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NEXUSES BETWEEN LEADERSHIP DYNAMICS & EMPLOYEES' ENGAGEMENT: MEDIATING ROLE OF SELF-EFFICACY

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KEYWORDS	ABSTRACT
<p>Despotic Leadership, Transformational Leadership, Employee Engagement, Self-Efficacy</p>	<p>The primary aim of this research is to investigate the effect of despotic and transformational leadership on employee engagement through mediating role of self-efficacy as the researchers used quantitative research methods. The population of this research includes managerial-level employees of the banking sector in Pakistan. The sample-size of the current study was 350 managerial-level employees working in the conventional banks in Pakistan. The researcher used a questionnaire to collect data from respondents. The findings indicated that despotic leadership has a significant and negative effect on employee engagement. Furthermore, the findings indicated that transformational leadership has significant and positive effect on employee engagement. Moreover, the self-efficacy mediates the relationship between despotic leadership & employee engagement. Lastly, self-efficacy mediates relationship amid transformational leadership and employee engagement. The findings of study are consistent with the findings of previous research and have implications for managers and other relevant stakeholders along with certain clues for future researchers for revisiting the research issues in different contexts.</p>
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INTRODUCTION

According to social cognitive theory, the individuals' feels he can perform the tasks and get the expected results at work. The relationship of motivation and performance has the potential to motivate individuals (Jabeen & Rahim, 2021). So, in this circumstance, function of leadership cannot be overlooked while chasing different objectives (Dina & Tjahjono, 2023). In any case, leaders not only motivate but provide the necessary fortitude to address concern and problems in impending professional assignments. The self-actualization and personal self-contribution to

learning result in the higher position in all fields and employment positions. According to [Madi Odeh, Obeidat, aradat, Masadeh and Alshurideh \(2023\)](#), The service sector has the distinction of being the largest and fastest growing industry on the global basis. The level of knowledge of banking professionals is directly proportionate to the industry's overall efficiency. The human resources are widely recognized as important in business because of the critical role they play in efficiently attaining the corporate goals and objectives, which is dependent on their effective management ([Wiyanto, Ratnaningsih & Suratini, 2024](#)). The employee engagement is important factor that includes multiple components, including well-being, motivation, and has significant impact on both the individuals inside the firm and the overall business success ([Chua & Ayoko, 2021](#)).

Individuals that exhibit active involvement in their professional pursuits not only exhibit a high level of attention towards duties that they are assigned, but they also serve as role models for others to want to be like. This is according to academic research ([Chen & Peng, 2021](#)). Purpose of enhancing employee engagement has become the significant priority for companies globally, extending beyond the banking sector, as the service industry has shown its capacity to drive the enterprises towards greater levels of achievement ([Afsar et al., 2018](#)). Despite the extensive body of the research published on the many factors that impact the employee engagement, the persistent problem of low engagement remains a major challenge for organizations worldwide ([Nauman, Fatima & Haq, 2018](#)). Thus, the state of the global workplace study reveals that the substantial number, namely 80 percent, of workers worldwide demonstrate disengagement or active disengagement in their professional pursuits. In contrast, according to [Gallup \(2022\)](#), a mere 20 percent of individual's exhibit active involvement in their employment ([Albrecht et al., 2015; Wiyanto et al., 2024](#)). The current investigation highlights the relatively lower degree of employee engagement in Pakistan (10 percent) compared to the neighboring countries in South Asia, such as India (25 percent), Sri Lanka (27 percent), Nepal (30 percent), and Bangladesh (37 percent).

[Jindal and Shaikh \(2010\)](#) propose that individuals who are disengaged tend to have deficiency in their dedication to their duties, leading to inadequate work performances. As per [Edwards \(2018\)](#), previous scholarly investigations of employee behavior indicate that occurrences of the inadequate performance and behavioral issues are often associated with a lack of involvement in job-related tasks. The enduring presence of low levels of employee engagement is somewhat unexpected, given the widely recognized significance of employee engagement in enhancing an organization's competitive edge and overall success. It is crucial to have a comprehensive grasp of the elements and processes that influence engagement in organizational settings to enhance the employee engagement levels ([Kundu & Lata, 2017](#))([Wiyanto et al., 2024](#)). The leadership literature lacks the comprehensive framework that incorporates both the positive and negative leadership philosophies to assess employee engagement in the workplace. This is a significant theoretical developments. The study significantly contributes to the existing knowledge in this topic in three primary ways. The research aims to show relationship between transformative and dictatorial leadership styles and how they influence the employees' engagement and work satisfaction.

The current research expands the existing research on positive leadership styles in the banking industry by recognizing and filling this gap. Moreover, it emphasizes the lack of empirical study on leader abilities to induce pain in team members. Research by [Clercq et al. \(2018\)](#) concluded

that leadership styles in the banking business of Pakistan are continuously evolving. The study highlights the need of doing empirical research in chosen setting, aligning with the conclusions of other researchers (Nauman et al., 2021). The results of study possess the capacity to foster positive alterations inside conventional banking institutions. The results of this study have the potential to facilitate development of tailored interventions and strategies aimed at enhancing leadership practices. This is achieved by shedding light on intricate connections amid employee engagement and various leadership styles. Moreover, the acknowledgment of the moderating influence of perceived organizational support & mediating influence of self-efficacy introduces additional levels of intricacy to our comprehension of these associations and offers the more comprehensive framework for understanding and addressing concerns within organizational framework.

LITERATURE REVIEW

Transformational Leadership & Employee's Engagement

Transformational leadership is portrayed by its impacts that include, among others, developing respect and pride, respecting the workers' loyalty and collectivity, understanding the workers' needs, and shifting motivation from egoism towards harmony. A transformational leader is an individual who can change people's mindsets to make them work towards the objectives of the firm. They could be influential enough to inspire and motivate workers to reach organizational goals, which might mean doing more than the routine job tasks. This leader does it by being an example others will follow (Mishra, Dashora & Dubey, 2023). Additionally, the previous studies have examined the behavior of transformative leadership and its influence on level of employee engagement. In this regard, the previous research shown that transformative leadership has a substantial impact on work engagement. A transformational leader can promote the employee engagement by cultivating positive behaviors and attitudes toward work among subordinates, as well as supporting their self-confidence in achieving the challenging goals and vision (Shang, 2023).

Transformational leadership behaviors effectively inspire employee engagement by providing a clear vision that enables workers to internalize the organization's objectives and see the value of their efforts in accomplishing this. Consequently, the workers are likely to become motivated and committed due to their confidence in the correlation between their actions and the future success of their firm. Intellectual stimulation entails leaders encouraging people to involve in critical analysis of the conditions and provide innovative solutions to organizational challenges (Thisera, 2018). The behavior of such leaders may impact not just how workers see their job as more demanding, but their feeling of autonomy in work environment as employees are granted freedom to address issues using innovative approaches. When workers perceive higher level of challenge and autonomy, it may stimulate their intrinsic motivation and perhaps lead to higher employee engagement (Diko & Saxena, 2023). Based upon above discussion, it is hypothesized that:

H1: Transformational leadership has significant positive effect on employee's engagement

Despotic Leadership & Employees Engagement

Despotic leadership is characterized by an authoritarian attitude and the exertion of personal control, mostly for the leader's own benefit, but exploiting others and seeking personal glory. Tyrannical rulers exhibit hegemonic tendencies, displaying a spiteful and domineering nature.

The employees experience decline in respect, faith, and pride towards their organization when they perceive their leader to be manipulating them for personal gain or when their interactions with leader are characterized by unfairness (Jabeen & Abd Rahim, 2021). Consequently, their motivation to connect with the leader/organization is reduced, leading to decreased workplace engagement. The authoritarian leadership, which triggers a physiological stress reaction and is viewed as creating a dangerous workplace, redirects an individual's attention away from their work toward self-protection, thus reducing employee engagement. According to recent research in the service sector, the persons who experience the abusive behaviors are more prone to work dissatisfaction.

Furthermore, those who experience hostile treatment from their superiors often experience a significant increase in despair and reduced feeling of belonging in job (Mukarram & Hussain, 2021). Multiple studies have shown beneficial impact of employee engagement on enhancing both individual workers and overall company performance. Studies indicate that cultivating a dedicated and involved staff may provide several benefits for a business, such as the reduced attrition rates and improved organizational performance. Additionally, as stated by Chartered Institute of Personnel Development (CIP, 2006), individuals who are involved in their job have a greater sense of equilibrium between their personal and professional life. Bakker et al. (2008) suggested that prioritizing employee engagement may benefit both people and enterprises by providing a competitive edge in a highly competitive environment. Nauman et al. (2018) found that the dysfunctional leadership diverts subordinates' focus from work to self-preservations, eventually reducing their level of engagement. In this drive, DL, by their immoral, aggrandizing and repressive behavior, function as a social stressor. Thus, the COR hypothesis suggests that individuals perceive risk when they face the possibility of losing or have already lost valuable resources.

Besides, people tend to be more aware of and affected by resource loss compared to resource gain. The depletion of resource in one domain often leads to a corresponding reduction of that resource in another domain. Zeb et al. (2022) posits that people possess a finite reservoir of energy and time. When confronted with aggressive events, such as the tyrannical actions of leaders, people use more energy and focus in order to deal with issue, resulting in a depletion of their energy reserves. In addition, when comparing resource gains against resource losses, the latter are more apparent. Any decrease in the energy resources might potentially lead to more resource depletion (Wiguna et al., 2023). Henceforward, people whose primary energy reserves have been exhausted (due to burnout) in the workplace, particularly as a result of unethical and self-serving actions by leaders, may experience a decline in their commitment to work and struggle to achieve high levels of task performance. In this connection, the degree to which workers see their boss as trustworthy and fair in their treatment of employees may significantly impact employee engagement (Abolnasser et al., 2023). Thus, our work presents the following hypothesis:

H2: The despotic leadership has significant negative effect on the employee's engagement.

Self-Efficacy, Transformational Leadership & Employee's Engagement

According to research, self-efficacy has been linked to several factors related to employment outcomes. The employees with a strong feeling of self-efficacy demonstrate diligent effort and enthusiasm towards their work, making them less likely to consider changing professions. Only limited number of research have investigated the function of self-efficacy as mediator between

two variables (Prochazka et al., 2017). Research conducted by Judeh and Abou-Moghli (2020) revealed a positive correlation between higher self-efficacy and favorable outcomes, including increased job satisfaction and enhanced work performance. In this linking, regarding the role of self-efficacy mediation, transformational leaders can enhance the self-efficacy levels of their followers by displaying positive attitudes & behaviors, such as idealized influence, inspirational motivation, intellectual stimulation and individualized considerations that are measured main determinants.

The followers regard leader attitudes and actions as crucial towards their self-efficacy and staff engagement. The present research investigates how self-efficacy acts as mediator in connection between transformative leadership and employee engagement. The efficacy has a crucial role in influencing the level of effort individuals will put into an activity and their ability to adapt in challenging circumstances. Employees that possess high levels of self-efficacy are more likely to contribute to the learning process and actively participate with colleagues, as they have greater sense of confidence in their own talents (Dina & Tjahjono, 2023). Extensive evidence exists to support notion that favorable social interactions among colleagues have strong correlation with the desire to remain in the job and are considered advantageous for the organization (Salanova et al., 2011). Asad et al. (2021) conducted mediation studies using the bootstrapping approach to examine links amid each component of transformational leadership, perceived self-efficacy, and sales performance. Results indicated that perceived self-efficacy had a mediating role in these interaction. TRL is anticipated to impact workers' self-efficacy hence altering their level of engagement.

H4: There is a significant Mediating role of self-efficacy between TRL & employee engagement.

RESEARCH METHODOLOGY

A quantitative research approach involves collection and analysis of numerical data to answer research questions/test hypotheses (Jamieson et al., 2023). In this study quantitative research approach is adopted, where a positivist research philosophy is used to examine the observed variables in Pakistani setting. Research population consisted of banking sector in Pakistan and study consisted of 300 employees at managerial levels in Lahore. Lahore was preferably picked out as the prominent economic and industrial hub of Pakistan because it has a wide range of banking industry belonging to different industries, giving an idea of economic scenario of the whole country. Lahore strategic position controls that conclusions drawn from city can serve as a reference to its neighboring banking sectors across the country. The richness of industrial context of Lahore gives our research an ability to identify intricate interactions amid observed variables.

A random sampling strategy is a probability sampling technique which was used to ensure that the selected individuals demonstrate appropriate diversity (Wu et al., 2023). Data collection was mainly done by online survey, which was meant to find out desired data from respondents. The survey questionnaire was used to collect response from participants. Further, the survey incorporates the questions about the observed variables and demographic variables. The choice of 300 managerial-level employees who were the representatives of banking institutions and were believed to be able to provide the multifaceted views and robust data for analysis was the most important. The researcher adopted questions from reliable literature sources (Song et al., 2022). In order to analyze the data, Partial Least Squares Structural Equation Modeling (PLS

-SEM) was used. It is a technique that allows to examine a models' relationships, which makes it good method of choice for the research's focus on the complex interaction between observed variables.

RESULTS OF STUDY

Measurement Model

The findings of the reliability analysis for the major research constructs are shown in Table 4.1. The measuring scales' internal consistency and reliability are shown by values of AVE, rho_A, Cronbach's Alpha, Composite Reliability, and AVE. The constructions have strong reliability overall, with AVE values ranging from 0.5083 to 0.5161, Composite Reliability values ranging from 0.8171 to 0.8802, and Rho_A values ranging from 0.7379 to 0.9073. According to these findings, assessment instruments for despotic leadership, employees engagement, self-efficacy and TRL are valid and consistent, which sets a strong basis for the study statistical analysis that follows.

Table 1
Reliability Analysis

	CA	RHO_A	CR	AVE
Despotic Leadership	0.7401	0.7379	0.8171	0.5067
Employees Engagement	0.7656	0.765	0.8245	0.5155
Self-Efficacy	0.8508	0.9073	0.8802	0.5051
Transformational Leadership	0.7552	0.7811	0.8309	0.5083

Factor Analysis

The factor loadings from a factor analysis are shown in table. The factor analysis attempts to evaluate correlations amid variables despotic leadership, employees engagement, self-efficacy and transformational leadership. The strength of these associations is shown by the numbers. Interestingly, all eight variables (DL1 over DL7) for despotic leadership (FI) have significant loadings, indicating a strong correlation within this construct. Similarly, there is a substantial factor loading for each of the five variables (EE1 through EEg) of the employees' engagement, while the other factors related to self-efficacy (SE) show a strong correlation with the relevant concept.

Table 2
Factors Loading

	DSL	EEN	SLE	TRL
DL1	0.6457			
DL2	0.6437			
DL3	0.5845			
DL4	0.6127			
DL5	0.4562			
DL6	0.8411			
DL7	0.5597			
EE1		0.6496		

EE2	0.5926
EE3	0.6717
EE4	0.6131
EE5	0.5645
EE6	0.4961
EE7	0.5892
EE8	0.6134
EE9	0.4698

Table 2A
Factors Loading

	DSL	EEN	SLE	TRL
SE1			0.6852	
SE2			0.7066	
SE3			0.7009	
SE4			0.6949	
SE5			0.5842	
SE6			0.8954	
SE7			0.4857	
SE8			0.7476	
TL1				0.581
TL2				0.7133
TL3				0.4388
TL4				0.7821
TL5				0.7748
TL6				0.7061

Structural Equational Model (Hypothesis Testing)

Structural equation model conducted within this study aimed to evaluate direct, mediating, and moderating effects of leadership (despotic & transformational) on employee engagement, specifically considering self-efficacy as a mediating factor. The direct effects showcased notable findings: despotic leadership had negative impact upon employee engagement & self-efficacy, while transformational leadership demonstrated a significantly positive relationship with these variables. The study also revealed that self-efficacy partially mediated the relationship between both the despotic and transformational leadership styles and employee engagement, indicating that self-efficacy plays a role in influencing employee engagement within context of leadership behaviors.

Table 3
Structural Equational Model

	OS	SM	SD	TS	PV
Direct Effect					
Despotic Leadership -> Employees Engagement	-0.1158	-0.106	0.0408	2.8387	0.0048

Transformational Leadership -> Employees Engagement	0.2812	0.279	0.0358	7.8647	0.000
Despotic Leadership -> Self-Efficacy	-0.517	-0.5147	0.0358	14.4378	0.000
TRL -> Self-Efficacy	0.3701	0.373	0.0292	12.6955	0.000
Self-Efficacy -> Employees Engagement	0.1336	0.1381	0.0378	3.5324	0.0005
Mediating Effect (Self-Efficacy)					
Despotic Leadership -> Self-Efficacy -> Employees Engagement	0.0691	0.0707	0.0184	3.75	0.0002
TRL -> Self-Efficacy -> Employees Engagement	0.0495	0.0516	0.0153	3.228	0.0014

DISCUSSION & CONCLUSION

This study used the structural equation model to examine the relationship between leadership styles, employee engagement and self-efficacy. Direct effects revealed significant relationships: despotic leadership exerted all sorts of negative influences on employee engagement levels. The findings of current research is in line with the findings of previous researches (Wiguna et al., 2023). On contrary, transformational leadership has demonstrated strong positive association with employee engagement. The findings of the current research is in line with the findings of previous researches (Mukarram & Hussain, 2021). Lastly, researcher findings indicated that self-efficacy has a significant and positive association with observed variables. The findings of current research is in line with the findings of the previous researches (Shang, 2023). This illustrates the impact a leader's behavior has on the employee's key outcomes. Additional the research on the intervening factors revealed that the self-efficacy played a partial role in the relationships between the despotic and transformational leadership styles as well as employee engagement.

It follows that confidence the employees have in their ability to undertake tasks might provide a link between leadership approaches and their level of engagement. These findings highlight the complexity of self-efficacy as a mediating factor in relation to leadership styles that result in employee engagement. The findings of current research are in line with the findings of previous research (Jabeen & Abd Rahim, 2021). It has been established via our research that there is a substantial connection between the dynamics of leadership and level of employee engagement. There is a correlation between effective leadership conduct, such as offering assistance and clear direction, and increased levels of involvement. In this linking, the high degree of desired participation and actions that are supportive and empowering are attributes that the leaders cultivate. Taking into account the social cognitive idea that self-efficacy influences the behavior and motivation, this conclusion is consistent with the theory. This study's practical significance is multifaceted and far-reaching in terms of theoretical & practical contribution in organizational contexts.

This finding calls for organizations to realize great importance of positive and transformational leadership culture that evades despotic leadership. However, another perspective of this study is that the linkage between transformational leadership and employee engagement shows that organizations ought to come up with transformational leadership development programs that teach and promote transformative leadership skills. Furthermore, realization that self-efficacy is the underlying variable in association between leadership styles and employee engagement

reinforces importance of employee self-confidence development. In this linking, organizations can design and implement required interventions to increase employee self-efficacy, thereby contributing to higher engagement levels. Thus, these findings are not only informative to the knowledge base but also useful for the top management in formulating the optimal leadership strategies that lead to employees' engagement. Therefore, whether researchers will focus on the mechanisms through which mediation occurs or provide a more nuanced understanding of the intricate dynamics of the leadership and employee outcomes remains to be seen in the next studies.

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