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The effect of leadership and teamwork on employee loyalty and organizational trust as a mediating variable

Dr.Sofia Bano^{1,*}, Abdullah Athar², Sana Mughal³

Abstract

The objective of this study is to determine the mediating role of organizational trust between the effect of transformational leadership and teamwork towards employee loyalty in the financial sector of Pakistan. 243 responses have been collected from the active employees of private banks of Pakistan using a 5-point Likert scale questionnaire and survey method while nonprobability purposive sampling strategy has been opted for the selection of participants. PLS-SEM has been employed for data analysis using SmartPLS v3. Organizational trust and teamwork have a positive effect on employee loyalty while transformational leadership has an insignificant effect on employee loyalty. Further, transformational leadership and teamwork have a positive effect on organizational trust. Lastly, organizational trust significantly mediates the effect of transformational leadership and teamwork on employee loyalty. Leader should also make an effort to inspire their direct reports by showing charisma and paying attention to each one of their needs. Intense competition and high customer expectations are challenges for the banking industry. Manager's support will increase the sense of loyalty among the employees, fostering a trusting environment that encourages employees to keep working hard even under difficult conditions.

Keywords: *Leadership, Teamwork, Employee Loyalty, Private Banks, Pakistan.*

¹ Assistant Professor, Karachi Institute of Economics and Technology (KIET), Karachi, Pakistan.

* Corresponding author, email: sofiashaikh@hotmail.com

² Lecturer, Karachi Institute of Economics and Technology (KIET), Karachi, Pakistan. Email: Abdullah.athar071@gmail.com

³ CEO/Founder, O2 Professional Development Centre Karachi, Pakistan. email: O2professionaldevelopment@gmail.com

1. Introduction

An organization's ability to perform and reach its objectives depends on leadership. Every organization has to assess its level of organizational trust in an effort to increase employee loyalty (La Paudi et al., 2022). However, a leadership approach known as "transformational leadership" (TL) encourages followers to make good changes. (Hamid et al., 2022). Organizational leaders can influence

behavior by creating policies and practices that address the needs of the entire organization (Matande et al., 2022).

TL also affects employee loyalty. Employees' difficulties with uncertain working conditions and the leadership's decision-making based on individual mindsets result in an unequal fulfillment of employee expectations, which can either promote sentiments of contentment or dissatisfaction (Suwanto et al., 2022). Organizational refers to the belief among

employees in a company's and its executives' capacity to meet objectives and dedication to the welfare of their staff (Ismail et al., 2021).

Furthermore, leadership has essential to an organization's capacity to fulfill its obligations and reach its goals. If the leader can effectively discharge their obligations, there is a good chance that the organization will succeed (Pulungan & Andika, 2022).

The revival of communication, as well as teamwork and success, depend even more on trust. Therefore, trust may give businesses a competitive edge through promoting interpersonal cooperation and effective teamwork (Nento & Abdullah, 2021).

1.1 Statement of the problem

Firstly, the trust and loyalty of employees to perform well is one of the organization's main problems. People can cooperate, obey superiors even when they don't agree with them, and follow orders in order to accomplish organizational work goals (Shakir, 2022). Leadership, organizational trust, and employee loyalty are factors that affect employees' loyalty (Dai et al., 2022). Because low organizational trust among employees has a negative impact on employee loyalty, which is indicated by the presence of employee work outcomes that do not correspond with the evaluation elements (Zanabazar et al., 2022).

Another problem is that employees are occasionally given tasks that are not in accordance with their work in terms of delegation and have a very short deadline for completion (Atalay et al., 2022). Employees are unable to submit tasks on time as a result, and leaders do not want to hear any excuses from employees who are careless in completing their

jobs (Mahmud, 2021). Due to a lack of employee trust in the organization and its leadership beliefs, this leads the organization to lose the loyalty of its employees (Paliszkievicz et al., 2014). The fundamental problem is a lack of employee trust, thus it is necessary for leaders and employees to work together to improve and assess each employee's performance with the goal of further increasing the level of trust and loyalty (Yu et al., 2018).

Furthermore, a key factor in increasing employees' levels of loyalty is leadership style. Every organization has a culture that has been shaped by its leadership. Employee satisfaction in an organization is influenced by its culture and leadership style (Abbas, 2017). Organizations need to focus on factors like culture and leadership style that increase employee engagement, which in turn influences factors like loyalty (Ramalingam et al., 2021).

Firstly, when analyzing the impact of transformational leadership on employee loyalty, many studies have taken a narrow viewpoint. According to several studies, TL consists of four factors: idealized influence, individual consideration, inspirational motivation, and intellectual stimulation (Mukti et al., 2022). There is a gap on the effects of these individual factors on employee loyalty. Secondly, the current study investigated on how TL affects employee loyalty in the organization (Dewi et al., 2022). The impact on employee performance was not examined by the study. There is a gap as a result, and the research will try to fill it (Rachmah et al., 2022). Three aspects of transformational leadership—inspirational motivation, intellectual stimulation, and individualized consideration—will be employed as independent variables in the study

to examine the impact of transformational leadership on employee performance (Majrashi, 2022).

There is also a contextual gap that hasn't been investigated. Regarding this gap, it is noted that there are few empirical research relating transformational leadership with institutional employee loyalty (Thanh & Quang, 2022). Most studies on this topic are theoretical and devoid of any empirical support. Therefore, there is a critical need to fill the identified knowledge, conceptual, and contextual gaps in order to increase EL in the institutions sector (Kariuki et al., 2022). Furthermore, while many researchers have focused on the main topics of teamwork and organizational trust, there are not enough studies that have examined the relationships between these two constructs. The current study aims to fill this gap (Bonaiuto et al., 2022). This study determines the role of leadership and teamwork on employee loyalty with the mediation of organizational trust in the private banks of Karachi.

1.2 Rationale of the study

Karachi is one of Pakistan's most populated and well-developed cities, and it has a large number of private banks and extensive banking services (Lucendo et al., 2022). Moreover, it is discussed in the literature that teamwork and transformational leadership are important among banking employees, thus it is important to understand the effects of TL and TW on employee loyalty and organizational trust (Molines et al., 2022). Also, high-performing employees who are smarter decision-makers support successful leadership with their loyalty and trust (Naing, 2022). Additionally, the study used the PLS-SEM technique for data analysis

because this technique assesses how well a model explains for the target constructs of interest by estimating the relationships between latent variables (Sohaib et al., 2019). Likewise, social behavior is the outcome of an exchange process, hence the study employed the social exchange theory (Wang et al., 2019). Studies have manifested that effective leadership is essential to an organization's ability to perform and achieve its objectives. Every organization must evaluate its level of organizational trust in order to foster employee loyalty (Chaturvedi et al., 2019). Therefore, it is important to undertake private banks of Karachi as a study population to better understand the perspectives of their employees about leadership, teamwork, and outcomes

1.3 Structure of the paper

The remainder of the paper consisted of theoretical foundations and theoretical connectivity with the variables, followed by development of the hypotheses, research design, sampling design, data collection and data analysis. Further, the paper discusses the results and findings of the measurement model and hypothesis-testing. Lastly, the study provides the theoretical and practical implications, limitations and future research directions, and conclusive remarks.

2. Theoretical underpinnings & hypotheses development

2.1 Theoretical Framework

2.1.1 Maslow's hierarchical theory of need

The concept of a "Hierarchy of Needs" was first proposed by Abraham Maslow in the year 1943. A typical explanation of human motivation may

be found within this theory. The idea that people have a "hierarchy theory," or five essential needs, is one of the key components of this theory. According to Maslow, the unfulfilled needs of an individual are what drive them to pursue their goals. When one of these circumstances is met to a substantial degree, it paves the way for the emergence of the subsequent condition (Liu & Cheng, 2022). Based on how significant they were thought to be, Maslow assigned each of the five requirements to either a "higher order" or a "lower order." On the bottom rung of the hierarchy resided the requirements for bare survival and basic comfort. These more fundamental needs are often satisfied when in the great outdoors. Higher-order wants include the need to connect with other people and to be acknowledged for the individual qualities that make them special. Higher-order criteria are typically handled on an individual basis the majority of the time. As a result, it should come as no surprise that the vast majority of employees' fundamental requirements are met even during a recession (Shoib et al., 2022).

2.1.2 Social exchange theory

The American sociologist George Homans' book "Social Behavior as Exchange," which was released in 1958, is considered to be the foundation of the social exchange theory. According to the social exchange theory, the formation of a connection between two people necessitates a number of concessions or trade-offs that include the interests of both of the individuals involved in the interaction. To put it more simply, it is a number that was devised in order to assess the degree to which both parties are engaged in their interpersonal

connection. One way to determine whether or not a person invests an excessive amount of effort into a romantic connection is to analyze the data obtained by weighing the advantages and disadvantages of being in that partnership (Davis-Sramek et al., 2022). This theory is unique from others in that it does not extensively investigate social interactions by use of emotional cues. Instead, it relies on mathematical and logical processes to ensure that all parties involved in a connection are in accordance with one another (Wallenburg & Handfield, 2022).

2.2 Hypotheses Development

2.2.1 Relationship between organizational trust and employee loyalty

Organizational trust may be defined simply as the staff's trust in the decisions made by the corporation. This might refer to trust in management or specific team members, but it also includes organisational aspects like the company's mission, the purpose of senior leadership and the principles and culture of the company (Sudiarditha et al., 2022). Whereas, employee loyalty refers to as the employees who are dedicated to the success of their company and think that working there is in their best interests are said to be loyal to it. Not only do they want to stay with the company, but they also don't actively look for other job options (La Paudi et al., 2022).

There is broad consensus that trust in organisations is essential to their success. Organizational trust is a crucial element of organisational effectiveness and survival. It is also frequently connected to increased economic performance and the

accomplishment of organisational goals (Li et al., 2021). There is consensus about the value of trust in an organization's performance, but there is disagreement regarding how trust is defined in literature. This is because trust is a multifaceted term. One of the key factors in an organization's development is organisational trust (Hong-Cheng et al., 2021). This is because it fosters organisational stability, customer satisfaction, helps to lessen negative confrontations, and improves effective problem-solving solutions (Sudiarditha et al., 2022). Trust inside a company benefits both the organisation and the personnel in a variety of ways. Employee loyalty and morale are strong in firms when organisational trust is guaranteed, which displays positive behaviour toward the company, coworkers, and management (Dai et al., 2022). Hence, it is hypothesized that:

H1: Organizational trust has a significant effect on employee loyalty.

2.2.2 Relationship between transformation leadership and organizational trust

Obtaining followers' commitment and motivating them to put aside their own interests in favour of the organization's goals is referred to as transformational leadership. This approach results in significant improvements and excellent performance (Islam et al., 2021). Organizational trust may be defined simply as the staff's trust in the decisions made by the corporation. This might refer to trust in management or specific team members, but it also includes organisational aspects like the organisational goal, the aim of senior leadership and the principles and culture of the company (Jaskeviciute et al., 2021). The

cultivation of transformational leadership behaviors should be seen as exceptionally beneficial, surpassing the results of standard organizational development programs in order for today's leaders to be able to meet the challenges they face, which include functioning in an environment that is complex and constantly changing. This is necessary in order for leaders to be able to meet the challenges of today's complex and ever-changing environments (Alhashedi et al., 2021).

The outcomes that the companies achieve greatly depend on their leadership. A change in leadership has the power to make or break an organisation. By actively promoting the growth and upkeep of organisational trust, leaders can demonstrate their commitment to the integrity of their actions and to impersonal forms of trust, such as the institutional dimension of organisational trust (Novianti, 2021). When an organization's trust declines, the leadership is seen as having a competitive advantage. When both the leadership and the traditional incentives fail, the importance of the organization's trust increases (Rawashdeh et al., 2021). Organizational trust may be defined as trust in procedures, organisational structures, and policies to promote organisational and social interaction, in contrast to interpersonal and social trust (Purwanto et al., 2021). Hence, it is hypothesized that:

H2: Transformational leadership has a significant effect on organizational trust.

2.2.3 Relationship between transformation leadership and employee loyalty

The success of their employer is important to loyal employees, who also believe that remaining with the same company is beneficial

to their own professional development. They not only do not have any plans to leave the organization, but they also do not make any efforts to look into other potential employment opportunities (Yuan et al., 2021). By discouraging group members from social loafing, transformational leaders improve the loyalty of their followers. Transformational leadership is a kind of leadership in which one or more people connect with others in a manner that stimulates and enhances both their own morale and that of their followers. This type of leadership may be exercised by one person or by several people (Fan et al., 2021). Personal growth is certain to occur for both the leaders and the followers of a group guided by such a type of leadership. It was also found that face-to-face teams had a higher prevalence of shared (transformational) leadership and employee loyalty than teams that worked remotely (Gan & Voon, 2021). A high degree of employee loyalty allows a company to benefit from high levels of consumer loyalty as well as corporate profitability, according to Abu-Rumman (2021).

In light of the aforementioned research, it can be concluded that employee loyalty is correlated with both the quantity and quality of an employee's output, as well as the timeliness of that output and the employee's presence/attendance at work, as well as the efficiency and effectiveness of the work completed (Samuel & Engelbrecht, 2021). Hence, it is hypothesized that:

H3: Transformational leadership has a significant effect on employee loyalty.

2.2.4 Relationship between teamwork and organizational trust

Teamwork refers to the cooperation of several individuals to achieve a common objective in the most productive and successful manner feasible. Individuals may have an easier time understanding this concept if they examine the broader definition of a team, which is a group of individuals who are dependent on one another and are working toward a common objective (Berraies & Chouiref, 2022). Working as a team necessitates depending on others to address the more complex issues. At first, it may be challenging to place faith in others to carry out a portion of the project, but with time and a great team, this trust will grow organically. Dependence on others helps people to cooperate and get along with others (He et al., 2022).

In HRM, organisational trust is regarded as one of the essential components. It is a psychological concept that falls under the heading of "healthy employees", specifically (Sudiarditha et al., 2022). Employees who possess healthy psychological resources—such as organisational trust, self-efficacy, mental and emotional competencies, organizational-based self-esteem, optimism, hope, and resilience—and who have positive relationships with well-being (such as work engagement) are considered to be in good health (Salanova et al., 2021). This concept focuses on vertical trust and team work, or the relationship of trust between top managers and subordinates (or teams). Thus, strong and adaptable organisations must consider how to develop organisational trust using a variety of antecedents (e.g., healthy organisational

practices) (Al Zubi, 2021; Tan et al., 2021). Hence, it is hypothesized that:

H4: Teamwork has a significant effect on organizational trust.

2.2.5 Relationship between teamwork and employee loyalty

The pursuit of a common objective is at the heart of teamwork, and team performance is what counts in the end. Turnover is one indicator that may be used to assess loyalty, which is the commitment of employees to the business and one another (Pulungan & Andika, 2022). Employees who are loyal to their companies are more likely to go the extra mile for their employers, think creatively about the issues they face, and come up with novel solutions. To the knowledge of every proprietor of a commercial enterprise, "huge earnings" result from satisfied clients and hardworking personnel. It has been observed that collaborative efforts in the workplace significantly boost productivity (Nicolleti et al., 2021). This is in line with findings from previous research indicating that increased collaboration leads to higher levels of production (Nento & Abdullah, 2021). Employees are more likely to appreciate one another and depend on one another in an environment that fosters teamwork. This fosters a sense of community as well as mutual respect amongst individuals. Keeping workers happy and maintaining a high morale may be accomplished through encouraging friendly competition and cooperative efforts among employees (La Paudi et al., 2022). Hence, it is hypothesized that:

H5: Teamwork has a significant effect on employee loyalty.

2.2.6 Mediation of organizational trust between transformation leadership and employee loyalty

The mediation of organizational trust between transformational leadership and employee loyalty has drawn increasing attention in recent years. Specifically, the role of leadership in maintaining employee trust is hotly debated among professionals in the field (Yuan et al., 2021). In this context, transformational leadership is defined as the process of inspiring followers to realise both their own needs and the goals of the organisation. Encouragement of creativity while urging staff to think creatively and be always inventive is a key component of transformative leadership. Individualized consideration also describes the extent to which a leader takes into account the demands of the workforce (Fan et al., 2021).

There is general agreement that organisations must be trusted for success. An essential component of an organization's performance and longevity is trust. It is typically linked to improved economic performance as well as the achievement of organisational objectives (Li et al., 2021). One of the key factors in an organization's development is organisational trust (Hong-Cheng et al., 2021). This is because it fosters organisational stability, employee loyalty, and it helps to lessen negative confrontations, and improves effective problem-solving solutions (Sudiarditha et al., 2022). Hence, it is hypothesized that:

H6: Organizational trust significantly mediates the effect of transformational leadership on employee loyalty.

2.2.7 Mediation of organizational trust between teamwork and employee loyalty

The trust that the employees have in the decisions made by the business is known as organisational trust. This might involve trust in supervisors or specific team members, but it also includes organisational aspects like the company's mission, the vision of senior leadership, and the culture and values of the firm (May et al., 2021). The practice of several persons working together to achieve a common objective is an example of teamwork. When considered in the context of a team, which is composed of individuals who are reliant upon one another and who are working toward a common objective, this idea takes on a new significance (Berraies & Chouiref, 2022). Working as a team necessitates depending on others to address the more complex issues. At first, it may be challenging to place faith in others to carry out a portion of the project, but H1.

with time and a great team, this trust will grow organically and also effect the organizational trust. Dependence on others helps people to cooperate and get along with others (He et al., 2022).

One of the key factors in an organization's development is organisational trust (Hong-Cheng et al., 2021). This is due to the fact that it promotes organisational stability, customer satisfaction, and aids in reducing unpleasant confrontations, and enhances efficient problem-solving techniques (Sudiarditha et al., 2022). There are many ways that trust inside a corporation is advantageous to both the organisation and the staff. When organisational trust is upheld, employee loyalty and morale are high, resulting in favourable behaviour toward the business, coworkers, and management (Dai et al., 2022). Hence, it is hypothesized that:

H7: Organizational trust significantly mediates the effect of teamwork on employee loyalty.

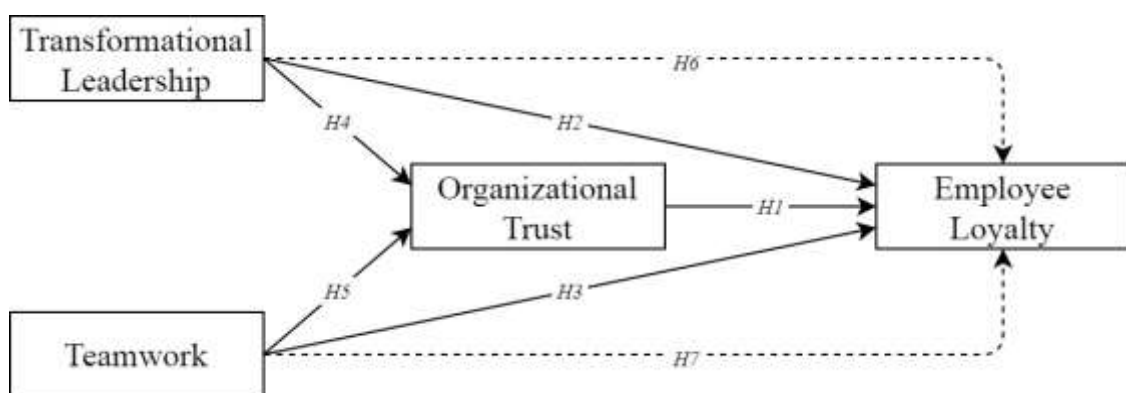


Figure 1
Research Framework

3. Methodology

3.1 Sample and population

The banking industry of Pakistan constituted 74 percent of the total assets of financial sector while total 34 banks are operative in Pakistan including foreign banks, private and public sector banks (SBP, 2022). Therefore, the study has aimed to collect responses from the employees of private banks in Karachi using nonprobability purposive sampling strategy due

to unknown size of the sample population (Guo & Hussey, 2004). Furthermore, Bentler and Chou (1987) suggested observation-to-sample ratio of 10:1 for sample size estimation. The study has 22 items in the data collection instrument and therefore, 300 questionnaires were distributed while 264 valid responses were collected with a response rate of 88 percent. The following table 1 shows the respondents' profile of the study.

Table 1

Profile of Respondents

Demographic Variables	Categories	Frequency
Gender	Male	119
	Female	124
Age Group	Below 25 years	57
	25 to 34 years	64
	35 to 44 years	55
	45 years and above	67
	Manager	34
Designation	Assistant Manager	40
	Front Desk Officer	44
	Operation Manager	42
	Relationship Manager	38
	Others	45
Employer Bank	Habib Bank Limited	17
	United Bank Limited	21
	Bank Alfalah Limited	21
	Meezan Bank	25
	MCB Limited	28
	Bank Al Habib Limited	23
	Al Baraka Bank Pakistan	34
	Standard Chartered Bank	24
	BankIslami Pakistan	25
	Others	25
Experience	Less than 5 years	74
	5 to 10 years	56
	10 to 15 years	50
	More than 15 years	63
Education	Undergraduate	63
	Graduate	57
	Postgraduate	65
	Others	58

Note: Total respondents: 243

3.1 Measures

A five-point Likert scale questionnaire has been developed for data collection using survey methodology while scales were adapted from previous studies. In this regard, six measures of transformational leadership were taken from Alimo-Metcalfe and Alban-Metcalfe (2001) such as *"My supervisor has genuine concern for others"*. Likewise, teamwork has total six measures where first three measures were taken from Turkyilmaz et al. (2011) such as *"Our bank has efficient teamwork"* and last three measures were taken from Jun et al.

4. Results

PLS-SEM has been employed for data analysis using SmartPLS v3 software. PLS-SEM is a 2nd-generation statistical technique for estimating advance modeling (Hair et al., 2011) with certain advantages; for instance, PLS-SEM can handle small samples (<250 responses), complex models with predictive-orientation and theory-extension objectives (Hair et al., 2014; Shiau et al., 2019; Tabachnick & Fidell, 2007, 2021). PLS-SEM does not focus on data distributional assumptions and can provide specific indirect-effect estimations based on the bootstrapping technique for hypothesis-testing (Hair et al., 2016).

PLS-SEM estimations have measurement model to assess the relationship between indicators and latent constructs and structural model to assess relationship between latent constructs for hypothesis-testing (Nitzl, 2016; Shiau et al., 2019). Measurement model provides statistical estimations for construct validity, convergent validity, and discriminant

(2006) such as *"Teams are used extensively at this firm"*. Similarly, five measures of organizational trust were taken from Podsakoff (1990) such as *"I feel quite confident that my leader will always try to treat me fairly"*. Lastly, employee loyalty has total five measures among them first two measures were taken Turkyilmaz et al. (2011) such as *"I have a desire to continue working the same bank"* while last three measures were taken from Jun et al. (2006) such as *"I am prepared to put in a great deal of effort to help my bank be successful"*. The data has been collected using in-personal and online survey from the sample population. validity assessed using PLS algorithm while structural model has been assessed using PLS bootstrapping technique at recommended 5000 subsamples and two-tailed analysis (Hair et al., 2011).

4.1 Pilot study

The study has used Cronbach's alpha reliability analysis for estimating the internal consistency of the variable based on a small-scale data of 50 responses for pretesting of the instrument (Morin, 2013; Sim & Lewis, 2012). In this regards, Nunnally (1978); Nunnally and Bernstein (1967, 1994) suggested that variable should have internal consistency higher than 70 percent. Consequently, the study found that transformation leadership has an internal consistency of 83.5%, teamwork has an internal consistency of 82%, organizational trust has an internal consistency of 80.2% and employee loyalty has an internal consistency of 72.8%.

4.2 Data screening

There was no missing value found in the collected valid data of 264 responses while 17

univariate outliers based on ZScore exceeding ± 3.29 and 4 multivariate outliers based on Mahalanobis Distance (D^2) < 0.001 has been detected and removed from the dataset. Therefore, final sample for data analysis consisted of 243 valid usable responses.

4.2.1 Common method variance (CMV)

CMV is a method for assessing the presence of a systematic error occurs due to common method use for measuring variables (Podsakoff et al., 2003). In this study, various perspectives have been measured using self-reported instrument (Podsakoff & Organ, 1986). Therefore, CMV has been checked using Harman's single-factor analysis and found 49.51% variance (Tehseen et al., 2017) providing that there is no common method variance in the data.

4.3 Measurement (outer) model

4.3.1 Construct reliability and validity

Table 2 shows the estimations of outer loadings for construct validity and Cronbach's alpha, composite reliability (CR) and average variance extracted (AVE) for convergent validity using PLS algorithm. Hair et al. (2011, 2013) suggested that indicator reliability should be higher than 0.70 while Hair et al. (2016); Hair et al. (2017) recommended that alpha coefficient higher than 0.70, CR higher than 0.80 and AVE higher than 0.50 are acceptable thresholds for achieving substantial degree of convergence between indicators and construct reliability. Henceforth, Table 2 manifested that constructs and convergent validities have been established based on the above estimations.

Table 2

Measurement model

Constructs	Loadings	Alpha	CR	AVE
EL1 <- Employee Loyalty	0.716			
EL2 <- Employee Loyalty	0.805			
EL3 <- Employee Loyalty	0.864	0.814	0.877	0.642
EL4 <- Employee Loyalty	0.812			
OT1 <- Organizational Trust	0.832			
OT2 <- Organizational Trust	0.804			
OT3 <- Organizational Trust	0.806	0.877	0.910	0.669
OT4 <- Organizational Trust	0.827			
OT5 <- Organizational Trust	0.822			
TL2 <- Transformation Leadership	0.779			
TL3 <- Transformation Leadership	0.868			
TL4 <- Transformation Leadership	0.863	0.903	0.928	0.721
TL5 <- Transformation Leadership	0.807			
TL6 <- Transformation Leadership	0.803			
TW1 <- Teamwork	0.862			
TW2 <- Teamwork	0.867			
TW3 <- Teamwork	0.918	0.883	0.914	0.680
TW4 <- Teamwork	0.829			
TW5 <- Teamwork	0.761			

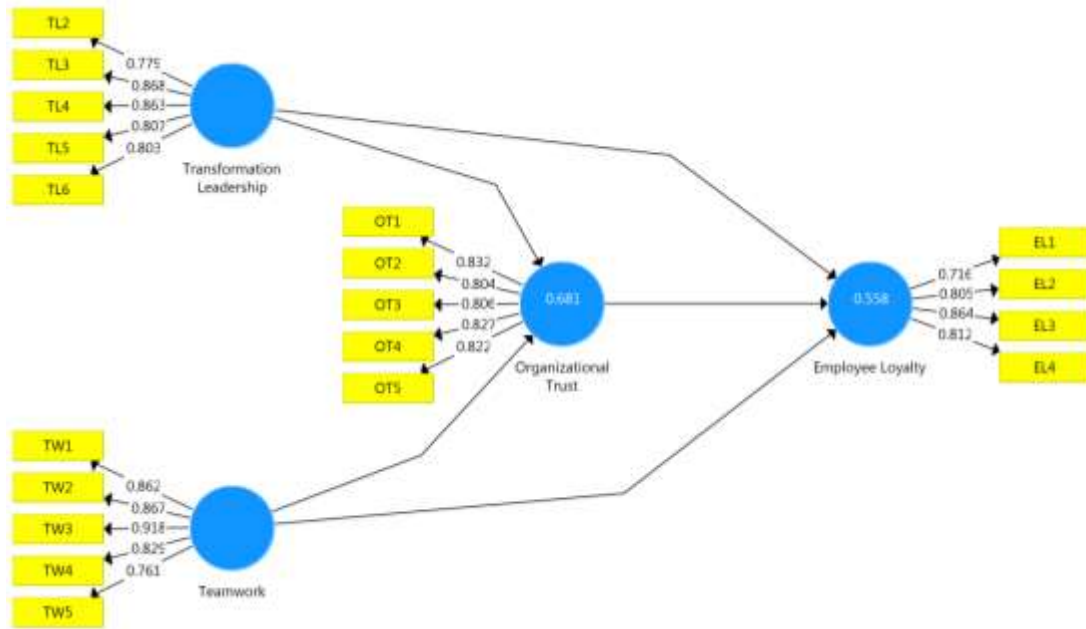


Figure 2
Measurement Model Assessment

4.3.2 Discriminant validity

Henseler et al. (2015) proposed a novel and accurate estimation for discriminant validity known as heterotrait-monotrait (HTMT) ratio. HTMT ratio for discriminant validity outperforms other traditional methods like Fornell and Larcker (1981) criterion and crossloadings in PLS-SEM (Henseler, 2020; Henseler et al., 2016) and it has been widely recommended to

use HTMT ratio in variance-based estimations (Rönkkö & Evermann, 2013; Voorhees et al., 2016). HTMT ratio measures average correlation between indicators across constructs and it is a measure of the similarities between latent constructs (Henseler et al., 2016; Henseler et al., 2015). The following table 3 shows the result of HTMT ratio for discriminant validity assessment.

Table 3
Discriminant validity using HTMT ratio

	EL	OT	TW	TL
Employee Loyalty				
Organizational Trust	0.786			
Teamwork	0.803	0.846		
Transformation Leadership	0.647	0.781	0.672	

Above table showed that all the constructs have HTMT ratio below the threshold of 0.85 (Henseler et al., 2016; Henseler et al., 2015).

Therefore, discriminant validity has been established.

Table 4
Hypothesis-testing using PLS-SEM

Hypothesized Path Relationships	Beta	t-Stats	Prob.	Decision
<i>Direct-effect</i>				
H1: Organizational Trust -> EL	0.301	3.758	0.000	Accepted
H2: Transformation Leadership -> EL	0.111	1.611	0.107	Rejected
H3: Teamwork -> EL	0.404	5.572	0.000	Accepted
H4: Transformation Leadership -> OT	0.389	6.289	0.000	Accepted
H5: Teamwork -> OT	0.524	8.621	0.000	Accepted
<i>Specific indirect-effect</i>				
H6: Transformation Leadership -> OT -> EL	0.117	3.040	0.002	Accepted
H7: Teamwork -> OT -> EL	0.158	3.580	0.000	Accepted

4.4 Path coefficients

Table 4 shows the result of hypothesis-testing using PLS path modeling analysis. Hypothesis-1 has been accepted manifesting that organizational trust ($\beta = 0.301$; $p < 0.05$) has a positively significant effect on employee loyalty. This outcome is consistent with (Sudiarditha et al., 2022) and stated that Trust inside an organization benefits both the organization and the personnel in a variety of ways. Employees have strong morale and loyalty in organizations where organizational trust is ensured, which displays good behavior toward the organization, coworkers, and bosses. (La Paudi et al., 2022) also supported this result and indicated that in order for an organization to function effectively and reach its objectives, effective leadership is a crucial component. Every organization should assess its level of trust inside itself in an effort to boost employee loyalty.

Hypothesis-2 has been rejected manifesting that transformational leadership ($\beta = 0.111$; $p > 0.05$) has a positive but statistically insignificant effect on employee loyalty. This result is also holds up by (Joshi & Diekman, 2022) and clearly stated that In order to gain

organizational benefits and build trust, transformational leaders can inspire, motivate, and instruct their people. These people have a big impact on the organization and operate with a lot of confidence. Transformational leaders increase their understanding of their team members' needs, as well as their elements of improvement and advancement. Moreover, (Scuotto et al., 2022) also bear this result and explained that the effectiveness of organizational performance is not assured by the capacity of leaders alone. The remaining organizational structure must trust the leader in order for the leader's mission to be fully realized. This is an essential component of organizational trust.

Hypothesis-3 has been accepted manifesting that teamwork ($\beta = 0.404$; $p < 0.05$) has a positively significant effect on employee loyalty. This outcome is consistent with (Romi et al., 2022) and demonstrated that employee loyalty is referred to as commitment. In this situation, management's promotion of transformational leadership will encourage employee loyalty. Therefore, in order to reinforce and boost organizational commitment, leaders must provide appropriate time for employee training and mentoring, concentrate on the value of

teamwork in the organization's mission, and reward and encourage staff when they succeed in reaching their objectives. Similarly, (Donkor, 2022) also supported this result and stated that Managers' higher appreciation of transformative conduct will boost workers' commitment to the company. Given that these aspects are concealed in transformational leadership dimensions, managers and leaders should pay special attention to these factors to build employee loyalty to the company.

Hypothesis-4 has been accepted manifesting that transformational leadership ($\beta = 0.389$; $p < 0.05$) has a positively significant effect on organizational trust. This result is also brace by (Sudiarditha et al., 2022) and indicated that only an open line of communication between team members is required for conditional trust to exist. Unconditional trust is discovered to play a more significant part in the resurrection of communication (team members are deeply dedicated to one another), as well as in assuring the cooperation and success of a team. Consequently, (Ha & Lee, 2022) claimed that both conditional and unconditional kinds of trust might give firms a competitive edge by promoting interpersonal cooperation and successful teamwork. It is possible to think of conditional trust as a component that enhances teamwork and communication. However, communication and cooperation may reach their peak if conditional trust is converted into unconditional trust. As a result, trust will be high and teamwork will succeed.

Hypothesis-5 has been accepted manifesting that teamwork ($\beta = 0.524$; $p < 0.05$) has a positively significant effect on organizational trust. This outcome is consistent with (Pulungan & Andika, 2022) and explained that the engine that lifts average people to extraordinary

heights is teamwork. A strong sense of compassion and emotional connections among coworkers are produced by effective teamwork, which promotes staff cohesion. This encourages employees to use their talents to the best extent possible to support the company's goals and to stay loyal to the company rather than feeling the need to seek out other jobs. Consequently, (Mutteti & Nyariki, 2022) demonstrate that teamwork has a favorable and large impact on employee loyalty, indicating that stronger and stronger cooperation greatly boosts employee loyalty.

Hypothesis-6 has been accepted manifesting that organizational trust ($\beta = 0.117$; $p < 0.05$) significantly mediates positive effect of transformational leadership on employee loyalty. This result is supported by (Marindra Bawono et al., 2022) and clearly stated that A transformative style of leadership suggests that in order to attain organizational goals, employees need more inspiration and motivation. Organizational performance can be enhanced by incorporating transformational leadership behaviors. Furthermore, (Amjad et al., 2022) also supported this result and discussed that additionally, transformational leadership is said to empower staff members and foster loyalty and trust among followers. Therefore, it is proposed in this study that trust, empowerment, and transformational leadership styles increase organizational effectiveness.

Hypothesis-7 has been accepted manifesting that organizational trust ($\beta = 0.158$; $p < 0.05$) significantly mediates positive effect of teamwork on employee loyalty. This outcome is holds up by (Abdulkareem, 2021) and indicated that the teamwork has an impact on performance mostly because it conveys that the company appreciates the welfare of its

employees and their efforts. Also, (ZHU, 2021) brace this result, additionally essential is supportive teamwork, which aids in identifying the organizational requirements needed to support employee work. Public health care professionals succeed and increase productivity in overall job output as a result of senior supervisors' dedication, trust, and continual support. Employees that begin to carry out their work with pride and regard for their organization will eventually attain organizational commitment and job

satisfaction, which will ultimately have a beneficial impact on service recovery through performance.

However, employee loyalty has been moderately predicted upto 55.8% (Hair et al., 2011) with a strong relevance of 34.2% (Hair et al., 2013) and organizational trust has also been moderately predicted upto 68.1% (Hair et al., 2011) with a strong relevance of 44.5% (Hair et al., 2013) based on the estimations of PLS algorithm for predictive power (R^2) and PLS blindfolding for predictive relevance (Q^2).

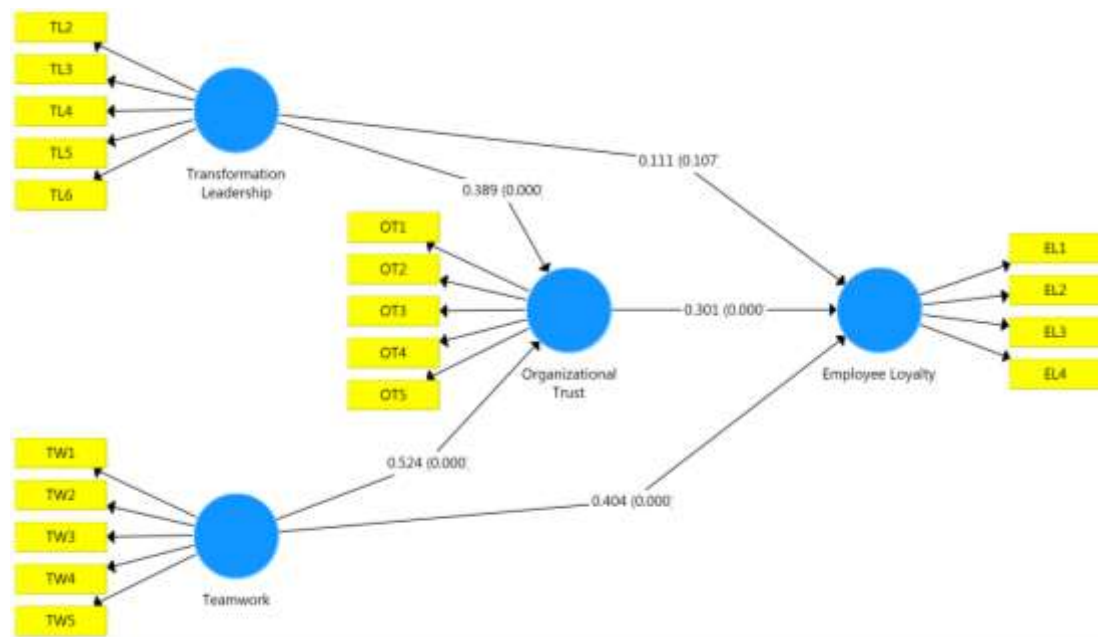


Figure 3
Illustration of PLS Bootstrapping

5. Implications and future research

5.1 Theoretical implications

This study also adds to the body of literature by analyzing the role that OT plays in mediating the relationship between TL and employee loyalty in banks. Although researches have been conducted on these variables but these relationships have not yet been empirically investigated. Furthermore, the understanding

that OT is a factor that affects teamwork and employee loyalty is another important theoretical contribution of the current study. The findings demonstrated that OT served as a mediator between TL, EL, and teamwork, which further supported prior concepts and theories. In addition, the study has contributed by giving a theoretical justification for the model framework. The literature studies described in this study will also help academics in

understanding the dynamics of banks and how EL and OT are influenced by leadership style. A thorough analysis of the results will enable to understand how teamwork in organizations generally affects the loyalty of its employees. The study makes a contribution to social exchange theory by arguing that TL, a positive leadership style, and employees' attitudes to the organization would increase performance by lowering turnover. Further, the result provides empirical evidence that an employee's understanding of their supervisors' leadership style differs depending on their level of success. Lastly, the study makes an important contribution to the theoretical literature by examining the relationships between the aforementioned variables in the context of bank employees.

5.2 Practical implications

The study provided a number of managerial recommendations. The manager highlights the importance of encouraging stronger dedication within the company. The connection between transformational leadership and organizational trust should therefore be of utmost importance. Because of this, leaders need to cultivate trusting connections with their teams and staff members and provide regular feedback on their performance.

Additionally, by considering the rise in OT, forging more solid contractual ties, and promoting stronger teamwork, the findings offer managers recommendations on how to encourage EL. The leader should also try to motivate their direct subordinates by being charismatic and attending to each of their requirements. Managers should communicate to their employees the organization's goal and

vision in addition to its strategy. Organizations should work to promote TL behavior to better understand how it could impact the development of trust and loyalty among employees.

Further, if managers want to encourage and enhance employee engagement on the job, they need to place a special focus on (TL) while developing programs for recruitment, training, and development. Moreover, the environment of the team as a whole will be more likely to promote the success of behavioral mechanisms like coordination and communication. Managers should also decide that a team is necessary to attain a certain goal or set of goals.

In conclusion, OT has a substantial influence on the well-being and success of businesses

Throughout the course of their existence. When trust is instilled in an organization, tasks get accomplished with less difficulty and more productive because people are more likely to collaborate and communicate with each other in productive ways. OT is the important factor of employee and employers Relationship. As a result, outcomes tend to be more successful. Positive connections between superiors and subordinates, marked by authority, leadership, concern, and encouragement, are essential for fostering originality and eliciting timely feedback from employees about their requirements. These connections should be characterized by power, leadership, concern, and encouragement.

5.3 Limitations and future research

This study has some limitations, which are mainly reflected in the following areas: Firstly, different cultural backgrounds result in varied

employee behavior. The results' applicability is limited because the study sample was drawn from Karachi's private banks. Therefore, a multicultural perspective may be included to future studies. Second, all of the study's data were self-rated by the participants. Even if the common biases of the data were checked after they were collected and the results were within acceptable limits, it is still possible that mistakes were produced by common biases. This is due to errors may be created by common biases even when the results are acceptable. Future research might incorporate manager evaluations into the data source to improve study design, ensuring that the data are more rigorous and scientific. Thirdly, only private banks were included in the study's sample population. Future study should thus evaluate the generalizability of the present findings in other types of organizations, with more diverse samples and larger populations. Additionally, this study only used a quantitative research approach, even though a qualitative analysis may have given a better understanding of the relationships between these variables. Lastly, PLS-SEM was employed in the study to analyze the data. Future researchers should do similar studies using other sampling and data analysis techniques.

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