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## **The Toxic Leadership And Employee Performance: Mediating Effects Of Employee Commitment**

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### **ABSTRACT**

The present study focuses on examining the role of toxic leadership in employee performance with mediation effect for employee commitment in the banking sector in KP, Pakistan. In the banking sector, the desire to gain a sustainable competitive advantage by increasing the efficiency of employees and employee commitment which are direly needed to comprehend the desired standards. In this regard, data was collected from bank employees through structured questionnaire and analyzed through statistical procedures to find the answers of the research questions (hypotheses) and to reach the conclusion. The results revealed significance of the research variables in connection to its association, influence and mediation in diverse nature of relationships which therefore help in reaching the desired conclusion. The findings are expected to provide suitable guidelines to policy makers for revisiting their policies regarding the toxic readership, employees' commitment and performance. The study is also likely to provide suitable guidelines to future researchers with respect to the methods and procedures used in this study in order to find the potential relationships.

## **INTRODUCTION**

With respect to the organizational behavior, employee performance and employee commitment influence by the organization's leadership. Employee performance is the sum of measurable accomplishments that an employee or organizations achieve by adding value to organization. Similar to other sectors, administration has an influential impact on the banking sector as well. Employees within the organization get highly motivated and show active participation when their organization provides them with a leadership type that gives them a highly supportive work environment (Gilbert, Ruffino, Ivancevich & Konopaske, 2012). Besides, the employee performances are improved through a strong sense of participation transferred within the employees by the leadership and develop a healthy organizational culture that enhances the employees' commitment to work in a better way, which assist in adding value to the organization (Mathieu, Neumann, Hare & Babiak, 2014). However, employee commitment is defined as strong involvement of individual employee within its work, resulting in high employee recognition within organization. Researchers in past have explained role of leadership in influencing employee performance and employee commitment. In contrast, there is not much research on toxic leadership and its influence over employees' performance and commitment (Mehta & Maheshwari, 2019) which is aimed to examined in present research study.

Evolution in human resources has addressed leadership questions that positively influence employee performance and employee commitment effectively (Mowday, Porter & Steers, 2013). There have been numerous aspects that identified within literature of human resources, such as nature of leadership, type of leadership, leader-employee relationship, etc., providing opportunities to employees to improve their performance and commitment towards their work and their organization (Schyns & Schilling, 2013). Research on this literature has focused mainly on charismatic or transformational leadership and its influence over employees' productivity and commitment. There is sufficient room for research addressing toxic leadership to examine its impact on employee performance and commitment (Shields, Brown, Kaine, Samuel, Samardzic& Plimmer, 2015). The banking sector of Pakistan has various firms that focus on improving their employees' performance and commitment by introducing different leadership types. This study examines the relationship between toxic leadership and employee performance with the mediating effect of the employee commitment within the banking sectors of KP, Pakistan (Mowday, Porter & Steers, 2013).

In the context of Pakistan banking sector, the leadership and human resource management have a vast scope. The economy of Pakistan has been getting stronger with every passing day as multiple industrial sectors, including banking sector, have been making decisive

contribution towards strengthening country's economy. Organizational leadership has been ongoing debate worldwide, as it has proved its importance in most parts of world. Similarly, corporate leadership has immense significance in Pakistan's banking sector (Meyer, Stanley & Parfyonova, 2012). Researchers in the past have explained the impact that leadership has on employee performance and commitment levels. The toxic leadership affects employee performance and employee commitment within Pakistan's banking sector. Like other sectors, firms working within the banking sector of Pakistan have been focusing on introducing an effective leader to motivate employees to work to revolutionary potential and help organizations accomplish their goals and objectives. Effective leadership has to be functional within many industries of Pakistan, including the banking sector. Still, there is a vast scope within banking sector for implementing effective leadership. Most business firms are unaware that toxic leadership is not good enough to motivate employees to perform effectively (Hameed & Waheed, 2011).

### **Research Hypotheses**

- H1. To examine the association between toxic leadership, employee performance, and employee commitment in banking sector of KP, Pakistan.
- H2. To examine the impact of (toxic leadership and employee commitment) on employee performance in the banking sector of KP, Pakistan.
- H3. To examine the employee commitment role in influencing the relationship between toxic leadership and employee performance in banking sector of KP, Pakistan.

### **LITERATURE REVIEW**

The existing literature on the issues has been present in order to understand the nature of research variables along with their interrelationship with each other. The previous studies provide enough evidence about the possible and validated relationships among toxic leadership, employees' commitment and performance in the diverse contexts including the banking sector which is further aimed to examine and validate in the context of Pakistan banking sector to produce new facts and new knowledge in order to contribute the existing research with respect to the research variables.

### **Toxic Leadership**

A toxic leader is an individual who engages with followers through different actions leaving followers (sometimes non-followers). Based on different situations, degree and extent of adverse effects of toxic leadership may vary. Various toxic leaders have distinguished degrees of the toxicity, dysfunctional personal qualities, and destructive behavior when compared. Similarly, consequences and adverse effects of harmful actions and decision is diverse. Followers tend to firstly experience toxic leaders' charm, soon followed by

operation, mistreatment, undermining and engaging with the destructive behaviors (Schyns & Schilling, 2013). They were worse off than they found them by deliberately terrorizing, torturing, imprisoning, incapacitating, subjugating, demoralizing, intimidating, and marginalizing, seducing, demeaning, undermining/killing them (Shields, Brown, Kaine, Samuel, Samardzic & Plimmer, 2015). Toxic leader is equally dependent on followers and quite a few believe it still exists (Pelletier, 2010). Why so many followers agree that they often prefer to, and even now by promoting non-toxic leaders to build toxic online leaders, they need to examine three forces like psychosocial forces are resulting from contact between person and their social environment, external forces and internal forces (Gilbert, Ruffino, Ivancevich & Konopaske, 2012).

The leader's strong impulse disappears from forgetting, and spiritual necessity allows one to find leaders who can comfort anxiety. Practicing their followers' essential concerns and demands, participating in corruption, criminal or potentially other deceptive behaviors, abusing their supporters, and others' essential human rights features are also associated with toxic Leadership (Gilbert et al., 2012). The twenty-first-century era has extensively described terrible tactics in corporate, government issues, extraordinary or general areas, dating back to desire for personal judgment in power position. These cases raise questions about goals and substance of the leaders, and exploited people want to know whether disappointment is purposeful or the result of big clumsy mind and a reckless leader (Hameed & Waheed, 2011). The toxicity of leadership has been plaguing associations and social order. The dark side of leadership can trace back to human progress, but leadership as an idea is reliably same inspiration. So far, there have not been many questions about actual oversight of administration. Until decade ago, military is entire field of research for development. Though this idea developing, its definition is not yet clear. Authors do not show picture and unexpectedly name dark side: destructive, harmful, charismatic, narcissist, aversive, bullying, abusive and toxic.

### **Employee Commitment**

The study of Matos, O'Neill and Lei (2018) stated that top management communication is critical to employee commitment. Employees will eventually dedicate themselves to organization if their efforts are recognized and rewarded. Employees believe that organizations will provide symbolic and substantial rewards in exchange for their actions and commitment. Therefore, the usable form of leadership is a feasible way to cultivate employee commitment. In this connection, the results depict that there is a positive relationship between effective leadership and employee commitment. The employee commitment must determine training, pay levels, performance reward possibilities, promotion, and benefit-sharing. After investigating the impact of leadership training on

employee commitment, the study (Meyer, 2016) found that the apparent training opportunities provided the most attractive employee commitment. From the results, employees see training as the boss's help, focusing on their organization. There is another reason for the significant positive relationship between employee commitment and employee and management training support. In this connection, from results, the impression of the employee's management and commitment support for training program affects their disposal and observation during training (Iqbal, Anwar & Haider, 2015).

Stouten, Dijke and Cremer (2012) customized research to address leadership's impact on employee commitment and employee mobility. It has revealed network and requiring that effective leadership can drive higher employee commitment. The study of Schyns and Schilling (2013) announced the significant impact of effective leadership, such as career arrangements and performance appraisal, on employee commitment, by guiding their exploration in Nigerian economic environment. In this connection, study of (Gilbert, Ruffino, Ivancevich & Konopaske, 2012) explains that the employee commitment happens when cooperating with related interests and expenses related to separation. Since then, employee commitment has shown more passion and emphasizes the organizational aspects of the connection between staff members. In this connection, employee commitment is just a feeling of obligation to stay in one position. In this connection, this happens when employees feel committed to staying at a particular type of work, even though they see a better opening elsewhere or are dissatisfied with activity. In this connection, one thinks to remain in the organization mainly because it is correct. In this connection, several factors increase one of variables is to measure money, work and time that organization puts resources into employee commitment and performance.

### **Employee Performance**

According to Mathieu et al. (2014), the performance evaluation of individual employees is the unique evaluation method for organizations. They are selecting new employees, terminating current employees, or promoting their hinges on employee performance and role within organization. In addition to showing significant commitment, employees with high intrinsic values achieve better results and perform consistently. The more involvement they have, the more innovative and creative they become, making the job much more satisfying for them (Mehta & Maheshwari, 2013). Based on this study, employee performance and job satisfaction have a positive relationship. Job performance is expectation of total value resulting from various behaviors performed by individual employees within a specified period. Furthermore, it is also an employee's performance when they are pursuing a particular position. In this connection, the contextual activities are critical here since they serve as catalysts for missionary activities and processes and

contribute to organizational effectiveness. In this connection, these activities include voluntary actions that are not a part of the formal job description and motivation and help others meet their tasks (Hadadian & Zarei, 2016). As per individualism, collectivism, and organizational styles, levels of performance can vary.

In some situations, the performance levels are measured by performers, processes, or organizations. It is common to use employee performance model to evaluate employee performance. The external organizational environment can affect performance, organizational goals, corporate environment, and objectives (Gilbert, Ruffino, Ivancevich & Konopaske, 2012). Concerning goal orientation theory (Naeem & Khurram, 2020), goal orientation can be categorized into two types by individuals. There are two types of learning goal orientation: performance-oriented and learning goal-oriented. Through goal-oriented approach to learning, individuals are pushed to become experts because they can cope with challenges. In contrast, performance orientation is the management's way of keeping its employees from challenging tasks. Frontline employees will become highly experienced with dealing with the difficult situations after feeling goal orientation theory. This study (Mathieu, Neumann, Hare & Babiak, 2014) was to examine usage of core self-evaluation beliefs as a dispositional predictor. The core self-evaluation users tend to be motivated to perform tasks as effectively as they utilize their skills and abilities in employee evaluation process. This study principally discusses the multiple theories, including the theory of core self-evaluation and intrinsic motivation theory.

## **RESEARCH METHODOLOGY**

The research design is the overall structure and plan for a study to increase its validity (Sekaran & Bougie, 2013). The study's nature is casual targeted to find the impact of toxic leadership on the employee performance with the mediating effect of employee commitment. For reliable outcomes, data will be collected from Pakistan services sector (Banking) industries. This study examined the employment status of all employees (566) working in both public and private banks. The respondents are randomly selected for the sample survey, administering the standardized questionnaire through a sample of 225 which was selected through statistical formula for sample determination. The responses will be measured by using a five-point Likert scale, with 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, and 5 = strongly agree. In research, all items were self-reported by the respondents without interference from the researcher. To perform correlation, regression, and mediation analysis, SPSS (21.0) version was used.

## DATA ANALYSIS

In this study, data collect from the employees associated with the banking institutions of Pakistan. The correlation, regression, and mediation tests were applied to analyze the data based on the collected data. Such data analysis is analyzed to identify impact of toxic leadership on employee performance with the mediating role of employee commitment within the banking sector of Pakistan.

Table 1 Correlations Matrix (H1)

		Toxic Leadership	Commitment
Employee Commitment	Pearson Correlation	-.665**	
	Sig. (2-tailed)	.000	
	N	225	
Employee Performance	Pearson Correlation	-.457**	.721**
	Sig. (2-tailed)	.000	.000
	N	225	225

\*\* Correlation is significant at the 0.01 level (2-tailed).

Table 1 showing the correlation analysis of predictors and predicted variables. The above research shows that the association between toxic leadership and employee commitment is significant at the 0.01 level, with a magnitude of  $-.665^{**}$  but negatively correlated. Similarly, relationship between toxic leadership and employee performance is statistically significant and negatively correlated with the volume of  $-.457^{**}$ . Furthermore, relationship between employee commitment and employee performance is statistically positive and significantly associated at the 0.01 level with a magnitude of  $.721^{**}$ . Therefore, from results, the H1 is accepted based upon the results obtained in correlation analysis.

Table 2 Model Summary (H2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.577a	.345	.343	.72080

Table 2 indicates the model summary. The value of R is 0.577, which strongly means a high degree correlation, which can also be considered a high degree correlation of 57.7%. Likewise, R<sup>2</sup> is 34.5% which is good. Whereas, Adjusted R<sup>2</sup> is 34.3%, illustrate that the

predictor variables (Toxic leadership and employee commitment) can bring 34% variation in the dependent variable (EP). Which is a good sign that shows that this study's theoretical framework is fit.

Table 3 ANOVA (H2)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	83.502	2	41.751	80.405	.000b
	Residual	153.193	222	.690		
	Total	236.696	224			

Table 3 shows variance analysis technique, also known ANOVA or model of fit. In this study, one-way ANOVA analysis will use to observe a relationship between study variables. In the table, F-statistics and their associated significant values are essential focus. Using ANOVA shows F- statistics is 80.405 ( $p < 0.05$ ), indicating that our model is fit. The p-value becomes significant if the F - stat is greater than ten (10) and overall model fits. When F-stat value is higher, model is more likely to be fit. The significant p-value supports this prediction. As a result, our regression model is appropriate.

Table 4 Coefficients (H3)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.231	.185		4.114	.000
	ToxicLeadership	.179	.047	.204	3.824	.433
	EmployeeCommitment	.456	.057	.395	6.061	.000

a. Predictors: Toxic Leadership & Employee Commitment,

b. Dependent Variable: Employee Performance

Table 4 demonstrates regression coefficients between independent variables and dependent variable. In regression analysis, it is evident that predictors affect the criterion variable by 35%. Additionally, the regression coefficient showed statistically insignificant results for toxic leadership ( $B = .179$  &  $p = .433 > 0.05$ ) although despite a small decline in



employee commitment, it remained significant ( $B = .456$  &  $p = .000 < 0.05$ ). The model unstandardized regression coefficient is positive, i.e., 0.179, as shown in B. It means that a change of one Unit in EP will result in a change of 0.179 in TOXL. Similarly, EC is associated with the EP positively and significantly ( $B = 0.456$ ,  $p < 0.05$ ).

Table 5 Mediation Analysis (H3)

DV	IDV	R	R2	B	F	P
Mediation Path (a)						
Employee commitment	Toxic Leadership	.6646	.4416	.4495	94.1973	0.000
Mediation Paths (b & C')						
Employee Performance	Toxic leadership	.7218	.3450	-.1787	137.7904	0.002
	Employee Commitment			.4562	137.7904	0.000
Mediation Path (c)						
Employee Performance	Toxic Leadership	0.457	0.2899	-.4706	91.0232	0.051

Table 6 Direct & Indirect Effect(H3)

Direct Effect	Total Effect	Indirect Effect	Bootstrapping results of indirect effect	
			LL95%	UL 95%
-.1787	-.4707	-.2919	-.2138	-.3820

Table 7 Sobel Test(H3)

SOBEL TEST	Effect	SE	Z	P
	.2919	.0395	7.3902	.0000

The above tables illustrate employee commitment's mediating role in linking the toxic leadership and employee performance through H3. To confirm the mediation, we run bootstrapping in SPSS, indicating that EC partially mediates the relationship between TOXL and EP. Using mediation between the Toxic leadership and employee performance proved to improve direct as well as indirect relations. The above table shows that TOXL and EP are

related when EC is adding as a mediator. As a result of the findings, the H3 is accepting as a partially mediated relationship between toxic leadership and employee performance in the banking sector of developing countries such as Pakistan

## **DISCUSSION**

The current study finds significant proof: 'there is the negative relationship between toxic leadership employee commitment, toxic leadership, and employee performance but positive association amid employee commitment and employee performance within the banking sector of Pakistan,' is supported by correlation analysis. In the correlation matrix, toxic leadership is associated with employee performance significantly with a magnitude of 0.457 and negatively. Furthermore, association amid Toxic leadership and employee commitment is significant at the 0.01 level with magnitude of .665\*\* and negatively. Moreover, relationship between employee commitment and employee performance is statistically significant at the 0.01 level with an extent of .721\*\*. These findings were in line with the results of the previous studies by Reed (2012), Mehta and Maheshwari (2013), Kusy and Holloway (2009), Kiliç and Günsel, (2019) as well as Schmidt (2014). Results did indicate statistically significant negative relationship. The second hypothesis found whether the Toxic leadership and employee commitment can significantly influence employees' performance in regression analysis. The result of regression analysis showed that toxic leadership and employee commitment explain total of almost 35% of variance in employee performance of the employees. To sum up, we can claim that the toxic leadership remain insignificantly effects and employee commitment significantly affect the performance of the banking sector employee ( $B=.179, p>0.05$  and  $B=.456, p<0.05$ ), respectively.

This postulate is in line with the other studies by Zagross and Jamileh (2016), Saqib and Arif (2017), Paltu and Brouwers (2020). It shows that toxic leadership and employee commitment can predict the variation in employee performance associated with the Pakistani banking institutions. "Employee commitment acts as mediator between toxic leadership and employee performance within banking sector of Pakistan" is investigated in H3. The present study showed that employee commitment partially mediated relationship between toxic leadership and employee performance. Researchers found no experiments incorporating all proposed variables into a single study. Besides contributing to the literature on negative leadership and personality characteristics, this is a novel idea. The results are consistent with those reported by Mohamed, Nasser, Jabeen, and Rawas, (2018) as well as Donkor, Zhou and Sekyere, (2021). Specifically, these authors argue the leader's negative actions elicit toxic leadership. Researchers have revealed that employees afraid of leader's toxic behavior may prioritize safety over performance, impacting performance both within the organization and individuals. The results of current study are

also compatible with Paltu and Brouwers (2020). Researchers studied relationship between toxic leadership and employee performance using employee commitment and employee silence as mediating variables, and found that both variables mediate this relationship.

## **CONCLUSION**

This study aims to identify the relationship between the toxic leadership, employee commitment, and employee performance within the workplace of the Pakistani banking sector. The banking sector will select for testing the connection amongst Toxic Leadership, employee commitment, and employee performance through data collected from employees of banking institutions of Pakistan. The structured questionnaires have been used in this study to collect data from respondents. The researcher in the previous chapters has explicitly explained each chapter. In addition to knowing how this research relates to the modern world and contemporary scenario, the researcher will know its limitations. The significance level describes on a scale of 5%. These scales have based our decision on whether to accept or reject the hypotheses. As a result of analyzing a sample of responses, we have confirmed the hypotheses H1, H2, and H3. As significance level of toxic leadership and employee commitment for employee performance is less than 0.05. Thus, the research hypothesis has been proved and accepted. The evidence indicates that there is negative relationship amid toxic leadership (independent variable), employee commitment (mediating variable), and employee performance (dependent variable). The hypothesis developed according to the theoretical framework has been proved and accepted.

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