
Charismatic Leadership And Employee Satisfaction: A Case Of Banking Sector Of Pakistan

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ABSTRACT

Employees who are satisfied with their work and organizations are more likely to be dedicated to them, which leads to increased individual and organizational productivity. The association between leaders and employees has a significant impact on organizational results and performance. Hence, this quantitative correctional study was carried out to determine the impact of charismatic leadership on employee satisfaction. Employees of private banks in Peshawar, Khyber Pakhtunkhwa, Pakistan, were surveyed using a self-administered closed-ended questionnaire. Pearson's Correlations Matrix and simple linear regression analysis were used to evaluate the hypotheses. The findings indicate that charismatic leadership has a considerable positive impact on employee satisfaction. Empirical data suggests that charismatic leaders are seen as superior performers than less charismatic leaders because they have a significant impact on employee satisfaction.

Key words: Charismatic leadership, Employee satisfaction, Banking Sector, Pakistan

1. INTRODUCTION

Since the late 1970s, early theoretical models have been planned (Zaleznik and Kets American state Vries,1975; House,1977; conger eel and Kanungo,1987; Bass, 1985; Roberts, 1985). Personal appeal is just one of many factors that go into transformational leadership. As a result, the terms transformative and charismatic leadership became

synonymous in the organizational literature (Kanungo and Conger, 1994). Conger and Kanungo (1988, 1987, and 1992) established a behavioral-based model that demonstrated the aspects of charismatic leadership inside an organization a few decades ago. This model produces charismatic leadership, which is based on followers' perceptions of their leader's actions.

On the basis of phrasing, attitudes, and activity that supports the perception, such leaders may be distinguished from the rest. This model also predicted a number of specific behavioral components in three different stages of the leadership evolution. Through establishment, the initial stage, known as environmental evaluation, provides details about environmental opportunities, limits, and followers' demands. The vision formulation step is the second stage. Those managers who may be described as charismatic managers are then made and set an example for their subordinates in the third and final step, known as the implementation stage.

Employee satisfaction has been studied for many years since it is a topic of significant interest to researchers.

Employee satisfaction, according to Locke, is a pleasant or positive emotional state that arises from an assessment of an individual's job and work experience (Locke, 1976). In simplest terms, employee satisfaction refers to a positive or contented attitude resulting from an individual's employment and work experience. In other terms, it can be defined as an individual's feelings towards their job and its related features. Employment satisfaction, according to Schneider and Snyder (1975), carries an individual's core responses that arise as a result of their understanding of their job. Employee itself, compensation, advancement, supervision, and coworkers are among the five variables identified by Smith, Kendall, and Hulin (1969).

Churchill, on the other hand, has defined seven factors that are fairly comparable to the aforementioned components, including the overall job, coworkers, corporate policy, management, support, promotion, salary, and consumers. Based on the aforementioned attributes of charismatic leadership style and satisfied employees, the current study examine the impact of charismatic leadership style on employee satisfaction of employees working in private sector banks in Peshawar, Khyber Pakhtunkhwa Afghanistan.

2. OBJECTIVES

The primary goal of this research is to examine the impact of charismatic leadership on employee satisfaction in banking sector of Peshawar, Khyber Pakhtunkhwa, Pakistan.

3. LITERATURE REVIEW

According to some practical pieces of evidence, charismatic leaders are analyzed by their bosses as upbeat business personality which is positively connected with the supervisors' ratings of charismatic leadership. They are positively related to the significant achievements of the participants. According to Schien (2004), such leaders are principally responsible for the communication of direction and meaning among employees. In the views of Judge and Piccolo (2004), charismatic leadership behavior are detected to have an important outcome on a team's collective behaviors

and actions. The power of charismatic leadership behavior, which is positive in nature has been recently shown in study that depends on a great deal how these conditions were conceptualized, united and raised (Ullah, Afghan, Afridi, 2019; Whitman et al., 2010).

The features for charismatic leadership is acknowledged to be very much interconnected with positive outcomes of the employee satisfaction (Avolio, Einstein & Waldman, 1988; Avolio & Bass,1995,1988), i.e., organizational commitment (e.g., Williams and Pillai, 2004), performance level (e.g., Bass, 1985, 1999; Bass et al., 2003;Terborg,Steers and Kon 1995) and employee satisfaction (e.g., Shamir et al., 1993 Hater & Bass, 1988). Possibly, the most special outcome of charismatic leadership is the highest level of commitment shown by the leader and the supporters towards the same vision, mission, and goal (Nannus and Bennis, 1985; House et al.,1991). In the opinion of Degroot, Kiker, and Cross (2000), when the leader becomes the model and source of behavior and inspiration for the employees, they should become more dedicated to the organization. Commitment to change is known to be the important factor of a behavioral target in order to maintain change (Meyer and Hers covitch, 2002; Fedor et al., 2006; Ullah, Malik, Zeb, Rehman, 2019). According to recent research, the outcome of charismatic leadership and belief in top management on employee's commitment to true changes and their innovative executive behavior and this research also points out that this conviction among the higher management is robustly connected to affective commitment to change rather than charismatic leadership (Michaelis et al., 2009).

Despite having vague findings but strong proofs, the organizational commitment is indisputably influenced by job satisfaction (Brown and Peterson, 1993; Hartley and Dubinsky, 1986; Johnston et al., 1990). Adding up to this conclusion, there was another study that observed the role of employee satisfaction on employee's responses if any trouble occurs in the organization (Hagedoorn et al., 1999). Whereas Schwepker (2001), after going through the seven magnitudes of satisfaction which were connected to employee satisfaction, did not provide any such thing that organizational commitment is influenced by dimensions individually. Adding up to this research, another study was presented by Rutherford (2009), which studied the individual aspects of employee satisfaction which influence organizational commitment. According to final outcomes, at least three dimensions of employee satisfaction are for sure associated with organizational commitment, whereas on the other hand, only one aspect of employee satisfaction with overall job is related to organizational commitment

4. CONCEPUTAL FRAMWORK

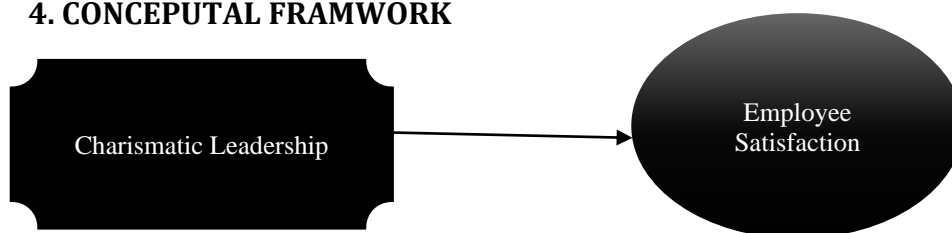


Figure 1: Model

5. HYPOTHESIS

- Charismatic leadership style has positive and significant impact on employee satisfaction.

6. METHODOLOGY

Data was collected from bank personnel in Peshawar, using a survey method. The study sample strategy is convenient sampling, and have chosen private banks in Peshawar, Pakistan based on our ease of access to them. Self-distributing questionnaires in the above-mentioned banks are used to collect data. Because the current study is conducting research at a single point in time, it is a cross-sectional study. Furthermore, the questionnaire has five closed-ended items on the Likert scale (strongly disagree, disagree, neutral, agree, and highly agree) so that to easily codify them and apply statistical methods to them.

7. DATA ANALYSIS

7.1 Reliability Statistics

Table
1

Reliability Statistics		
Cronbach's Alpha	Items	N of
.871		18

Cronbach's alpha is 0.871, which is important because it is close to one. This indicates that inter-item consistency is quite important for this variable. This indicates that this test is 87 percent reliable.

H1: Impact of Charismatic Leadership on Employee satisfaction

For determining the impact of charismatic leadership style on job satisfaction, a three-table linear regression model was used. The model summary shows the data's fitness, whereas the ANOVA displays the variance between independent and dependent variables and is statistically significant with a value of.000. In contrast, the coefficient represents the impact of Charismatic Leadership Style in predicting Job Satisfaction, and it is 98.90 percent.

Table
2

**Model
Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.989 ^a	.977	.977	.15064439

a. Predictors: (Constant), Charismatic Leadership

**Table
3**

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	153.460	1	153.460	6762.210	
	Residual		.000 ^b			
			3.540	156	.023	
	Total	157.000				

157 a. Dependent Variable: Employee satisfaction

b. Predictors: (Constant), Charismatic Leadership

The value is significant i.e. 0.000 which is less than 0.05. It shows that our second model i.e. impact of charismatic leadership on organizational commitment is highly significant. Means if this study is conducted again then there will be a 99% probability that the authors obtain the same results.

Table 4

Model	Coefficients ^a			Standardized		
	Unstandardized Coefficients	B	Std. Error	t	Sig.	
1	(Constant)	8.421E-17	.012		.000	
		1.000				
	Charismatic Leadership	.989	.012	.989	82.233	.000

a. Dependent Variable: Employee satisfaction

This shows that the relationship between charismatic leadership and job satisfaction is significant

H2: Impact of Charismatic Leadership on organizational commitment

Linear regression was used in this study, and it was based on three tables. Summary of the model, anova, and coefficient The model summary shows the data's fitness, whereas the anova shows the variance between independent and dependent variables and is statistically significant with a value of.000. The coefficient, on the other hand, represents the influence of charismatic leadership style in predicting organizational commitment and is 85.20 percent.

Table

5

Model Summary

Model	R	R Square	Adjusted R	Std. Error of the Estimate
1	.923 ^a	.853	.852	.38500728

a. Predictors: (Constant), Charismatic Leadership Style

**Table
6**

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	133.876	1	133.876	903.160	.000 ^b
	Residual	23.124	156	.148		
	Total	157.000				

157 a. Dependent Variable: Organizational commitment
b. Predictors: (Constant), Charismatic Leadership

The value is significant i.e. 0.000 which is less than 0.05. It demonstrates the importance of our second model, namely the impact of charismatic leadership on organizational commitment. That means, there is a 99 percent chance that the identical results will be obtained if we repeat the experiment.

Table 7

Coefficients^a

Model		Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	(Constant)	1.370E-16	.031	1.000	.000
	Charismatic Leadership Style	.923	.031	.923	30.053

a. Dependent Variable: Organizational commitment

This shows that the relationship between charismatic leadership and Organizational commitment & it is significant.

**Table
8**

Correlations

	Charismatic Leadership Style	Employee satisfaction
Charismatic Leadership Style	1	
Employee satisfaction		1

	commitment			
Charismatic Leadership Style	Pearson Correlation	1	.989**	.923**
	Sig. (2-tailed)		.000	.000
	N	158	158	158
Employee satisfaction	Pearson Correlation	.989**	1	.960**
	Sig. (2-tailed)	.000		.000
	N	158	158	158
Organizational commitment	Pearson Correlation	.923**	.960**	1
	Sig. (2-tailed)	.000	.000	
	N	158	158	158

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

Correlation is done to look at the relationship between the variables. In this table, there is relationship between Job satisfaction and Organizational Commitment

8. CONCLUSION

The purpose of this study was to examine if charismatic leadership had a significant impact on employee satisfaction in banking sector of Peshawar, Khyber pakhtunkhwa, Pakistan. The findings indicated that charismatic leadership has a positive and significant impact on employee satisfaction. Furthermore, the findings demonstrate that all variables, including charismatic leadership and employee satisfaction have a positive relationship. When look at demographics, the study see that both men and women are inspired by their leaders, and as a result, they are dedicated to their organizations. Because charismatic leaders improve employee satisfaction, they are perceived as higher performers than less charismatic leaders.

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