investigate the EP through ETP and TLS. Future studies should target other sectors such as services and education. Besides, the concerned theories are suggested for underpinning the conceptual framework in the future. Future studies should focus on large sample sizes and categories of respondents rather than employees and entrepreneurs. Future studies should apply the other sample techniques, i.e., random and stratified. There is a need to conduct more studies on the effect of different leadership styles, including servant and ethical behaviour towards EP.

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