

MEDIATING EFFECT OF JOB SATISFACTION ON THE RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP AND QUALITY OF WORKLIFE OF CERTIFIED PUBLIC ACCOUNTANTS

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ABSTRACT

This study investigated the mediating effect of job satisfaction on the relationship transformational leadership and quality of worklife of certified public accountants employed by large firms in Digos City, Davao del Sur. In order to do so, this study employed the quantitative research design using the descriptive, correlational and causative methods via mediation analysis. Primary data were gathered through the use of survey questionnaires distributed to 66 certified public accountants working in any large firm in Digos City, Davao del Sur. In addressing the hypotheses of the study, correlation analysis using Pearson product moment correlation and mediation analysis using the Baron and Kenny (1986) approach were used. Results revealed transformational leadership to have a significant and positive linear relationship with quality of worklife in terms of working relationships. The positive and significant relationship of the transformational leadership and quality of worklife of certified public accountants entails that an increase of transformational leadership as practiced by the CPAs necessitates an increase of their quality of worklife. In the same manner, job satisfaction has a significant and positive linear relationship with quality of worklife in terms of working relationship. The positive and significant relationship of the job satisfaction and quality of worklife entails that an increase of job satisfaction experienced by certified public accountants signifies an increase of their quality of worklife. Lastly, job satisfaction significantly yet partially mediates the relationship of transformational leadership and quality of worklife of certified public accountants by about 21.58 percent while 68.42 percent of the total effect is either direct or mediated by other variables not included in the study.

Keywords: transformational leadership, job satisfaction, quality of worklife, certified public accountants, mediating effect

INTRODUCTION

Worldwide, one reads in newspapers or sees on television, only to find that workers here or elsewhere are engaging in industrial action or are threatening to leave their jobs. The bottom line of it being that the workers feel that they have been treated unfairly or inequitably remunerated at their workplace. Yet still, accumulating evidence indicates that it is expensive for companies to hire a new worker than it is to retain a current serving worker (Flores & Solomon, 1998; Koys, 2001; Frank, Finnegan & Taylor, 2004). As a result, both academicians and labor experts have been pondering and grappling with questions such as what really ought to be done to ensure worklife quality amongst employees (Beauchamp & Bowie, 2001; Carroll & Buchholtz, 2006; Ahmad, 2013).

Satisfied employees tend to provide greater productivity, which in turn enhances the quality of service delivery (Carter et al., 2013). Moreover, overall job satisfaction as experienced by employees is likely to reflect a combination of partial 'satisfactions' related to various features of an employee's job, such as pay, security, the work itself, working conditions and working hours, all of which influence the quality of the employee's work life (Skalli, Theodossiou & Vasileiou, 2008). Therefore, the quality of worklife of employees contributes to the satisfaction they experience, both from the workplace and from the work itself (Sirgy, Efraty, Siegel & Lee, 2001). It is therefore important to investigate how employees themselves perceive their quality of worklife (Efraty & Sirgy, 1990), since managers may have a positive influence on the working environment that could lead to greater productivity and higher levels of quality service delivery gained from satisfied employees (Bell & Menguc, 2002; Dhar, 2015).

Classifying occupations as transactional or interactive, the work of accountants or graduate of a bachelor's degree in Accountancy or Accounting is still predominately transactional (Mather et al., 2011). The transactional nature, combined with the drive for labor productivity, makes accounting work vulnerable to restructuring (Milliron, 2008). More so, the work of an accountant, especially a certified one, has long been seen as providing an excellent start to a professional's career, especially because it provides extensive market-relevant experience, broad-based training and exposure (Anderson-Gough et al., 2002; Almonte, 2009). This places the accountants in the spotlight of question for their quality of worklife, considering the mantra of human resource management that it costs significantly more to replace and train a new employee than to retain an existing one, which exists among most accountants (Frank, Finnegan & Taylor, 2004).

In the Philippines, the accounting services encompass auditing, accounting, bookkeeping and related services (Favere-Marchesi, 2000; Dyball, Poullaos & Chua, 2007). Public accounting, which comprises the audit and review function, adds credibility to financial information (Bushman & Smith, 2001). The most prominent function is the independent examination of a company's financial statements and supporting documents (Bazerman, Morgan & Loewenstein, 1997). Management accounting is another major category in accounting services which provides business advice and direction on strategic, tactical and operational decisions by drawing on financial data. Other accounting services include: bookkeeping, income tax preparation, business valuations, forensic accounting, tax compliance, investment advice, accounting system organization and design and management advisory services (Tullao, Nadurata & Aquino, 2001). Thus, it is the intention of this study to ascertain how firms in Digos City and its management have gone so far in practicing appropriate leadership, and if the assessed levels have something to do with the job satisfaction and quality of worklife of its employed certified public accountants.

Statement of the Problem

This study investigated the mediating effect of job satisfaction on the relationship transformational leadership and quality of worklife of certified public accountants employed by large firms in Digos City, Davao del Sur. More specifically, it sought answers to the following questions:

1. What is the level of transformational leadership of certified public accountants?
2. What is the level of satisfaction are the certified public accountants?
3. What is the quality of working relationships of certified public accountants as a dimension of quality of worklife?
4. Is there a significant relationship between transformational leadership and quality of worklife among certified public accountants?
5. Is there a significant relationship between the sources of job satisfaction quality of worklife among certified public accountants?
6. Does job satisfaction significantly mediates the relationship between transformational leadership and quality of worklife of certified public accountants.

METHODS

Research Design

This study employed the descriptive and correlational methods. Descriptive method of research is concerned with the procedures used to organize, describe and summarize data (de Vaus & de Vaus, 2001), while correlational design describes the statistical association between two or more variables (Lappe, 2000). These designs are appropriate since the study's goal is to describe and examine the relationship of transformational leadership as practiced by certified public accountants, their extent of job satisfaction as well as their quality of worklife.

Research Respondents

Primary data were gathered through the use of survey questionnaires distributed to certified public accountants who are currently employed either as accounts analyst, company accountant, or auditor of large companies in Digos City, Davao del Sur. As the number of large firms in the City is quite limited, so is the size of the sample as well as the large efforts in contacting each one of them. In order to gain better access, the researcher sought the help of the Philippine Institute of Certified Public Accountants – Digos City Chapter (PICPA) in writing to identify the number of CPAs working in large firms in the City. A total of 96 accountants were considered in the data gathering, yet only 66 accountants were included in the final analysis. The survey has a valid response rate of 68.75 percent.

Research Instruments

Primary data were gathered using instruments which are questionnaires and scales, which included the following:

Multifactor Leadership Questionnaire 5X (Short Form). Currently, this is widely-used and is the primary quantitative instrument for measuring the construct of leadership. The MLQ-5X assesses transformational and transactional leadership, but this study used only the transformational leadership items (a total of 20 items). An overall leadership rating will be computed using an adjusted mean of the 20 items. Items will be rated on a 5-point Likert scale.

Job Satisfaction Survey. The Job Satisfaction Survey (JSS) was developed by Spector (1985). This is a well-established instrument that is used to evaluate the facets of job satisfaction. Additionally, this instrument has an alpha value of 0.70 for internal consistency. Originally, the scale has 36 items that fall under nine facets of job satisfaction. However, seven out of nine facets was used; thus, a total of 28 items were answered under seven subscales: pay, promotion, supervision, nature of work, contingent rewards, co-workers and communication.

Quality of Worklife Scale.The quality of worklife (QWL) measure is patterned from O’Connell and Russell (2008), which is used to measure quality of worklife in two indicators: working conditions and working relationships. This was modified and contextualized to the local setting. The scale also utilizes a five-point Likert scaling.

Statistical Tools

Weighted mean was used to describe the level or degree of transformational leadership, job satisfaction and quality of worklife of the certified public accountants working in large firms in Digos City. Pearson Product Moment Correlation was used to determine the relationship between transformational leadership and job satisfaction with quality of worklife. Mediation analysis using the technique of Baron and Kenny was used to determine if job satisfaction significantly (partially or fully) mediated the relationship of transformational leadership and quality of worklife of certified public accountants. Percentage of accounted mediation was computed using the Sobel z test while mediation was presented using the medgraph.

RESULTS AND DISCUSSION

Level of transformational leadership of certified public accountants

Table 1 summarized the responses of certified public accountants employed by large firms in Digos City relative to their practice of transformational leadership. Determining the level of transformational leadership can be measured in terms of its five constructs, namely: individual consideration, intellectual stimulation, attributed charisma, inspirational motivation, and idealized influence.

Table 1. Transformational Leadership as Perceived by Certified Public Accountants (CPAs) from their Company Administrators

Items	Mean	Interpretation
Individual Consideration	3.89	High
Intellectual Stimulation	3.89	High
Attributed Charisma	3.95	High

Inspirational Motivation	4.06	High
Idealized Influence	3.96	High
Overall Mean	3.95	High

It can be gleaned in table 1 that all in all, the overall composite mean of transformational leadership (\bar{x} =3.95) signifies high level of transformational leadership practices perceived certified public accountants towards their superiors and administrators. The accountants' perception of their company administrators' transformational leadership punctuates that the latter are indeed good leaders and have exhibited their functions as expected from a leader who has an extensive capability to lead and supervise the company. In addition, certified public accountants perceive that they are good in performing their functions.

Moreover, it was found out that among the five dimensions of transformational leadership, company administrators were rated the highest in the area of inspirational motivation (\bar{x} =4.06) and the least in both individual consideration and intellectual stimulation (\bar{x} =3.89). This means that the CPAs see their company administrators to highly convey positive vision of the future. This can be manifested in things, i.e. expressing confidence that goals will be achieved, or talking enthusiastically about what needs to be accomplished. This could mean that the certified public accountants can have the freedom to express confidence and reflect on their subordinates that goals can be met and achieved, while rating least on their ability to enthusiastically discuss on things that need to be done.

Job Satisfaction of Certified Public Accountants in Digos City

Table 2 presents the list of items in the seven indicators of job satisfaction scale. These indicators contain both extrinsic and intrinsic measures of job satisfaction that include compensation, promotion, supervision, contingent rewards, co-workers, nature of work, and communication.

Table 2. Level of Job Satisfaction of Certified Public Accountants

Items	Mean	Interpretation
Pay	3.34	Moderate
Promotion	3.31	Moderate
Supervision	3.71	High
Contingent Rewards	3.40	Moderate

Co-Workers	3.85	High
Nature of Work	3.75	High
Communication	4.11	High
Overall Mean	3.58	High

As seen in Table 2, the overall composite mean of job satisfaction ($\bar{x}=3.58$) signifies that certified public accountants are generally satisfied with their job, career or profession. Safe to say, the certified public accountants hired or working in different firms in Digos City are on the threshold of their satisfaction, which denotes satisfaction at certain factors.

However, the overall mean only revealed a general picture of their satisfaction. By looking on the dimensions of job satisfaction, it was found out that certified public accountants expressed high satisfaction in the aspect of communication ($\bar{x}=4.11$). This can be exemplified by getting clear idea about the goals of the organization, and experiencing good communication within the organization. On the other hand, certified public accountants were found to be moderately satisfied (yet rated the least) in the aspects of pay ($\bar{x}=3.34$) and promotion ($\bar{x}=3.31$). A closer look on this disparity shows that certified public accountants in Digos City are more satisfied on the organization in itself, but not on a comparable position as to its ability to compensate them on the desirable level, or give them better chances of being promoted to higher notch in the organizational setup.

Quality of Worklife of Certified Public Accountants in Digos City

The succeeding discussions show the data about the quality of worklife of certified public accountants in Digos City in terms of working relationships and working conditions.

Table 3. Level of Quality of Worklife of Certified Public Accountants

Items	Mean	Interpretation
Working Relationships	3.98	High
Working Conditions	3.87	High
Overall Mean	3.93	High

It can be gleaned in table 3 that all in all, the overall composite mean of quality ofworklife ($\bar{x}=3.93$) signifies that certified public accountants perceive that they experience high level of quality of

worklife, one which can be manifested better in working relationships ($\bar{x}=3.98$) than working conditions ($\bar{x}=3.87$). The higher level of working relationships confirms the previous finding that certified public accountants tend to be satisfied the most in the aspect of communication. Working relationships, then, can be seen as a more apparent manifestation of the worklife quality of accountants rather than its tangible counterpart.

Relationship of Transformational Leadership and Job Satisfaction with Quality of Worklife

Correlation analysis between the independent and dependent variables was possible using Pearson product moment correlation at $p < 0.05$. This step is essential as a preliminary test, whether the variables merit a further test of mediating effect using Baron and Kenny approach.

Correlation between transformational leadership and quality of working relationship yielded an r_{xy} value of 0.615 with a p -value of 0.000, which is less than 0.05. This indicates a significant and positive linear relationship between the two variables, implying that an increase of transformational leadership results to an increase of quality of working relationships. Hence, the null hypothesis of no significant relationship between the transformational leadership and quality of worklife is rejected at $p < 0.05$.

Moreover, the relationship between overall job satisfaction and quality of worklife yielded a Pearson r_{xy} value of 0.540 with a p -value of 0.000, which is less than 0.05. This indicates a significant and positive linear relationship between the two variables, implying that an increase of job satisfaction results to an increase of quality of working relationships. Hence, the null hypothesis of no significant relationship between job satisfaction and quality of worklife in terms of working relationships is rejected at $p < 0.05$.

Table 4. Results of the Correlation Analysis between Transformational Leadership and Quality of Worklife

Independent Variables	r_{xy}	p -	Remarks
Transformational Leadership	0.615*	0.000	Significant
Job Satisfaction	0.540*	0.000	Significant

* Reject H_0 at $p < 0.05$

The abovementioned findings are congruent with the pronouncements of Cox and King (2006), who spelled out that worklife is predicted by the type of leadership the company has. If the leaders are perceived to be resulting to the goodness of the employees, both can reap the benefits of a high quality of worklife. A workplace that has a high quality of worklife has employees who can manage their personal

and professional life, and employers who are successful in retaining efficient employees without affecting the productivity of their organizations.

In addition, for Kaushik and Tonk (2008), it is not only the fit that matters but quality of worklife includes the quality relationship between employees and their total working environment with putting emphasis on the human dimension. Both Upenieks (2003) and Feather (2011) also stated that organizations have been successful in attracting and employing both new and experienced employees to the work environment but have difficulty retaining them. In order to retain employees who already are employed, leaders need to be proactive in finding ways to make the work more appealing and to increase levels of job satisfaction. Leaders in the workplace have a measurable effect on the quality of worklife and job satisfaction of employees by providing open channels of communication and ensuring that a sufficient number of employees are maintained in the work setting.

On the other way around, job dissatisfaction is a primary two-way predictor of employees' quality of worklife and his/her intent to leave or quit in their current job (Shields & Ward, 2001). Reasons for dissatisfaction encompass to include lack of involvement in decision-making (Wilmshurst & Frost, 2001), poor relationship with management (Rhode, Sorensen & Lawler, 1977), low salaries and poor benefits (Foster, Lonial&Shastri, 2011), lack of job security (Doublin, 2015), poor recognition (Tamayo, 2015) and lack of flexibility in scheduling (Albaugh, 2003). Dissatisfaction has been also linked to emotional exhaustion and burnout, which can affect performance outcomes (Panaccio&Vandenberghe, 2012).

Mediating Effect of Job Satisfaction on Transformational Leadership and Quality of Worklife

Data was analyzed with linear regression method as input to the medgraph. In Table 6, the results of regression analyses are evidently displayed. Mediation analysis developed by Baron and Kenny (1986) is the mediating effect of a third variable in the relationship between two variables.

Table 6. Results of the Mediation Analysis via Baron-Kenny Approach

Step	Path	B	SE	β
Step 1	c	0.544	0.087	0.615
Step 2	a	0.337	0.108	0.364
Step 3	b	0.348	0.092	0.364
Step 4	c*	0.426	0.085	0.482

There are four steps to be met for a third variable to be acting as a mediator. In Table 6, these are categorized as Steps 1 to 4.

In Step 1, transformational leadership as the independent variable (IV) significantly predicts certified public accountants' quality of worklife, which is this study's dependent variable (DV).

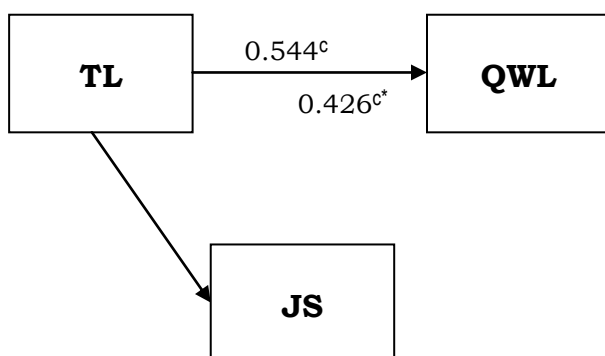
In step 2, transformational leadership significantly predicts job satisfaction, the mediator (M).

In step 3, job satisfaction significantly predicts quality of worklife of certified public accountants. Because the three steps (paths a, b and c) are significant, further mediation analysis through medgraph is warranted, involving the Sobel z test to assess the significance of mediation effect. If the effect of the independent variable on the dependent variable becomes non-significant at the final step of the analysis, full mediation will be achieved. It means all of the effects are mediated by the mediator variable. In addition, if the regression coefficient is substantially reduced at the final step but remains significant, only partial mediation is obtained, which implies that part of the independent variable (transformational leadership) is mediated by the mediator (job satisfaction) but other parts are either direct or mediated by other variables that are not included in the model.

In this case, as gleaned in step 4, the combined effect of transformational leadership on quality of worklife was found to be significant after mediated by job satisfaction. Therefore, partial mediation took place since the effect was found to remain significant at 0.05 level.

Furthermore, the result of the computation of mediating effect is shown in Figure 2. The Sobel test yielded a z-value of 2.410899 with a *p*-value of 0.015913, which is significant at 0.05 level. This means that the partial mediation accounted by job satisfaction on the relationship of transformational leadership and quality of worklife of certified public accountants is significant. In addition, the causal relationship between transformational leadership and quality of worklife has been reduced from a significant beta coefficient value of 0.544 to 0.426, which is still significant, at the inclusion of job satisfaction, the mediator variable.

Lastly, Figure 2 shows the results of the computation of the effect size in the mediation test conducted between the three variables. It seems that about 21.58 percent of the total effect of the independent variable on the dependent variable goes through the mediator variable, and about 68.42 percent of the total effect is either direct or mediated by other variables not included in the model.



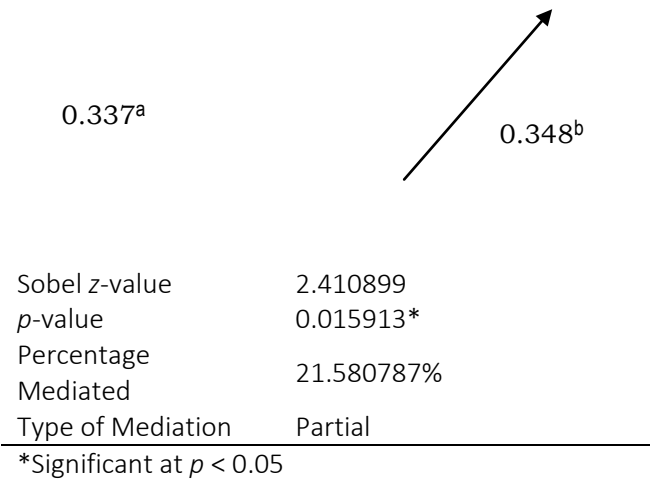


Figure 2. Medgraph Showing the Results of the Mediation Analysis of the Variables

CONCLUSIONS

The relationship between transformational leadership and quality of working relationship is found to be significant and positive linear relationship between the two variables, implying that an increase of transformational leadership results to an increase of quality of working relationships.

Moreover, the relationship between overall job satisfaction and quality of worklife indicates a significant and positive linear relationship between the two variables, implying that an increase of job satisfaction results to an increase of quality of working relationships.

Mediation analysis confirmed the partial mediation accounted by job satisfaction on the relationship of transformational leadership and quality of worklife of certified public accountants is significant. In addition, the causal relationship between transformational leadership and quality of worklife has been reduced, which is still significant, at the inclusion of job satisfaction, the mediator variable.

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