Leadership Styles, Organizational Culture and Employees’ Productivity: Fresh Evidence from Private Banks of Khyber-Pakhtunkhwa, Pakistan

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

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

Muhammad Zahid  
Assistant Professor, City University of Science & Information Technology, Peshawar, KP, Pakistan

Muhammad Asif  
Assistant Professor, City University of Science & Information Technology, Peshawar, KP, Pakistan

Abstract
This study aims to investigate the impact of leadership styles and organizational culture on employees’ productivity. The population of the study was employees of private banks operating in Khyber Pakhtunkhwa (KP), Pakistan. However, as the exact population was unknown or not available, hence the study determined a sample size of 200 respondents through G*power software. Accordingly, the study distributed two hundred and fifty (250) self-administered questionnaires on the basis of convenient sampling as advised by Zikmund, (2003). The questionnaire mainly composed of three constructs i.e. the leadership style, organizational culture and employees’ productivity adapted from Bass et al., (2003) and Brewer and Selden, (2000). Out of the distributed questionnaires, only one hundred and eighty-three (183) completely filled questionnaires are collected. By using Smart Partial Least Squares (PLS), the analysis of collected data revealed that neither autocratic nor democratic style of leadership has a significant positive association with employees’ productivity. Likewise, organizational culture also proved to be an ineffective driver for pronouncing employees’ productivity. However, the findings evidence that laissez-fair, transactional and transformational leadership styles have a significant positive relationship with employees’ productivity. Overall, the findings show that leadership style has a pivotal role in increasing employees’ productivity. Besides contributing to the scarce and incongruent prior literature, the current study also provides important insights for the regulators, policymakers, State Bank of Pakistan, private commercial banks and other key stakeholders in the banking industry of Pakistan.

Keywords: Leadership Styles, Employees’ Productivity, Organizational Culture, Private Banks, Khyber Pakhtunkhwa (KP), Pakistan.

Organizations are under tremendous pressure for achieving their goals and objectives (Aunga and Masare 2017; Khan and Nawaz 2016; Mekpor and Dartey-Baah 2017; Solomon 2016). The cut-throat competition also forces the organizations to ensure their survival in the market (Chandra and Priyono 2016; Jenica 2016; Mekpor and Dartey-Baah 2017; Solomon 2016). These, in turn, brought the leaders and their styles, among others, into the limelight as they are the individuals who have a pivotal role in the success and survival of organizations (Aunga and Masare 2017; Jamaludin 2011; Lievens, Geit, and Coetsier 1997; Mekpor and Dartey-Baah 2017; Mintzberg 2010; Rowden 2000; Stogdill 1974; Zakaria, Farea, and Al-hodjany 2017). The leaders or their styles have focused as these determine employees’ behavior that has a direct association with firms’ performance through their productivity (Mekpor and Dartey-Baah 2017; Suwuh 2015). An effective or successful style of leadership is believed to achieve organizational goals and tasks by improving employees’ productivity (Jamaludin 2011; Lievens et al. 1997; Mintzberg 2010; Rasool et al. 2015; Rowden 2000).

The degree of authority exercised by the leaders determines the style of leadership. The traits, knowledge, experience, maturity, attitude, behavior, personality, communication, overall approach and many other characteristics of a leader influence the use or abuse of authority (Jenica 2016; suwuh 2015). Simply, the leadership style is shaped up by the characteristics and personalities of individuals (both the leaders and subordinates), along with culture, environment, goals and objectives of an organization (Chen 2004; Voon et al. 2011; Aunga and Masare 2017; Khan and Nawaz 2016). In view of this, there could be as many leadership styles as organizations. However, broadly the leadership styles can be classified into autocratic, democratic, laissez-fair, transactional and transformational. But, the prior literature is yet to conclude which of these styles is the more effective in regard to employees’ productivity. It might be owing to the fact that leadership style is a context-dependent subject that vary
from leader to leader, organization to organization, region to region, and time to time (Abba, Anumaka, and Gaite 2016; Aunga and Masare 2017; Chen 2004; Voon et al. 2011). Accordingly, this study investigates the relation of leadership styles i.e. autocratic, democratic, laissez-faire, transactional and transformational with employees’ productivity in the private banks operating in KP, Pakistan. Being an important element in the relationship, the study also controls for organizational culture. The study has a significant contribution as most of the previous literature focused on the relationship between leadership styles and employees’ productivity in the manufacturing sector of the developed countries (Jenica 2016; Mekpor and Dartey-Baah 2017; Mwongeli and Juma 2016; Solomon 2016).

It is found that leadership style does affect employees’ productivity by causing 23% variance in the organizational output (Ojokuku et al. 2012; Rahimi, et al. 2016). However, there is no consensus that which specific or single leadership style is good or not in relation to employees’ productivity (Chandra and Priyono 2016; Paracha et al. 2012). Among others, this probably owing to mixed and incongruent findings of the previous studies. Besides methodological differences, the incongruence in findings of these studies might also be an outcome of the fact that these studies are highly context-dependent and thus the derived conclusions vary from organization to organization, industry to industry and region to region (Mekpor and Dartey-Baah 2017; Ojo 2009). Furthermore, the limited literature has paid attention to the relationship between leadership styles and employees’ productivity in the banking industry of a developing country like Pakistan. The prior limited and incongruent literature that focused on the banking industry in Pakistan has mostly focused on the banks located in Punjab province of Pakistan. The inconclusive results of a context-dependent relationship and absence of investigation in the banks located in Khyber Pakhtunkhwa necessitate further investigation and motivation for the current study. Hence, this study aims to investigate the impact of leadership styles and organizational culture on employees’ productivity in the private commercial banks located in KP, Pakistan. The objectives of the study are: to investigate the impact of autocratic, democratic, laissez-faire, transactional and transformational leadership styles on employees’ productivity in the private banks of KP, Pakistan and to investigate the role of organizational culture in regard to employees’ productivity in the private banks of KP, Pakistan.

Based on the above-mentioned objectives, this study establishes the following questions for investigation: What is the impact of autocratic, democratic, laissez-faire, transactional and transformational leadership styles on employees’ productivity in the private banks of KP, Pakistan? What is the role of organizational culture in relation to employees’ productivity in the private banks of KP, Pakistan?

**Literature Review**

**Autocratic Leadership Style**

The autocratic leadership style pays less attention to the employees or their welfare (Zakaria et al. 2017) by focusing on performance with a belief that exercising power increases employees’ productivity (Handoyo, Hamid, and Iqbal 2015; Jenica 2016; Mullins 1999; Rasool et al. 2015; Warrick 1981). The autocratic leaders individually exercise all the decision-making powers by establishing policies and procedures for accomplishing organizational goals with a flow of power and direction from the top to bottom (Likert 1961). The autocratic style of leadership is a formal and centralized system (Rasool et al. 2015; Warrick 1981) that justifies itself by arguing that the delegation of authority and participation of subordinates in planning and monitoring jeopardize the survival of the firms (Abba et al. 2016; Mullins 1999; Warrick 1981). The style is characterized by the dissatisfaction and low level of commitment and loyalty of employees which lead to their resignations (Abba et al. 2016; Gustaininis 2004; Warrick 1981).

**Democratic Leadership Style**

The democratic style of leadership concentrates more on employees by increasing their participation in setting goals, solving problems and building teams (Chandra and Priyono 2016; Luthar 1996; Rasool et al. 2015; Wilson et al. 1994). The style believes in the participation and feedback of the employees due to their direct involvement and proximity to various functions and operations of the firm. The decision-making is highly decentralized and flexible in this style of leadership (Bass 1985; Bass and Stogdill 1990) that not only improve transparency in the planning and establishing goals but also increase the sense of responsibility, commitment, motivation and satisfaction of employees. Punishment is the last and rarely used option of the democratic leadership style (Handoyo et al. 2015; Mekpor and Dartey-Baah 2017).
Laissez-faire Leadership Style

“Laissez-faire” is a French word meaning “leave it” (Chandra and Priyono 2016; Khan and Nawaz 2016; Ronald 2011; Zakaria et al. 2017). As the name implies, the laissez-faire style of leadership believes in leaving the employees free (Bradford and Lippitt 1945; Chaudhry and Javed 2012; Lewin, Lippitt, and White 1939; Mekpor and Darrey-Baah 2017). Accordingly, the style delegates authority to the employees for making decisions and establishing objectives. The style gets the feedback from employees once they accomplished the task. Among others, this facilitates both the individuals and firms in making routine decisions with saving time, energy and process (Chaudhry and Javed 2012; Zakaria et al. 2017). However, as individuals are not similar and alike in their intelligence, competence, education and other traits, therefore; it is not necessary that each employee will be good in decision making or setting goals and objectives as the laissez-faire leadership style does believe. Thus, in such circumstances, the laissez-faire leadership style not only affects the efficiency and productivity of employees but also endangers the survival of the firms (Advani and Abbas 2015; Aunga and Masare 2017; Bradford and Lippitt 1945; Chaudhry and Javed 2012; Eagly et al. 2003; Zakaria et al. 2017).

Transactional Leadership Style

The transactional leadership is based on the concept of a “transaction” where employees are supposed to follow their leaders by rendering services for the remuneration (wages or salaries) they receive (Aunga and Masare 2017; Gilani, Cavico, and Mjtaba 2014; Mekpor and Darrey-Baah 2017; Rasool et al. 2015; Yahaya et al. 2014). The transactional leadership motivates employees for increasing their productivity and achieving higher standards or targets by announcing different incentives and satisfying their needs (Burns 1998; Hambley, Neill, and Kline 2007; Jenica 2016; Kranenburg 2013; Mekpor and Darrey-Baah 2017). The leadership style rewards employees if their performance is in accordance with the desired or established standards. Otherwise, the leadership takes disciplinary action or other corrective measures (Bass 2000; Rahimi, et al. 2016; Yahaya et al. 2014). The transactional leadership style believes that announcing incentives and punishments for employees work as motivational techniques for enhancing their productivity. Besides promoting merit and transparency, the transactional leadership also provides a continuous guidance for employees regarding their roles in the organization (Chandra and Priyono 2016; Kranenburg 2013; Solomon 2016; Sosik and Jung 2010; Zhu et al. 2012).

Transformational Leadership Style

Burns, (1978) argued that transformational leadership encourages subordinates by boosting their morale and motivation with an aim to achieve organizational goals. Transformational leadership establishes and announces organizational goals and objectives by forecasting future trends, challenges, issues and opportunities in an internal and external environment of the organization (Abanazhagan and Kotur 2014; Burns 1998; Solomon 2016; Suwuh 2015; Zervas and David 2013). The leadership style builds a relationship of learning and understanding with employees regarding future challenges and threats which improve their vision and problem-solving approach (Hambley et al. 2007; Khan and Nawaz 2016; Kranenburg 2013; Suwuh 2015). Also, the leadership supports and inspires employees through developing strong emotional ties and appreciating the work that increases their productivity (Abba et al. 2016; Kranenburg 2013; Mwongeli and Juma 2016). The leadership also grooms employees by sharing its vision, experience, and wisdom (Advani and Abbas 2015; Hambley et al. 2007; Handoyo et al. 2015; Kranenburg 2013).

Productivity

The success of organizations is measured by its productivity (Collis and Montgomery 1995; Solomon 2016; Zakaria et al. 2017). Productivity is the joint effort of the management and employees for improving the performance of every individual employee (Aunga and Masare 2017; Collis and Montgomery 1995; Corvellec 1995). It is the comparison of output against input of an individual or department in the organization. The output is the quantity or volume of goods and services produced with an acceptable quality or in accordance with the established standards. Input, on the other hand, is the cost of labor, material, utilities, and machines employed in the process of production (Aunga and Masare 2017; Cerro 2000; Ekpe et al. 2017; Mekpor and Darrey-Baah 2017; Rahimi, et al. 2016). In short, the efficiency of employees that contributes to the efficiency of an organization is employees’ productivity (Chandra and Priyono 2016; Noe 1996; Rahimi, et al. 2016).

Leadership Styles and Employees’ Productivity

Empirically, many studies investigated the relationship between leadership styles and employees’ productivity in different industries and countries around the world and produced
A study of 190 respondents from Peshawar Electric Supply Corporation (PESCO), National Bank of Pakistan (NBP) and Sui Northern Gas Pipeline Limited (SNGPL) revealed that transformational and transactional are the leadership styles having a significant positive relationship with employees’ performance in KP (Zeb et al. 2016). Similarly, in an interview-based study of 293 bank employees in Islamabad, Pakistan, transformational leadership found in a significant positive relationship with employees’ productivity (Riaz et al. 2016). It is found that both the transactional and transformational leadership styles have a significant positive association with employees’ productivity. However, the relationship is stronger in the case of the latter (Rasool et al. 2015) due to its close contact with employees, trust and decentralization (Khan and Nawaz 2016). In a study of 224 full-time employees in the banking sector of Pakistan, Asrar-ul-Haq and Kuchinke, (2016) documented that transformational leadership has a significant positive while laissez-faire style has a significant negative relationship with employees’ productivity. In a study of 230 employees of the five selected private banks located in four districts of the Punjab province in Pakistan, it is revealed that the sample banks are more inclined towards transactional instead of transformational leadership style (Javed, Jaffari, and Rahim 2014). Khan and Nawaz, (2016) conclude that transactional leadership style establishes a bond with employees regarding psychological and economic values. Also, they noted that the leadership is good in improving standards for employees’ productivity and decreasing conflicts.

Similar to Pakistan, the studies conducted in other countries of the world also produced mixed and inconclusive results. For instance, a study of Nigerian banks unveiled that democratic, autocratic, and Laissez-faire leadership styles have no significant association with employees’ performance (Puni, Ofei, and Okoe 2014). Singh, (2015) found that transactional leadership is a significant and positive predictor of increasing employees’ productivity in private banks of India. The study of 413 employees from 3 private and 3 foreign banks also revealed that transformational leadership has a significant positive relationship with employees’ productivity in foreign banks. Likewise, both the transformational and transactional leadership styles found in a significant positive association with the performance of employees and firms in Azerbaijan (Rahimi, Khezri, et al. 2016), Pakistan (Advani and Abbas 2015), Kenya (Anyango 2015), Jordan (Masa’deh, Obeidat, and Tarhini 2016) and Saudi Arabia (Zakaria et al. 2017). Whilst, laissez-faire style of leadership has no (Solomon 2016) and a significant negative impact on the employees’ productivity in Kenya (Anyango 2015) and Azerbaijan (Rahimi, Khezri, et al. 2016). Many studies also found that transformational leadership is more significant than the transactional leadership in relation with employees’ productivity (Abba et al. 2016; Anyango 2015; Awino 2015; Jenica 2016; Mekpor and Dartey-Baah 2017; Mwongeli and Juma 2016; Zakaria et al. 2017). Solomon, (2016) found a weak but significant positive relationship of transformational and transactional leadership with employees’ productivity. The findings of a study revealed that transformational leadership style has an insignificant positive while transactional leadership has a significant positive effect on employees’ productivity. Also, the study advises to adopt transactional leadership style at the start and switch to transformational leadership style after gaining experience in the Nigerian context (Saasongu, 2015).

Aunga and Masare, (2017) found that democratic and transformational styles of headmasters improve employees’ performance. But autocratic and laissez-faire leadership styles have no significant relation to the performance of teachers. It is found that the autocratic, bureaucratic, charismatic and laissez-faire style of leadership has no or negative association with employees’ productivity in Nigerian banks (Abba et al. 2016; Mekpor and Dartey-Baah 2017; Ojokuku et al. 2012). A school-based study of 87 librarians in Nigeria revealed that democratic followed by bureaucratic and laissez-faire styles of leadership are effective but autocratic leadership has no significant relation to employees’ productivity (Akor 2014). A hotel-based survey of 105 respondents in Sri Lanka, revealed that subordinates are comfortable when managers involve them in the decision-making process that improves their performance (Karunathilake 2014).

To sum up, limited literature has focused on the relationship between leadership styles and employees’ productivity and produced mixed results in the past. These studies conducted in different
contexts around the world have also rarely focused on the banking industry of a developing country like Pakistan. Few studies which conducted in Pakistan carried out in the context of banks operating in Punjab and not KP. In view of these, there is a need for further investigation of the context-dependent relationship between leadership styles and employees’ productivity in the private banks operating in KP. Accordingly, this study establishes the following hypotheses for further investigation of the relationship.

H1: The autocratic style of leadership has a significant positive impact on employees’ productivity in the private banks of KP.
H2: The democratic style of leadership has a significant positive impact on employees’ productivity in the private banks of KP.
H3: The laissez-faire style of leadership has a significant positive impact on employees’ productivity in the private banks of KP.
H4: The transactional style of leadership has a significant positive impact on employees’ productivity in the private banks of KP.
H5: The transformational style of leadership has a significant positive impact on employees’ productivity in the private banks of KP.

Control Variable - Organizational Culture

Wallach, (1983) argued that “Organizational culture is the shared understanding of beliefs, values, norms, and philosophies of how things work”. The firms’ ability to perform in a manner that competitors cannot, is firms’ competitive advantage which can be achieved by creating a culture where employees believe in performance (Schein, 2004). Strong organizational culture improves employees’ productivity by motivating them towards achieving a common goal and objective (Schein, 1990; Voon et al., 2011). Many empirical studies found that organizational culture has a significant positive impact on employees’ productivity (Barney 1991; Mathew 2007; Ojo 2009). Therefore, this study controls the effect of organizational culture for an efficient estimation of the relationship between leadership styles and employees’ productivity.

H6: The organizational culture has a significant positive impact on employees’ productivity in the private banks of KP.

Conceptual Framework

![Conceptual Framework of the Study](image)

Research Methodology

Population, Sample and Instrument development

The population of the study is composed of the employees of private commercial banks operating in the province of KP, Pakistan. The study does not consider other types of banks like government and Islamic due to their different governance and organizational structure along with regulatory framework. As it was not easy to find the total population in this case, therefore, the study relied on previous literature that recommends the application of the G*Power software\(^1\) to calculate sample size for an unknown population. The software determined a sample size composed of 200

\(^1\) [http://www.gpower.hhu.de/](http://www.gpower.hhu.de/)
officials. The study employed convenient sampling that allows researchers to investigate the units or sample available most conveniently (Zikmund 2003). Following previous literature, the study adapted a self-administered questionnaire composed of three main constructs. These constructs including the leadership styles adapted from Bass et al., (2003) while organizational culture and employees’ productivity from Brewer and Selden, (2000). The data regarding leadership styles measured by MLQ-Form 5(X) evaluated on a 5 point scale ranging from 1 “strongly disagree” to 5 “strongly agree”. Likewise, the second and third construct of employees’ productivity and organizational culture are also measured in a similar fashion.

Following is research model of the study.

\[ EP = \beta_0 + \beta_1AUTL + \beta_2DEML + \beta_3LSF + \beta_4TRNSL + \beta_5TRSFL + \beta_6OC \ldots \ldots \epsilon \]

Where;
- \( EP \) = Employees’ productivity
- \( AUTL \) = Autocratic leadership style
- \( DEML \) = Democratic leadership style
- \( LSF \) = Laissez-Faire leadership style
- \( TRNSL \) = Transactional leadership style
- \( TRSFL \) = Transformational leadership style
- \( OC \) = Organizational culture
- \( \epsilon \) = Error term

**Data Collection and Analysis**

To avoid bias in the opinion of the respondents, the data in the study collected from individuals – bank employees having different ages, gender and education levels. Out of 250 distributed questionnaires, 183 returned that represents 73.2% response. The response might be low due to long busy hours, tensed and sensitive nature of the job and low academic interest of the respondents.

Table 1 reports the details of the respondents of the survey. Among 183 respondents, 96.7% represented male while only 3.3% accounted for female employees. The ratio of the male is higher than the female because of the male dominant society in Pakistan, particularly in the KP province. In regard to the educational background, it is found that 21.86.0% of the respondents were bachelor degree holders while 76.50% had their master degrees. The rest i.e. 1.64% of the respondents were those having MS or M.Phil. degrees. The statistics for the age of the respondents show that most of them were young. Table 1 evidence that 55.9% of the respondents fall in the age bracket of 26 to 30 years while 31.5% are those having age between 18 to 25 years respectively. This might have a plausible explanation that all private banks retired their senior officials due to their weak physical stamina and less acquaintance with the new technologies frequently used in the modern banking operations (Baloch, Zahid, and Naveed 2012; Zahid, Jehangir, and Shahzad 2012).

**Table 1: Demographic Profile of Respondents**

<table>
<thead>
<tr>
<th>Group</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>177</td>
<td>96.7</td>
</tr>
<tr>
<td>Female</td>
<td>06</td>
<td>3.3</td>
</tr>
<tr>
<td>Total</td>
<td>183</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Education Background</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor</td>
<td>40</td>
<td>21.86</td>
</tr>
<tr>
<td>Masters</td>
<td>140</td>
<td>76.50</td>
</tr>
<tr>
<td>M.Phil</td>
<td>03</td>
<td>1.64</td>
</tr>
<tr>
<td>Total</td>
<td>183</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Respondents Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-25</td>
<td>54</td>
<td>29.5</td>
</tr>
<tr>
<td>26-30</td>
<td>39</td>
<td>21.3</td>
</tr>
<tr>
<td>31-40</td>
<td>87</td>
<td>47.5</td>
</tr>
<tr>
<td>41-50</td>
<td>3</td>
<td>1.6</td>
</tr>
<tr>
<td>Total</td>
<td>183</td>
<td>100.0</td>
</tr>
</tbody>
</table>
After collecting data, the study applied Partial Least Squares (PLS), Structural Equation Modelling (PLS-SEM) using Smart PLS 3.2.4. PLS is a more robust choice with the fewest assumptions and unbiased estimation of the small sample size. It does not require a normal distribution or a substantial number of observations as an input data (Hair, Hult, Ringle 2014). To test hypotheses, this study used two techniques as recommended by the previous literature (Hair et al., 2014; Vinzi, Chin, Henseler and Wang, 2010). These techniques include assessment of measurement model and structural model. For testing the measurement model, the study applied convergent validity and discriminant validity tests. Convergent validity measures the correlation between constructs. Factor loadings, composite reliability (CR) and average variance extracted (AVE) represent measuring the convergent validity (Hair et al., 2014).

Table 2: Measurement Model Construct Reliability and Validity

<table>
<thead>
<tr>
<th>Items</th>
<th>Factor Loadings</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability (CR)</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autocratic Leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AutoLdrp3</td>
<td>0.992</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AutoLdrp4</td>
<td>0.704</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AutoLdrp5</td>
<td>0.415</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Democratic Leadership</td>
<td>0.900</td>
<td>0.916</td>
<td>0.649</td>
<td></td>
</tr>
<tr>
<td>DemtcLdp1</td>
<td>0.601</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DemtcLdp2</td>
<td>0.909</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DemtcLdp3</td>
<td>0.823</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DemtcLdp4</td>
<td>0.838</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DemtcLdp5</td>
<td>0.791</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>DemtcLdp6</td>
<td>0.836</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Laissez-fair Leadership</td>
<td>0.776</td>
<td>0.845</td>
<td>0.530</td>
<td></td>
</tr>
<tr>
<td>LaszFrLdp1</td>
<td>0.829</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>LaszFrLdp2</td>
<td>0.492</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LaszFrLdp3</td>
<td>0.888</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LaszFrLdp5</td>
<td>0.675</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LaszFrLdp6</td>
<td>0.692</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transactional Leadership</td>
<td>0.717</td>
<td>0.921</td>
<td>0.663</td>
<td></td>
</tr>
<tr>
<td>TrnlLdrp1</td>
<td>0.835</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>TrnlLdrp2</td>
<td>0.816</td>
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<tr>
<td>TrnlLdrp4</td>
<td>0.678</td>
<td></td>
<td></td>
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<tr>
<td>TrnlLdrp6</td>
<td>0.842</td>
<td></td>
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<tr>
<td>TrnlLdrp7</td>
<td>0.792</td>
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</tr>
<tr>
<td>Transformational Leadership</td>
<td>0.855</td>
<td>0.895</td>
<td>0.632</td>
<td></td>
</tr>
<tr>
<td>TmslLdrp2</td>
<td>0.621</td>
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<td></td>
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</tr>
<tr>
<td>TmslLdrp3</td>
<td>0.667</td>
<td></td>
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</tbody>
</table>
According to the literature, the benchmark for factor loadings is (>0.7) in regard to an individual item representing a construct. Similarly, composite reliability should be (>0.7) and AVE (>0.5) as standards. If the values for the measures are above the described cutoff values, then there is sufficient convergent validity (Hair et al., 2014; Vinzi et al., 2010). The results of the aforementioned measures reported in Table 2 show that all the values are above the cutoff values and thus the measurement model is appropriate for all the constructs.

Table 3: Fornell-Larcker Criterion

<table>
<thead>
<tr>
<th></th>
<th>Autocratic Leadership</th>
<th>Democratic Leadership</th>
<th>Laissez-fair Leadership</th>
<th>Transformational Leadership</th>
<th>Transactional Leadership</th>
<th>Organizational Culture</th>
<th>Employees’ Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autocratic Leadership</td>
<td>0.742</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Democratic Leadership</td>
<td></td>
<td>-0.194</td>
<td>0.805</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Laissez-fair Leadership</td>
<td>0.231</td>
<td>0.624</td>
<td>0.728</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>0.762</td>
<td>-0.037</td>
<td>0.438</td>
<td>0.814</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transactional Leadership</td>
<td>0.170</td>
<td>0.353</td>
<td>0.392</td>
<td>0.188</td>
<td>0.738</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>0.274</td>
<td>0.408</td>
<td>0.492</td>
<td>0.468</td>
<td>0.545</td>
<td>0.795</td>
<td></td>
</tr>
<tr>
<td>Employees’ Productivity</td>
<td>0.386</td>
<td>0.513</td>
<td>0.743</td>
<td>0.468</td>
<td>0.582</td>
<td>0.669</td>
<td>0.789</td>
</tr>
</tbody>
</table>

*Note: The square roots of AVE are shown diagonally in bold*
For the assessment of measurement model, the study used discriminant validity. Discriminant validity shows the degree to which a construct is different or distinct from its other counterparts (Hair et al., 2014). The criteria for assessing discriminant validity is that the values in diagonal should be greater than all other values in the respective row and column (Hair et al., 2014; Vinzi et al., 2010). Table 3 reports that all the diagonal values are greater than others and thus, the measurements have discriminant validity. Moreover, discriminant validity has also been proved with the HTMT 0.90 criterion as all the values reported in Table 4 are below 0.90. These findings are further elaborated through graph as shown in Figure 2.

### Table 4: Discriminant Validity (HTMT0.90 Criterion)

<table>
<thead>
<tr>
<th></th>
<th>Autocratic Leadership</th>
<th>Democratic Leadership</th>
<th>Laissez-fair Leadership</th>
<th>Transformational Leadership</th>
<th>Transactional Leadership</th>
<th>Organizational Culture</th>
<th>Employees’ Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autocratic Leadership</td>
<td>0.425</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Democratic Leadership</td>
<td>0.763</td>
<td>0.445</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Laissez-fair Leadership</td>
<td>0.581</td>
<td>0.345</td>
<td>0.733</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>0.345</td>
<td>0.480</td>
<td>0.541</td>
<td>0.359</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transactional Leadership</td>
<td>0.733</td>
<td>0.454</td>
<td>0.423</td>
<td>0.439</td>
<td>0.423</td>
<td>0.683</td>
<td>0.716</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>0.287</td>
<td>0.386</td>
<td>0.566</td>
<td>0.423</td>
<td>0.386</td>
<td>0.664</td>
<td></td>
</tr>
<tr>
<td>Employees’ Productivity</td>
<td>0.331</td>
<td>0.508</td>
<td>0.828</td>
<td>0.454</td>
<td>0.683</td>
<td>0.716</td>
<td></td>
</tr>
</tbody>
</table>

Note: (HTMT0.90 Criterion)

### Conceptual Model with Loadings

![Figure 2. Conceptual Model with Loadings, Beta, and R-Square values](image)

### Findings and Discussion

After the assessment of measurement model, the study applied the structural model which is used for testing the already established hypotheses. The structural model involves evaluating R-Square beta and corresponding t-values for each hypothesis of the study. Table 5 reports the results of the structural model.
Table 5: Assessment of the Structural Model

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Std. Beta</th>
<th>Std. Error</th>
<th>t-value</th>
<th>P-Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Autocratic Leadership -&gt; Employees’ Productivity</td>
<td>0.260</td>
<td>0.154</td>
<td>1.690</td>
<td>0.091</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H2: Democratic Leadership -&gt; Employees’ Productivity</td>
<td>0.101</td>
<td>0.097</td>
<td>1.042</td>
<td>0.298</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H3: Laissez-faire Leadership -&gt; Employees’ Productivity</td>
<td>0.448</td>
<td>0.139</td>
<td>3.218</td>
<td>0.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H4: Transactional Leadership -&gt; Employees’ Productivity</td>
<td>0.195</td>
<td>0.066</td>
<td>2.96</td>
<td>0.003</td>
<td>Supported</td>
</tr>
<tr>
<td>H5: Transformational Leadership -&gt; Employees’ Productivity</td>
<td>0.269</td>
<td>0.095</td>
<td>2.836</td>
<td>0.005</td>
<td>Supported</td>
</tr>
<tr>
<td>H6: Organizational Culture -&gt; Employees’ Productivity</td>
<td>-0.086</td>
<td>0.107</td>
<td>0.797</td>
<td>0.425</td>
<td>Not Supported</td>
</tr>
</tbody>
</table>

Note: 99% (0.01) and 95% (0.05) Significance Levels

The first hypothesis H1 of the study assumed a significant positive relationship between autocratic leadership and employees’ productivity. The statistics reported in Table 5 show that autocratic leadership has an insignificant but positive ($\beta = -0.260$, t-value = 1.69, p > 0.05) association with employees’ productivity which does not support H1. The findings which are consistent with Yahaya et al., (2014) and Aunga and Masare, (2017) have an explanation that bank employees dislike the exertion of an absolute authority from their managers. This is logical particularly in the cultural context of KP where people do not accept aggression or the exercise of unrestricted institutional powers. Following previous literature in the area, the findings of the current study could also be explained in that as leaders are far away or at a distance from employees in the autocratic style and thus they have no frequent or direct communication. This, in turn, affects the employees’ productivity by decreasing their level of motivation and commitment (Ahmad, Hussain, and Tariq 2014; Aunga and Masare 2017; Khan and Nawaz 2016). Besides these, the previous studies also found that autocratic leadership style is more effective in the government sector and organizations having poor performance or facing strikes and lock-outs (Yahaya et al. 2014; Zeb et al. 2016).

The second hypothesis H2 supposed that democratic leadership style exerts a significant positive impact on employees’ productivity. However, the statistics ($\beta = 0.101$, t-value = 1.042, p > 0.05) reported in Table 5 evidence positive but statistically an insignificant association between democratic leadership and employees’ productivity. The findings indicate that employees of private banks operating in KP are not willing to work under the supervision of a democratic leadership. The findings which are consistent with Tandoh (2011) do not support H2 of the study. In continuation of the findings for H1, the findings for H2 are interesting. However, by digging the previous literature, the findings have a plausible explanation that employees dislike democratic leadership due to not accepting the responsibility. In view of this, the employees are neither willing for one extreme of the leadership - autocratic nor for other - democratic (Singh 2015; Tandoh 2011). Overall, the findings are inconsistent with Denhardt and Denhardt, (2003) and Aunga and Masare, (2017) who documented that democratic leadership style results in high productivity, satisfaction, cooperation, and commitment of employees. The inconsistency might be due to the difference in context i.e. culture or research design of these studies.

The third hypothesis H3 of the study proposed a significant positive relationship between the laissez-faire leadership style and employees’ productivity. The findings ($\beta = 0.448$, t-value = 3.218, p < 0.01) for the relationship reported in Table 5 support H3 of the study. The findings indicate that employees of private banks in KP are willing in an environment that could provide them with a free hand. The findings unveil that employees do not like to be interrupted during their work. Also, the findings endorse that the employees are willing to provide feedback or response to their leaders once the job is accomplished as assumed by the laissez-faire leadership style (Bradford and Lippitt 1945; Chaudhry and Javed 2012; Lewin et al. 1939; Zakaria et al. 2017). The findings are consistent with Awino, (2015) but inconsistent with many previous studies (Anyango 2015; Aunga and Masare 2017; Bradford and Lippitt 1945; Chaudhry and Javed 2012; Eagly et al. 2003; Solomon 2016). The inconsistency of findings may be an outcome of the difference in cultures, values, and perceptions of these studies.
The fourth hypothesis H4 of the study also proposed a significant positive coefficient of transactional leadership in relation to employees’ productivity. The statistics (β = 0.195, t-value = 2.96, p < 0.05) in Table 5 show a significant positive association that support H4 of the study. The findings consistent with Yahaya et al., (2014) have a probable explanation that employees in private banks of KP like the transparency, merit and clearly stated objectives, goals, mission and vision statements (Abba et al. 2016; Chandra and Priyono 2016; Rasool et al. 2015). In short, the findings indicate that employees are satisfied with the approach of transactional leaders who set standards for compliance or otherwise and announce punishments and rewards in this regard too (Singapore productivity Association, 2010; Jenica 2016; Solomon 2016; Yahaya et al. 2014). Following Mekpor and Durtey-Baah (2017) and Handoyo et al., (2015), the findings also have a plausible explanation that transactional leadership encourages organizational citizenship behavior that increases the productivity of employees by enhancing their commitment and loyalty. The findings are similar to many previous studies around the world (Advani and Abbas 2015; Jenica 2016; Rahimi, et al. 2016; Solomon 2016).

The fifth hypothesis H5 projected that transformational leadership style has a positive impact on employees’ productivity. The findings (β = 0.269, t-value = 2.83, p < 0.05) for the relationship as reported in Table 5 show a significant positive association which support H5 of the study. Following previous studies, the findings could be explained in that transformational leadership style motivates and drives full potential of the subordinates by improving their internal satisfaction and level of commitment for the betterment of organization (Advani and Abbas 2015; Bass 1985; Johnson and Dipboye 2008; Solomon 2016). The findings are similar to the conclusions of previous studies showing that transformational style of leadership is effective and thus common in banks. Following Khan and Nawaz, (2016), the findings of the current study also have a plausible explanation that transformational leadership expresses trust in subordinates that encourage and motivate them to extend their full support for an organization in shape of productivity. The findings show similarity to many previous studies (Abba et al. 2016; Chamika and Gunasekara 2016; Mwongeli and Juma 2016; Rahimi, Khezrib, et al. 2016; Solomon 2016).

Last but not the least, hypothesis H6 of the study assumed that organizational culture could exert a significant positive impact on employees’ productivity. However, unexpectedly, the statistics (β = -0.086, t-value = 0.797, p > 0.05) show a negative and statistically insignificant association of organizational culture with employees’ productivity that rejects H6 of the study. The findings contradictory with Mathew, (2007) and Ojo, (2009) might have a rationale that environment in the bank is very tough and task oriented. Also, employees of the bank are under stress due to long working hours, public dealing and managing cash which negatively affects their efficiency and performance.

**Conclusion and Recommendations**

The findings of the current study provide important insights for practitioners that laissez-faire, transactional and transformational are the leadership styles more effective in regard with employees’ productivity in the context of private banks operating in KP, Pakistan. Also, the findings explain that intelligentsia, academia, and policymakers should work out on a blend of autocratic and democratic leadership styles that could be practiced in the private banks of KP. In short, the findings update the policy makers and all other key stakeholders that the adoption of a flexible and positive leadership style increases employees’ productivity in the private banks of KP. In addition, the findings also indicate that managers should adopt strategies which could augment friendly and flexible environment inside the banks for improving the level of employees’ motivation and customers’ satisfaction. The insignificant findings for organizational culture imply its weakness in the sample banks. In view of this, the banks particularly those operating in remote areas of the province should be provided with uninterrupted light and internet facilities for maximizing employees’ productivity. During data collection, it has also been revealed that private banks in KP lack gender diversity. Therefore, this study recommends an increase in the representation of women for increasing employees’ productivity and improving organizational culture.

**Implications, Limitations and Future Directions**

This study has many implications for top management and employees of private banks operating in KP. The findings indicate that top management of the private banks should encourage laissez-faire, transactional and transformational styles of leadership for improving employees’ productivity. Also, the top management should encourage developing an organizational culture that could increase employees’ productivity. Like all other human activities, this study also has some obvious limitations which unveil opportunities for further research in the area. First, due to a weak
response from employees, and time and money constraints, this study used a small size sample. Therefore, studies in future may increase the sample size for getting more robust updates on the subject. Second, the current study only focused on the private banks operating in KP. Thus, studies in future may extend their sample and scope to other types of banks and rest of the three provinces of the country. Among others, this will help understand the role of culture in the relationship of leadership styles and organizational culture with employees’ productivity and generalization of its findings. Third, as this study is quantitative in nature, hence studies in future may also consider the qualitative aspect of the association of leadership styles and organizational culture with employees’ productivity.

References


Kranenburg, Danielle Griffith-. 2013. “The Effect of Organizational Culture and Leadership Style on Organisational Commitment within SMEs in Suriname, with Job Satisfaction as Mediator.”


