Perceived Organizational Politics and Employee Morale: Mediating Role of Social Exchange Perceptions in Pakistani Organizations

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Abstract
Politics in organizations is an important aspect of organizational life which has been an interesting research area since last four decades. However, it is still deprived of practical approach due to its inconclusive studies and fragmented arguments. In politicized organizations, morale and motivation of employees depend mostly on their type of exchange relationships. The study in hand is another effort to view these exchange perceptions as intervening between the relationship of perceptions of organizational politics and morale of employees. As a part of larger study, data was collected through self administered questionnaire distributed among master of business administration students who were completing their management degree as part time along with their jobs during day time. All the Pakistani business schools were included in this study and surveys were distributed to 2000 employees during their classes and participation was voluntary ensuring anonymity and compliance with ethical considerations. Overall, 2000 questionnaires were distributed among which 1163 useable surveys were returned after screening and cleaning for unengaged response, left over pages and missing critical information. Thus response rate was 58%. Results of regression analysis indicated that social exchange perceptions was partial mediators in the relationship between perceptions of organizational politics and employee morale and about 70% of the total effect was mediated by these perceptions which was an important indicator for understanding organizational life. Practical policy implications have also been discussed in discussion sections along with limitation of the study and guidelines for future research.

Keywords: Political Behavior, Morale, Social Exchange, Organization, Politics.

Introduction
There are various studies on perceptions of organizational politics and its outcomes in theoretical domains as well as empirical domains and mostly negative associations have been demonstrated (Kacmar and Barron, 1999). However, in major, these studies investigated bivariate relationship of its outcomes or reactions leaving very scant evidence of the underlying mechanism through which perceptions of organizational politics adversely impacts employees’ attitudes and behaviors. In political environments, investment in economical or social exchanges is considered risky. For this reason, employees are reluctant to put great deal of effort to the organization which is generally expected from them. Thus, politics affects the social exchange which resultantly leads to reduced performance in terms of attitudes of the employees, specifically, job satisfaction and commitment. The current study presents social exchange as intermediate linkage between POP (perceived organizational politics) and Morale (composed of job satisfaction and employee
commitment), specifically within Pakistani organizations where political environment is predominant and social exchanges are quite different from that of Western culture.

**Perceptions of Organizational Politics**

Kacmar and Ferris (1991) have defined organizational politics as the amount to which employees observe their work setting as political in nature which result to make them feel their environment unfair and unjust. There are many other definitions which focus on use of power (Pfeffer, 1992), illegitimate and non sanctioned behavior (Mintzberg, 1983) and influential activities (Vigoda, 2000). Studies on organizational politics have largely discussed the politicized work environment as carrier of dysfunctional outcomes (Gillmore, Ferris, Dulebohn and Harrell-Cook, 1996; Bodla and Danish, 2009, 2012). The nature of behavior of employees in organizations is often political and nobody can escape from political environment⁹. Perceptions of organizational politics have been construed to be strongly negatively associated with job satisfaction (Kacmar, Bozeman, Carlson and Anthony, 1999), organizational commitment (Maslyn and Fedor, 1998) and job performance (Anderson, 1994) and positively associated with job anxiety (Kacmar et al., 1999) and turnover intentions. Folger, Konovsky and Cropanzano (1992) contended that due to negative perceptions of organizational politics, unfair and unjust environment is predominant which compel people to quit from the organization. Non reciprocating and unfair environment is one outcome of organizational politics (Vigoda, 2002) and employees don’t view that their efforts and investments will bring them the equitable and fair returns in future and as a result exchange relationship is not in harmony or balance.

**Social Exchange**

Employees’ behaviors and attitudes which are functional at work have long been viewed in terms of their relationship with their organizations as form of reciprocity norms (Gouldner, 1960) and social exchange (Blau, 1964). This multiple exchange relationship, namely, economic and social, produces some sort of obligations towards employees as well as organizations which creates mutual benefits and ways to support each other. The quality of these exchanges depends upon their perceptions and nature of relationship. Social exchange normally consists of voluntary behaviors the result of which is the obligations for the future to repay back or reciprocity. But as the returns are not certain or hidden in the lap of future (Blau, 1964), these just are based on trusting each other party that everyone will fulfill his part of obligation. These relationships are quite different from day to day working relationship because these are not the result of organizational policies or economic activities. Instead such relations depend upon the surroundings and environment and the perceptions of employees within organization. If these relationships are strong or of high quality in the views of employees, the politicized environment can disturb this relationship. According to Blau (1964), social and economic, both type of exchanges depend upon some return in the future. However economic exchange return is well defined while social exchange return is not explicitly defined in terms of means or timing of these returns.

Lidden, Sparrowe, and Wayne (1997) contended that commitment of employees and their performance increases with this exchange. Michener (2004) contended that during human interaction social and material resources are exchanged. In response to these social exchange employees develop such behaviors which oblige or benefit the party initiating exchange (Settoon et al., 996). If employees feel that they are being treated fairly it creates such a relational environment which is necessary for sustainability and formation of social exchange relationships. Perceptions play very important role in formation of these exchange relationships (Wayne, 1997). If employees feel that behavior of their supervisor and organization is unfair, politicized and based on favoritism,
their social exchange perceptions are disturbed which results in the reduction of their commitment and job satisfaction. Employees form social exchange relationship towards other party based on how they perceive other party. If perceptions of politics are high social exchange perceptions will be reduced (Rupp and Cropanzano, 2002) and employee morale will also be affected. If exchange activities are not comparable employees attitudes like commitment and job satisfaction are directed to exchange partner.

Describing about social exchange theory, Homans (1958, p.606) stated, “Social behavior is an exchange of goods, material goods but also non-material ones, such as the symbols of approval or prestige. Persons that give much to others try to get much from them, and persons that get much from others are under pressure to give much to them. This process of influence tends to work out at equilibrium to a balance in the exchanges. For a person in an exchange, what he gives may be a cost to him, just as what he gets may be a reward, and his behavior changes less as the difference of the two, profit, tends to a maximum.”

Organizational Commitment

The construct of organizational commitment has been widely studied in management literature but early studies lack in consensus about its exact definition (Reichers, 1985). In last decade the most widely studied conceptualization was that offered by Meyer and Allen (1997) with its three component model and its measurements. They split up the commitment into three components, affective, continuance and normative (Meyer and Allen, 1991). Affective commitment got more attention of the researchers which describes employees’ emotional attachment and identification with organization along with their involvement. This component represents the degree to which individual wants to remain with the organization. According to Lynch et al. (1997) the interpersonal relationship is strengthen between exchange partners due to reciprocation process. This view is very near to Meyer and Allen’s component of affective commitment.

Employees feel psychologically attached with their organizations due to positive exchanges (Shore et al., 2006) which ultimately enhance their satisfaction with job and their commitment with organization. Harrison et al.(2006, p. 315) construed that; “It is reasonable to think of job satisfaction and organizational commitment not as unique predictors of specific performance criteria or withdrawal tendencies, but as predictors of a general response that involves the overall engagement with, or contribution of favorable efforts to, one’s work role.”

The psychological contract between employer and employee (Rousseau, 1989) due to social exchange and norm of reciprocity make employees feel some sort of obligation towards their organization and as a result increase their morale. An environment which is plagued with political activity likely to affect the relationship between performance of employees and their exchange relationships. Rewards are not fairly distributed which ultimately affect the morale of employees. Politics lead the individuals to develop some sort of conflict over scarce resources (Mintzberg, 1983) and hence the well being of organization and peers lags behind reducing commitment of employees.

Job Satisfaction

McNamara (1999) defines job satisfaction as: “. . . one’s feelings or state of mind regarding the nature of their work. Job satisfaction can be influenced by a variety of factors, e.g. the quality of one’s relationship with their supervisor, the quality of the physical environment in which they work, degree of the fulfillment of their work, etc”.
This definition clearly suggests that exchange relationship of employees develop satisfaction with job based on the quality of these relationships. Job satisfaction reveals what type of attitude an employee has towards his or her job. Positive attitudes about job create a sense of obligation in the mind of employees (Organ, 1988). This sense of obligation prepares employees to pay for the organization based on their exchange perceptions and their level of commitment also rises which leads to more satisfaction to work. Kreitner and Kinicki (2006) have demonstrated five causal models: need fulfillment (e.g. salary needs, family needs); discrepancies between what is expected and what actually happens; fulfillment of work values, equity or fairness of treatment; and dispositional components where certain hereditary personality traits lead to job satisfaction.

On the basis of above arguments the following model is proposed hypotheses emerge;

H1: There is strong relationship between perceived organizational politics and morale

H2: There is strong relationship between perceptions of organizational politics and morale

H3: Perceived organizational politics is strongly and negatively correlated with exchange perceptions

H4: Social exchange perceptions mediates the relationship between perceptions of organizational politics and morale of employees

Research methodology

Population and sample

Purposive sampling technique was used to collect the data from such employees who are well aware of the policies of their respective organizations and free to respond away from their work place without any fear of their management. Part time executive class students were chosen for these purposes that were enrolled in MBA evening after fulfilling their routine duties. The empirical evidence is based on the national level sample data collected through self administered questionnaires from executives of multitude of Pakistani industries such as health, manufacturing, energy, financial services, education, telecommunication, and information technology. The sample comprised of 1163 respondents. As a part of larger study, overall 2000 questionnaires were distributed among which 1175 were returned, three were discarded due to multiple responses on the same items, 9 were rejected due to incomplete data reporting, thus comprising of 1163 (58%) useable responses. The participation in this survey was voluntary ensuring confidentiality and anonymity of the participants.

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**Measurement of variables**

**Perception of organizational politics**

Perception of organizational politics is the “degree to which respondents view their work environment as political and therefore unjust and unfair” (Ferris et al. 1989). A 9 items revised version of POPS was used which was developed by Kacmar and Carlson (1997) and has three subscales. 5 anchored Likert type scale was used in ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

**Social exchange perceptions**

We used measures developed by Shore et al. (2006) to measure employees’ perceptions of social exchange relationship with their respective organizations. It is an eight item scale which include sample item like, “the things I do on the job today will benefit my standing with the organization in the long run”. All the items were measured on 5 anchored Likert scale from 1 (Strongly Disagree) to 5 (Strongly Agree). Some items were reversed.

**Morale**

Morale of the employees was measured through job satisfaction and affective commitment.

**Job Satisfaction**

“Job satisfaction is a positive emotional state that arises when people appraise their job or job experiences” (Locke, 1976). Respondents were asked to respond on three items Job Satisfaction Scale developed by Hackman and Oldham (1975). 5 anchored Likert type scale was used in ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

**Affective Commitment**

“The strength of an individuals identification with and involvement in a particular organization characterized by three factors a) strong belief in and acceptance of the organizational goals and values, b) a readiness to exert considerable effort on behalf of the organization and c) a strong desire to remain a member of organization” (Mowday, Steers and Porter 1979). It was measured by using Allen and Meyer’s (1990) 6 items version of Affective Commitment Scale. 5 anchored Likert type scale was used in ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

**Findings**

Among 1163 respondents, males were dominant (about 89%) and females were only 11%, 39% were married while rest were unmarried and 29% fall within age group 30-39. 31% employees were from public sector and 69% from private sector. Most of the respondents were from financial services (40%) and only one percent from civil services. 20% employees were from large establishments where more than 500 employees were the part of that organization.

Table 1: Mean, Standard Deviation and Pearson Correlation among variables (N=1163)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceptions of Organisational Politics</td>
<td>3.03</td>
<td>.44</td>
<td>.79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Exchange Perceptions</td>
<td>3.50</td>
<td>.55</td>
<td>-0.072*</td>
<td>.81</td>
<td></td>
</tr>
<tr>
<td>Morale</td>
<td>3.38</td>
<td>.50</td>
<td>-0.169**</td>
<td>.540*</td>
<td>.78</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).**

**Correlation is significant at the 0.05 level (2-tailed).**

Mean, Standard Deviation and Pearson Correlation coefficients are given in Table 1. Social Exchange Perceptions has highest mean value (3.50) with highest standard deviation .55 and lowest value is for Perceptions of Organizational Politics (M=3.03, SD=.44). Perceptions of Organizational
Politics was strongly and negatively correlated with both social exchange perceptions and morale of the employees, however this relationship is stronger for morale than for social exchange ($r=-17$, $p<0.01$). Reliabilities of scales are provided in diagonal.

**Mediation Tests**

To test the mediation, regression analysis was run three times in SPSS 18 and statistics were collected together for computing Sobel (1982) and Goodman (1960) tests. Findings of Table 2 show the regression analysis results of independent variable (Perceptions of Organizational Politics), Mediating variable (Social Exchange Perceptions) and Dependent Variable (Morale). This table depicts regression coefficients, standard error of relationship and significance of relationship ($p$ value) between variables. Table reflects that there is significant relationship between Perceptions of Organizational Politics and Morale ($p=0.000<0.01$). Considering relation between independent variable (Perceptions of Organizational Politics) and mediating variable (Social Exchange Perceptions), strong relation was found between both the variables ($p<0.05$) and relation between mediating (Social Exchange Perceptions) and dependent variable (Morale) is highly significant ($p=0.000<0.01$). Regression coefficients of all the relations show how strong or weak association one variable has with other variable. Negative values with coefficients show the negative association between the variables. In all three cases the associations are significant.

**Table 2: Regression Analysis Results of all 3 Regressions**

<table>
<thead>
<tr>
<th>Variables/Estimates</th>
<th>Social Exchange Perceptions</th>
<th>Morale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceptions of Organizational Politics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beta</td>
<td>-.144***</td>
<td>-.126***</td>
</tr>
<tr>
<td>$S_a$</td>
<td>.027</td>
<td>.027</td>
</tr>
<tr>
<td>$S_c$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceptions of Organizational Politics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Exchange Perceptions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beta</td>
<td>-----</td>
<td>.606***</td>
</tr>
<tr>
<td>$S_b$</td>
<td></td>
<td>.024</td>
</tr>
</tbody>
</table>

***, $p<.001$

Table 3 presents the results of Sobel (1982) test and Goodman (1960) statistics to judge mediation effects of Social Exchange Perceptions on the relationship between Perceptions of Organizational Politics and Morale. Findings suggest that Social Exchange Perceptions strongly mediates the relationship between Perceptions of Organizational Politics and Morale. The Sobel test value 5.23 is significant ($p=0.000<0.01$). Similarly Goodman (1960) tests (5.23, $p=0.000<0.01$ and 5.24 $p=0.000<0.01$ respectively) also reveals that Social Exchange Perceptions strongly mediates relationship between Perceptions of Organizational Politics and Morale.

**Table 3: Mediation Analysis Results**

<table>
<thead>
<tr>
<th>Sobel</th>
<th>$p$ value</th>
<th>Goodman test</th>
<th>$p$ value</th>
<th>Goodman II test</th>
<th>$p$ value</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.231</td>
<td>.000</td>
<td>5.227</td>
<td>.000</td>
<td>5.235</td>
<td>.000</td>
</tr>
</tbody>
</table>

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Table-4 calculates the percentage of the total effect that is mediated and the ratio of the indirect to the direct effect which shows the strength of mediation effect due to mediating variable. 69.45% of the effect of independent variable on dependent variable is caused by mediation. The ratio of indirect to the direct effect (2.28) also shows that effect of independent variable on dependent variable through mediating variable is higher than the direct effect on dependent variable.

<table>
<thead>
<tr>
<th>Table 4: Percent Mediated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of the total mediated effect</td>
</tr>
<tr>
<td>69.487</td>
</tr>
</tbody>
</table>

To supplementing these results and making them more valid, Structural Equation Modeling was also used to analyze the fitness of casual relationship. The casual model has GFI =.95, AGFI=.93, CFI=.83, TLI=.80, RMR=.059, RMESA=.05 and PCLOSE .456 and chi-square =644, df=164 and CMIN/DF 3.93. The overall model is a good fit though not a perfect fit. All the values are above (for fit indexes) and below (for CMIN/DF, RMESA) the threshold values as suggested by Hu and Bentler (1999). Since the GFI and AGFI are greatly influenced by the sample size so the CFI and RMESA are considered more appropriate for model explanation. The CFI, GFI and AGFI values close to one indicate good fit. The value of RMESA close to 0.00 and below .06 indicates good fit. The results reveal that intervening effects of social exchange perceptions are prominent in relating organizational politics with morale.

**Discussion**

The basic purpose of the study was to find the underlying mechanism through which perceptions of organizational politics impacts on the morale of employees. Hence we developed four hypotheses to see the direct relationship of POP and morale, social exchange perceptions and morale and then meditational mechanism. The entire four hypotheses were confirmed although support for our fourth hypothesis was not full but partial however 70% mediation is large enough to understand the effects that perceptions of organizational politics have on morale through social exchange perceptions. Highest mean value of social exchange ($M=3.50$) tells that organization is supporting the employees in terms of their career growth and goal orientation. These higher perceptions make the employees feel that even in the existence of political environment there is a relationship of mutual trust between employees and organization which is the most desired behavior for creation of any social contract. Thus they make every effort to remain in the favorite groups of organization. They strive for long-term standing and think that there is lot to give and take by remaining the member of this organization. They put extra effort because they think they will be rewarded in the long run.

In this study social exchange is positively correlated with morale and negatively correlated with perceptions of organizational politics while these politics perceptions are also negatively correlated with morale. The negative effects of POP can be minimized through social exchange perceptions. Social relations between groups and teams make the reciprocity more vital and important for organization. These groups or teams may become immune to politics perceptions after certain period of service. Imbalance in power and dependence make mutual relationship disharmonious and lack in fairness and justice is prevalent which result in lowering the morale of employees but when people view their organizations as a place where they can get reward in the long run and significant investment that their organization has done on them they become ready to work hard and put extra efforts. The level of trust between employees and their organization also
determine the nature of their working relationships. Thus existence of politics perceptions causes exchange relationship to be reviewed and revised which results ultimately in increase of employees’ morale.

From a practical perspective these results are useful for managers and decision makers and they can develop such interventions and training programs which can reduce the perceptions of organizational politics and enhance the social exchange perceptions so that employees satisfaction with their jobs and commitment with their organizations may be increased. Employees should be clearly communicated the desired working behaviours at workplace and social and economic benefits of these behaviors. They should be talked about the exchange relationships and investment organizations have made on them thus preparing them to put extra effort to achieve organizational goals. The reward structure should be made more attractive and the opportunities of their career growth be identified and recognized. Recognition programs can also make their level of morale higher.

**Limitations and future guidelines**

Among the certain limitations of this study the first one is that we have collected data from individuals and not from teams. The social exchange can be viewed more clearly in group or team structures. Moreover the length of this relationship, i.e., the period of service of employees within a specific industry was not taken into consideration. In morale we have just focused on affective commitment and two other types of commitment (normative and continuous) are not measured which may also present the true picture of employees level of morale. However, the results of this study enhance our understanding regarding mechanism but there is still need to identify additional variables in future studies like organizational support and organizational justice. Moreover political skills need to be studied also while studying the perceptions of organization politics. It is expected that political skill may buffer the relationship between political perceptions and morale of the employees.

**References**


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