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## Article

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Full Length Article

# Does relational leadership generate organizational social capital? A case of exploring the effect of relational leadership on organizational social capital in China

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## Abstract

The aim of this study was to investigate the effect of relational leadership on organizational social capital. Three forms of organizational social capital namely structural, relational and cognitive organizational social capital are used as dependent variables. Using self-administered questionnaire, Data of 240 employees was collected from an IT company in China. Data was analyzed using correlation and multiple regression analysis. Results of this study suggested that relational leadership plays a positive and significant role in generating structural and relational organizational social capital. However, this study failed in finding the effect of relational leadership on cognitive organizational social capital. Practical implications and limitations are also provided at the end.

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**Keywords:** Relational leadership; Structural organizational social capital; Relational organizational social capital; Cognitive organizational social capital; China

## 1. Introduction

The reason why leadership matters a lot in organizational behavior studies is evident from the fact that, since 2000, organizations have spent \$50 billion per year on the leadership development (McCallum & Connell, 2009). Recent studies also indicated an increase interest in studying the social facets of leadership (Balkundi & Kilduff, 2006; Uhl-Bien, 2006). According to many authors, the role of leaders and managers in optimizing the organizational social capital is also under critical debate since last decade (e.g. Hitt & Duane, 2002; Lengnick-Hall & Lengnick-Hall, 2003; Luthans & Youssef, 2004; Ellinger, Ellinger, Bachrach, Wang & Bas, 2011). Moreover, in the past decade, due to the increased focus in exploring the social facets of leadership, researchers' interest in finding out the

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relationship between leadership and social capital has also captured extended interest. According [McCallum and Connell \(2009\)](#), in the presence of virtual business settings and unpredictable business conditions, it is very crucial for organizations to prepare its organizational leaders with such skills that help them to generate, use and also endure organizational social capital. As the importance of different facets of leadership has augmented, so does the value of relational leadership's effect have burgeoned. It has become a critical form of leadership displaying more effectiveness on behalf of the leaders ([Komives, Lucas, & McMahon, 2009](#); [Uhl-Bien, 2006](#); [Komives, Lucas & McMahon, 2013](#)). Therefore, it suggests that relational leadership is considered relatively a new concept in leadership studies ([Uhl-Bien, 2006](#)). On the other hand, organizational social capital (OSC) is although not very new concept but considered as very important element for organizational competitiveness ([Hitt & Duane, 2002](#)), advocating that it is increasingly recognized as beneficial organizational resource by many researchers (e.g., [Cohen & Prusak, 2001](#); [Briena & Smallman, 2011](#)). Some authors mentioned that social capital is still under developmental stages and for human resource development professionals and researchers it is at its exploratory stages (particularly in organizational context). Most of the workplace studies focused social capital as a result of worker behavior (for example [Adler & Kwon, 2002](#)). Additionally, some (e.g., [Hodson, 2005](#); [Whitener et al., 1998](#)) also focused managerial behavior as a contributor for organizational social capital. Further, others insisted on the increased responsibility of managers and leaders in leveraging organizational social capital for their followers ([Ellinger et al., 2011](#)). Therefore, leadership is proposed as an important organizational element that is found effecting organizational social capital significantly. Although, different forms of leadership are considered in previous studies (For example; transformational leadership); however, the role relational leadership in generating organizational social capital is yet has to be discovered. Therefore, the purpose of this research study is to find out that what is the effect of relational leadership on organizational social capital, particularly in Chinese context. Particular focus is given to three popular forms of organizational social capital i.e. structural organizational social capital (SOSC), relational organizational capital (ROSC) and cognitive organizational social capital (COSC). This study also provides practical implications and limitations at the end.

## 2. Literature review

### 2.1. Relational leadership

Leadership has been a very broad topic of interest for researchers in the field of organizational behavior. Research about leadership is spread on many decades, identifying a record number of models, theories and measurement instruments. These studies, altogether tried to enhance the reader's understanding that how leadership can lead to achieve organizational objectives while, unfortunately, ignored and underestimated the complexity of relationship among the leader and followers ([Hilaire, 2008](#)). Historically speaking, in leadership studies, different time periods have manifested different forms of leadership. While defining leadership, up to late 1940s, trait approach was considered very important and the only representative definition for a leader. Further, style approach to leadership evolved, became very popular and continued to remain famous till 1960s. Instead of traits, style approach suggested that leaders' actions are more important for organizational effectiveness and therefore, more valuable asset. Next, contingency approach was introduced in early 1980s. This approach postulated that everything is based on situation present around leaders and leaders' effectiveness is also based on such situations (leaders are not as effective as in all these situations). After 1980s, another approach seized the interest of people that considered leadership as vision and goal provider and focusing more on inspiring the followers. This overtime evolution in leadership approaches continued and has lead most of the present studies to redesign the leadership's theoretical basis ([Hilaire, 2008](#)). Along with other leadership approaches, relational leadership is also among such emerging approaches (e.g. ethical leadership) presented by [Uhl-Bien \(2006\)](#) that has seized the interest of researchers in recent years. It can also be defined by the Theory of Identity to seize the leader phenomenon. Most of the present theories of leadership are focusing on the understanding and assessing the leadership process, but the Theory of Relational Leadership goes even further by proclaiming that the capacity of individuals to influence others is due to the social dynamism. Currently, the theories of leadership dominated prior industrial era, are heavily dependent on relationship of trust among employees and leaders ([Komives, Lucas, & MaMahon, 2013](#); [Osteen, Owen, Komives, Mainella, & Longerbeam, 2006](#); [Allen & Cherrey, 2000](#)). Therefore, the importance of relationships in organizational context cannot be overlooked and underestimated.

One can argue that the relation based leadership is not a new concept in the leadership literature; however, the fact is that relational leadership is comparatively a new theory in the leadership literature (Uhl-Bien, 2006) hence; it provides enough grounds to investigate this concept further. Uhl-Bien (2006) defined the relational leadership as “Leadership is a relational and ethical process of people who are collectively attempting to accomplish positive change”. In addition to this, Komvies et al. (1998) used the term of relational leadership for unfolding this particular concept in the literature. According to these authors, “leadership is a relational process of people working together to accomplish change or to make a difference that will benefit the common good.” They defined relational leadership as purposeful, process- oriented, inclusive, empowering and ethical. This provides a meaningful explanation about the relational leadership phenomenon. In another study, Komives et al. (2013) defined relational leadership model and stated that “Relationships are the connective tissue of the organization.... over time, these new relationships, built on trust and integrity, become the glue that holds us together.” Specifically, the base of relational leadership is positive psychology that helps individuals to connect themselves to others and to their leaders.

Review of the related literature suggested that although research supports the theoretical aspects of relational leadership (Uhl-Bien, 2006; Komives et al., 1998; Regan & Brooks, 1995), however, very little, if any, has been done in quantitative side of relational leadership. Most of the work is found in education or health care sector, while information technology sector was found missing the attention of researchers. Very little, if any, attention is provided to organizational aspects of relational leadership and how relational leadership affects the employees in the organization. Although, some authors examined the relational aspects of leadership in their studies, however, their prospective focus greatly varied. Such as, in order to moderate the fears of the beginners as well as the experienced leaders, Rice (2012) found relational basis of leadership very useful by using the model of Komives et al. (1998) for trainers of peer leaders. Fulop (2013) explored the relationship between different leadership styles and decision making. He found that there is a dire need to use relational leadership for understanding the decision making, particularly in health care. In a confirmatory study, Carifio (2010) applied the relational leadership approach to 434 elementary, middle and high school teachers. He found relational leadership very effective measure in his studies. The focus of Carifio's (2010) study was on the validation of relational leadership scale and he based his scale on the two models presented by Komives et al., (1998) and Regan and Brooks (1995). This implies the further need to explore, validate and support the claims made by the relational leadership researchers. Therefore, this study is an attempt to fill up this gap, presented in leadership and relational leadership literature.

Relational leadership is defined differently by different authors. In their book, Regan and Brooks (1995) proclaimed that vision, collaboration, care, intuition and courage are the elements of relational leadership (Carifio, 2010). On the other hand, Komives et al., (1998), expressed relational leadership as purposeful, process oriented, inclusive, empowering and ethical. The fact is that elements identified by Komives et al., (1998) and by Regan and Brooks are equally important in Relational Leadership Theory and even overlap each other in some context. In present study, based on the study of Carifio (2010), inclusive, empowering, caring, ethical and providing shared vision are manifested as the qualities of relational leadership. Therefore, according to this study, relational leadership is inclusive, empowering, caring, provides vision and is ethical. It is inclusive because it includes all members by being open to dissimilarities and by showing that everyone is valuable (Komives et al., 1998), it is empowering because it provides employees the sense that their contribution is valuable and they have the right to take initiative if they need (Komives et al., 1998). Further, relational leadership is caring because it does not overlook the human element of its members (Regan & Brooks, 1995), it provides vision because it provides employees hope for future and also an ability to make commitment and establishing individual and group goals (Regan & Brooks, 1995). Finally, it is ethical because it is based on positive values, good will, integrity and moral commitment for both the followers and the leadership (Komives et al., 1998).

## 2.2. 2.2. *Organizational social capital*

Many authors defined social capital as such kind of resource that imitates the character of social relations within an organization, realized through members' level of information sharing, shared trust and collective goal orientation (Leana & Buren, 1999; Nahapiet & Ghoshal, 1998; Leana & Pil, 2006). Although a number of studies mentioned the positive role of social capital in the organizations (e.g. Tsai & Ghoshal, 1998; Leana & Pil, 2006; Andrews, 2010 etc.), however, a little attention is paid to find out empirical evidence that concerns how organizations may build this resource (Alder & Kwon, 2002; Pastoriza & Ariño, 2013). Moreover, most of the contribution in this subject area is

theoretical in nature and little attention is provided to measurement aspects of social capital (Such as managerial behavior studied by Bolino, Turnley, & Bloodgood, 2002; Hodson, 2005; Pastoriza, Ariño, & Ricart, 2008). Nonetheless, as mentioned by many authors, (e.g. Edelman, Bresnen, Newell, Scarbrough, & Swan, 2004; Pastoriza & Ariño, 2013) it is the need of time to move from qualitative and theoretical methods to theory-testing methods. Therefore, this study focuses on theory testing aspect of social capital rather than theoretical perspective.

In the research literature, social capital has been under study since many decades and therefore, it is reflected and interpreted differently by different authors and scientists (Adler & Kwon, 2002). Subsequently, research literature offers varying explanation about the social capital phenomenon. The definitions of social capital also vary as per context of the authors defining it across the literature. Most precisely, it depends either on the level of analysis or focus of analysis in which social capital is studied. In the context of level of analysis, social capital is viewed as an attribute of individuals (Portes, 1998; Burt, 1992), communities (Coleman, 1988; Putnam, 1993), nations (Fukuyama, 1995), organizations (Nahapiet & Ghoshal, 1998) or networks (Adler & Kwon, 2002). On the other hand, the focus of analysis context defines social capital into two ways i.e. internal social capital or external social capital. Internal social capital resides in the relationships among the members of community or a firm (Leana & Pil, 2006) whereas, external social capital subsists in the shape of network ties between individuals, organizations or communities belonging to external actors (Wu, 2008; Zahra, 2010). This classification of social capital makes the readers' understanding about the concept of social capital and, how it interacts with its actors, more clear.

According to level of analysis context, the social capital used in this research study is organizational social capital and according to the focus of analysis context, it is the internal social capital that resides within the organization. Internal organizational social capital is formed by the interactions of three types of social capital present in the organization. It is namely structural OSC, relational OSC and cognitive OSC (Nahapiet & Ghoshal, 1998; Leana & Pil, 2006). First, structural dimension of organizational social capital is the level of interconnectedness or connections between the member of organization and their access to the intellectual capital of each other (Nahapiet & Ghoshal, 1998). Second, relational organizational social capital defines quality and nature of these connections among organizational members (Nahapiet & Ghoshal, 1998) that is defined as the trust between the organizational members. Lastly, cognitive dimension of organizational social capital explains the extent of a common shared vision between its members (Tsai & Ghoshal, 1998) that connects them for a common purpose. These three types of organizational social capital are actually produced due to certain activities or factors present in the organization and such factors lead in the generation of organizational social capital, one among all these factors is leadership that is considered as one of the major contributor among all others.

### 2.3. Relationship between Relational leadership and organizational social capital

It is suggested by sociological, organizational and industrial theorists that managers' actions are embedded in relationships in organization (Acquaah, 2007). In recent years, the role of managers and leaders has gained prominent focus in research studies for playing a role in increasing organizational social capital (e.g. Hitt & Duane, 2002; 2003; Luthans & Youssef, 2004; Ellinger et al., 2011). Leadership being the most influential organizational element is focused in various studies for its effectiveness in organizations. Hence, the consideration of researchers in identifying the social facets of leadership has also been augmented (e.g. Komives et al., 1998; Uhl-Bien, 2006). Therefore, in the past decade, it has also directed the focus of researchers towards the relationship between leadership and social capital in the organizational settings. While the focus of traditional leadership development is on beneficial gains through the proficiency growth of leader-subordinate dyad, a shift in this focus is changing to give more concern to the relational perspective within which leadership takes place (Day & O'Connor, 2003). McCallum and Connell (2009) stated that as the business settings are more unpredictable, therefore, there is a greater need to prepare emergent leaders with such set of skills that help them to generate, use and reproduce the organizational social capital. Hence, it can be argued that the need to investigate the relationship between leadership and organizational social capital has been and still continue to be under great focus by researchers. Keeping this need in mind, Pastoriza & Ariño (2013) investigated whether or not ethical leadership of supervisors generates internal social capital in organizations. On the bases of Social Learning Theory, they argued that workers are able to learn appropriate standard of behaviors if they observe such behaviors from their role models. They found a significant influence of ethical leadership of supervisors on the relational, structural and cognitive dimensions of social capital. The Social Learning Theory presented by Bandura (1986) claimed that by observing the behavior of role models, employees are

able to learn the standards of appropriate behavior. Therefore, Social Learning Theory provides the foundation for present study to build its theoretical framework more clearly. This theory identifies human's social nature and their ability to improve themselves and grow up as better human beings (Brown, Treviño, & Harrison, 2005). Accordingly, it is expected that relational leadership will lead to generate structural, relational and cognitive OSC in organizational employees.

According to Pastoriza et al. (2008), “it is the development of altruistic motives in the employees that truly facilitates the creation of internal social capital, because social capital will not arise if organizational members are purely self-interested”. They further explained that managers play an important role in developing these altruistic motives in employees. Relational leadership is newly emerging concept that is purely based on the relationship between leader and his/her subordinates. Therefore, it can be argued that relational leadership can also help in developing such altruistic motives in organizational employees and hence, generating organizational social capital. Leaders, by displaying relational behavior with subordinates i.e. being inclusive, empowering, caring, having vision and ethics, actually teach followers to show empathy with other organizational members and build effective relationships. Thus such an environment may lead to the development of organizational social capital that ultimately, cannot be established if the motives of employees are purely based on self-interests (Pastoriza et al., 2008). In sum, when the leaders display relational leadership in organization, they are actually making employees feel as an integral part of the social relationship within the organization. This study investigates the relationship between relational leadership and the three forms of organizational social capital, which, up to the knowledge of researchers was not investigated previously.

### 3. Theoretical framework and hypotheses

On the basis of the above literature and arguments, following hypotheses are generated for this study. The hypothesized relationship among the variables of the study is depicted in Fig. 1. Relational leadership is the independent variable, whereas, structural OSC, relational OSC and cognitive OSC are the dependent variables.

Therefore;

**H1:** It is expected that relational leadership would affect structural OSC positively and significantly i.e. it generates structural OSC.

**H2:** It is expected that relational leadership would affect relational OSC positively and significantly i.e. it generates relational OSC.

**H3:** It is expected that relational leadership would affect cognitive OSC positively and significantly i.e. it generates cognitive OSC.

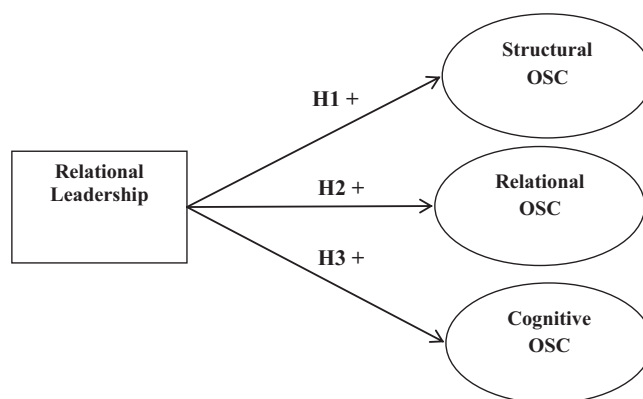


Fig.1. Conceptual framework.



## 4. Research methodology

### 4.1. Unit of analysis

This study is cross sectional study; therefore, the data was collected in one short time. The unit of analysis is individual employees from an information technology firm, based in Shanghai, China. This firm provides computer based products and IT technology services to a number of organizations, including financial and governmental organizations. Due to its wider scope of products and services, the company has a prominent and top position in Chinese IT service providers. Therefore, the results generated from this research are widely applicable for Chinese firms particularly and others generally. Employees from three managerial levels (Strategic, managerial and tactical) were contacted and requested to provide their choices on the self-administered questionnaire.

### 4.2. Sampling method and data collection

Convenience sampling method was used for collecting data from IT firm's employees. This technique was used particularly, instead of any other sampling technique, due to the budget, time and availability of employees' information constrains. As the researchers don't have the access to the employees' data base, therefore, information about all the employees was not readily available to researchers. Moreover, only those employees, who were willing to respond to self-administered questionnaire, were contacted and requested for information. In addition, this sampling technique is consistent with some other latest researches conducted in social sciences (e.g. Afshan & Sharif, 2016; Chen, 2008; Wu & Wang, 2005).

Respondents were ensured that their provided information will be kept anonymous and will only be used for research purposes. They were provided enough time to fill up the questionnaire and give it back to researchers. In sum, all the ethical considerations of data collections were taken into account while collecting data. The use of questionnaire technique is justified by three facts. First, the study topic is perceptual in nature; employees are requested to provide their perceptions regarding their leadership and social capital in the organization. Second, due to the fear of losing their jobs, most of the employees are reluctant to provide reliable information if interview method is used, therefore, questionnaire method is best method to generate reliable responses from the employees, while ensuring them the anonymity. Third, if the data is collected through questionnaire technique, it allows selecting larger sample size and therefore, ability to conduct reliable statistical analysis and better generalization of results as compare to other methods of data collection.

### 4.3. Instrument design

This study implied scales developed by researchers in past studies. According to Pallant (2013), a well-measured and authenticated questionnaire, with Cronbach Alpha reliability of more than .7 should be preferably good to use in research study and can be used to generalize the study results if each variable at least have 3 items in its scale. Therefore, this study results are generalizable. For measuring relational leadership, the RLQ scale developed by Carifio (2010), was implied. Total number of items in this scale is 25. This scale has five sub scales namely inclusive, empowering, caring, ethical and vision. All the dimension of RLQ contains 5 items in each. Carifio (2010) reported having an exceeding .90 Cronbach's Alpha reliability for RLQ in his study. Furthermore, organizational social capital was measured by using an adapted scale by Li (2013). Accordingly, organizational social capital contains three dimensions i.e. structural OSC, relational OSC and cognitive OSC respectively. Structural OSC was measured by using a sub dimension "connectedness", where, connectedness was measured by four item scale developed by Jaworski and Kohli (1993). Jaworski and Kohli (1993) reported an Alpha reliability of .73. Next, relational OSC was measured by a sub dimension "trust" developed by Atuahene-Gima and Murray (2007). This scale has an Alpha reliability of .73. Finally, cognitive OSC was measured by a five item sub scale "shared vision" developed by Tsai and Ghoshal (1998). The alpha reliability of this scale was mentioned as .82 by these researchers. For the better understanding and interpretation of items, all scales used in current study were translated into Chinese language by using back translation method. A five point Likert scale was applied for measuring the respondents' responses. The responses by the employees were recorded along a range of 1 = strongly disagree to 5 = strongly agree.

## 5. Results and analysis

In order to test the hypotheses of this study, 300 hundred employees were contacted and requested to fill up the questionnaire. According to the information of the researchers, the total number of employees working in this company was around 2000. Therefore, 200–300 was a suitable sample size to generalize the results of this study. To make this choice more scientific, [Tabachnick and Fidell \(2013\)](#) suggested that 300 is a good number for conducting factor analysis and regression analysis, whereas, the sufficient requirement for generalizing the research results is suggested 150 responses. Therefore, 240 responses were fairly enough to apply regression analysis and generalize the results of present study. However, 255 individuals responded to fill up the questionnaire upon request. While scrutinizing the data, 15 questionnaires were found incomplete and therefore, excluded from final analysis. Finally, 240 employees were left for final analysis. This is a quite reasonable response rate to generalize the results of the study. Among the remaining 240 respondents, 118 were male employees and 122 were female employees. Their ages ranged from 20 years to 46 years or above. These employees were from different organizational levels and departments.

In order to analyze the data and test the study hypotheses, correlation and regression analysis were applied. For running correlation and regression tests, IBM SPSS software was used. Beside correlation and regression analysis, some descriptive statistics were also tested. Following sections presents the important results from this study.

### 5.1. Descriptive statistics

In order to understand the nature of the data and the respondents, the mean values, minimum, maximum and standard deviation values were found. Descriptive statistics about the main variables of the study are provided in [Table 1](#).

### 5.2. Reliability analysis

In order to ensure the reliability and validity of the study measures, the scale reliability was tested through Cronbach's Alpha test of reliability for each scale. Reliabilities for each variable of the study are presented in [Table 2](#). Nonetheless, reliability analysis presented in [Table 2](#) suggests high reliability for each scale used in this study and verified the reliability results of the previous studies by researchers (e.g. [Cariffo, 2010](#); [Li, 2013](#)).

### 5.3. Correlation analysis

[Table 3](#) presents the Pearson correlation analysis for the relationship between relational leadership, structural OSC, relational OSC and cognitive OSC. As it is evident from the values of the table that the correlation is relatively weak between the independent and dependent variables of the study, however, the correlation is significant and indicates positive relationship between independent and dependent variables. Hence, it indicates that relational leadership is positively associated with structural ( $r = .299^{**}$ ,  $n = 240$ ,  $p < 0.01$ ) and relational ( $r = .240^{**}$ ,  $n = 240$ ,  $p < 0.01$ ) organizational social capital respectively. Although not negative, however, relational leadership indicated no correlation with cognitive organizational social capital ( $r = .082$ ,  $n = 240$ ,  $p < .205$ ). Therefore, no relationship was found between relational leadership and cognitive OSC in this study.

Table 1  
Descriptive statistics of the study variables ( $n = 240$ ).

Study variables	Minimum	Maximum	Mean	Std. deviation
Structural OSC	2	5	4.16	.405
Relational OSC	1	5	4.38	.568
Cognitive OSC	2	5	4.23	.414
Relational leadership	2	5	4.13	.459
Total OSC	1	5	4.25	.334



Table 2  
Reliability analysis of the study ( $n=240$ ).

Study variables	Total number of items	Cronbach's alpha reliability
Relational leadership	25	.956
Structural organizational social capital	4	.761
Relational organizational social capital	4	.835
Cognitive organizational social capital	5	.662
Total organizational social capital	13	.791

Table 3  
Pearson product-moment correlations between independent and dependent measures of the study.

Scale	Relational leadership	Structural OSC	Relational OSC	Cognitive OSC
Relational leadership	1			
Structural OSC	.299**	1		
Relational OSC	.240**	.146*	1	
Cognitive OSC	.082	.633**	.151*	1

\*\* $P < 0.01$  (2-tailed) &

\* $P < 0.05$  (2-tailed).

Table 4  
Summaries of multiple regression analysis for relational leadership predicting Structural OSC, Relational OSC and Cognitive OSC ( $n=240$ ).

Model	$R^2$	$\Delta R^2$	$\beta$	$b$	S.E	$F$	$t$	$p$
Dependent variables								
Structural OSC	.089	.085	.299	.264	.055	23.308	4.828	.000
Relational OSC	.057	.053	.240	.297	.078	14.493	3.807	.000
Cognitive OSC	.007	.003	.082	.074	.058	1.615	1.271	.205
Total OSC	.076	.072	.276	.201	.045	19.661	4.434	.000

Note:  $b$  = Un-standardized Coefficients, S.E = standard error of variables,  $\beta$  = standardized coefficients,  $t$  = t-statistic,  $p$  = significance level.  $R^2 = R$  square,  $\Delta R^2$  = adjusted  $R$  square

#### 5.4. Regression analysis

Further, Linear regression analyses were conducted to test the hypotheses of this study. Linear regression analyses are used to find out how much variance in dependent variable is explained by independent variable. Results from these analyses are presented in Table 4. Subsequently, it is indicated that how much variance in dependent variable is explained by independent variable of current study. In other words, what is the effect of relational leadership on structural OSC, relational OSC and cognitive OSC? According to results from regression analyses, relational leadership explained 29.9% of the variance in structural OSC ( $R^2 = .089$ , adjusted  $R^2 = .085$ ,  $\beta = .299$  &  $p < .000$ ). Moreover, relational leadership explained 24% of the variance in relational OSC ( $R^2 = .057$ , adjusted  $R^2 = .053$ ,  $\beta = .24$ ,  $p < .000$ ). Finally, relational leadership explained only 8.2% variation in cognitive OSC, however, this effect was not significant due to the  $p$  value of .205 ( $R^2 = .007$  & adjusted  $R^2 = .003$ ,  $\beta = .082$ ,  $p < .205$ ). Overall, Relational leadership explained 27.6% variance in organizational social capital ( $R^2 = .076$ , adjusted  $R^2 = .072$ ,  $\beta = .276$ ,  $p < .000$ ) collectively.

## 6. Discussions

The purpose of this study was to investigate whether relational leadership generates organizational social capital or not. This study was based on the Social Learning Theory presented by Bandura (1986). Social Learning Theory assumes that followers learn a particular behavior or act in a particular manner if they find their leaders behaving in

the same manner. Therefore, this study purposed that if relational leadership is implied than any other leadership form, whether it leads to generate organizational social capital in IT industry of China or not. In order to find out this, relational leadership was used as an independent variable, whereas, structural, relational and cognitive organizational social capital were used as dependent variables respectively. Three propositions were made in the form of H1, H2 and H3. Although the correlation between independent variable and dependent variables was moderate, however, the regression models provided sufficient and valuable information about the role of relational leadership in generating organizational social capital. The results of correlation and regression analysis supported the first hypothesis of this study. H1 stated that it is expected that relational leadership would affect structural OSC positively and significantly. Eventually, relational leadership explained 29.9% variance in the structural OSC; therefore, on the basis of this result, H1 may be accepted. Second hypothesis, H2, claimed that it is expected that relational leadership would affect relational OSC positively and significantly. This claim is also supported by the results of this study. Relational leadership explained 24% of the variance in relational OSC, thus, the H2 may also be accepted. These findings are consistent with the findings of multiple researchers who established leadership as a driving and producing force for structural and relational OSC (e.g. [Hitt & Duane, 2002](#); [Luthans & Youssef, 2004](#); [Ellinger et al., 2011](#); [Pastoriza & Ariño, 2013](#)). [McCallum and Connell \(2009\)](#) mentioned in their study that in current unpredictable business world, organizations need such relational leadership that can help their followers in generating, using and also reproducing OSC. Hence, this study validates the results of and contributes to previous research studies. Finally, third hypothesis, H3 of this study stated that it is expected that relational leadership would affect cognitive OSC positively and significantly. However, results of this study do not support this final claim. Relational leadership was found explaining insignificant variance in cognitive OSC and therefore, no effect on cognitive OSC. In other words, relational leadership was not found to generate cognitive OSC in individual employees working in IT industry of China. H3, is therefore, rejected. However, this finding is opposite to many authors who have found a relationship between leadership and cognitive OSC (e.g. [Pastoriza & Ariño, 2013](#)).

There could be number of potential reasons of having no relationship between relational leadership and cognitive OSC. This could be due to the centralized organizational structure present in many Chinese organizations. This suggests that most of the organizational decision making is carried out by the top level management, based on their vision and mission, while, employees are advised to follow it as it is. Therefore, relational leadership has no effect on the cognitive social capital of individual employees. Social desirability could also affect the results of this study. Chinese society is based on the concept of Guanxi i.e. the relationship between individuals; therefore, it might lead the employees to respond to the questionnaire in certain manner to avoid the restoration of their Guanxi with their managers. Another explanation of having no relationship between relational leadership and cognitive OSC could be common method bias in self-reported surveys. Although the data was collected very carefully, this potential fact might affect the results of this study. However, according to [Menon, Bharadwaj, Adidam, & Edison, \(1999\)](#), common method bias may not be a serious problem.

### 6.1. *Conclusion and managerial implications*

This study has contributed into the body of literature in number of ways. First, it focused on a newly emerging concept in Leadership Theory, i.e. Relational Leadership Theory. As, relational leadership is a new concept in the leadership literature, therefore, there is enough scope to investigate this concept further ([Uhl-Bien, 2006](#)). Second, this study explored the relationship between relational leadership and organizational social capital and it suggested that relational leadership has a positive and significant effect on structural OSC and relational OSC. However, this study failed to support the proposition that relational leader would affect cognitive OSC significantly and positively. Thus, it may be concluded that relational leadership generates structural OSC and relational OSC while does not affect cognitive OSC. Those leaders who are more inclusive, ethical, caring, empowering and visionary, they are able to produce strong connections and higher level of trust among themselves and their followers. Third, this study investigated the relationship between relational leadership and organizational social capital in the IT industry of China that was found neglected by researchers previously.

Results of this study have practical implications for leaders and managers in organizations, particularly for Chinese IT firms. It is suggested that leaders should involve themselves in maintaining better relationships with their followers. Providing them more empowerment, care and vision, including them in work related activities and decisions and treating them more ethically will result in better organizational environment. Moreover, this will result

in inter-connectedness and trust among the members of organization and leaders, thus promoting the generation of OSC. Such an organizational environment will continuously support and enhance the generation of OSC that can be helping in organizational efficiency and affectivity.

## 6.2. Limitations and future study

This study has some limitations that must be taken in to considerations when interpreting the results from it. First, time, budget and accessibility constraint did not allow the researchers to contact a large number of respondents so the results of this study could become more generalizable. Second, this study is cross sectional study and completed in one short time period. Future studies can use longitudinal study design to get more information about the said phenomena in present study. Third, in this study, instead of any other form of sampling (such as stratified sampling) convenience sampling technique was implied. This choice resulted from the fact that all the details about organizational employees were not readily available to researchers. Therefore, employees were conducted and requested to fill up the questionnaires on Guanxi basis. Future studies are suggested to focus on the use of some other probability sampling techniques. Furthermore, for the better generalization about the concept under study, future studies may also emphasis on exploring the reasons of no effect of relational leadership on cognitive OSC in particularly in Chinese organizations. Lastly, future research may also explore the emerging new concept of relational leadership and its effectiveness in organizational settings by considering various organizational phenomena, such as employee turnover, empowerment, employee performance and positive orientation towards organization by the employees etc.

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