THE ROLE OF LEADERSHIP IN WORK ENGAGEMENT: THE MODERATING ROLE OF A BUREAUCRATIC AND SUPPORTIVE CULTURE

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Abstract

Work engagement has been a critical issue to business leaders, policy makers, human resources managers, supervisors, organizational consultants, and organizations at large. Rare research has been done on how leadership styles impact work engagement levels in private and public sector banks, especially in the context of developing countries’ varying organizational cultures. The paper offers an empirical research model on leadership styles: transactional and transformational leadership and their impacts on work engagement levels in the presence of the moderating role of bureaucratic and supportive culture. Approximately 700 self-administered questionnaires were circulated among employees of private- and public-sector banks using a simple random sampling technique. The results reveal that transformational leadership has a stronger positive influence on work engagement levels only in private-sector banks. Also, the supportive culture of private banks strengthen the positive association between transformational leadership and work engagement levels. Conversely, a bureaucratic culture has been moderated and has strengthened the relationship between transactional and work engagement in public-sector banks.

Keywords: Transformational leadership, transactional leadership, supportive culture, bureaucratic culture, work engagement

JEL Classification: Z 100

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Introduction

Work engagement is a new construct and has obtained research interest over the last ten years (Babcock-Roberson & Strickland, 2010; Leiter & Bakker, 2010). Work engagement has become a promising idea for creating an occupational healthy psychology (Schaufeli & Salanova, 2007). In today’s turbulent environment, many organizations are focused on hiring and retaining proactive employees who are ready to contribute, self-motivated, and forward-thinking—in other words engaged employees. Leadership behavior can perform a vital role in proactively and increasing the level of work engagement in organizations (Schmitt, Hartog, Belschak, 2016; Imran, Rehman, Aslam, & Bilal, 2016). Engaged employees strive to achieve personal and organizational success, bring new ideas and innovation, attract customers and co-workers, infuse energy and increase productivity at work. Business leaders focus on increasing work engagement levels for additional inputs. However, the question now arises that whether organizations are also paying higher returns to employees for their increased motivation and inputs in the workplace.

Work engagement remains a challenge for many organizations. The increasing competing pressures, financial market volatility, demand for profitable growth, global shifts in workforce demographics, political uncertainty, and a rapidly shifting technology have emphasized the importance of work engagement. Leaders must ask questions regarding employees’ requirements for being engaged and the behaviors organizations expect them to engage in. Smulders (2006) has investigated low levels of work engagement in blue-collar workers, police officers, information and communication technology workers (ICT-workers), home care staff, and retail workers. A low level of work engagement has been reported in employees of public-sector organizations due in part to high job security (Mauno, Kinnunen, Mäkikangas, & Nätti, 2005). Furthermore, 25-percent of employees are fully engaged in public-sector organizations (White, 2008). Alternatively, a study has stated that in private-sector only 46-percent of employees are fully engaged in the workplace (Moody, 2012). Therefore, it is essential to investigate measures to raise the level of work engagement in a developing country and in different organizational cultures. Researchers have reported that budget...
allocation, rules, procedures, processes, communication flow, decision making, levels of job security, trust, empowerment, satisfaction, and performance vary between public- and private-sector organizations in Pakistan (Aslam, Ilyas, Imran, & Rahman, 2016; Muqadas, Ilyas, & Aslam, 2016). Given the context discussed above, it can be assumed that levels of work engagement vary in the public- and private-sectors banks in Pakistan. Therefore, it is important to find most appropriate leadership to increase work engagement levels in private- and public-sector banks, especially in the context of developing countries’ varying organizational cultures.

A study has explained that work engagement arises from coaching and social support, job autonomy, performance feedback, value fit, transformational leadership, task variety, and organizational justice (Schaufeli & Salanova, 2007). Several researchers have accomplished their studies on investigating the relationship between work engagement and transformational leadership (Tims, Bakker, & Xanthopoulou, 2011; Zhu, Avolio, & Walumbwa, 2009), turnover intention, job satisfaction, job hunting (Simpson, 2009), organization-based self esteem, job control (Mauno, Kinnunen, & Ruokolainen, 2007), psychological meaningfulness, psychological availability, psychological safety (Olivier & Rothmann, 2007), work overload, social support, self-efficacy, and commitment (Halbesleben, 2010). Few studies have sought to integrate leadership and work engagement levels (Arifin, Troena, & Djuahir, 2014; Babcock-Roberson & Strickland, 2010; Blomme, Kodden, & Beasley-Suffolk, 2015; Schmitt et al., 2016; Tims et al., 2011). But, these studies conducted in western and developed countries where level of work engagement is high. In addition, these western studies ignore the importance of organizational culture in determining the most appropriate leadership style to increase the level of work engagement. Furthermore, scant research has been done how leadership styles can predict work engagement levels in private- and public-sector banks in developed or developing countries. Until recently, the authors of the present study have not found a single comparative study on the relationship between leadership styles and work engagement levels in the presence of the moderating role of a bureaucratic and supportive culture. This investigation also examines which leadership style is appropriate to increase the levels of work engagement in the cultures of private- and public-sectors banks.
Literature Review

Leadership

Burns (1978) has presented the theory on leadership styles: transactional and transformational leadership, which is further conceptualized by Avolio, Bass, Walumbwa, and Zhu (1995). A transactional leader relies on certain contracts, task accomplishment, coercion or punishment, rewards, and a defined system (Rowold, 2005; Tejeda, Scandura, & Pillai, 2001). Furthermore, the concept of transactional leadership is based on three important components: management-by-exception-active (MBEO), contingent reward (CR), and management-by-exception-passive (MBEP). However, among leadership theories, transformational leadership has gained significant attention of researchers over the past three decades. Transformational leaders are life-long learners, value-driven, courageous, believe in dealing with complexity and ambiguity, and believe in people (Tichy & Devanna, 1986; Imran et al., 2016b). Researchers reported that transformational leaders are motivators, who foster effective relationships by reducing the distance with their subordinates (Bass, 1997; Imran et al., 2016b). The concept of transformational leadership is based on four components: individualized consideration, charisma, inspirational motivation, and intellectual stimulation. Babcock-Roberson and Strickland (2010) have found rare studies on the link between leadership style and the level of work engagement. Furthermore, they argue that work engagement is relatively new construct that has gotten importance for the researchers. Zhu et al. (2009) have not found a single study that examines connection between transformational leadership and the levels of work engagement. Blomme et al. (2015) have found rare literature that investigates the precise impacts of leadership styles on work engagement levels.

Work engagement and leadership

It is important to note that there is no universal harmony regarding the conceptualizations and definitions of work engagement (Finn & Rock, 1997). Several researchers and practitioners have proposed their own definitions, which has led to much confusion. Initially, Kahn (1990) has discussed engagement in the context of emotion and cognition. He argues that psychological safety, meaningfulness, and availability are the antecedents of personal
engagement. Another study has conceptualized work engagement as an inspirational construct (Schaufeli et al., 2002). Those researchers argue that work engagement is a fulfilling, positive, and job-related state of mind that is characterized by employee absorption, vigor, and dedication. Here, absorption refers to one’s happiness toward and concentration in one’s job; vigor is described as a high level of mental resilience and energy while performing work; and dedication is described as a sense of enthusiasm, significance, challenge, and inspiration at work. Recent studies have found that those who exemplify absorption are able to take on different roles in an organization; this trait appears to be a results of not a component of work engagement (Freeney & Tiernan, 2009; Salanova et al., 2003). Furthermore, May, Gilson, and Harter (2004) have also offered their conceptualization of work engagement by separating this construct into three components: the emotional component, cognitive component, and physical component. The emotional and cognitive components involve investing one’s heart and mind, respectively, into one’s job in the workplace; while the physical component pertains to the amount of energy used to complete a certain task. Moreover, Jones and Harter (2005) have defined work engagement as “the individual’s involvement and satisfaction with, as well as enthusiasm for their work.” The existing literature states that when leaders satisfy employees higher order needs, employees show higher levels of work engagement (Bass, 1985; Burns, 1978; Harter et al., 2002). In this vein, Zhu et al. (2009) have indicated that positive leadership can increase the levels of work engagement in the workplace; in fact, the authors found a positive relationship between transformational leadership and levels of work engagement. Fleming and Asplund (2007) have divided work engagement into four dimensions: individual contribution, fulfilling basic needs, organic growth, and team work. Zhu et al. (2009) have exhibited positive link between transformational leadership and the levels of work engagement. This study is considering work engagement as a motivational construct based on individual contribution, fulfilling basic needs, organic growth, and team work.

Blomme et al. (2015) have proposed a conceptual framework in which they propose that a low level of transactional leadership is linked to low levels of engagement, while a high level of transformational leadership is linked to high levels of engagement. Employees, who have perceived their leaders as transformational, tend
to have higher levels of employee engagement; likewise, who views their leaders as transactional also, tend to have higher levels of employee engagement (Moody, 2012). Blomme et al. (2015) observed that few studies have investigated the precise impact of leadership styles on work engagement levels. Until recently, little research has examined which leadership style is the most effective in public and private sector banks, especially in the presence of bureaucratic and supportive culture and in the context of developing countries. Lonner, Berry, and Hofstede (1980) have argued that many theoretical contributions are biased when they ignore cultural aspects. Aslam et al. (2016) have noted that a developing country, such as Pakistan, has a culture based on power distance, collectivism, injustice, and more political influence compared to developed countries. Given the context discussed above, this study suggests the following research hypotheses:

\[ H1^A \]: Transactional leadership increases the level of work engagement in public sector banks.

\[ H1^B \]: Transformational leadership fosters the level of work engagement in public sector banks.

\[ H1^C \]: Transactional leadership has positive impact on the level of work engagement in private sector banks.

\[ H1^D \]: Transformational leadership enhances the level of work engagement in private sector banks.

Organizational culture, leadership, and work engagement

The success or failure of a dynamic organization is based on the quality of its leadership and organizational culture (Leiter & Bakker, 2010; Imran et al., 2016a; Imran et al., 2016b). According to Dess, Picken, and Lyon (1998), organizations should move from an authoritarian leadership style to a friendly, egalitarian style, which will increase the level of employees’ work engagement while establishing a supporting culture. Therefore, it is increasingly important to create values and norms that encourage and foster work engagement. The organizational culture in a given organization can vary widely from that of others in terms of the entrenched beliefs, values, expectations, assumptions, philosophies, attitudes, and norms (Schein, 1990). In fact, Wallach (1983) has categorized organizational
culture into three major dimensions: bureaucratic, innovative, and supportive. From this perspective, this study focuses on supportive and bureaucratic culture. Employees regard a supportive culture as friendly, helpful, harmonious, fair, open, trusting, safe, sociable, encouraging, and collaborative. In contrast, a bureaucratic culture is rooted in authority; employees face clearly delineated responsibilities, and the organization is systematic, regulated, power-oriented, ordered, and hierarchal in nature.

A supportive culture can foster teamwork, a favorable working environment, fair career development opportunities, and high levels of work engagement (Devi, 2009; Imran, Rehman, Aslam, & Bilal, 2016). Arifin et al. (2014) found a statistically significant relationship between transformational leadership, organizational culture, and levels of work engagement. Moreover, according to Wildermuth and Pauken (2008), leaders are concerned to get information regarding the environment that can enhance the level of work engagement in organizations. According to Corace (2007), an effective leadership team can establish and nurture an organization’s culture. As Moody (2012) noted, if a given organization’s culture is appreciative and supportive of its employees, and if it is also innovative, then employees are more likely to respond favorably by investing higher levels of energy in their work. In private-sector organizations, employees are more likely to dedicate their abilities, energy, and time due to the supportive behavior exemplified in the workplace. In public-sector organizations, which share many of the features of a bureaucratic culture, have demonstrated that even transactional leadership cannot easily encourage a good employees engagement levels of employees in the workplace. Given the context discussed above, this study proposes the following hypotheses:

$H1^B$: Bureaucratic Culture strengthens the relationship between transactional leadership and work engagement in public sector banks.

$H2^B$: Supportive culture strengthens the relationship between transformational leadership and work engagement in private sector banks.
Hypothesized Model

Research Methodology

Research Philosophy and design

This research study is based on the assumptions of a positivistic approach that supports deductive reasoning to construct and test the proposed hypotheses. The present study has followed the explanatory research design that supports examining the cause and effect relationship in proposed hypotheses using self-administered questionnaires.

Population

In the services sector, the banking sector has been given major attention due to upgraded technology, online banking services, stiff business competition, and huge market share (Imran, Ilyas, Aslam, & Rahman, 2016). For data collection, the top six most famous banks from the public and private sectors are selected from Faisalabad, Lahore, Multan, and Bahawalpur. These banks are the bank of Punjab (BOP), National bank of Pakistan (NBP), and Zarai taraqiati bank limited (ZTBL), Muslim commercial bank limited (MCB), Allied bank limited (ABL), and United bank limited (UBL). The data regarding the number of employees have been taken from the concerned departments of these scheduled banks.

Sample
Approximately 27,581 employees work in these public and private sector banks in Faisalabad, Lahore, Multan, and Bahawalpur. To ensure a valid and unbiased analysis, sample size is one crucial factor (Hair, Black, Babin, & Anderson, 2010). An online sample calculator has been used, and it has extracted a 700-subject sample size. Simple random sampling has been used to select 700 employees from a sampling frame. Out of 700, 350 self-administered questionnaires have been distributed to employees of private sector banks, and the remaining 350 questionnaires have been distributed among employees of public sector banks.

Data collection technique

The self-administered questionnaire is one of the most popular data collection methods in empirical studies. The questionnaires have been taken from well-reputed studies. All the measures (other than the control variables) have used a five-point scale ranging from “strongly disagree” (1) to “strongly agree” (5). The eight-dimension scale of leadership has been adopted from the previous study of Bass and Avolio (1995). This scale of leadership is based on five dimensions of transformational leadership and three dimensions of transactional leadership. A sample item of transformational leadership scale is, “I have trust in my superior’s ability to overcome any obstacle,” and a sample item of transactional leadership scale is, “My superior makes sure that there is a close agreement between what he/she expects me to do and what I can get from him/her for my efforts.” The two-item scale of bureaucratic culture was adopted from Zhong (2002) and adapted to meet the objectives of this study. A sample item of scale is, “My company has rigid polices, rules, and regulations for employees.” In addition, a supportive culture scale has been adopted from Wallach (1983), and these eight items were modified to measure on a five-point scale. The engagement to work scale was adopted from Saks (2006), and a sample item of the scale is, “My mind often wanders and I think of other things when I am doing my job.”

Results

Descriptive and reliability results

According to below given table 1, the mean values are showing from neutral to agree responses. Furthermore, the standard deviation values are exhibiting the normal deviation and closer to
mean. Pearson correlation test has applied to examine the strength of relationship between variables used for this study. The correlation values showed weak, medium, and strong relationship between constructs used (See Table 1).

Table 1: Descriptive and Reliability Results

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Alpha</th>
<th>Mean</th>
<th>S.D</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional</td>
<td>0.781</td>
<td>3.07</td>
<td>1.01</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational</td>
<td>0.812</td>
<td>3.48</td>
<td>.919</td>
<td>1.14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bureaucratic Culture</td>
<td>0.746</td>
<td>3.10</td>
<td>1.20</td>
<td>.421</td>
<td>.127</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supportive Culture</td>
<td>0.830</td>
<td>3.81</td>
<td>.738</td>
<td>.452</td>
<td>.415</td>
<td>.178</td>
<td></td>
</tr>
<tr>
<td>Work engagement</td>
<td>0.828</td>
<td>3.61</td>
<td>.823</td>
<td>.452</td>
<td>.582</td>
<td>.415</td>
<td>.557</td>
</tr>
</tbody>
</table>

Note: All the values of correlation are at 0.01 level of significance.

Multiple Regression

Multiple regression results have used to compare the beta and T values of private and public sector banks. In table 2, the results are indicating that transformational leadership is most appropriate in private sector banks rather than in public sector banks. While transactional leadership style is found more effective in public sector banks only.

Table 2: Multiple Regression Results

<table>
<thead>
<tr>
<th>Work Engagement</th>
<th>Beta coefficients</th>
<th>Y-value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public banks</td>
<td>Private banks</td>
</tr>
<tr>
<td>Transactional</td>
<td>.350</td>
<td>.202</td>
</tr>
<tr>
<td>Transformational</td>
<td>.318</td>
<td>.515</td>
</tr>
</tbody>
</table>

R² = .467
Adjusted R² = .445
F-value = 90.87

Note: **Significance at 0.01 level and * Significance at 0.05 level.
**Independent Sample T-Test results and analyses**

The independent sample T-test has been used to compare the means of independent samples. In this study, researchers aim to examine whether transformational and transactional leadership have equal or higher effects on the level of work engagement in private and public sector banks. Table 3 shows that transformational leadership mean value is higher in private sector banks. These results reveal that transformational leadership is found effective for private sector banks. While transactional leadership is found appropriate in public sector banks.

*Table 3: Independent Sample T-test Results*

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Mean values</th>
<th>Public banks</th>
<th>Private banks</th>
<th>T-value</th>
<th>Public banks</th>
<th>Private banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional</td>
<td></td>
<td>26.10</td>
<td>24.15</td>
<td>2.92*</td>
<td>2.78*</td>
<td>3.57**</td>
</tr>
<tr>
<td>Transformational</td>
<td></td>
<td>25.22</td>
<td>27.90</td>
<td>2.28**</td>
<td>3.57**</td>
<td>3.57**</td>
</tr>
</tbody>
</table>

Note: **Significance at 0.01 level and * Significance at 0.05 level**

**Moderation results and analyses**

The results of moderation reveal that bureaucratic culture has moderated and strengthened the existing positive association between transactional leadership and level of work engagement. Stronger the intensity of bureaucratic culture, high will be the association in the context of public sector banks. Moreover, the bureaucratic culture has rigid organizational policies, structures, rules, traditions, unfair procedures, and politics that may lead to decrease in work engagement levels in the workplace. Conversely, supportive culture moderated and strengthened the direct positive association between transformational leadership and level of work engagement. Stronger the intensity of supportive culture, high will be the association in the perspective of private sector banks. These results are exhibiting that organizational culture can play significant role for leadership styles and work engagement in the workplace (See Table 04).
The current research investigates the varying leadership styles of the public and private sector banks in the presence of moderating role of bureaucratic and supportive culture. Moreover, the study examines the impact of transformational and transactional leadership to predict the level of work engagement in public and private sector banks of an under-researched country, like Pakistan. During the course of this research, the authors of this study were unable to find a single comparative study on the moderating role of organizational culture on the relationship between leadership styles and level of work engagement. This study has presented a research model that investigated which leadership style is the most appropriate to the cultures of public and private sector banks.

For all study purposes, from a total of 27581 bank employees, the research data considers 700 (employees working in private and public sector banks) study participants using simple random sampling. The study analysis of the current research involves the utilization of different statistical techniques to present a statistically valid comparison. In addition, with the help of multiple regression and

### Table 4: Moderation Results

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Point of Estimate</th>
<th>S.E</th>
<th>Lower 95% CI</th>
<th>Upper 95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSL</td>
<td>.351**</td>
<td>.09</td>
<td>0.25</td>
<td>0.29</td>
</tr>
<tr>
<td>BC</td>
<td>.403*</td>
<td>.03</td>
<td>0.30</td>
<td>0.39</td>
</tr>
<tr>
<td>TSL * BC</td>
<td>.415*</td>
<td>.015</td>
<td>0.35</td>
<td>0.53</td>
</tr>
</tbody>
</table>

**TSL**: Transactional leadership, **BC**: Bureaucratic culture, **SC**: Supportive culture, **BC**: Biased Corrected (5000 bootstrapping samples); *p<.05, **p<.01, ***p<.001.

### Discussion

The current research investigates the varying leadership styles of the public and private sector banks in the presence of moderating role of bureaucratic and supportive culture. Moreover, the study examines the impact of transformational and transactional leadership to predict the level of work engagement in public and private sector banks of an under-researched country, like Pakistan. During the course of this research, the authors of this study were unable to find a single comparative study on the moderating role of organizational culture on the relationship between leadership styles and level of work engagement. This study has presented a research model that investigated which leadership style is the most appropriate to the cultures of public and private sector banks.

For all study purposes, from a total of 27581 bank employees, the research data considers 700 (employees working in private and public sector banks) study participants using simple random sampling. The study analysis of the current research involves the utilization of different statistical techniques to present a statistically valid comparison. In addition, with the help of multiple regression and
independent sample T-test results, current research authors have presented the comparison based on beta coefficients, mean-values, T-values and significance levels. It has been observed that transformational leadership has more positive impact on work engagement in private sector banks as compared to public sector banks. The study also reveals that transformational leadership is less effective in increasing the level of work engagement in public sector banks. While transactional leadership is less effective for enhancing the level of work engagement in private sector banks. Moreover, it is also found that transformational leadership is less effective for the level of work engagement in public sector banks. While transactional leadership is less effective to increase the level of work engagement in private sector banks.

By using Hayes’s (2013) moderation, results exhibit that the supportive culture of private banks strengthens the association between transformational leadership and work engagement levels. Alternatively, bureaucratic culture moderates and strengthens the relationship between transactional leadership and work engagement in public sector banks. These results represent that organizational culture has a stronger effect on determining the leadership style and increasing the level of work engagement in organizations.

Conclusion
This study has presented a research model that accomplished an aim to determine appropriate leadership style in organizations that have differences in organizational culture. Transformational leadership has been found to be appropriate in a supportive culture of private-sector banks. A supportive culture is friendly, helpful, harmonious, fair, open, trusting, safe, sociable, encouraging, and collaborative for employees. Therefore, transformational leaders can perform effectively because they are encouraging and collaborative as well as believe in dealing complexity and ambiguity. Transactional leadership has been found to be more suitable to the culture of public-sector banks. A bureaucratic culture emphasizes the use of fewer resources, more control, fewer rewards, centralization, and strict rules and regulations. Therefore, transactional leaders work effectively because they rely on task accomplishment, coercion or punishment, rewards, and a defined system. Finally, supportive and bureaucratic
organizational cultures exhibit particular attributes that are highly evident in both private (collaborative, sociable, and friendly) and public-sector banks (hierarchal, authoritarian, political, and controlling) in Pakistan.

**Implications**

Previous studies have investigated the relationship among coaching, social support, job autonomy, performance feedback, value fit, transformational leadership, task variety, organizational justice, turnover intentions, job satisfaction, job hunting, organization-based self-esteem, job control, psychological meaningfulness, psychological availability, psychological safety, work overload, social support, self-efficacy, commitment and work engagement (Halbesleben, 2010; Saija Mauno et al., 2007; Olivier & Rothmann, 2007; W. Schaufeli & Salanova, 2007; Tims et al., 2011; Zhu et al., 2009). However, authors of present research have not found comparative studies on leadership styles and work engagement in the context of developed or developing countries. Moreover, this is the first study to have examined the moderating role of an organizational culture in the relationship between leadership styles and work engagement levels. The present study is unique because it has investigated the importance of an organizational culture to transactional-transformational leadership in public- and private-sector banks, respectively.
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