

A Partial Least Squares Approach to the Leadership Styles, Organizational Culture, and Employees' Productivity: A Case of Pakistan Banking Industry

Saeeda Rehman, Institute of Management Sciences, University of Science and Technology, Bannu, Pakistan

Muhammad Zahid, City University of Science and Information Technology, Peshawar, Pakistan

Haseeb Ur Rahman, Institute of Management Sciences, University of Science and Technology, Bannu, Pakistan

Muhammad Nauman Habib, City University of Science and Information Technology, Peshawar, Pakistan

ABSTRACT

This study aimed to investigate the relationship between various leadership styles and employees' productivity in the banking industry of Pakistan. The study employed partial least squares (PLS) to a set of data collected through questionnaire from the employees of banks operating in Peshawar, Khyber-Pakhtunkhwa (KP), Pakistan. The findings revealed a significant positive association between transformational leadership and employees' productivity. The authoritarian leadership was found insignificantly negative while a transactional leadership style accounted for an insignificant positive association with employees' productivity. Also, the findings confirmed that organizational culture has a significantly positive role in enhancing employees' productivity in the banking industry of Pakistan. The findings are useful for managers, regulators, policymakers, and employees of the banking industry in Pakistan. Also, the findings enrich the previous limited and incongruent literature in the area.

KEYWORDS

Employees Productivity, KP Pakistan, Leadership Styles, Organization Culture

INTRODUCTION

The topic of leadership is of great interest for individuals, organisations and public since long (Asrar-ul-Haq & Kuchinke, 2016; Ekpe, Mat, & Adelaiye, 2017; Rahimi, Khezri, & Niknafs, 2016; Rowden, 2000). The previous literature mostly focused how the leadership influences the lives of individuals in societies, organisations, and business markets (Ekpe et al., 2017; Jamaludin, 2011; Lievens, Geit, & Coetsier, 1997; Mintzberg, 2010). Specific to business, organisations are under tremendous pressure to achieve their goals and objectives particularly by improving their performance. This brought the leaders into the limelight as they are the individuals who have the ability to drive organisations towards success and survival by improving coordination and communication among subordinates (Bono & Judge, 2004; Jamaludin, 2011; Lievens et al., 1997; Mintzberg, 2010; Rowden, 2000; Voon, Lo, Ngui, & Ayob, 2011). The good leaders are believed to achieve organisational goals and tasks by improving employees' productivity (Jamaludin, 2011; Lievens et al., 1997; Mintzberg, 2010; Rowden, 2000). Judge and Piccolo (2004) argued that it is the style of leadership that influence behaviour of subordinates in affecting their productivity. The style of leaders is affected by numerous influential

DOI: 10.4018/IJABIM.2019010104

factors related to leaders, organisations and subordinates. For instance, the leadership style has a great dependence on education, age, attitude, culture, exposure, maturity and cognitive abilities among others of the leaders and subordinates. Also, the leadership style is affected by the environment, culture, structure, and overall setting and nature of business of the organisation. Accordingly, the leadership style may differ from leader to leader and organisation to organisation (Chen, 2004). Therefore, there is a need of independent and separate investigations regarding the relationship between leadership styles and employees' productivity in different countries and even industries of a specific country. Most of the previous literature investigated the relationship in the manufacturing sector of the developed countries. Therefore, there is a dearth of research in the area in relation to service sector and developing countries. Accordingly, this study investigates the relationship between leadership styles and employees' productivity in a less explored sector of the banking industry of a developing country like Pakistan (Asrar-ul-Haq & Kuchinke, 2016). The study has significance in the current scenario of banking industry where the turnover ratio is increasing day by day with employers' struggle for maximizing the productivity of employees. The data of the study is primary and collected through structured questionnaires from the employees of the banking industry in KP (Pakistan).

LITERATURE REVIEW

This section synthesises the previous literature regarding the relationship between leadership styles and employees' productivity. Before explaining the relationship, this section first explains various styles of leadership and employees' productivity.

Leadership Styles

The degree of authority exercised by individual determines the style of leadership. The exercise of authority from an individual greatly depends on his/her knowledge, experience, maturity, attitude, behaviour, personality, communication, and overall approach. Thus, there are as many leadership styles as many organisations we have (Asrar-ul-Haq & Kuchinke, 2016; Chen, 2004; Ekpe et al., 2017; Voon et al., 2011). However, the following section explains some prominent leadership styles identified by the previous literature.

Authoritarian Leadership

The autocratic leadership exerts absolute powers over the subordinates. The leadership does not listen to the suggestions of their subordinates even if these are for the betterment of the organisation. Subsequently, the leadership style causes absenteeism and high turnover in organisations. However, the style is effective particularly in routine and unskilled jobs (Chen, 2004; Yahaya, Osman, Mohammed, Gibrilla, & Issah, 2014).

Transactional Leadership

The transactional leadership assumes that subordinates or employees have to follow their leaders for the remuneration they receive (Yahaya et al., 2014). Therefore, these leaders always motivate subordinates by highlighting their interests to them. The leadership style is effective in relation to short-term tasks, but not good for long term or creative work (Asrar-ul-Haq & Kuchinke, 2016; Rahimi et al., 2016; Yahaya et al., 2014).

Transformational leadership

The leadership inspires and grooms employees by sharing their knowledge and vision. Also, it builds a relationship of learning and understanding with employees regarding future challenges and threats which improve their visions and problem-solving approach (Asrar-ul-Haq & Kuchinke, 2016; Kranenburg, 2013; Rahimi et al., 2016).

8 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the product's webpage:

www.igi-global.com/article/a-partial-least-squares-approach-to-the-leadership-styles-organizational-culture-and-employees-productivity/216919?camid=4v1

This title is available in InfoSci-Journals, InfoSci-Journal Disciplines Business, Administration, and Management, InfoSci-Digital Marketing, E-Business, and E-Services eJournal Collection. Recommend this product to your librarian:

www.igi-global.com/e-resources/library-recommendation/?id=2

Related Content

Using a Hybrid System Composed of Neural Networks and Genetic Algorithms for Financial Forecasting

Mihaela Dumitrescu (2015). *Asian Business and Management Practices: Trends and Global Considerations* (pp. 55-62).

www.igi-global.com/chapter/using-a-hybrid-system-composed-of-neural-networks-and-genetic-algorithms-for-financial-forecasting/116575?camid=4v1a

Study on Chinese Low Carbon Economic Model

Huifeng Li and Xiaofang Wang (2010). *International Journal of Asian Business and Information Management* (pp. 57-64).

www.igi-global.com/article/study-chinese-low-carbon-economic/49555?camid=4v1a

Rule of Law: A Fundamental Pillar Enabling Sustainable Development and Reduction of Poverty in India

Gopala Anjinappa (2015). *International Journal of Asian Business and Information Management* (pp. 38-50).

www.igi-global.com/article/rule-of-law/126471?camid=4v1a

Internet Marketing and SMEs

Daniel John Doiron (2010). *E-Commerce Adoption and Small Business in the Global Marketplace: Tools for Optimization* (pp. 116-138).

www.igi-global.com/chapter/internet-marketing-smes/40619?camid=4v1a