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Impact of organizational politics on employee performance in public sector organizations

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Abstract: The present study seeks to investigate the impact of organizational politics on employee performance in the public sector organizations. The study developed a framework on the basis of an extensive literature review which was then tested to provide an empirical insight about the proposed relationships. The data were collected from the employees of 15 public sector organizations in Pakistan. The data was statistically analyzed using regression analysis. The results revealed that organizational politics have a significant impact on employee performance. The findings of the study reinforce that the management needs to understand the perception of employees about the organizational politics prevailing in their organizations and have to adopt strategies that would minimize the perception of organizational politics and enhance employee performance. The present study has been conducted in a developing economy; therefore, the findings of the present study are partially generalized able to other developing economies as well. The future researchers can also perform the studies in other settings.

Key words: Organizational politics, public sector, employee performance, Pakistan.


1. Introduction
The Public Sector organizations (PSOs) are entrusted with the task of providing goods and services that are deemed essential to people as well as organizations to achieve their goals and objectives at a domestic and international level (Bhuiyan & Francis, 2011).
The main functions of the public sector are to participate in key areas to serve and facilitate, improve infrastructure development, reform the comprehensive policies and regulatory framework for people, businesses, economic and social development (PSDP, 2011). A more dynamic role of the public sector is to create and develop a growth strategy for competitive culture of inspiration that is overstretched the management capacity, employees’ performance and resources that is in the process (ADB, 2008; PSDP, 2011). Over the last decade, the public sector organizations whether of developed countries or developing have found themselves in substantial financial disorder (Monfardini, 2010; Abbasi, 2011).

Currently, Pakistani public sector organizations are showing unsatisfactory performance and facing a series of uncertain events like inadequate economic, natural and political development approaches, continued inefficiency due to lack of leadership, mismanagement, and unprecedented expansion of employment in governmental organizations (Abbasi, 2011; Planning Commission, 2011; Zaidi, 2012). Factors like, mismanagement, political instability and corruption have rendered Pakistan’s public sector organizations ineffective. While these organizations are striving to provide quality goods and services to general public, at the same time, they are experiencing ineffective governance. Due to the ineffectiveness of 2.6 million public sector employees, they are being viewed as unresponsive, corrupt, exploitative, and following cumbersome bureaucratic procedures (ADB, 2008; Zaidi, 2012). To overcome the impediments faced by the public sector organizations, Planning Commission of Pakistan has planned a new growth strategy to spend Rs. 4.1 trillion in the next twenty years in the Public Sector Development Program (PSDP) with a view of identifying issues and subsequent effective implementation of solutions for organizations.

The Public Sector in Pakistan is divided into three major sectors - manufacturing sector (such as Pakistan steel mill), non-manufacturing sector (services, social and infrastructure), and the last sector consists of miscellaneous areas (such as tourism, IT etc.) (ADB, 2008). These sectors have created a number of new organizations to enhance their functionality such as Pakistan Electronic Media Regulatory Authority (PEMRA), the National Database Regulatory Authority (NADRA) etc. Many of the aspects that are quite visible in business organizations are to be found in public organizations, e.g. Leadership styles, organizational politics, culture, financial liabilities and trade unions (Oliver & Kandad, 2006). The political behavior of employees, management and power influence are the dominant factors in public organizations. The dominance of politics increases in public organizations because of their close attachment with the political system of the economy. The environment in public sector organizations is less flexible and responsive. The participatory factor is also missing in these organizations (Bodla & Danish, 2010). According to Oliver & Kandad (2006) the management must focus on some key issues like leadership styles, organizational structure, social communities, reward systems, physical attributes of the working environment and time distribution to develop a knowledge oriented culture. A detail list of public sectors and their relevant departments are shown in Table 1.
Table 1: List of Public Sectors

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Examples of Public Sector (PS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crop Sector</td>
<td>Pakistan Agricultural Storage and Services Corporation, Cotton Export Corporation, National Fertilizer Corporation, Trading Corporation of Pakistan</td>
</tr>
<tr>
<td>Livestock</td>
<td>Livestock and Dairy Development Board, Rice Export Corporation of Pakistan</td>
</tr>
<tr>
<td>Fisheries</td>
<td>Fisheries Development Board</td>
</tr>
<tr>
<td>Mining</td>
<td>Pakistan Mineral Development Corporation, Lakhra Coal Mines</td>
</tr>
<tr>
<td>Transport</td>
<td>National Logistics Corporation</td>
</tr>
<tr>
<td>Aviation/Ports</td>
<td>Pakistan International Airlines Corporation, Civil Aviation Authority, Karachi Port Trust, Port Qasim Authority</td>
</tr>
<tr>
<td>Railways</td>
<td>Pakistan Railways</td>
</tr>
<tr>
<td>Retail</td>
<td>Utility Stores Corporation</td>
</tr>
<tr>
<td>Road</td>
<td>National Highway Authority, Frontier Works Organizations</td>
</tr>
<tr>
<td>Electricity</td>
<td>WAPDA, PEPCO, KESC, Peshawar Electric Supply Company, Faisalabad Electric Supply Company, Jamshoro Power Company Ltd.</td>
</tr>
<tr>
<td>Industry</td>
<td>Pakistan Engineering Company, Pakistan Steel Mill, Pakistan Industrial Development Corporation, State Engineering Corporation</td>
</tr>
<tr>
<td>Construction</td>
<td>State Cement Corporation of Pakistan, FWO, National Engineering Services Pakistan, National Power Construction Company</td>
</tr>
<tr>
<td>Insurance</td>
<td>State Life Insurance Corporation, Reinsurance, Pakistan Insurance Corporation, National Insurance Corporation</td>
</tr>
<tr>
<td>Communication</td>
<td>Pakistan Telecommunications Corporation Limited, Pakistan Television, Pakistan Broadcasting Corporation</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>OGDCL, Sui Northern Gas Pipe Lines, Sui Southern Gas Pipe Lines, Pakistan State Oil, National Refinery Limited, Pak Arab Refinery Limited, Pakistan Petroleum Limited</td>
</tr>
<tr>
<td>Housing</td>
<td>Pakistan Housing Foundation, Defense Housing Authority</td>
</tr>
<tr>
<td>Shipping</td>
<td>Pakistan National Shipping Corporation</td>
</tr>
<tr>
<td>Postal</td>
<td>Pakistan Post Office</td>
</tr>
<tr>
<td>Others</td>
<td>Printing Corporation of Pakistan, Pakistan Tourism Development Corporation, Ghee Corporation of Pakistan</td>
</tr>
</tbody>
</table>


For the last many years, the PSOs have been facing significant losses related to its operations, that amount to 1.5% of GDP annually. This situation requires a regular
government support and occasional subsidies. Largely, it is the inefficiency of public sector organizations that is choking the economy of Pakistan and there is an urgent need of effective leadership and restructuring of the workplace environments (ADB, 2008; Federal-Budget, 2011-12).

The inefficiency portrayed by the public organizations are largely due to the politics and influence employees exert. Employees often get involved in organizational politics either intentionally or unintentionally. This organizational politics prevail at levels in the organization and also in different shapes. Different groups in the organization play their role in this process (Vigoda, 2007). In Pakistani context individuals or groups use power and politics to control others and develop their personal interests at the expense of others. The employees of public sector organizations create rumors and highlight the mistakes of their colleagues and team members just to hide their own weakness (Awan & Mahmood, 2010). The present study is an attempt to investigate how organizational politics is affecting the employee performance in public sector organizations.

2. Literature Review
2.1 Organizational Politics
Numerous researches have been conducted on organizational politics in the last three decades (Vigoda & Drory, 2006) with the focus on the power and capabilities of leadership in an organization and essentially paying attention on management and leadership (Bodla & Danish, 2010). Organizational politics refers to the complex mixture of power, influence, behaviour and understanding leadership processes, self-interest behaviour in the organization (Vigoda, 2002) and is generally related to the situations such as power struggles, conflicts over the sources of power and responsibilities to influence (Vigoda, 2006).

According to (Sowmya & Panchanatham, 2009) organizational politics is behaviour to influence individuals or groups in an organization. Vigoda-Gadot, Vinarski-Peretz, & Ben-Zion (2003) are of the view that when individuals work for their own interests and do not care for the goals of the organization and well being of others these actions indicate organizational politics. Zivnuska et al., (2004) stated that there are two elements of organizational politics, which should be considered while investigating the role of attitude of employees and organizational politics. Firstly the view and perception of organizational politics has more importance than reality. Secondly, organizational politics might be beneficial for the individual or, it can be disadvantageous for the employee. So it can be concluded that organizational policies and politics can be beneficial for the employees and can be a threat to the carrier as well Zivnuska et al., (2004).

Researchers like Bodla and Danish (2010) define organizational politics in terms of behaviour and action of individuals in an organization to enhance their performance professional career. According to the researchers, organizational politics work as an antecedent to outcomes of employees. As people act according to the perception of reality, perception of politics is important for the employees in an organization (Boerner et al., 2007). Bodla and Danish (2010) have stated that people can respond to the
situation according to their perception and real situation could be different from that. Pfeffer and Vega (1999) has termed politics as a dominant and wider social mean that determines the basic functioning of the organization, and commonly indicate power and influence tactics. Researchers like Vigoda-Gadot et al., (2003) have highlighted that the self-serving behaviour of individuals is not accepted in the organization is a common theme. In a common perception original meaning of politics is that when individual strives for its right in the society with the help of negotiation and consultation (Watson, 2006). When employees perceive organizational politics at a high level, it indicates their dissatisfaction with the job (Robbins, 2003). Bodla and Danish (2010) highlight several factors which have an influence on perception of organizational politics. Generally antecedents of organizational politics can be categorized into demographics such as personal characteristics, needs and values and the situational factors such as level of job and autonomy at organizational level. The outcomes and consequences of organizational politics are related to attitudinal and behavioural outcomes such as job stress, job satisfaction and employee turnover. The organizational politics have been termed as an approach to gain power not through merit and luck (Griffin, Neal, & Parker, 2007). Influence is when power tactics are actually exercised and power is when there is a potential exists to exercise power. In organizations, self-serving behaviour is normally adopted by the people. Small groups are formed and these groups are insensitive towards the needs of others. There is a possibility that such behaviour could create trouble for others and is called politics. There are nine taxonomies of power tactics such as collision, rational persuasion, exchange, inspirational appeal, negotiation, personal appeal, consultation, legitimating and pressure (Cable & Judge, 2003). Getting things done through influence and through means of self-motivation is called power. In organizations employees believe that things are done through the use of power and during intra-organizational conflicts and in power plays organizational politics is reflected (Herrenkohl, Judson, & Heffner, 2007). Studies have shown that organizational politics is an important element of every organization, but there is a difference of level of intensity of politics (Cable & Judge, 2003) having an effect on employee performance (Herrenkohl, Judson, & Heffner, 2007) and create an image in terms of the environment and the culture of an organization in the minds of multiple stakeholders (Sussman, Adams, Kuzmits, & Raho, 2002).

2.2 Employee Performance
In today’s competitive environment and highly unstable economic conditions, it has become vital for the employers to look for new ways to increase the productivity of their employees (Zivnuska et al., 2004). These circumstances have an effect on the attitudes of employees and their behaviours towards their work and in return also affect their performance. Many organizations have understood this and have adopted policies for the benefit of the employees which has given them a lot of benefit in return (Marchington & Wilkinson, 2005).
Performance can be improved by employing abilities to generate new ideas and use this ability to build relations and processes of work (De Jong & Den Hartog, 2007; McAdam & McClelland, 2002). The performance of the organization can be enhanced by employing the right employees in the organization (Davidson, 2003; Karatepe, Yorganci, & Haktanir, 2009). Empowered employees are not only efficient and high performing (Davidson, 2003) but are also responsible and are able to share it equally to the success of the organization (McAdam & McClelland, 2002). It has been suggested by Sonnentag and Frese (2004) that employee capacities can only be increased if leadership plays its role in employee development. Another element which helps and plays a vital role in improving performance is adaptability. An element of adaptability is the result of learning of individuals and brings out a change in the society (Argote, Gruenfeld & Naquin, 2000). Coordination helps the individuals to work with flexibility, to accept change and due to all these positive aspects several goals can be achieved (Day, Gronn & Salas, 2004). With an open communication environment, business decisions and matters are discussed openly in an organization, it ensures the trust of the employees and delivers a message to them that they are trusted by the organization (Marchington and Wilkinson, 2005).

It is commonly known that the employee can perform in a better manner if its personality traits and needs are well matched to the organizational goals (Yang & Choi, 2009). Organizational environment has an influence on human behaviour and it can lead the employee to be more innovative and be involved in the business (Day, Gronn & Salas, 2004; McLean, 2005).

It is possible that innovation might not sustain for a long period of time when workers develop a feeling that if they will work more they will be out of the job (Meyer, Becker, & Vandenberghe, 2004). It is common that employees can persuade their co-workers if they strongly feel about the job and influence others as well as to be more innovative (Jeroen & Deanne, 2007). In an environment characterized by high competitiveness organizations need to be more innovative and effective (Bass, 2008; Jeroen & Deanne, 2007). It is required by the individuals to be more innovative and creative in times when a rapid change occurs in an organization. Innovations can be initiated by the employees by generating the ideas about exploration of opportunities regarding employee performance and solutions for the problems (Jeroen & Deanne, 2007). Thus, employees exhibiting adaptability, problem solving, responsibility and innovation are considered high performing (Watson, 2006).

3. Methodology
The present study adopted descriptive survey based approach to study the impact of organizational politics on employee performance. The population of the study consisted of employees of 15 public sector organizations that included ministries and autonomous units. The respondents of the study had a wide range of functional and professional backgrounds and occupations including management and administrative, (Executive Directors, Secretaries, Deputy Secretaries, Joint Secretaries, Director General, Directors, Chief Accountant, Director of Administration) managerial, professional, and technical
jobs along with assistants, and clerical staff of the selected public organizations. The population was considered important because of the variables of the study. Due to the apprehensions of the individuals, sample was conveniently selected. The sample size of 400 was selected taking into considerations of methodology scholars (Sekaran, 2003; Thomas, 2004). Appropriately filled and usable questionnaires were 228.

Self administered questionare was used as an instrument that captured the perceptions of employees regarding organizational politics and performance. Items related to organizational politics (15 items) were adapted from the study of Vigoda (2006, 2007); while employee performance items (20 items) were taken from the studies of Johnson (2003), Welbourne et al., (1998) and Podsakoff et al., (2010). The instrument items were provided in both English and Urdu languages. Translation method was used by the researchers in order to ensure the accuracy. The selection of language helped the respondents to fill the question with comfort.

To check the accuracy and consistency of the instrument Cronbach alpha was calculated. The Cronbach alpha values ranging between 0.75-0.87, indicated the suitability of the questionnaire. Further data analysis was carried out using Pearson correlation and regression analysis. Before conducting regression, assumptions regarding regression were satisfied.

4. Results and Discussion
The descriptive statistics as shown in Table 2. The mean values indicate that responses to items related to study variables lie towards agreement. The skewness and kurtosis values are also within the prescribed range (skewness = +1, -1; kurtosis = +1, -1). The values show that the data is normal.

<table>
<thead>
<tr>
<th>Table 2: Descriptive Statistics</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Political</td>
<td>3.2781</td>
<td>.83811</td>
<td>-.332</td>
<td>-.411</td>
</tr>
<tr>
<td>Perception</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power</td>
<td>3.1640</td>
<td>.91811</td>
<td>-.225</td>
<td>-.558</td>
</tr>
<tr>
<td>Creating Conflict</td>
<td>3.3158</td>
<td>.78258</td>
<td>-.136</td>
<td>-.477</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>3.8759</td>
<td>.58267</td>
<td>-.439</td>
<td>.014</td>
</tr>
</tbody>
</table>

The Pearson correlation for variables (organizational politics and employee performance) indicates that there exists a weak but statistically significant relationship between them as shown in Table 3.
Table 3: Correlations (variables)

<table>
<thead>
<tr>
<th></th>
<th>Employee Performance</th>
<th>Organizational Politics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Organizational Politics</td>
<td>.237( **)</td>
<td>1</td>
</tr>
</tbody>
</table>

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

Table 4 shows the correlation results related to the dimensions of organizational politics with employee performance. The result indicates that organizational politics perception and creating conflict are having weak but statistically significant association; while power is found to have insignificant association with employee performance.

Table 4: Correlations (Dimensions)

<table>
<thead>
<tr>
<th></th>
<th>Politics Perception</th>
<th>Power</th>
<th>Creating Conflict</th>
<th>Employee Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Politics Perception</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power</td>
<td>.575( **)</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creating Conflict</td>
<td>-.018</td>
<td>.123</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Employee Performance</td>
<td>.184( **)</td>
<td>.049</td>
<td>.286( **)</td>
<td>1</td>
</tr>
</tbody>
</table>

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

Linear regression analysis for the composite variable of organizational politics and employee performance was conducted. The result is shown in Table 5.

Table 5: Regression for OP-EP Model

<table>
<thead>
<tr>
<th>Description</th>
<th>$R$</th>
<th>$R^2$</th>
<th>Adj. $R^2$</th>
<th>$F$-Stats</th>
<th>Sig</th>
<th>Beta</th>
<th>$t$-Stat</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent Variable: Employee Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>0.237</td>
<td>0.056</td>
<td>0.52</td>
<td>13.443</td>
<td>0.000</td>
<td></td>
<td>14.941</td>
<td>0.000</td>
</tr>
<tr>
<td>Organizational Politics</td>
<td>.232</td>
<td>3.666</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The regression result (Table 5) shows a weak association ($R$ 0.237). The $F$-statistics indicates model fitness. The value of $R^2$ shows that 5.6% variation in employee performance is caused by organizational politics. The beta coefficient result shows that organizational politics is having a significant influence of 23.2% on employee performance.
The impact of individual dimensions of organizational politics on employee performance has been examined with the help of multiple regression analysis. The results are shown in Table 6. The value of multiple $R$ is 0.363 showing that all the organizational politics dimensions are 36.3% correlated with the dependent variable i.e. employee performance. The value of $R^2$ reveals that 13.2% variation in employee performance is caused by the organizational politics. The value of adjusted $R^2$ shows 12.0% variation in the dependent variable adjusted for population. The value of $F$ statistic is 11.361 ($p<0.01$). This authenticates the fitness of the model ($R^2 \neq 0$).

The results of the study indicate that public sector employees are in agreement regarding prevalence of organizational politics. This means that in public sector organizations, there exist organizational politics that have more influence towards performance. The results of organizational politics are in line with the studies of Burke and Ng (2006) who state that employees of view organizational politics differently in many ways like occupational service and promotions. Researchers like Mosadegh et al., (2006); Ram and Prabhakar (2010) are also of the view that public sector employees are more prone to use political methods like personal relationships, etc., for their own advantage and to have a strong control in their working environment. Organizational Politics is about the actions of employees towards their own interests, availing opportunities to fulfil their interests without the consideration of organizational interests (Kacmar & Bozeman, 1999). Organizational politics results in the conflict of interests among employees and results in negativity in the environment of the organization (Bodla & Danish, 2010).

The study finds that organizational politics play a minor role in determining the employee performance. This may be due to the fact that in Pakistani public sector organizations the role of leadership is considered to be more of a regulator that may suppress the negative effects of organizational politics especially of power which is also
shown by the negative but insignificant result. According to Bodla & Danish (2010) organizational politics is behaviour to influence individuals or groups in an organization. Previous studies have shown (Boerner et al., 2007; Bodla & Danish, 2010) that there is a negative relationship of Organizational Politics with the organizational commitment and workplace environment. Organizational politics and employees’ attitudes are useful indicators which reflect the behaviour of employees regarding neglecting responsibilities and intentions to quit job. Employees can work for their own interests and participate in organizational politics and may exploit their potential (Bono & Judge, 2003).

5. Conclusion
The present study investigated the influence of organizational politics on employee performance of public sector organizations in Pakistan. The study indicates that organizational politics is prevalent in public organizations but its association with employee performance is weak. Furthermore, organizational politics exert statistically significant but weak influence on performance. The results are significant from developing country perspective. The common perception is that public sector employees use their personal political influences and show of power to achieve their interests especially in terms of career advancements. However, the results indicate that this is not so; the influence of politics is there but it is weak and not as per common perception. There are numerous studies that have been carried out in developed country perspective, however, little evidence is there of how organizational politics influence employee performance especially in the context of public sector in the developing countries. The study is not without its limitations. Firstly, the use of convenience sampling technique itself renders the results of the study ungeneralizable. Therefore, future studies should focus on probability sampling techniques. Secondly, the study focused on public sector organizations located in the capital territory. The results may vary if larger sample size and public organizations located in the provincial capitals are included in the study. A comparative analysis between public and private sectors or between countries may also enhance our understanding of organizational politics and performance in developing countries. The results of the study point out that there are other factors that may influence organizational politics and performance of employees. Therefore, future studies should consider leadership, organizational culture, human resource practices and demographic variables as well to better understand organizational politics and employee performance relationship.

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