

## **Relationship between Organizational Politics Perceptions and Employees' Performance; Mediating Role of Social Exchange Perceptions**

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### **Abstract**

Perceptions of Organizational politics are very important aspect of Organizational life with respect to its members as these influence various processes which ultimately affect performance of employees. Previous studies have investigated impact of political perceptions either on extra role performance of employees (exhibited through organizational citizenship behaviors) or various other attitudes and behaviors. This study investigates the relationship of perceptions of organizational politics with multidimensional performance of employees which is measured through organizational citizenship behavior-individual as well as organizational and in role performance of employees simultaneously. Moreover the process through which these perceptions operate is also investigated in the light of social exchange theory and reciprocity norms. The data was collected through self-administered questionnaires from employees working in different organizations at national level and was used as aggregate. Overall 1360 surveys were distributed among which 1163 useable questionnaires (for a response rate of 85.51%) were returned filled and were entered into SPSS 20 for analysis. AMOS 20 was used for developing structural and measurement model in structural equation modeling and for testing mediation through bootstrap strategy. The standardized indirect effect revealed that perceptions of social exchange fully mediate the relationship between perceptions of organizational politics and employees' performance. The implications, limitations and future directions are also provided.

**Keywords:** perceptions, organizational politics, social exchange, employee's performance

### **1. Introduction**

There are two streams along which studies on Organizational politics embellish (Ferris et al., 2002). The first one is political influence tactics and behaviors which is older (for

critical review, see Bodla & Danish, 2013) and the other is employees perceptions of Organizational politics in their working environment. Perceptions are important as people behave according to their perceptions not on the basis of reality. Although discussion on Organizational politics started in early 1900s (Farrel and Patterson, 1982) but the topic gained its scientific foundations from the work of Burns (Burns & Stalker, 1961) who discussed politics in the process of Organizational change (Ferris et al., 2002). In 1970s, many researchers attracted to this area within the framework of power, influence tactics and decision making (Pettigrew & Pettigrew, 1973; Porter, 1976; Porter, Allen & Angle 1983). Since then the interest in this area is increasing and many studies along different streams are now available. The stream of perceptions of Organizational politics focuses on evaluation of employees which is subjective and related to work, decision making process and resource allocation (Ferris et al., 2002). It involves the mechanism that was explained by attribution theory in which we perceive or understand the behaviors of others sometimes through intentions of actors which may be self-serving and different feelings arouse in the minds of employees regarding any political occurrences in the workplace (Ferris, Harrel-Cook & Dulebohn, 2000; Ferris et al., 2002). Although many studies were conducted to broaden the concept and find its relationship with various Organizational and employee level outcomes, the processes through which this phenomenon effects on performance of employees remained unexplored. Hence this study is an effort to investigate how politics perceptions impact on employees' multidimensional performance in the presence of exchange relationship.

## **2. Literature Review**

Organizational politics is an important ingredient of the life of organization, which refers to behavior in which personal interests are safeguarded rather than organizational interests. The concept of organizational politics, well established now, has been well-defined by Kacmar and Ferris (1991) and they viewed it as "it is the amount to which employees observe their work setting as political in nature which result to make them feel their environment unfair and unjust". The nature of behavior of employees working within an organization is frequently considered as political and this political environment (Durbin, 1991) is so spread that nobody can escape from it. Organizational politics perceptions in worksites have been viewed as and empirically evident of its negative relationship with job satisfaction (Kacmar, Bozeman, Carlson & Anthony, 1999), organizational commitment (Maslyn & Fedor (1998) and job performance (Anderson (1994). Folger, Konovsky and Cropanzano (1992) concluded that these negative perceptions about organizational politics make employees feel as they are working in unjust and unfair environment which make them dissatisfied and as a result they are compelled either to quit from department or Organization. When there is unfair environment, reciprocating does not pay equitable rewards anymore. As an outcome of organizational politics (Vigoda, 2002), employees visualizes that while they are putting great deal of efforts working in organization, such type of efforts or investment expecting future returns are not fair so the likelihood of disharmonious exchange relationships emerge. After the publication of Ferris et al.'s (1989) theoretical model of Organizational politics, the research in this specific dimension grew attention of various researchers of organizational behavior and but still now many hidden underpinnings and mechanisms are unexplored. Most of the literature in this area is steadily working on finding for relationship of organizational politics with attitudes like attitudes related to job a,

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commitment towards organization and various behaviors like citizenship, absenteeism etc. A latest study by Bodla and Danish (2009) has reported adverse reactions of OP with different variables at work like job satisfaction, organizational commitment and job involvement.

Perceptions of politics in organizations have various negative outcomes which include wastage of time, damaging information sharing of critical factors, creating communication (Eisenhardt & Bourgeois, 1988) barriers and ultimately affecting exchange relationship among parties. Political perceptions are more important than political behavior as employees react not on the basis of reality but on the basis of their perceptions of political phenomenon (Vredenburg & Maurer, 1984). Mixed results of employee outcomes or performance and perceptions of Organizational politics (Cropanzano, Howes, Grandey & Toth, 1997; Randall, Cropanzano, Borman, & Birjulin, 1999) lay foundations for further research on this area. In a recent study by Kane-Frieder, Hochwarter, Hampton and Ferris (2014), it was established that when there is high supervisor political support the employees are able to survive and cope with this situation more effectively. They argued that in the presence of politics perceptions and supervisors political support simultaneously, job satisfaction, anxiety, work engagement and Organizational citizenship behaviors are at favorable level. This support is the result of exchange relationship in which both parties have some expectation from other.

Employee's behaviors at work are very important to understand as these affect performance and productivity of employees. Reciprocity norms (Gouldner, 1960) and social exchange (Blau, 1964) are such important outcomes of employees interactions that flourish within organizations and expectations of reward motivate or demotivate the workers. Some sorts of obligations and bindings between employees and organization are produced on account of exchange relationship on the basis of which they enjoy mutual benefits and support on another. However quality and strength of such relationship depends upon the very nature of relationship entered into as well as perceptions of employees. The behaviors based on social exchange are voluntary in nature which has some consequences like future obligation, repaying back, reciprocity or group norms. But returns or exchange are hidden sometimes in future (Blau, 1964), in unknown time, the binding force behind is only the trust and expectations that every part will complete his part of obligation. These types of relations are not like every day routine working relationship based on organizational politics or economic activities, instead such are based on surroundings, working environment and what employees perceive. If such type of relationships are very strong and of high quality in the eyes of employees, the existence of perceptions of politics makes it disharmonious which results in adverse effects on performance.

As a whole, individual's perceptions of the organizational market place are reinforced by the organizational politics and organizational support (Cropanzano et al., 1997). A range of important work consequences are related with the politics and support. Similarly two field studies by Drory (1990) and Drory and Romm (1988) investigated that on the attitudes of high status individuals there was a less deteriorious impact while on the attitudes of low status employees there was more deteriorious impact due to politics. To shape and benefit from decision-making process Drory (1990) posited that this occurred because the higher status individuals were in a better position. Relationships of employees in Organizations are based on give and take of economic, social or sentimental terms as

suggested by social exchange theory (West & Turner, 2000) and employees match the cost of this relationship with perceived compensations. According to Foa and Foa (1974), many of the interpersonal behaviors are manifest of resource seeking. But resources and budget allocation in such social interactions is influenced by favoritism and power demonstration which results in politicking of Organizational environment. Cropanzano et al. (1997) and West and Turner (2000) used the expression marketplace for Organizations where employees have to pay something for gaining something and cost or rewards are exchanged. Manipulation and unequal distribution of resources may create imbalance.

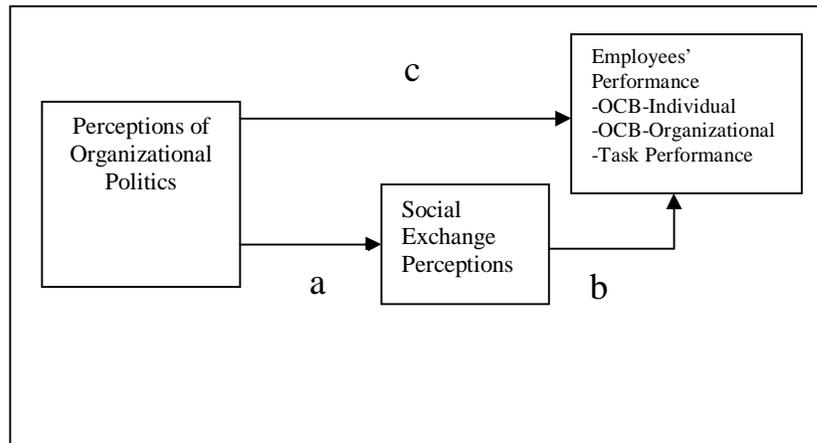
There are many studies Theoretical as well as empirical which demonstrated that perceptions of politics have negative effects on performance (Kacmar & Barron, 1999) since few decades but these studies focused on bivariate relationships with various outcomes thus leaving gap for understanding mechanism and processes through which these perceptions operate. These processes are very necessary to understand its influence on the attitudes and behaviors of employees. When employees view that they will not receive exchange equivalent to their own social and economic investment, they hesitate to take risk. In this way, perceptions of politics reduce productivity and performance of employees, specifically voluntary behaviors (Organizational Citizenship Behaviors) and task performance.

Hussain and Haque (2011) affirmed that organizational politics affect majority of the middle and lower level employees and at very higher level. When employees have lower level of qualification and illiterate due to poverty they also have less knowledge about political tactics in work settings as a result their performance is affected. Poon (2006) admitted that political sensitivity is the major force which determines trusting relationship among employees and administrator and between colleagues. When perceptions of organizational politics are higher workers trust less on coworkers as their political beliefs are strong and they don't help them. On the other hand in the presence of trust political perceptions are neutralized. Vigoda (2007) confirmed that Organizational politics perceptions moderately mediate the relationship among leadership in-role performance and organizational citizenship behavior. Cropanzano et al. (1997) and Randall et al. (1999) found no significant relationship between politics perceptions and OCBs and task performance. The non-confirmation suggests that there is some mechanism or mediators between the both through which performance is affected. Moreover many studies have argued that relationship between politics and performance is complex which indicates potentially existence of some mediators and moderators (Ferris et al., 2000; Rosen, Levy & Hall, 2006; Kacmar & Barron, 1999). Rosen et al. (2006) suggested that politics perceptions are related with employee outcomes through their perceptions of exchange relationships.

On the basis of above literature, following theoretical model and hypotheses emerged (Figure 1).

- **H<sub>1</sub>**: There is positive relationship between perceptions of Organizational politics and social exchange perceptions
- **H<sub>2</sub>**: There is positive relationship between social exchange perceptions and employees' performance
- **H<sub>3</sub>**: There is negative relationship between perceived Organizational politics and employees' performance

- **H<sub>4</sub>**: Social exchange perceptions will partially mediate the relationship between perceptions of Organizational politics and employees' performance



**Figure 1: Proposed model relating POP to Performance through Social Exchange Perceptions**

### 3. Research Methodology

#### 3.1 Population and sample

Population for this study consists of employees of different industrial compositions working during day time and studying in business management programs at master level in Pakistan. The experience of job was the basic requirement for inclusion in survey. Data was collected through self-administered questionnaires in which participation was voluntary and anonymity was ensured. There were total 36 institutes all over the Pakistan and list was obtained from National Business Education Accreditation Council (NBEAC) of Higher Education Commission of Pakistan. The nationwide sample in the study of organizational politics is in itself the extension of previous researches that are only confined to either MBA students of one institute or respondents of only one organization. Such study setting was used by many researchers in their researches, e.g., Gandz and Murray (1980); Cropanzano et al. (1997); Poon (2003); Vigoda and Kapun (2005); Bodla and Danish (2009). Data were collected through self-administered questionnaires. 1360 questionnaires were distributed among which 1163 filled filled useable responses were returned for a response rate of 85.51%.

#### 3.2 Measurement of Variables

Each scale used in this study was measured on five anchored Likert scale (1 for strongly disagree to 5 for strongly agree) through self-administered questionnaire. Reverse questions were also included for cross validation.

*3.3 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, Russ & Fandit, 1989). A 9 items revised version of POPS was used which was developed by Kacmar and Carlson (1997) and has three subscales.

*Social Exchange Perceptions;* Employees' perceptions of their organizational exchange relationship was measured using Shore et al.(2006) eight item Social Exchange Perceptions Scale which assesses the employees' perceptions of the social exchange

relationships that they have with their organization.

### *3.4 Employee Performance*

Multi-Dimensional Work Performance was measured through Organizational Citizenship Behavior-Individual, Organizational Citizenship Behavior-Organizational and In-Role performance Scales developed by Williams and Anderson (1991).

## **4. Results and Analysis**

### *4.1 Demographic Profile of Participants*

The final sample size consists of 1163 respondents out of which 1037 males (89.2%) demonstrate the majority of the respondents and 126 females (10.8%) representing that working women are in minority in Pakistan (Table 1). Most of the employees were between the age group of 30 – 39 and these mid-career employees were 346 (29.8%). 21 (1.8%) were of the age 19 years, 182 (15.6%) between the age group of 20-24, 324 (27.9%) between the age group of 25-29, 200 (17.2%) between the age group of 40 – 49, 64 (5.5%) between the age group of 50-59 and 26 (2.2%) of respondents have age more than 60 years. According to the marital status, majority of the respondents (711 making 61.1%) are married, while 452 (38.9%) respondents are single. 364 (31.3%) respondents are working in public sectors while 799 (68.7%) respondents are working in private sector. The largest group of respondents, 418 (35.9%) is working in financial services, 60 (5.2%) respondents are working in health sector, 250 (21.5%) respondents are working in manufacturing sector, 70 (6.0%) respondents are working in energy sector, 142 (12.2%) respondents are working in education sector, 55 (4.7%) respondents are working in telecommunication sector, 158 (13.6%) are working in information technology sector, and 10 (0.9%) are working in civil services. 83 (7.1%) of the respondents have only 1 year experience, 193 (16.6%) have 1-2 year experience, 250 (21.5%) respondents have 2-3 years working experience, 243 (20.9%) respondents are working from 3-5 years, 196 (16.9%) respondents are working from 5-10 years and 198 (17.0%) respondents have been working from more than 10 years. According to the position of respondents 823 (70.8%) respondents are working on non-managerial position/technical staff and 340 (29.2%) respondents are working on managerial position.

### *4.2 Descriptive Analysis*

The descriptive statistics show the characteristics of the data set in Table 2. It includes number of observations, smallest and largest value, average value and dispersion in the data set of each variable. There are 1163 total observations. Perceptions of Organizational Politics have 5 and 1 greatest and lowest values respectively. The average value of Perception of Organizational Politics is 3.28 and its standard deviation is 0.65. Social Exchange Perceptions has 5 and 1.57 greatest and lowest value respectively. The average value of Social Exchange Perceptions is 3.59 and its standard deviation is 0.61. OCB-Individual has 5 and 1.57 greatest and lowest value respectively. The average value of OCB-Individual is 3.55 and its standard deviation is 0.58. OCB-Organization has 5 and 1.57 greatest and lowest value respectively. The average value of OCB-organization is 3.34 and its standard deviation is 0.50. Task Performance has 5 and 1.20 greatest and lowest value respectively. The average value of Task Performance is 3.67 and its standard deviation is 0.62.

**Table 1: Descriptive Analysis of Demographic Variables**

<b>Variable</b>	<b>Frequency</b>	<b>Percent (%)</b>
<b>Gender</b>		
Male	1037	89.2
Female	126	10.8
<b>Age</b>		
19 or less	21	1.8
20-24	182	15.6
25-29	324	27.9
30-39	346	29.8
40-49	200	17.2
50-59	64	5.5
60 and above	26	2.2
<b>Marital Status</b>		
Married	711	61.13
Single	452	38.87
<b>Sector</b>		
Public	364	31.3
Private	799	68.7
<b>Industrial Composition</b>		
Health	60	5.2
Manufacturing	250	21.5
Energy	70	6.0
Financial Services	418	35.9
Education	142	12.2
Telecommunication	55	4.7
Information Technology	158	13.6
Civil Services	10	.9
<b>Establishment Size</b>		
Less than 25 employees	359	30.9
25-99	325	27.9
100-199	137	11.8
200-499	106	9.1
500 and more	236	20.3
<b>Job Tenure</b>		
Less than 1 year	83	7.1
1-2 years	193	16.6
2-3 years	250	21.5
3-5 years	243	20.9
5-10 years	196	16.9
More than 10 years	198	17.0
<b>Position</b>		
Manager	340	29.23
Non- Manager	823	70.77

**Table 2: Mean and Standard Deviation of Variables**

Variables	Min	Max	Mean	SD
Perceptions of Organizational Politics	1	5	3.28	0.65
Social Exchange Perceptions	1.57	5	3.59	0.61
OCB-Individual	1	5	3.55	0.58
OCB-Organizational	1	5	3.34	0.50
Task Performance	1	5	3.67	0.62

Table 3 shows the bivariate relationship among the variables. From this table we can observe that all the variables significantly correlated with each other. All the relationships are positive except relationship between perceptions of Organizational politics and OCB-Organizational ( $r = -.231, p < .01$ ). This reflects that prevalence of high level of politics perceptions in Organization cause to reduce employees extra role behavior in such a way that they don't exhibit discretionary and voluntary behaviors that are necessary for the wellbeing of employees and welfare of Organization. On the other hand, relationship between POP and OCB-individual and Task Performance is positively and significantly correlated ( $r = .265, p < .01$  and  $r = .142, p < .01$ ).

**Table 3: Correlations among all the variables of study (N=1163)**

Variables	1	2	3	4	5
Perceptions of Organizational Politics	1				
Social Exchange Perceptions	.155**	1			
OCB-Individual	.265**	.567**	1		
OCB-Organizational	-.231**	.308**	.290**	1	
Task Performance	.142**	.551**	.529**	.424**	1

\*\* Correlation is significant at the 0.01 level (2-tailed). \* Correlation is significant at the 0.05 level (2-tailed).

1=Perceptions of Organizational Politics, 2=Social Exchange Perceptions, 3=OCB-Individual, 4= OCB-Organizational, 5=Task Performance

#### 4.3 Structural Equation Modeling

Structural equation modeling was used in AMOS 18 for inferential statistics and hypothesis testing. SEM was applied in two steps, measurement model and structural model. Goodness of fit was tested in each step. As we used maximum likelihood method of estimation, it was necessary to test all the assumptions of normality. Normality was assessed through skewness and kurtosis and all the values were found within the range of  $\pm 1$ . There was adequate sample size and missing data were treated properly.

#### 4.4 Measurement Model

In first step, a measurement model was developed and tested for conformance about structures of factors and discriminant validity of the measures. Alternative models reveal that models became worsen and bad fit when factor structures were altered from three factors to two factors and one factor respectively. Factor loading is given in table 5 which shows that each loading was significant at  $p < .001$ . This is represented through figure 2. Goodness of fit measures are given in Table 4: Here we can see that all the values of GOF indices are well above the threshold values for GFI, AGFI, CFI, PCLOSE, PGFI and below the threshold values for RMR, CMIN/DF and RMSEA as suggested by Hu

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and Bentler (1995) and Haire et al. (2010). Thus our measurement model was good fit and further structural model was developed for hypothesis testing.

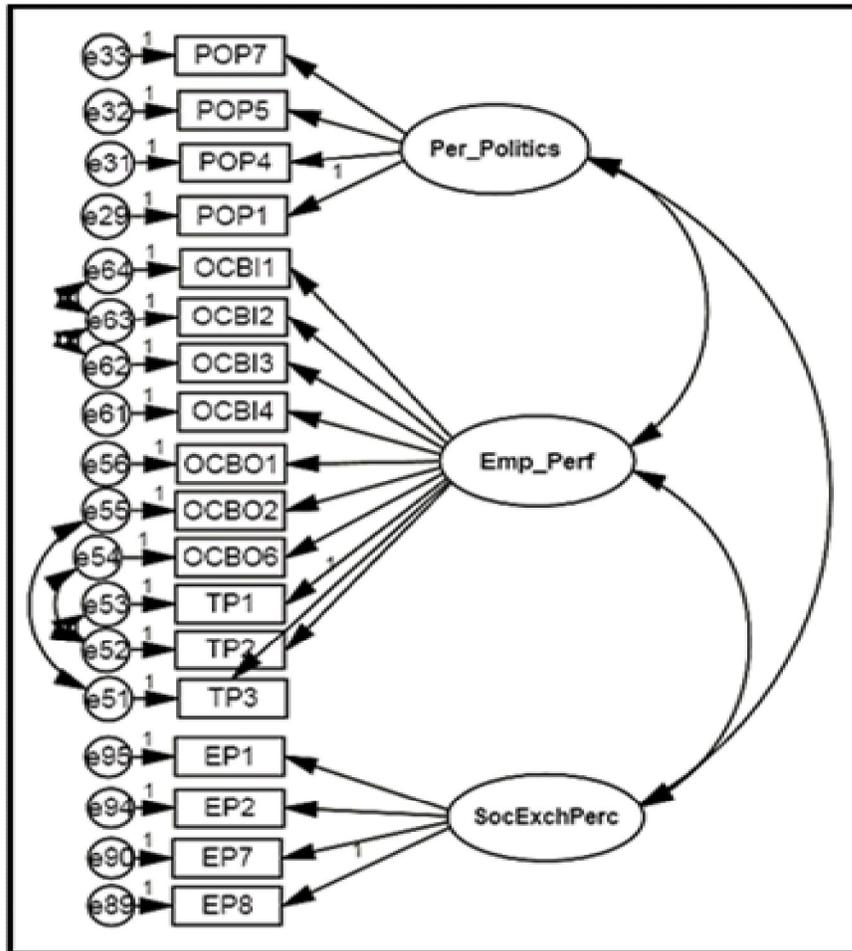
**Table 4: Model Fit Summary for Hypothesized Measurement Model**

Model	CMIN/ DF	RMR	S RMR	GFI	AGFI	PGFI	CFI	RMSEA	PCLOSE
Hypothesized Model	3.080	0.044	.0386	0.964	0.952	0.716	.906	0.042	0.996

**Table 5: Standardized Regression Weights**

Variables			Estimate
POP1	<---	Perceptions of Org. Politics	.321
POP4	<---	Perceptions of Org. Politics	.614
POP5	<---	Perceptions of Org. Politics	.421
POP7	<---	Perceptions of Org. Politics	.377
EP1	<---	Social Exchange Perceptions	.464
EP2	<---	Social Exchange Perceptions	.536
EP7	<---	Social Exchange Perceptions	.361
EP8	<---	Social Exchange Perceptions	.461
OCBI1	<---	Employees' Performance	.385
OCBI2	<---	Employees' Performance	.410
OCBI3	<---	Employees' Performance	.476
OCBI4	<---	Employees' Performance	.452
OCBO1	<---	Employees' Performance	.476
OCBO2	<---	Employees' Performance	.400
OCBO6	<---	Employees' Performance	.577

*p*<.001 for all estimates



**Figure 2: Measurement Model**

Reliabilities are given in table 6 construct wise and some items were dropped due to poor factor loadings.

**Table 6: Construct Wise Reliability Analysis**

	Cronbach's Alpha Before	Items Deleted	Cronbach's Alpha After
<b>Perceptions of Organizational Politics</b>	.48	3	.60
<b>Social Exchange Perceptions</b>	.58	1	.64
<b>Employee Performance</b>	.71	3	.78

4.5 Common Method Bias

As the data were collected through single source so the responses could have some external influence among which common method bias is the most prominent thus leading to both Type I and Type II errors. When much of the variance is explained by common factor the common method bias can inflate or deflate the relationship between construct (Podsakoff & Organ, 1986; Spector (1994). If a substantial amount of common method variance is present, either (a) a single factor will emerge from the factor analysis, or (b) one general factor will account for the majority of the covariance among the variables (Krishnan, Martin & Noorderhaven, 2006; Tihanyi, Lyles & Dhanaraj, 2005).

Harman's single factor test was used to see if the majority of variance can be explained by the use of single factor. Before going for Factor Analysis Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test of Sphericity were performed to see whether the data is suitable for CFA. According to Shukla, "Bartlett's test of sphericity tells us that the variables in the population are uncorrelated with each other in other words we may say that each variable perfectly correlate with itself". Thresholds for KMO are as, above .90 excellent; admirable .80; moderate .70; not good .50 and undesirable < .50 (Dziuban & Shirkey, 1974). KMO value of .878 and significant of Bartlett's Test ( $p < .001$ ) revealed that it is correct to proceed for CFA to check for CMB (Table 7). It was observed that only 13.57% variance was explained when only one factor was generated. It was concluded that CMB was not an issue in the data set (Table 8).

Table 7: KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.878
Bartlett's Test of Sphericity	Approx. Chi-Square	16050.830
	df	1770
	Sig.	.000

Table 8: Total Variance Explained by Single Factor

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	Variance %	Cumulative %	Total	Variance %	Cumulative %
1	8.141	13.569	13.569	8.141	13.569	13.569
2	4.894	8.156	21.725			
3	2.612	4.353	26.078			
4	1.697	2.829	28.906			
5	1.461	2.435	31.342			
6	1.434	2.389	33.731			
7	1.314	2.190	35.921			
8	1.289	2.148	38.069			
9	1.251	2.084	40.153			
10	1.180	1.966	42.120			

#### 4.6 Structural Model

After testing for measurement model and its fitness, a structural model was built based on previous theoretical arguments. The fitness of the structural model was tested using numerous indices of fit. The value of relative chi-square is 3.080 showing that model is good fit (Table 9). The Comparative Fit Index (CFI), the AGFI (Adjusted Goodness of Fit Index) and the Goodness of Fit Index (GFI) were within the acceptable range. These indices show a value >0.90 for good fit model. The RMSEA (Root Mean Square Error of Approximation) and the RMR (Root Mean-Squared Residual) were closer to zero and indicate good fit. RMSEA value <0.08 shows a good fit, and value <0.05 indicates a very good fit. One item of OCB Individual scale had standardized residuals error very high with other items and was dropped which improved model fitness.

The Structural Model shows the relationship among Perceptions of Organizational Politics, Social Exchange Perceptions and Employee's Performance (Figure 3). Path coefficients of model were significant for all the hypothesized relationships except for path from Perceptions of Organizational Politics to Employee's Performance. The goodness of fit (GFI) indicates that the model was acceptable, with a CMIN/DF 3.080, RMR of 0.044, a AGFI of 0.952, PGFI of 0.716, RMSEA of 0.042 and PCLOSE of 0.996 (Table 9). Overall, the model was acceptable. The path coefficients indicated that the relationship among the Perceptions of Organizational Politics and Exchange was positive and statistically significant. Perception of Organizational Politics also revealed positive and significant effect on Stress and Performance, but the path coefficient among Organizational Politics and Employee Morale was not significant although negative. Stress also shows negative but significant effect on Employee's Performance. This structural model was used as baseline model for subsequent analysis and testing hypotheses. Regression weights are presented in Table 10.

**Table 9: Model Fit Summary for Hypothesized Measurement Model**

Model	CMIN/DF	RMR	SRMR	GFI	AGFI	PGFI	CFI	RMSEA	PCLOSE
Hypothesized Model	3.080	0.044	.0386	0.964	0.952	0.716	.906	0.042	0.996

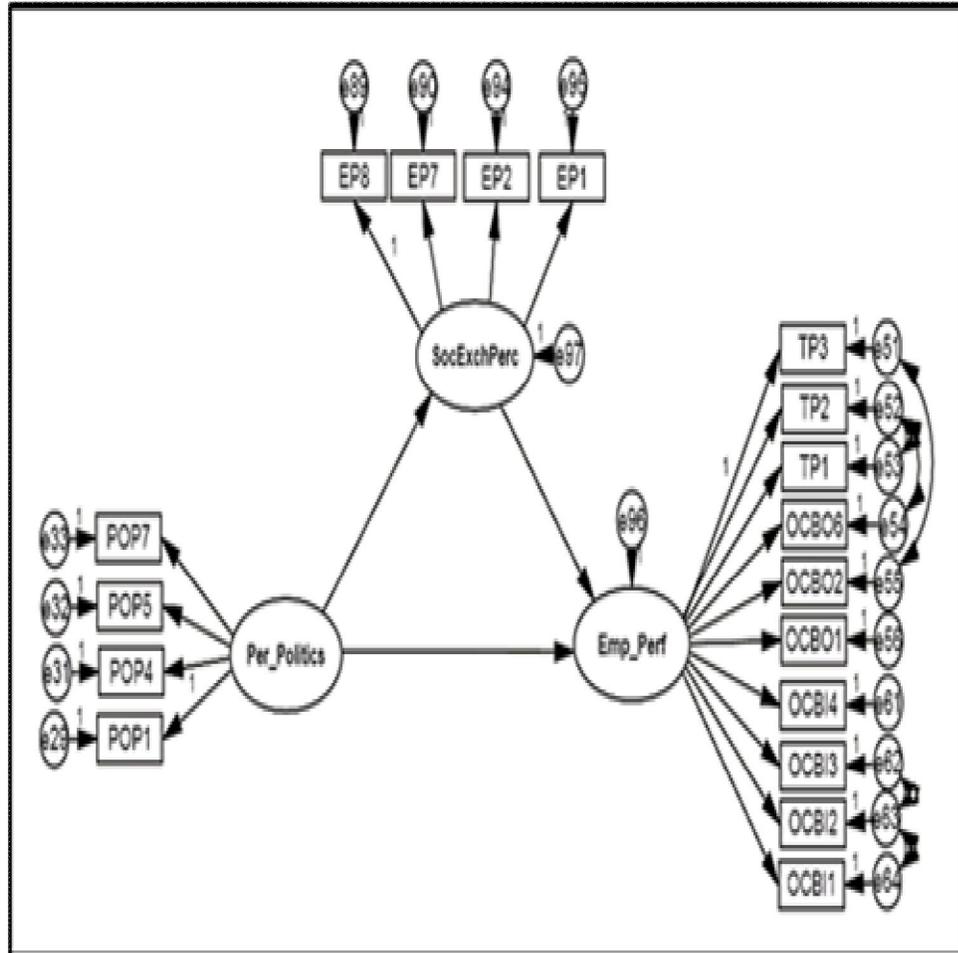


Figure 3: Proposed/Hypothesized Structural Model

**Table 10: Standardized Regression Weights**

Variables		Estimate	S.E.	C.R.	p
SocExchPerc	<--- Per_Politics	.202	.083	3.240	.001
Emp_Perf	<--- Per_Politics	.021	.054	.420	.674
Emp_Perf	<--- SocExchPerc	.907	.084	8.989	***
POP4	<--- Per_Politics	.614	.278	6.176	***
OCBO1	<--- Emp_Perf	.476	.106	10.476	***
POP1	<--- Per_Politics	.321			
EP1	<--- SocExchPerc	.464	.096	10.303	***
EP2	<--- SocExchPerc	.536	.102	11.133	***
POP7	<--- Per_Politics	.377	.174	6.042	***
POP5	<--- Per_Politics	.421	.189	6.274	***
OCBI3	<--- Emp_Perf	.476	.113	10.453	***
TP1	<--- Emp_Perf	.548	.127	11.205	***
OCBI4	<--- Emp_Perf	.452	.103	10.186	***
OCBO6	<--- Emp_Perf	.577	.124	11.460	***
OCBO2	<--- Emp_Perf	.400	.096	10.247	***
EP8	<--- SocExchPerc	.461			
EP7	<--- SocExchPerc	.361	.076	8.765	***
OCBI1	<--- Emp_Perf	.385	.109	9.219	***
OCBI2	<--- Emp_Perf	.410	.109	9.533	***
TP2	<--- Emp_Perf	.515	.125	10.734	***
TP3	<--- Emp_Perf	.433			

#### 4.7 Mediation Analysis

As recommended by Garson (2005), the value of CMIN/Degrees of Freedom 3.080 is between 2 to 5 which indicates that above discussed model is statistically fit. According to Byrne (2001), “the values of RMSEA <.08 indicate a good fit and <.05 a very good fit”. The value of Root Mean Squared Error of Approximation (RMSEA) in model is .042 which can be considered as very good fit. MacCallum et al. (1996)., supported the values of RMSEA in this way if the values are in the range of .08 to 0.10 then we can say model is mediocre fit and if the value of RMSEA is above .10 then model is poor fit. According to Hair et al. (2010), the value of RMSEA below 0.10 is considerable and accepted for model. In the view of Joreskog and Sorbom (2008), Goodness of Fit Index (GFI) and Adjusted Goodness of Fit Index (AGFI) values near to 1 considered as good model fit. Table 9 demonstrated the values of GFI and AGFI .964 and .952 respectively which were near to 1 but there is another criteria for GFI and AGFI which is that these values should be greater than .90 for good model fit. According to Hooper, Coughlan and Mullen (2008), the values of Normed Fit Index (NFI) and Comparative Fit Index (CFI) should be greater than .90 for a good model fit but Hair et al (2010) denoted that values greater than .80 are also permissible for acceptance of model. In our model this value is 0.906 indicating good fit.

Mediation analyses were performed in SEM through bootstrapping. Bootstrapping is a resampling strategy which creates sampling distribution to estimate standard errors and

create confidence intervals (Cheun & Lau, 2008). It is very important for mediation analysis for the confirmation of true mediational effects. When the mediation effect is non-zero it accurately calculates confidence intervals. Its power lies in its distribution free methodology and it does not require the data to be normally distributed in SEM. The significance of mediation effect is likely to be underestimated in the presence of measurement errors. It allows researchers to assess the stability of parameter estimates (MacKinnon, 2008; Byrne, 2001). Total, Direct and Indirect Effects of Hypothesized Model were obtained by bootstrapping for testing mediation in SEM using Bollen & Stine Bootstraps ( $N=3000$ ) with 95% Bias Corrected Confidence Interval Method. For testing mediation Bollen & Stine bootstraps samples were run ( $N=3000$ ,  $CI=95\%$ ) and standardized total, direct and indirect effects were obtained. It is clear from the table 11 that total effects of perceptions of Organizational politics on social exchange perceptions and employees' performance is  $\beta = .202$ ,  $p < .01$ ;  $\beta = .204$ ,  $p < .01$  and  $\beta = .907$ ,  $p < .01$  respectively. But direct effect of politics perceptions on employees' performance is not significant while indirect effect is highly significant thus full mediation is evident.

**Table 11: Results of total, direct and indirect effects (with 3000 bootstraps BCCI of 95%)**

Variables	Standardized Total Effects		Standardized Direct Effects		Standardized Indirect Effects	
	Perceptions of Org. Politics	Social Exchange Perceptions	Perceptions of Org. Politics	Social Exchange Perceptions	Perceptions of Org. Politics	Social Exchange Perceptions
<b>Social Exchange Perceptions</b>	.202(.001)	.000	.202(.001)	.000	.000	.000
<b>Employees' Performance</b>	.204(.002)	.907(.001)	.021(NS)	.907(.001)	.183(.001)	.000

*p* value is given in brackets, NS=not significant

### 5. Conclusion

The basic objective of the study was to investigate how politics perceptions impact on employees' multidimensional performance in the presence of exchange relationship. On the basis of literature, we developed theoretical model and four hypotheses. H1 was about the relationship between perceptions of Organizational politics and social exchange perceptions. This hypothesis was fully supported by the data ( $r = .155$ ,  $p < .001$ ,  $\beta = .202$ ,  $p < .001$ ). H2 was about the positive relationship between social exchange perceptions and employees' performance which was also confirmed ( $\beta = .907$ ,  $p < .001$ ). H3 was about the negative relationship between perceived Organizational politics and employees' performance which was not fully supported. Although previous studies reported inconsistent findings about this relationship as some researchers found evidence for positive relationship and others as negative relationship. As we further investigated the each dimension of performance (i. e., organizational citizenship behavior-individual, organizational citizenship behavior-Organizational and task performance), correlation analysis revealed that perceptions of politics have positive significant relationship with OCB-individual and task performance but negative relationship with OCB-Organizational ( $r = .265$ ,  $p < .001$ ,  $r = -.231$ ,  $p < .001$  and  $r = .142$ ,  $p < .001$  respectively). Thus results supported our hypothesis partially and leaving theoretical foundations for the presence of any mediator. In the same way our H4 states that social exchange perceptions

will partially mediate the relationship between perceptions of Organizational politics and employees' performance. But indirect effects obtained through bootstraps revealed that social exchange perceptions fully mediate the relationship between perceptions of organizational politics and employees' multidimensional performance. So this hypothesis was also supported.

### 5.1 Implications of the study

The study has some implications for policy makers and human resource managers. Firstly, managers should consider how he/she can reduce the perceptions of organizational politics within working environment to reduce its detrimental effects. Prevalence of an environment characterized by fairness and justice perceptions can reduce this negative effect. Secondly, exchange relationships are a great buffer between how POP effect employee performance in terms of their extra role behaviors and role related behavior. It is expected that POP is a major source of stress within organization and implementation of coping strategies like exercise, role modeling and relaxation can reduce the harmful effects of POP. Thirdly, ambiguity related with job role may also affect workplace due to which employees engage in different behaviors including political behavior. So job role must be clearly defined so that nobody could take non sanctioned advantage from his role.

### 5.2 Limitations and future guidelines

There are few limitations of this study. As the study was based on survey methods which may create biasedness as to self-reported responses. Qualitative studies through interviews and focus group discussion may unveil root causes of politicized environment after in-depth analysis. Moreover the study carried in south Asian context and results cannot be applied in western context in which individualism exist as against collectivist society. Finally, employees with high scores in political skills are more likely to survive in political environment thus immune to the negative effects of POP. There is need to study political skill as moderator between the relationship of POP and Employees' performance.

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