**Research Article**

Indirect role of Organizational Cronyism on the Relationship between Distributive Leadership and Employee Performance

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1 | INTRODUCTION

Distributive leadership (DL) emerged from democratic leadership, in which leaders encourage their followers to give feedback, participate in important organizational affairs, and take part in the decision-making process. DL is considered supportive and cooperative (Smith & Shields, 2020). According to Hesselbein & Goldsmith (2023), it is situated leadership. Further, Avolio & Yammarino (2022) stated that there are two dimensions of DL: one is practice, and the other is leader plus. Working as a team and sharing skills and knowledge with each other adds value and enhances organizational performance (Heck & Hallinger, 2010). Different strategies have been adopted to improvise the performance. Appreciation certificates, promotions, rewards, flexible working hours, study leave, and medical allowances are the perks and benefits given to the employees for better outcomes. In return, employees would put in efforts beyond management expectations and help organizations achieve better organizational performance.

**ABSTRACT**

This study aims to ascertain the indirect effect of cronyism on the association between distributive leadership and performance. Survey approach cross-sectional data was collected using self-administered questionnaire. Non-probability convenience sampling technique was used to select the sample. Population of the study was one public and one private sector higher education institution (HEIs) from southern KPK, Pakistan. Total 287 questionnaires were distributed and 217 completed questionnaires were received and used in the analysis. The response rate of 75.6%. SPSS was used for data analysis. Correlation and hierarchical multiple regression were used to test the hypotheses. For reliability and validity Cronbach alpha and exploratory factor analysis were run. It was evident from the findings that questionnaires are found reliable and valid. Moreover, all constructs positively and significantly correlated. Organizational cronyism mediated the relationship between leadership and performance.

**KEYWORDS**

Distributive Leadership, Indirect Effects, Organizational Cronyism, and Organizational Performance
According to Gungor (2016) organizations encourage employees and motivate them to improve their performance so that a competitive advantage can be obtained. On the other hand, it is believed that leaders grant undue favor to their likely-minded employees, subordinates, friends, and relatives (Mughal, 2020; Baloch, 2020). Organizational Cronyism means favoritism and nepotism. Its negative behavior, which is perceived by out group employees (Mughal, 2020), Cronyism is not good for organizational performance or the reputation of the organization. It has several consequences, such as a high intention to quit and a low level of job satisfaction and performance (Wang et al., 2017; Yu, Klerk, & Hess, 2023). There is limited evidence available in the literature regarding cronyism. Scholars have highlighted the positive aspect of leadership a lot (Khan, Abdullah, Busari, Mubushar, & Khan, 2020; Busari, Khan, Abdullah, & Mughal, 2019). This study has tried to fill the gap which is overlooked in the past studies. Therefore, the current study has investigated the mediating effect of organizational cronyism on the relationship between distributive leadership and performance.

1.1 | Objective of the Study

- Distributive leadership significantly affects Employee performance
- Distributive leadership significantly affects organizational cronyism
- Organizational cronyism significantly affects employee performance
- Organizational cronyism mediates distributive leadership and employee performance.

1.2 | Significance of the Study

This existing study has benefits for academicians, researchers, scholars, students, and policy makers of the business organizations. The current study has contributed by extending the body of knowledge of distributive leadership, organizational cronyism, and performance in Pakistani perspective. This is one of the pioneer studies in southern KPK, Pakistan which has highlighted the negative aspect of management and leadership.

2 | LITERATURE REVIEW

2.1 | Leadership

The number of activities influenced by an individual towards a common goal is called leadership (Stogdill, 1981). In addition, leadership is the process by which one chooses to follow and other desires to lead a team (Hesselbein & Goldsmith, 2023). Leadership and leaders are two different concepts. A leader is a person, while leadership is the process (Mughal & Kamal, 2018). The majority of the studies to date have focused on the positive aspects of leaders and the leadership process, highlighting the positive role of leadership while ignoring the negative aspects. Followers are as important as leaders (Kelley, 1992). A number of theories (Burns, 1978; Bass & Avolio, 1993) have explained leadership. Social exchange theory explained the leader-follower relationship as an exchange of one's behavior and the other's reaction (Khan et al., 2020). Stogdill (1974) introduced the trait approach for the first time in history to understand leadership. Researchers believe that traits make anyone a leader, and because of those traits, people get influenced and choose to follow. Further, Stogdill explained that there must be an association between followers and leaders, and this relationship must be based on trust, honesty, loyalty, and professional respect. Northouse (2004) argued that it is a leader who motivates and encourages followers to obtain goals through the lens of path goal theory. This theory pays attention to employees and their motivation to enhance satisfaction and performance. Furthermore, leadership is also defined through the lens of emotional intelligence. Emotional intelligence focuses on the emotional aspects of leaders and followers. Leaders can control their emotions and collect information about their followers' emotions. After getting this information, they can react to motivate their followers. In this way, they can have a long-term future relationship with their followers (Dulewicz, Higgs, & Slaski 2003).

2.2 | Distributive Leadership

Concept of effective leadership has changed rapidly (Bass & Avolio, 1993). Leadership and management schools operate in complex environment in which policy requires a shift from vertical policy driven to capacity building, skills development and academic leaders must have enough knowledge about management and encourage trust, honesty and loyalty and provide learning environment to the students and opportunities for growth (Gronn, 2002).
According to Uhl-Bien (2005), with the introduction of the distributive leadership (DL) concept, a significant change in the concept has been observed, altering the attention and perception of scholars. They now believe that leadership is not solely dependent on the attitude and behavior of an individual but rather on the social exchange process and interaction between supervisors and members. Distributed leadership should be taken in a universal/holistic sense. Moreover, DL is also called concretive action which is based on three pillars collaboration, intuition and institutionalized practices. Spillane (2006) shifts this individual leader concept to situated leadership practice. Spillane and Diamond (2007) introduced analytical framework which help to determine daily practices of leaders. In academics if instructors adopted the distributed leadership style it would help students to have better academic achievement. Instructors could also be able to enhance their performance and teaching effectiveness. DL empowered teaching staff and students to make quick, right and informed decisions regarding learning, teaching and evaluation (Botha, 2016; Szeto & Cheng, 2017).

2.3 Organizational Cronyism

Cronyism is a Greek word "kronois". It means long distance friend. It was first used in the United States under Truman to select its administration on the basis of personal and family relationships rather than meritocracy. Later on, this was used in management literature as well. Cronyism is found in business organizations as well (Kteily & Brunea, 2017). Leadership studies claim leaders are free from nepotism and maintain an equal and fair relationship with subordinates, and there is no discrimination found from the leaders’ side. Later on, studies conducted on leaders and followers’ relationships reported negative behavior by managers towards some followers. There are two groups: one is the in-group, which is close to management and enjoys all benefits, while the other is the out-group, which faces nepotism, discrimination, and the unjust behavior of management (Lai et al., 2020; Wang et al., 2017). With the debate initiated on leaders’ negative and unjust behavior, researchers shifted their focus to the consequences of leadership’s unfair behavior with out-group subordinates. There is still a need to investigate how this perception of cronyism and in-group and out-group dynamics developed. The answer to this research question was given by Maslyn and Uhl-Bien (2001). They elaborated that there are two stages: first, when subordinates and managers interact with each other, and second, when managers assess the performance of followers and evaluate their skills, task accomplishment, commitment, and loyalty. These perceptions are developed at these two stages, and those who complete tasks on time enjoy all the benefits and become in-group members.

2.4 Employee Performance

The performance of employees is the main concern of the management of any organization. Employee performance is measured by the quality of work, comparing standard performance with actual performance. If there are any deviations, managers are required to direct, monitor, and correct these mistakes. Employee performance can be enhanced through effective leadership, rewards, benefits, and flexible working hours. If employees compare their benefits with those of their counterparts who have the same position and qualifications but different rewards, it would lead to resistance and low performance. Therefore, managers have to maintain equity while dealing with their employees.

2.5 Hypotheses of the Study

Numerous studies argued about role of leadership in the organizations and performance. Some of them are of the view that leaders discrimination has consequences (Sanders & Schyns, 2006) while other argued that no consequences could be seen (Leow & Khong, 2009). But there is difference seen in the leaders’ preferences in form of in-group and out-group. It leads towards high intention to quit, cynical behavior, unfairness, in equality and cronyism (Mughal, 2020). According to Rafferty et al. (2013) in-group respond positively that’s why they enjoyed benefits while out-group demonstrates negative behavior. Blau (1964) introduced SET. Later on, by applying SET Ahmed and Muchiri (2014) stated that individuals respond in a way as they are treated. Positive actions would be responded positively and vice versa. In organizational cronyism equity and fairness has been compromised that’s why it leads to low performance. In leader-member relationship leaders provide trust and cooperation while followers provide skills, commitment and skills to accomplish tasks. When this trust is violated by leaders by not fulfilling the promised made to followers and managers behaves prejudicially it leads to cronyism. It is a psychological contract violation (Smith et al., 2020). Organizations’ growth, effectiveness, reputation and image largely depend on employee performance and productivity. This performance is affected if employees are treated
unfairly and managers’ behavior played role in enhancing and reducing performance. When employees feel that they have been exploited by their management it creates frustration and dissatisfaction it leads to cognitive, affective and behavioral resistance and decreasing their performance (Akuffo & Kivipold, 2019; Shaheen et al., 2020). Hence following hypothesis is proposed:  

H1: Distributed leadership, organizational cronyism and performance are positively related.

Employees exhibit different performances on the basis of leaders’ behavior and attitude. Those followers getting favor from the managers, exhibits positive behavior while others exhibit negative behaviors. Distributive leadership focuses on employees to exhibit positive behavior (Tepper et al., 2009). Managers implementing distributive leadership style share the authority, power and responsibility with followers, distributive leaders do not over burden their followers and also provide opportunities to their followers for grow (Shaheen et al., 2020). On the contrary giving benefits to friends, relatives and in-group employees exhibits cronyism which leads towards reducing performance. Therefore following hypotheses are postulated:

H2: Distributed leadership and performance are mediated by organizational cronyism.

2.6 Social Exchange Theory and Theoretical Framework

The current study got support from the social exchange theory where relationship between two parties i.e. A and B favors each other based at expense of third party interest and claim to the resources (Blau, 1964; Khatri et al., 2001). Human beings spend their whole life on the rule give and take or you scratch my back I scratch yours. Some individuals exhibit positive and negative behaviors on the basis of perceptions. Give and take culture exists in all over the World (Turhan, 2014). There is formal and informal or professional and personal relationship exists between manager and follower. When follower helps organizations to obtain goals they would get promotions, benefits, flexible working hours. On the other hand organizations bestow benefits not on merit but personal relationship they could have serious consequences in future. Studies build positive and negative arguments for organizational cronyism. If managers do not fulfill the promise, it would raise question on its creditability and managers could possibly face resistance in future and employees would reduce their efforts and performance. While on the other side when employees receive more benefits more than their expectations, they try to build long lasting relationships with their managers. Thus, getting support from SET regarding managers discrimination and favorable behavior.

![Figure 1: Theoretical Framework](image)

3 RESEARCH METHODS

3.1 Approach Population and Sampling

Survey method is the best choice to collect primary data using questionnaire. Nature of the current study is quantitative therefore; cross-sectional data was collected. Population of this study was one public and one private sector higher education institutions (HEIs) from southern KPK, Pakistan. Total population was 476. Non-probability convenience sampling was used for selecting sample. Total 287 questionnaires were distributed but 217 completed were received.
3.2 Measures

Distributed leadership was measured on seven items questionnaire, adopted from Janssen and Van-Tperen (2004). Organizational cronyism questionnaire with fifteen items was adopted from Turhan (2014) and employee performance was adopted from Shaheen et al., (2020). All items were measured on five point likert scale.

3.3 Data Collection and Analysis Tools

SPSS was used for analysis of the data. Descriptive test i.e. frequency, mean, standard deviation reliability test (Field, 2013) were used. To tests hypotheses correlation and regression were run.

4 RESULTS

Relationship between all variables are found positive and significant i.e. distributed leadership and organizational cronyism (0.434**, p<0.01); distributed leadership and employee performance (0.425**, p<0.010; organizational cronyism and employee performance (0.238**, p<0.01). Furthermore; the highest mean value is scored by organizational cronyism M=3.98, S.D=0.400 followed by performance M = 3.33, S.D = 0.42, and mean score for DL M = 3.12, S.D = 0.47. Moreover, threshold for Cronbach alpha is >0.70 (Field, 2013). It is evident from the above results that all variables met the threshold thus scales are reliable and valid.

Table 1
Correlation Analysis

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Mean</th>
<th>S.D</th>
<th>r</th>
<th>α</th>
</tr>
</thead>
<tbody>
<tr>
<td>DL→OC</td>
<td>3.12</td>
<td>0.47</td>
<td>0.434**</td>
<td>0.701</td>
</tr>
<tr>
<td>DL→EP</td>
<td>3.33</td>
<td>0.42</td>
<td>0.425**</td>
<td>0.822</td>
</tr>
<tr>
<td>OC→EP</td>
<td>3.98</td>
<td>0.400</td>
<td>0.238**</td>
<td>0.798</td>
</tr>
</tbody>
</table>

Table 2
Direct Effects

<table>
<thead>
<tr>
<th>Relationships</th>
<th>R</th>
<th>R²</th>
<th>F</th>
<th>β</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>DL→OC</td>
<td>0.69</td>
<td>0.48</td>
<td>68.68</td>
<td>0.69</td>
<td>0.00</td>
</tr>
<tr>
<td>DL→EP</td>
<td>0.73</td>
<td>0.54</td>
<td>85.34</td>
<td>0.73</td>
<td>0.00</td>
</tr>
<tr>
<td>OC→EP</td>
<td>0.45</td>
<td>0.20</td>
<td>19.07</td>
<td>0.45</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Direct effects were investigate din linear regression it is evident that impact of DL on OC (0.69**, p<0.01); DL on EP (0.73**, p<0.010); OC on EP (0.45**, p<0.10) are positive and significant.

Table 3
Indirect Effects

<table>
<thead>
<tr>
<th>DV</th>
<th>IV</th>
<th>R</th>
<th>R²</th>
<th>F</th>
<th>β</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>OC</td>
<td>Constant</td>
<td>.4336</td>
<td>.1880</td>
<td>49.7807</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EP</td>
<td>Constant</td>
<td>.4292</td>
<td>.1842</td>
<td>24.1636</td>
<td>2.4230</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>OC</td>
<td></td>
<td></td>
<td></td>
<td>.0368</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>DL</td>
<td></td>
<td></td>
<td></td>
<td>.3590</td>
<td>0.000</td>
</tr>
<tr>
<td>EP</td>
<td>Constant</td>
<td>.425*</td>
<td>.181</td>
<td>47.432</td>
<td>.425</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>DL</td>
<td></td>
<td></td>
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</table>

Hierarchical multiple regression was run to test hypotheses. Findings of the table 2 revealed that DL positively predicted OC (0.4336**, p<0.01); coefficient of determination R²= 0.1880 i.e. 18.80 variance is explained by DL upon OC and goodness of fit F= 49.78, p<0.01). Moreover, impact of DL and OC upon EP (0.0369** & 0.3590**, p<0.01) R²= 0.4292, 42.92% and F= 24.16, furthermore effect of DL on EP (0.425**, p<0.01). Therefore all relationship are significant organizational cronyism partially mediates between distributed leadership and employee performance. H₂ is substantiated.
5 | DISCUSSION

This study ascertain the indirect effect of organizational cronyism (OC) on the relationship between distributed leadership (DL) and employee performance (EP) through lens of SET. DL is supposed to have cooperation, share knowledge, responsibility and power with the followers (Brown & Littrich, 2008). DL brings all employees together to work as team towards common goals and objectives. Findings revealed that all the constructs have significant relationships with each other and got support from findings of Bolden (2011) and Shaheen et al., (2020) also reported mediating effects of organizational cronyism on the DL and EP.

6 | CONCLUSION

It is concluded that managers, supervisor must share knowledge, power, responsibility and allow followers to take part in decision making process. Provide learning environment to followers, training opportunities to add values and skills and help followers to grow in their careers is the quality of distributed leaders. Rewarding in-group employees on the basis of personal relationship by ignoring meritocracy would have serious consequences for organizations. Firms would lose talented and hard working employees and there would be high turnover intention and low job satisfaction.

7 | POLICY IMPLICATIONS

Managers and policy makers of business organizations cannot ignore the importance of distributive leadership and organizational cronyism. Managers should raise awareness about cronyism and establish a culture of sharing knowledge so that they can transfer the knowledge, skills and experience to their employees for better performance.

8 | LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

This study offered several contributions but it is essential to highlight the limitations and provide future directions for research. This study has used only single method of data collected and analysis which is a source of biasness therefore it is recommended to use mix methods in future, qualitative study and longitudinal data may also add value. Second this study has used very small data therefore big sample size could be used in future. Thirds organizations must pay attention to reduce discrimination and encourage meritocracy.

Conflict of Interest: There is no competing interest

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