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Article

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MANAGEMENT | RESEARCH ARTICLE

Assessing the impact of servant leadership on employee engagement through the mediating role of self-efficacy in the Pakistani banking sector

Sobia Zeeshan^{1*}, Siew Imm Ng¹, Jo Ann Ho¹ and Amer Hamzah Jantan²

Abstract: The purpose of conducting this research is to investigate the impact of servant leadership (SL) on employee engagement (EE) through the mediating role of self-efficacy (SE) among Pakistani bank employees. The literature suggests that servant leadership leads to increased self-efficiency, which in turn enhances employee engagement. However, the direct and indirect relationship between this leadership style and employee engagement remains under-researched. The purpose of this research was therefore to investigate the impact of servant leadership on Pakistani bank employees' engagement through the mediating role of self-efficacy. Survey data was collected from public and private bank employees using the multistage sampling method. Data analysis using SmartPLS revealed that servant leadership has a direct positive impact on employee engagement. The mediating role of self-efficacy between this relationship was also found to be positive and significant, in line with the conservation of resources theory. Thus, bank managers should practice servant leadership in interacting with their employees to improve the latter's involvement in their jobs.

ABOUT THE AUTHOR

Sobia Zeeshan is a PhD holder from School of Business and Economics, University Putra Malaysia. Her research interests are in the field of organizational leadership, human resource management, knowledge management, behavioral issues between employer and employee and stress management.

PUBLIC INTEREST STATEMENT

These days employee engagement is an immense concern that every company/organization in the world is dealing with. To improve the level of engagement, it is essential to have a better practical and theoretical understanding of the antecedents and underlying mechanisms that helps to promote employee engagement in the organization. Based on the empirical evidences, it is suggested that a positive leadership style is a source of motivation for employees to remain engaged. It is therefore, reasonable to empirically examine if the servant leadership style is beneficial to optimal business efficiency through its impact on employee engagement or not. Similarly, self-efficacy is a personal psychological state that can be enhanced by leaders' encouragement and empowering behavior which ultimately improve employee engagement. In response, the current study focused on two important factors (servant leadership and self-efficacy) in the context of Pakistani banking sector that helps to improves bank employees' job engagement.

Subjects: Work & Organizational Psychology; Economics and Development; Business, Management and Accounting

Keywords: Banking sector; employee engagement; self-efficacy; servant leadership

1. Introduction

Employee engagement is one of the few notions and areas of research that has piqued the interest of both researchers and practitioners in such a short period of time. Over the last ten years, there has been a surge in research and interest in employee engagement from consultants, organizations, and management experts. According to reports, poor engagement appears to be a worldwide problem (Albrecht et al., 2015; Global workforce study, 2012). It is also confirmed by the State of the Global Workplace study, 85 percent of employees throughout the world are either not engaged or actively disengaged at work (Gallup, 2018). Similarly, according to the 2017 Trends in Global Employee Engagement Survey, only about 25% of employees are highly engaged, while 37% are actively disengaged (Hewitt, 2017). Given the numerous claims that employee engagement is a critical determinant in an organization's performance and competitive advantage, this is perhaps unsurprising (Macey et al., 2009; Rich et al., 2010). In fact, human capital is regarded the most valuable asset among an organization's resources, because people play a critical role in attaining corporate goals and objectives when handled successfully. As a result, businesses attempt to engage, educate, and inspire their employees to develop new skills and abilities that will help them to remain competitive and survive in today's knowledge-intensive economy (Babakus et al., 2011; Muhammad & Kuchinke, 2016; Rennie, 2013).

In addition, comparison to other sectors, the banking industry is possibly the most vital business unit responsible for a country's economic growth and development (Kumar, 2018). In turn, the strength of the banking sector is heavily dependent on the performance of its employees. In this regard, employee engagement, which integrates the aspects of employee motivation and well-being (Harju et al., 2016), is not only beneficial for employees themselves but also for their organization and its performance (Rurkkhum & Bartlett, 2012; Shuck et al., 2013), given that engaged employees are intensely passionate about their jobs and act as a source of inspiration to others (Bakker & Xanthopoulou, 2009). Therefore, enhancing employee engagement has become an important consideration for organizations all over the world, in the banking sector and beyond (Afsar et al., 2018). Accordingly, there has been substantial research interest found over the past decades on the factors that increase employees' engagement with their work yet the issue of low employee engagement is still an important consideration for organizations around the world (Albrecht et al., 2015). Thus, in order to improve the level of engagement among employees, it is essential to have a better practical and theoretical understanding of the antecedents and underlying mechanisms that increase and explain employee engagement in the organization (Akhtar et al., 2015; Kundu & Lata, 2016; Robertson & Cooper, 2009).

It has been observed in many studies that a positive leadership style is a source of motivation for employees to remain engaged in their work (Attridge, 2009), when employees are fully engaged, they are fully committed to completing their duties to the best of their abilities for the benefit of the company, resulting in optimal business results (Jones, 2012; Little et al., 2007; Scroggins, 2008). It is noticeable that employees have higher levels of work engagement when their needs and interests are better met by their supervisors, according to previous study (Harter et al., 2002). Based on this assumption, we propose that a follower-oriented leadership style, such as servant leadership (Greenleaf, 1977), provides reasonable resources to its employees with such care that can be helpful in increasing psychological safety and well-being (Kahn, 1990). It is therefore reasonable to empirically examine if the servant leadership style is beneficial to optimal business efficiency through its impact on employee engagement or not. In support of this notion, Latham et al.'s (1994) study also found that servant leaders' empowering and motivational attitude encourages followers to increase their involvement in various work-related decisions. Consequently, they have more significant opportunities to learn from each other through information exchange and can develop innovative methods to accomplish their job-related tasks. When all these processes work together, followers' self-efficacy is fostered. Moreover, the empowering

quality of a servant leader is useful to anticipate and channel followers' capabilities and expertise in the right way, which further contributes to the development of their self-efficacy beliefs (Amundsen & Martinsen, 2014). Consistent with this, Bakker and Demerouti (2008) suggested that employee engagement is primarily enhanced by the availability of job resources (e.g., supervisor support, autonomy, feedback, ownership) and personal resources (e.g., resilience, self-efficacy, optimism), which can be provided by servant leaders. In view of this, the current study focused on two important factors, servant leadership and self-efficacy, that boost bank employees' engagement with their work.

In conjunction, previous studies have established that leadership styles, such as transformational leadership (Song et al., 2012), play a critical role in enhancing employee engagement; however, there are limited studies found in the literature on the effect of servant leadership on employee engagement. Moreover, scholars have called for the examination of various intervening mechanisms to fully understand the leader-follower relationship (Dutta & Khatri, 2017; Rego et al., 2016). More specifically, self-efficacy is a known antecedent to employee engagement and an outcome of servant leadership (Brohi et al., 2018; Melchar & Bosco, 2010), but has rarely been studied as mediator between the two constructs (Yoshida et al., 2014). Overall, a thorough understanding of the antecedents and mediators of employee engagement is still lacking in the literature, highlighting the need for more research in this area. Hence, this study attempted to fill these gaps by demonstrating, precisely in the context of the banking sector, that individuals employed under servant leaders have a higher degree of engagement through the indirect influence of self-efficacy, thereby validating the role of servant leadership as a practical leadership style in the current business era.

2. Research questions

We approached our literature evaluation with four main questions in mind, given this reasoning for the review:

- (1) What is the relationship between Servant Leadership and Employee Engagement among employees working in Pakistani banking sector?
- (2) Does Self-efficacy mediate the relationship between Servant Leadership and Employee Engagement?

We did a comprehensive literature review to discover material relevant to servant leadership, self-efficacy and employee engagement in order to answer these questions.

3. Literature review

3.1. Servant leadership

The primary emphasis of leadership theories is the well-being of the organization in line with the traditional role of leadership (Van Dierendonck, 2011). To achieve business prosperity, firms must retain their competitive advantage, which calls for leaders who can build employees' commitment, engagement, and performance (Luthans et al., 2015). In this regard, the servant leadership style is regarded as a beneficial leadership approach that engenders employees' positive work outcomes by prioritizing the service towards their followers. Though it has been traced back to ancient times, Greenleaf's (1977) contribution is vital to servant leadership's emergence as a stand-alone leadership theory. In his study, Greenleaf (1998) stated that people follow servant leaders voluntarily due to the leader's supportive and caring nature. Such followers believe that the leader's path of service is the best one to follow, thereby creating a culture of serving in the organization. This belief is an essential aspect of servant leadership because followers' voluntary nature broadens the servant leader's channel of influence. This influence can be used not just to strengthen followers' commitment to organizational goals but also to leverage their personal opportunities to grow and succeed.

Despite theoretical, conceptual, and empirical discussion on servant leadership in relation to leadership theories (Liden et al., 2014; Van Dierendonck et al., 2013), no critique has claimed servant leadership to be redundant. In fact, scholars have explored and confirmed that the paradigm of servant leadership is distinct from other significant leadership models; including transactional leadership, transformational leadership, and leader-member exchange (LMX) (Washington et al., 2014). Empirically, servant leadership studies have demonstrated apparent differences between servant leadership and other leadership styles. For example, Liden et al. (2008) found that transformational leadership, LMX, and servant leadership have a small degree of correlation but are not superfluous. They also validated that the servant leadership theory differs from transformational and LMX theories due to its ability to inimitably explain community citizenship, in-role productivity, and organizational commitment. In line, Schaubroeck et al. (2011) also found that servant leadership creates 10 percent more variance than transformational leadership in team performance. Hence, it can be concluded that by applying and practicing servant leadership in a business sector, particularly the banking sector, potentially creates more positive outcomes than other leadership styles (Avolio & Gardner, 2005; Erdurmazli, 2019; Hoch et al., 2018).

3.2. Dimensions of servant leadership

Research has offered an overview of the distinct characteristics of leaders and followers that are conducive to servant leadership (Barbuto et al., 2014; Liden et al., 2014). Specifically, Van Dierendonck's (2011) literature review of 14 servant leadership articles examined the key dimensions of this leadership style based on various servant leadership measurement instruments. This review produced a holistic servant leadership model, proposed possible antecedents, and offered new directions for research. Notably, Liden et al. (2008) established a more authoritative understanding of servant leadership following an extensive literature review, an initial pilot test, and a confirmatory factor analysis of their seven-dimension, 28-item servant leadership instrument. The seven dimensions of servant leadership found by Liden et al. (2008) are: behaving ethically, empowering, putting subordinates first, creating value for the community, helping subordinates grow and succeed, conceptual skills and emotional healing.

In a later study, Liden et al. (2014) defined 'emotional healing' as the recognition of followers' personal issues and "creating value for the community" as the promotion and improvement of followers' volunteer participation in community activities. Further, the "ethical behavior" dimension proposed by Liden et al. (2008) is in line with a servant leader's spiritual desire to serve others for the sake of their well-being (Greenleaf, 1970). Given the significance of Liden et al.'s (2008) work, this study adopted their seven-dimension model as the conceptual framework for the study to assess how servant leadership impacts bank employees' self-efficacy and engagement. Liden et al. (2008) seven dimensions are explained below in [Table 1](#):

3.3. Self-efficacy

Self-efficacy is defined as an individual's belief that he/she can perform tasks successfully based on his/her personal competencies (Bandura, 1997). Various theoretical perspectives (e.g., expectancy theory) support self-efficacy as an inherent part of motivation which dictates that one's effort will lead towards performance (Vroom, 1964). When leaders give their employees a sense of empowerment along with more power and control over job-related tasks, there will inevitably be an increase in employees' belief and perception that they can perform well if they work hard and put extra efforts (Luthans et al., 2007). Accordingly, self-efficacy can be enhanced by supervisors' or leaders' coaching, motivation, encouragement, innovativeness, and empowering behavior.

More specifically, Bandura (1977) outlined four primary sources through which self-efficacy can be achieved includes: mastery experiences through performance accomplishment, vicarious expertise through social modeling, verbal persuasion through social encouragement and emotional arousal through the management of one's physiological self. Increased self-efficacy beliefs through these sources result in increased motivational, emotional, cognitive, and decision-

Table 1. Servant leadership dimensions (Liden et al., 2008)

Construct	Dimensions	Description
Servant Leadership	Emotional healing	The act of being sympathetic to the emotions of others. Dealing with the emotional needs of organizational members demands empathetic leaders and competent listeners.
	Empowering	Supporting and facilitating others, particularly immediate subordinates, in discovering and addressing difficulties and identifying when and how to perform work assignments.
	Helping followers grow and succeed	Displaying genuine concern for the advancement of others' careers and demonstrating real interest for followers' progress and development.
	Behaving ethically	Communicating with others in an open, fair, and honest manner.
	Putting followers first	Making it apparent to others (especially immediate followers) that fulfilling their job demands as a priority through words and actions (Supervisors who follow this approach will frequently take time away from their own job to help subordinates with issues related to their assigned responsibilities.)
	Creating value for the community	Demonstrating an intentional and genuine desire to assist the community.
	Conceptual skills	Developing a comprehensive understanding of the organization and the tasks at hand in order to successfully support and assist others, particularly direct subordinates.

making abilities (Bandura, 1997). Individuals with such beliefs are confident in their capabilities to cope with problems and actively search better ways to perform complex tasks and challenges. Research conducted by Aguilar and Yuan (2010) also confirmed that managers with low self-efficacy lack conviction and fail to handle business operations effectively. In addition, it is believed that, highly effective people are expected to make greater use of everything and able to generate resources in their work environment in order to deal with difficult tasks. Significantly, it is also discovered by the researchers that, those with high degrees of self-efficacy are better at solving problems than people with low levels of efficacy (Heuven et al., 2006). Hence, based on the above theoretical evidences, it can be concluded that self-efficacy is an essential personal resource that is potentially helpful in increasing employee engagement.

3.4. Employee engagement

Employee engagement is defined as the situation where an employee is fully committed and concerned about his/her job, the organization he/she works for, and its stakeholders (Kahn, 1990, 1992). This situation is only possible when employees feel a sense of ownership over their job-related tasks and show proactive enthusiasm for their jobs. When employees enjoy their work and are clear about their work assignments, they perform better and show more dedication towards their duties. Since, Kahn (1990) first discussed the concept of employee engagement, this concept

has gained much recognition, particularly in the last few years. Leaders today strive to increase employees' engagement both physically and mentally, because they understand the fact that fully committed and involved employees act as entrepreneurs for the organization. Employee engagement is actually considered to be a reciprocal relationship between the employer/leader and employee. Therefore, to foster engagement, leaders and managers must focus on creating an environment of trust where employees can openly communicate with each other about their employer's expectations and their competencies in meeting those expectations.

Nevertheless, establishing employee engagement has been challenging for organizations, thus impacting their success. As such, practitioners continuously attempt to achieve organizational goals by designing human resource strategies that allow employees' to be more engaged in their work, to prove themselves as important assets, and to perform better. Luthans and Peterson (2002) examined the role of employee engagement in organizational performance under the assumption that workers' attitudes and behaviors are "soft" measures of performance. Indeed, they found that engaged employees create valuable positive outcomes, including productivity, retention, and profitability. Likewise, Harter et al. (2002) also verified that the level of employee engagement affects key organizational outcomes such as safety, sales output, customer satisfaction, profitability, and turnover. These findings corroborate Kahn's (1990) theory that, engaged employees are more productive than disengaged employees.

Engaged employees are thus valuable to an organization and have a substantial positive impact on its growth (Sobia et al., 2018). Further, it is essential to note that job resources are a crucial requirement for employees' to engage in a specific job. As evidenced by Hakanen et al. (2017), when job resources such as flexibility, autonomy, task variety, empowerment, job security, and safety are limited, employees feel stressed at work, resulting in burnout, detachment, and ultimately, disengagement. Therefore, it is necessary for organizations to realize the importance of job resources such as; supportive leadership and self-efficacy on employee engagement.

4. Theoretical framework and hypothesis development

The theoretical framework of this study is anchored in the conservation of resources (COR) theory, which was used to propose the positive relationships between: (1) servant leadership and employee engagement; (2) servant leadership and self-efficacy; (3) self-efficacy and employee engagement; and (4) servant leadership and employee engagement through the mediation of self-efficacy. According to COR theory, people attempt to gain and preserve resources in order to decrease stress, and once they have them, they will use them to acquire more resources (Hobfoll, 1989). Based on this perspective, it is suggested that supportive leaders are a source of internal resources which can play an important role in enhancing employees' self-efficacy by clarifying their roles and providing social support (Chen & Bliese, 2002). In this regard, servant leaders are considered to be an essential source of organizational resource due to their concern about their followers' personal development, thus, allow their employees to develop new skills through engagement within the organization (Van Dierendonck, 2011). Further, servant leaders are likely to enable their followers to be successful by developing and improving their followers' skills, knowledge and abilities which promote self-efficacy (Walumbwa et al., 2010). Therefore, based on conservation of resource theory (Hobfoll, 2001), it was proposed that building organizational resource (e.g., servant leadership) and psychosocial resource (e.g., self-efficacy), creates a resource reserve that influences employees' perceptions and interpretations of their work and family demands, which in turn assist them to cope with their role demands. Personal traits like; self-efficacy, due to their motivational potential are considered to be important antecedents of employee engagement (Tims et al., 2011). Hence, researchers have emphasized the need to explore the mediating variables underlying the relationships between leadership and its positive outcomes (Bao et al., 2018; Chen et al., 2012). For this reason, we address this gap by exploring employee self-efficacy as an important mediating variable in the relationship between servant leadership and followers' engagement. Guided by this framework, the following research model and hypotheses were developed and tested.

4.1. Servant leadership and employee engagement

Previous research has acknowledged leadership's role as an antecedent to employee engagement (Shuck et al., 2011). However, most extant studies on this relationship were conducted in the context of other leadership styles, including transformational leadership, spiritual leadership, and authentic leadership (Hunsaker & Jeong, 2020; Macey & Schneider, 2008; Nguyen, 2020; Walumbwa et al., 2010). Though servant leadership shares some similarities with those leadership styles (Bezuidenhout & Schultz, 2013; Kopperud et al., 2014; Penger & Černe, 2014; Schaufeli, 2015; Tuckey et al., 2012), it is unique in that it is more an inclusive and holistic approach that covers all leadership dimensions that can improve employee engagement more effectively. Similarly, from empirical evidences it is confirmed that the servant leaders are such type of leaders, who devoted to give opportunities to their followers so that they can develop new skills and expertise, and encourage them to achieve creative goals through the use of their intellectual abilities and skills (Walumbwa et al., 2010) and employees who receive such resources and support are more likely to engage themselves in productive activities (Hakanen et al., 2017). Furthermore, when employees are engaged they put more energy to save their existing resources and fully utilise current resources which as a result requires less effort to acquire benefit from new resources. It is therefore argued that, employees who work under servant leaders will show greater engagement in their jobs. However, it is concluded from the literature that the relationship between servant leadership and employee engagement is scarcely known (e.g., Alafeshat & Aboud, 2019; Carter & Baghurst, 2014; Kaur, 2018). Hence, the following hypothesis was postulated:

Hypothesis 1: *There is a positive relationship between servant leadership and employee engagement.*

4.2. Servant leadership and self-efficacy

According to the COR theory (Hobfoll, 1989), resources are characterized by internal and external loci. Internal personal characteristics like; self-efficacy and vigor, work as essential sources of energy and motivation for individuals. In comparison, reliable external resources includes; stable career growth, psychological ownership, and supportive leadership behaviors (which is embodied by servant leadership). In a stressful situation, individuals attempt to save their resources and minimize resource loss to maintain their gains. Therefore, individuals would exhibit positive behaviors to conserve the resources they consider valuable, forming resource caravans (Holmgren et al., 2017). The preservation of both self-efficacy as an internal resource and social support as an external resource is an example of a resource caravan. Applied to this study, employees consider motivation and encouragement from their supervisors as valuable resources; they would thus seek to acquire, protect, and accumulate those resources by doing their best to remain in that resource-rich leadership environment. In particular, servant leadership encompasses modeling (observational learning) and coaching (verbal persuasion) behaviors, which are resources that boost subordinates' responsibility and confidence in their skills and expertise to accomplish assigned duties. This is a form of vicarious learning whereby employees learn how to perform effectively through their leader's support, direction, and feedback while observing the leader's work.

From this perspective, servant leadership is deemed the most influential leadership style because its primary focus is on followers' growth and empowerment rather than on leaders' and organizations' growth (Choudhary et al., 2013). Servant leaders also possess unique leadership characteristics such as; desire to develop followers' skills to help them grow and succeed, as well as, the provision of direction and motivation for employees to achieve their innovative goals (Walumbwa et al., 2017). Moreover, servant leadership is a type of ethical organizational approach that enables to integrate the organization's strategy to functional tasks and social interactions (Petrovskaya & Mirakyan, 2018) which as a result linked to qualitative elements such as; job satisfaction, job immersion, and self-efficacy (Van Knippenberg & Hogg, 2003; Erdurmazlı, 2019; Yukl, 2008). Hence, servant leadership prioritizes followers' personal growth, thereby creating value for followers by improving their skills and abilities. With these valuable resources in hand, employees' self-efficacy would be enhanced as they

would strive to conserve these resources. Thus, based on the literature and the COR theory, it is expected that bank managers' servant leadership is likely to enhance the personal abilities and skills of bank employees, which in turn maximizes their self-efficacy beliefs (Jan et al., 2021; Ji & Hyun, 2021). It was therefore hypothesized that:

Hypothesis 2: *There is a positive relationship between servant leadership and employees' self-efficacy.*

4.3. Self-efficacy and employee engagement

Bakker and Demerouti (2007) suggested that employee engagement is primarily increased by the availability of job resources (e.g., supervisor support, autonomy, feedback, ownership, etc.) and personal resources (e.g., resilience, self-efficacy, optimism, etc.). Personal resources, in this case, refer to one's skills and beliefs in exercising control over challenging work tasks and their impact on the working environment (Hobfoll et al., 2003). On the other hand, engagement is negatively affected by high workloads and job demands like; long working hours, work pressure, high performance demands, and other emotional, mental, and physical challenges. Recently, researchers have begun to show interest in how personal resources, in the form of non-work characteristics, impact employee engagement in the job demand resource model (Xanthopoulou et al., 2009).

Unfortunately, previous studies have underestimated the positive influence of individual resources like; self-efficacy on employee engagement. Personal resource attributes that have yet to be identified in the literature can shed considerable light on individual variations in employee engagement. At the individual level, self-efficacy has exhibited substantial rapport with employee engagement and is considered an important psychological state for employees' well-being (Schaufeli & Salanova, 2007; Xanthopoulou et al., 2007). Based on these findings, the current research identified self-efficacy as a personal resource that correlates with employee engagement. Hence, it was hypothesized that:

Hypothesis 3: *There is a positive relationship between self-efficacy and employee engagement.*

4.4. The mediating role of self-efficacy in the relationship between servant leadership and employee engagement

The role of leadership in efficacy has been well established in previous studies (Afsar & Masood, 2017; Irving, 2005; McCormick, 2001). Still, there remains a lack of research on the association between servant leadership and self-efficacy in the organizational context, especially in the banking sector. There is also scarce evidence on the combined effect of servant leadership and self-efficacy on employee engagement, despite strong support from the COR theory. Given the minimal empirical evidence on the indirect impact of servant leadership on employee engagement, the current study contributes to the body of knowledge by proposing self-efficacy as a mediator that links servant leadership to higher employee engagement (Liden et al., 2014; Yoshida et al., 2014). In fact, to the researchers' best knowledge, this is one of the first studies to establish the indirect effect of self-efficacy in the link between servant leadership and employee engagement in the context of the banking sector in Pakistan.

Employees working under the supervision of servant leaders have been found to demonstrate a higher level of self-efficacy due to their leader's serving nature, which includes; empowering followers, helping them grow, providing a lean working environment, and behaving ethically (Bouzari & Karatepe, 2017). Further, such leaders' motivational qualities give employees confidence in their abilities (i.e. self-efficacy), which in turn enhances their attachment to their work and enthusiasm to be part of their organizations (i.e. engagement). Thus, servant leadership and self-efficacy have significant implications for employee engagement. Further, according to Walumbwa et al. (2010) study, self-efficacy indirectly affects the relationship between servant leadership and

organizational citizenship behavior, where employees with a higher level of self-efficacy spend more effort in their work (Bandura, 2001), as a result of which shows higher degree of engagement (Salanova et al., 2011). On the basis of this discussion, it can be argued that self-efficacy can significantly mediate the relationship between servant leadership and employee engagement. It was therefore hypothesized that:

Hypothesis 4: *Self-efficacy mediates the positive relationship between servant leadership and employee engagement.*

5. Methodology

5.1. Sampling and data collection

As banks in Pakistan are numerous, diverse, and internationally linked, it was impossible to collect data through one sampling method. Thus, the current study adopted the multi-method sampling technique by employing both cluster sampling (a probability sampling technique) and purposive sampling (a non-probability sampling technique). First, cluster sampling was used to divide the country into four clusters, or provinces. Of the four provinces (Sindh, Punjab, KPK, and Balochistan), Sindh was chosen for this study as, it is the state that contributes the most to the national revenue. Following this selection, purposive sampling was used to collect data from employees of public and private banks in the selected cluster area. As per this technique, the selection criteria for respondents were determined as: 1) employees of the top five banks by revenue (MCB, NBP, UBL, ABL and HBL) and 2) employees who had at least one year of working experience in their current bank and under the same supervisor. A one-year period was selected because it is considered in the banking sector that one year is sufficient for a subordinate to evaluate the behavior of his/her leader or manager in the bank (Islam & Zaman, 2013).

Krejcie and Morgan (1970) sample size table was used to identify the minimum sample size required for the current study. Since the population of bank employees amount to more than 100,000, Krejcie and Morgan (1970) recommend a sample size of 384 at the 95 percent confidence level. A questionnaire was developed to collect primary data from the bank employees who met the selection criteria. In view of response rate from the banking sector in Pakistan which is 20 to 25%, 1500 questionnaires were distributed personally to each branch of five selected banks, and branch managers were requested to guide respondents in case of any problem. Once the questionnaires were completed, the branch managers informed the researcher to pick-up them up. To ensure a high response rate, personal drop-off and pick-up method was relatively considered to be effective. Out of 1500 questionnaires distributed, 427 were received. Hence, the current study showed 28.5% response rate in the selected sector. From the completed and returned questionnaires, 26 were excluded from the overall dataset due to incomplete responses and ineligible employees who had less than a year's working experience or supervisor experience. Ultimately, the usable sample size for data analysis was 401.

5.2. Measures

The measurement scales for the constructs (servant leadership, self-efficacy and employee engagement) in this research were adopted from the literature. Respondents' rate their perceptions on a 5-point Likert scale, ranging from 1 "strongly disagree" to 5 "strongly agree."

5.3. Servant leadership

The scale of servant leadership consisted of 28 items adopted from Liden et al. (2008) to assess bank employees' perceptions of their managers' servant leadership practices. The current study used seven dimensions of servant leadership including reliability as; emotional healing (0.89); conceptual skill (0.86); creating value for the community (0.89); helping subordinates to grow and succeed (0.90); empowering (0.90); putting subordinates first (0.91); and behaving ethically (0.90).

5.4. Self-efficacy

The scale for self-efficacy comprised eight items developed by Chen et al. (2001). The sample item includes “I believe I can succeed at most any endeavor to which I set my mind.”

The reliability for the self-efficacy scale was 0.86.

5.5. Employee engagement

The scale for employee engagement was measured by a 17-item scaled adopted from Schaufeli et al. (2002). The sample items include “At my job, I feel strong and vigorous”, “My job inspires me” and “I get carried away when I am working”. The reliability for the employee engagement scale was 0.78.

6. Data analysis

6.1. Demographic and descriptive analysis

The results of the frequency analysis showed that the respondents in this survey were mostly male (75%) and half (50%) were married. A majority were in the younger age groups of 25 to 34 years old (49.6%) and 35 to 45 years old (23.4%). A significant portion of the bank employees in this study possessed a Master’s degree (69.8%) and had one to five years of working experience (68.3%). Notably, a majority had worked for the same supervisor for one to five years (79%), proving that they were qualified to evaluate their leaders. As four of the five top banks in this study were private, a majority of the employees were from private banks (75%). Finally, the highest numbers of employees were officers at the ‘grade 3’ level, i.e. junior executives, who had started their career at the banks (44%).

Descriptive analysis of the three study constructs were also performed to obtain mean and standard deviation values that represent the respondents’ general perceptions. A mean value closer to five is considered high agreement, while a value closer to one is considered low agreement. In this study, the mean and standard deviation results were consistent with the desired results for all three variables. Table 2 shows the descriptive statistics of the study variables.

Variables	N	Mean	Std. Deviation
	Statistic	Statistic	Statistic
Servant Leadership	401	1.703	0.714
Self-efficacy	401	1.960	0.780
Employee Engagement	401	1.816	0.864

6.2. Measurement model assessment

Partial least squares structural equation modeling (PLS-SEM) was used to analyze the main model of this study. First, the measurement model was assessed to ascertain the correlations among the constructs and their associated items. Table 3 indicates that the internal consistency of the variables was confirmed as their Cronbach’s alpha values exceeded the acceptable criterion of 0.7 (Hair et al., 2017). Moreover, the composite reliability values also affirmed the constructs’ reliability, as values above 0.70 are considered satisfactory (Nunnally & Bernstein, 1994). Average variance extracted (AVE) values were used to measure convergent validity, which is the degree to which an indicator is positively associated with the other indicators in the same construct (Hair et al., 2010). According to Fornell and Larcker (1981), AVE values of 0.50 or higher indicate a high degree of convergent validity between a construct’s indicators. As shown in Table 3, this study’s constructs had AVE values above the threshold value of 0.50, thereby establishing their convergent validity.

Table 3. Measurement model results

Constructs	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
BE	0.829	0.898	0.745
CS	0.875	0.914	0.727
CVC	0.863	0.916	0.785
EH	0.846	0.907	0.765
EMP	0.863	0.916	0.785
HSGS	0.870	0.911	0.719
PSF	0.838	0.902	0.755
SE	0.883	0.907	0.551
EE	0.967	0.971	0.734

Note: BE: Behaving Ethically; CS: Conceptual Skills; CVC: Creating value for Community; EH: Emotional Healing; EMP: Empowering; HSGS: Helping Subordinates Grow and Succeed; PSF: Putting Subordinates First; SE: Self-efficacy; EE: Employee Engagement.

Next, to analyze discriminant validity, two tests were conducted: the Fornell-Larcker criterion and the Heterotrait-Monotrait ratio of correlations (HTMT) criterion. Table 4 depicts the results for the Fornell-Larcker assessment, which exhibits that the constructs' square roots of AVE were greater than their correlations for the other constructs. Thus, the variables possessed discriminant validity and were indeed distinct from each other. The HTMT criterion recommends that the HTMT inference score should range from -0.85 to 0.85 to determine that two constructs are distinct from each other (Henseler et al., 2015). The results in Table 5 show that the study constructs are within the recommended range, further verifying that discriminant validity was achieved.

Table 4. Fornell-larcker criterion of discriminant validity

	BE	CS	CVC	EE	EH	EMP	HSGS	PSF	SE
BE	0.863								
CS	0.811	0.853							
CVC	0.802	0.811	0.886						
EE	0.492	0.539	0.501	0.857					
EH	0.781	0.810	0.800	0.474	0.875				
EMP	0.829	0.830	0.815	0.480	0.808	0.886			
HSGS	0.819	0.809	0.813	0.515	0.793	0.837	0.848		
PSF	0.830	0.836	0.800	0.559	0.791	0.812	0.841	0.869	
SE	0.510	0.486	0.509	0.619	0.449	0.488	0.487	0.518	0.742

Table 5. Heterotrait Monotrait Ratio (HTMT) of Discriminant Validity

	EE	SE
SE	0.643	
SL	0.567	0.546

6.3. Structural model assessment

After the construct's measures were confirmed to be valid and reliable, the next step was to evaluate the structural model to test the direct hypotheses. Before doing so, it was necessary to

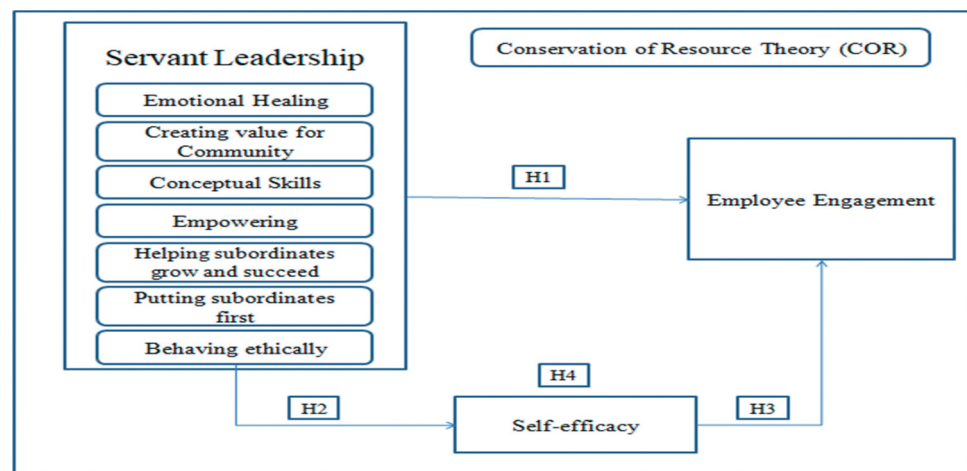
detect collinearity issues in the model. Based on the results depicted in Table 6, all the constructs' variance inflation factor (VIF) values were lower than 5.0 (Hair et al., 2017) showing that this model did not have collinearity problems Figure 1.

Table 6. Collinearity assessment

Factors	Collinearity	
	SE	EE
SE		1.474
SL	1.00	1.474

Note: VIF<5 (Hair et al., 2017)

Figure 1. Proposed research model.



The path coefficients were then assessed using the bootstrapping function in SmartPLS 3.0 to evaluate the significance of the three hypothesized direct relationships. As shown in Table 7, the results of the path coefficients were significant at the 95 percent confidence level with p-values less than 0.05 and t-values more than 1.96. Specifically, servant leadership was found to positively influence employee engagement ($\beta = 0.364$, p-value = 0.000) and self-efficacy ($\beta = 0.582$, p-value = 0.000), while self-efficacy demonstrated a positive impact on employee engagement ($\beta = 0.407$, p-value = 0.000).

Table 7. Results of hypothesis testing (direct effects)

Structural Path	Path Coefficient	T Statistic	P-value	Results
SE -> EE	0.407	4.337	0.000**	Supported
SL -> EE	0.364	4.072	0.000**	Supported
SL -> SE	0.582	10.553	0.000**	Supported

6.4. Mediation assessment

To test the mediating effect of self-efficacy on the relationship between servant leadership and employee engagement, Preacher and Hayes (2008) mediation analysis method was adopted. The indirect effect of self-efficacy was found to be significant between servant leadership and employee engagement ($\beta = 0.237$; t-value = 3.658 and p-value = 0.000), as can be seen in Table 8. Hence, it

was concluded that the mediating role of self-efficacy is useful in transmitting servant leadership into employee engagement among bank employees.

Table 8. Results of mediation analysis (indirect effect)

Path	Direct Effect	Indirect Effect	Total Effect	t-value	p-value	Remarks	
SL -> SE -> EE		0.407	0.237	0.644	3.658	0.000	Supported

7. Discussion and conclusion

The present research attempted to understand the impact of servant leadership on employee engagement and the mediating role of self-efficacy in this link in the context of bank employees from the top five Pakistani banks. Previous studies have asserted the positive effect of leadership styles on employee engagement, yet the examination of servant leadership has been scarce in this area in comparison to other leadership theories. For instance, employee engagement has been linked to empowering leadership, transformational leadership, engaging leadership, authentic leadership, and charismatic leadership in the literature (Babcock-Roberson & Strickland, 2010; Bezuidenhout & Schultz, 2013; Kopperud et al., 2014; Penger & Černe, 2014; Schaufeli, 2015; Tuckey et al., 2012). Though servant leadership does indeed share some elements with the above-mentioned leadership styles, it is also dissimilar as its dimensions are more inclusive and holistic in prioritizing employees' growth, which is conducive for the improvement of employees' skills, abilities, engagement, and overall performance. Accordingly, the results of the current research proved that servant leadership has a significant positive impact on employees' engagement ($\beta = 0.364$; p -value = 0.000) and self-efficacy ($\beta = 0.582$; p -value = 0.000), thereby supporting H1 and H2.

The result of the current study is consistent with the previous studies that focus on important role of leaders in enhancing employee's self-efficacy through clarifying job tasks and providing social support to their followers (Chen & Bliese, 2002). Particularly, servant leaders are the ones who are more concerned about their followers' personal development rather than their personal and organizational interest (Kumar, 2018), thus, let their employees to develop new skills through engagement with the organization (Van Dierendonck, 2011). Further, employees who work under the supervision of a servant leader develop, higher level of self-efficacy due to serving nature of their leader which includes; empowerment, helping employees to grow and succeed, create positive work environment and behaving ethically (Bouzari & Karatepe, 2017; Liden et al., 2014). It can be further justified that when leaders empower their followers, employees perceive more control over work-related tasks, which increases their belief that they have the capabilities to successfully accomplish their responsibilities. Therefore, servant leadership is identified as an antecedent of self-efficacy as it provides and develops employees' internal resources in the form of skills and abilities, which employees would seek to conserve in the form of self-efficacy (Gong et al., 2009; Qiu et al., 2020). This finding adds value to the extant literature by affirming the achievement of self-efficacy through servant leadership in line with the COR theory.

Furthermore, the outcome of the current study shows that employees' self-efficacy has a significant positive influence on employee engagement ($\beta = 0.407$; p -value = 0.000), thus confirming H3. The COR theory supports this relationship by positing self-efficacy an essential personal resource that mitigates stress and negative emotions, motivates optimum performance, and drives the achievement of work goals. As such, when employees have a high degree of self-efficacy, a high level of engagement is generated towards their job. This result is in line with prior studies (Salanova et al., 2011; De Simone et al., 2018) which reported that self-efficacious employees have a higher level of engagement. This finding therefore validates previous research by

confirming this relationship under the COR theory framework and in the context of the fast-paced banking sector.

Finally, the results supported H4 as the mediating role of self-efficacy in the relationship between servant leadership and employee engagement was confirmed ($\beta = 0.237$; p -value = 0.000), indicating that servant leadership has an indirect impact on employee engagement via self-efficacy. This finding corroborates the theory of prior scholars that personal resources like; self-efficacy mediates the relationship between positive leadership styles and employee engagement (Liden et al., 2014; De Simone et al., 2018; Yoshida et al., 2014). In reference to the COR theory, self-efficacy is a resource caravan for employees that expresses resource gains from servant leadership in terms of engagement and effort in their work to preserve these resources. Thus, the present study has contributed to the body of knowledge by providing evidence on the mediating role of self-efficacy between servant leadership and employee engagement.

8. Theoretical and practical implications

This study was among the first of its kind to examine the impacts of bank managers' servant leadership on bank employees' self-efficacy (i.e. beliefs in their skills and abilities) and engagement in Pakistan. The mediating role of self-efficacy further revealed how employees' personal resources can play a significant role in translating servant leadership into employee engagement. This study bridges the gap in research on the role of servant leadership in solving human resource issues faced by organizations. In line with the COR theory (Hobfoll, 1989), social support and care from leaders is likely to enhance employees' personal capabilities and self-efficacy, which are resources they attempt to sustain and save from future loss. When employees fear losing their valuable resources, they show more commitment to their jobs and perform to their fullest potential to by exhibiting high employee engagement. The findings of this study consistent with the proposition of COR theory that employees always have a fear of resource loss in case of not putting their maximum efforts in fulfilling job demands which result in decreasing their well-being. Thus, the current study addressing this issue which is known to be as one of the underdeveloped areas in the COR literature (Halbesleben et al., 2014; Jiang & Lavaysse, 2018). This study has extended the application of the COR theory and contributed to the understanding of the influence of servant leadership as a generator of important job and personal resources for employees that, in turn, engender positive work outcomes.

Besides theoretical contributions, findings of this study have some practical implications, particularly in the management of human resources. First, the findings of this study showed a low mean score of servant leadership, based on which banks urgently needed to train their managers to be servant leaders so that they can play role of significant supervisor for building confidence among bank employees by enhancing their engagement. The current situation in Pakistani banks seems to suggest that leaders are not serving or prioritizing the interest of employees (low servant leadership), which does not help enhance confidence in employee (self-efficacy), thus making them disengaged (low employee engagement), which ultimately lead to decide in leaving the bank. Second, this study found servant leadership, in fact, crucial to maintaining good employees in the organization as members are the true representations of organizations and a proximal source of contact with workers. To support this perspective a study conducted by Skarlicki and Latham (1997) found that 133 leaders were taught to follow fair and ethical approaches in dealing with subordinates. This indicates that servant leadership is a trainable set of features (related to servant leadership) connected to a variety of positive outcomes (self-efficacy and employee engagement). It is therefore suggested that improving servant leadership practices across organizations is expected to translate into better organizational efficiency.

9. Limitations and future directions

There are three main limitations in this research. First, the data for this study was obtained from a single source, i.e. employees, which may cause response bias, particularly in the evaluation of leadership (Ramayah et al., 2018). The second concern is the cross-sectional investigative nature

of this research. A cross-sectional study design restricts the degree to which the observations can be used to conclude cause-effect relationships. These limitations should be reduced by using longitudinal data from multiple sources in future studies. Third, servant leadership was the only leadership style included in the framework as a predictor of personal resources like; self-efficacy and employee engagement. It would be useful to investigate the mediating role of self-efficacy in other leadership styles that have been known to enhance employee engagement, such as empowering leadership, authentic leadership, and ethical leadership. Likewise, it is recommended that future research explore other employee outcomes of servant leadership, for example, perceived career growth, psychological contract, and job satisfaction (Cassar et al., 2017; Ravlin et al., 2012). Upcoming studies may also undertake a qualitative approach to obtain an in-depth understanding of the differential impacts of servant leadership on employee engagement. Qualitative research may provide a more comprehensive picture of the social exchange relationship between employees and their organizations through leadership.

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