



Transformational Leadership And Followership: Mediating Role Of Trust In Banking Context

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ABSTRACT

The leadership is managerial capacity of managers to play their role organizational success in the best possible manner. The transformational leadership is leading style that is critical and widely followed in the organizational context. The current study aimed to investigate mediating role of trust in connecting transformational leadership style and followership. The current study is based on the finite population by having the bank employees from southern cities of KP Pakistan. To access the respondents, this work is based on the sample evidence by adopting convenient sampling technique and access 372 bankers for data collection purpose. The survey approach research design was adopted for current study. Convenience sampling technique was used. Data was collected from 372 bankers. The data analysis is performed by researcher using SPSS version 25 to transform data in to meaningful information for the purposes of hypotheses testing. The results of this study provide significant information about the assumed relationships to reach the conclusion to decide that whether or not the trust mediates the link between leadership and followership in the particular context.

Keywords: Transformational Leadership, Followership, Trust & Banking Sector

INTRODUCTION

The organizations are facing major issue regarding leadership. Management researchers are exploring to find the answer of two questions, likewise, what makes a leader more effective which can motivate followers? secondly, what are the attributes or characteristics of a leader that could bring follower's attitude and behavior at par to the desired standards. In response to these questions Bass (1985) introduced transformational leadership, which is in fact considered as most effective leadership style in motivating employees and responsible for reshaping followers' behaviors and attitudes. The followers are considered as the passive workers and meaning that they are always at receiving the effective directions towards tasks

from the concerned leadership (Busari, Khan, Abdullah & Mughal 2019). The followers are not always at receiving end but they can provide better feedback to their management and administration if the management allows them to take part in the decision-making process as highly motivated followers are considered as actively engaged ones' they need little support from the administration and perform their responsibilities effectively (Khan, Abdullah, Busari, Mubushar, & Khan, 2020). The leadership is thus most significant phenomenon that inspire the followers towards desired outcomes and make them committed as well as trustworthy.

They transformational leadership is found as a most effective leadership style that is used for the inspiration and motivation of the followers towards desired outcomes. It is concluded from the above definitions that managers and leaders have the power and authority to give orders influence their followers, assign them tasks and duties whether their followers like or dislike the tasks (Altunoğlu, Şahin & Babacan, 2019). It is believed that leadership, management and administration are same things, concepts and approaches. As all three terms involve influencing people, all work with employees all are concerned with attaining goals of organizations (Benson & Hardy, 2016). A leader with transformational styles allows their followers to achieve organizational and individual objectives and goals. Transformational style is one of the most studied and recommended on the basis of its capability to expedite the process of completion of task and enhance the group and individual performance (Carter, Bandow Thompson & Wright, 2014). The inspirational motivation helps to set vision and encourage followers. In this dimension leader use their followers' emotions in order to improve team spirit and help followers to achieve more than what they were intended to achieve thereby developing the trust of the followers on leadership in the diverse situations.

Trust in management or leadership is thoughtful issue which may create healthy, friendly relationship between manager and follower as well as it creates problems among the two parties if promise made is not fulfilled. The leadership and followership are the emerging field that can explain the cognitive, relational and behavioral aspects of leaders as well as followers (Akhtar & Nizamudin, 2020). The excluding followership from leadership or vice versa means we are just exploring social phenomenon. One of reasons that raised the questions on effectiveness of transformational is trust in management to fulfill their promise as relationship amid leader-member exchanges (Chughtai, Byrne & Flood, 2015). The trust in management or leadership is related with psychology of an individual. It is very important factor for effectiveness of an individual and organization. It is the outcome of the leadership process and leader's behavior with their followers (Khan, Abdullah, Busari & Khan, 2020). The leaders can take many advantages by using trust as a tool to make them more effective

and trustworthy. Therefore, this study is an effort to examine the relationships between transformational leadership, followership and trust in the particular context to examine the hypothesized relationships about phenomena under considerations and to reach the desired conclusion.

Research Objectives

1. To examine the association between transformational leadership, followership and trust in the particular context to extract desired outcomes.
2. To examine mediating role of trust in linking the transformational leadership and followership to extract the desired information.

LITERATURE REVIEW

The banking sector is considered as leading determinant towards the economic development thereby sharing the contributions towards desired development. The effectiveness of the banking sector is contingent upon desired effectiveness of the leadership and management. The leadership deal with external as well as internal stakeholder, matters and responsible for bringing the change in the organizations and followers' behavior (Altunoğlu, Şahin & Babacan, 2019). Another important point which makes leadership and management different from each other is that management do things right while leaders do the right things. In the same way, management is concerned with short term goals while leadership is keenly interested with vision, mission and effectiveness (Benson & Hardy, 2016). Managers are found reactive, work with individuals to solve issues and their emotional involvement is low while leaders are active, involved and creates new ideas and effect mentality of the employees (Husseini, Beltagi & Moizer, 2019). It is concluded from the above definitions that managers and leaders have power and authority to give orders influence their followers, assign them tasks and duties whether their followers like or dislike the tasks (Khan, Abdullah, Busari & Khan, 2020). Thus, transformational leadership is vital in determining followership in nurturing the trust and commitment.

Transformational leadership allow followers to achieve organizational tasks and goals. The transformational style is one of the most studied and recommended on the basis of its capability to expedite the process of completion of task and enhance the group and individual performance (Husseini & Elbeltagi, 2018). The idealized influence is the attribute of a leader which effect its followers with charisma, in turn followers considered their leader as role model and adopts his/her instruction (Joachim & Mohr, 2009). This attribute of transformational leader is considered an emotional component as it theoretically shifted its self-interest towards group interest. There have been lots of criticisms raised on charismatic-leadership model (Mohammed, Aziz, Sadq & Othman, 2020). This model has

four attributes idealized influence (attribute & behavior), this dimension includes the perception of followers, they consider their leader as source for giving courage, instilling pride and trust but actually it does not really affect followers (Saif, Khan & Ali, 2019). The second dimension is inspirational motivation. This is responsible for high performance and high expectation a leader expects from its followers. The idealized influence and inspirational motivation are empirically tested in past studies and were found highly correlated and considered as one dimension under charisma.

The most important area of management was ignored and overlooked in past studies. Academics and researchers considered followers as negative, demeaning and passive. It was also believed that leaders are considered more important than followership. The followership got so much attention in the leadership and management studies (Castro, Perinan & Bueno, 2008). Kelley has introduced two attributes of followers one is active engagement and second one is independent critical thinking. In independent critical thinking followers do not blindly follow their managers and leaders (Dvir, Eden, Avolio & Shamir, 2002). They criticize in a positive way and provide their input and efforts for betterment of the organizations. They are considered as energetic and creative employees. The other dimension is active engagement; this component makes followers active and provides them sense of ownership (Altunoğlu, Şahin & Babacan, 2019). These kinds of followers actively participate in decision making and they actively play role of a valuable member of the team. There are followers who blindly follow their leaders and they are dependent and non-critical (Antelo & Pereira, 2010). Another dimension of followership is active engagement they have sense of ownership and participate in the official matters. They possess cynical behavior and they oppose most of the things suggested by their colleagues, coworkers and managers necessary toward the inducement of commitment and trust.

Trust in management developed the confidence level among the management to perform their best for the best interest of the organizations. It has the ability to increase the coordination, cooperation and collaboration among team members. Leaders should be more trustworthy (Akhtar & Nizamudin, 2020). It was also argued that sharing information with followers, openly communication, ideas; increase the level of trust among both members. Trust significantly mediated relationship between transformational leadership, and followership dimensions (Altunoğlu, Şahin & Babacan, 2019). In trust always there are at least two participants and both are dependent on each other. The “trust is an action, belief and decision. The belief of a person upon actions of other individuals is called trust (Chughtai, Byrne & Flood, 2015). In trust, trustworthiness is very important and these two terms are the separate constructs or dimensions. When one person shows trust upon other it is called trust quality while trustworthiness and its value shown by trustee on trustor.

Trust develops sense of responsibility, ownership, moral values and beliefs (Khan, Busari & Khan, 2020). When leaders openly share ideas it gives them more confidence, trust. In this way an employee learns to trust their management and develops the confidence among them. Thus, this study aims to examine the leadership, trust and followership.

Research Hypotheses

1. There is positive and significant association between transformational leadership, followership and trust in the context under considerations.
2. The trust significantly mediated the relationship between transformational leadership and followership in the particular context.

RESEARCH METHODOLOGY

The quantitative survey approach and research design was adopted and SPSS was used to develop data base and analysis. This study was carried out in banks in the southern KP. The working employees in banking sector were taken as the population in this study. The population was size is large enough to access and it was not possible to collect the data from whole population so researcher chosen sample from southern KP. The sample size of the current study was 310 but researcher has distributed 450 questionnaires out of 372 completed questionnaires were collected back and used in the analysis which yield the response rate of 82.66%. Researcher first seeks permission from the banks and took all essential steps which are related with research ethics in social sciences. After getting permission researcher went to respondents individually and explained the aim of the survey. Then questionnaires were distributed and respondents was given time to fill the questionnaires. The correlation and regression tools were used to examine the hypothesized relationships.

RESULTS AND DISCUSSION

The results of this study have been presented in this section that aimed to offer the desired information about the statistical relationships among the research variables (transformational leadership, followership and trust) in order to reach the conclusion.

H₁: There is positive and significant association between transformational leadership, followership and trust.

Table 1 Correlation Analysis

		Transformational	Trust
Trust	Pearson Correlation	.456	
	Sig. (2-tailed)	.000	

	N	372	
Followership	Pearson Correlation	.688	.599
	Sig. (2-tailed)	.000	.000
	N	372	372

The first hypothesis determines the association among transformational leadership style, trust and followership in the particular context. The previous studies revealed significant information about the existing of diverse nature of relationship between transformational and followership, followership and trust and transformational leadership and trust. The results of this study also confirmed the association through correlation as hypothesized wherein the positive and significant association was evident like transformational leadership and followers (R = .688 and P = .000), followership and trust (R = .599 and .000), trust and transformational leadership (R = .456 & P = .000). The previous studies revealed that transformational leadership is vital in inspiring the followers thereby making their reaction towards the organizational change (Busari, Khan, Abdullah & Mughal, 2019), the transformational leaders' encouragement for nurturing the followers trust and outcomes in diverse situations and circumstances (Altunoğlu, Şahin & Babacan, 2019) and transformational leaders' role towards the followers' development and performance (Dvir, Eden, Avolio & Shamir, 2002). The existing literature further revealed the significance of transformational leadership in inspiring the followers towards required development and thus emerging their trust on the leadership in diverse situations towards diverse tasks and goals. From these results, the first hypothesis is hence accepted and consequently significantly validated through the results of the previous studies conducted in different contexts.

H₂: The trust significantly mediated the relationships between the transformational leadership and followership.

Table 2 Mediation Analysis

Independent	Dependent	R	R-Square	Coefficient	P-value
Model 1 (Path a)					
Transformational Leadership	Trust	.3466	.2244	.4264	.0000
Model 2-3 (Path b & ĉ)					
Transformational Leadership	Followership	.6624	.5428	.5564	.0000
	Trust			.4488	.0000

Model 4 (Path c)					
Transformational Leadership	Followership	.5488	.4864	.7422	.0000

The second hypothesis predicted the influence of transformational leadership toward followership along with the mediating role of trust thereby applying the Hayes process model (Preacher & Hayes, 2008). The results of study revealed 22.44% variation in trust due to transformational leadership as outcome of first path of mediation with coefficient value (.5564). The second path revealed 54.28% variation in the followership due to transformational leadership and trust along with the significant coefficient values (.5564) and (.4488) respectively as outcomes of the second and third paths (indirect relationship). The fourth path revealed 48.64% variation in followership due to transformational leadership with significant coefficient value (.7422). The results revealed that trust partially mediated the relationship between transformational leadership and followership as change in R2 is from (54.28 to 48.64) and reduction in coefficient from (.7422) (direct relationship) to (.5564) (indirect relationship) and thus confirmed the partial mediation. The transformational leadership is vital to develop the followers' behaviors for tasks performance (Liang & Steve, 2013), transformational leadership has significant influence upon followers perceived psychological well-being and work characteristics (Karina, Raymond, Joanna & Brenner, 2008), the leadership is effective in building followers' trust (Le & Tran, 2020), inducing trust on leadership in the diverse situations (Cho & Poister, 2014), and influence of transformational leadership in building followers trust as well behavior towards organizational change (Yasir, Imran, Irshad, Mohamad & Khan, 2016). The hypothesis is thus accepted and validated through existing research.

CONCLUSION

This is concluded that relationship between managers, leaders, and followers is purely based on trust, if this trust is broken once it leads to deviant behavior such as high turnover, intention to leave, low performance, and low level of commitment. Therefore, leaders should be careful while making promises to followers and must try to retain productive employees and encourage them to be forward thinking. Otherwise, it leads to resistance form employees' side. This study has concluded that relationship between followers and leaders is based on exchange relationship. If leaders handled their employees well, they would receive positive response from the other side. Encouragement, confidence and trust are the strategies which would create better relationship among two parties i.e., leaders and members, managers and followers. From the above results and discussion, it is concluded that transformational leadership style is responsible for making the followers more active, loyal, committed, encourage them to take initiatives and reduce negative emotions and

feelings like cynicism and cronyism, From the above discussion it is assumed that transformational leadership is an effective style in managing the following behaviors along with developing trust that are vital in determining their attitude toward desired outcomes leading to required development and success.

Recommendations

1. The Pakistani banks and their policy makers need to raise awareness about the importance of followership. The followership is not always passive and at receiving end, leaders should involve their followers in decision making they will provide them effective feedback.
2. The transformational leadership is more effective that allows the followers to work independently, can bring innovativeness and creativity in followers' behaviors to make them committed with their tasks and goals in diverse circumstances leading to desired outcomes.
3. The trust plays important role in leader-member exchange relationship; therefore, it is imperative for management of the Banks to fulfill their promises made to the employees it will win the trust of followers in their leadership actions and inspirations towards objectives.
4. However, if leadership is not able to develop the trust, it will lead towards resistance therefore; leaders must try to increase the level of trust among their team members to make them inspired towards desired outcomes their utilizing their skills and potentials effectively.

Contribution of Research

1. This study clearly provided two different theoretical contributions likewise, previous studies were based on macro perspective of leadership and followership dimensions but existing study has included micro perspective of followership and leadership style by analyzing the level of trust among human being i.e., leader and follower.
2. This study included followership and current study also demonstrated that followership plays an active role in attaining the vision of leadership. Practically, banking sector should pay more attention towards followers as the employees or human resources are considered as assets of the organizations including the banks in particular context.
3. This study provides the empirical contributions thereby testing the model in the field study and thus offer substantial contributions with respect to statistical relationships among the research variables under the considerations to provide significant results in

making the decision and reaching the conclusion about leadership, followership and trust.

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