

Market Forces

Volume 17, Issue 2. ISSN: 1816-8434(p), 2309-866X(e)

Home Page: https://kiet.edu.pk/marketforces/index.php/marketforces

DOI: https://doi.org/10.51153/mf.v7i2.542

Title: Impact of Servant Leadership on Employee Performance, with Mediating Effect of Trust and Moderating Effect of Culture: Evidence from the Banking Sector of Pakistan

Affiliation:

Ali Raza Nemati, iQualifyUK, London, United Kingdom. Sarah Ali Nemati, ARN Advisory Services, Islamabad, Pakistan. Rabia Firdous, Riphah International University, Islamabad, Pakistan.

Manuscript Information: Received: June 16, 2022. Revised: November 13, 2022. Accepted: November 20, 2022. Available Online: December 29, 2022.

Citation:

Nemati, A. R., Nemati, S. A., Firdous, R. (2022). Impact of servant leadership on employee performance, with mediating effect of trust and moderating effect of culture: Evidence from the banking sector of Pakistan. *Market Forces*, 17(2), 113-136.

Copyright:

This article is open access and is distributed under the terms of Creative Commons Attribution 4.0 International License.

- 1. Copyright of all the submissions to the Market Forces will remain to the contributors.
- 2. Anyone can distribute, remix, tweak, and build upon his/her work, even commercially, as long as it is credited/cited to the original contributors of the Market Forces.

Conflict of Interest

The author (s) declared no conflict of interest and have not received any funds for the project.

Impact of Servant Leadership on Employee Performance with Mediating Effect of Trust and Moderating Effect of Culture: Evidence from the Banking Sector of Pakistan

Ali Raza Nemati
iQualifyUK, London, United Kingdom

Sarah Ali Nemati ARN Advisory Services, Islamabad, Pakistan

Rabia Firdous¹
Riphah International University, Islamabad, Pakistan

Abstract

Servant leadership is a developing leadership model in the global corporate world, especially in emerging markets such as Pakistan. It is important since servant leadership emphasizes follower-centric, altruist ethical and spiritual values. This study examines the relationship between servant leadership and employee performance with the mediating effect of trust and the moderating role of power distance. The sample size was 415, which we selected from the employees of the leading banks in Pakistan. The study adopted the scales and measures from the past studies. We used SPSS version 23 for statistical analysis, which included reliability and validity analysis and multiple regression. The analysis also includes mediated regression and moderation on SPSS. The study found that servant leadership and trust significantly affect job performance. At the same time, we found that power distance moderates servant leadership and trust. Organizations' growth and sustainability depend on employees' motivation and

performance in this competitive world. Further, we found that trust mediates servant leadership and employee performance. Leaders in the organization develop a culture that encourages employees to give feedback and suggestions. Such an environment enhances employees' trust and motivation, resulting in increased organizational performance.

Keywords: Servant leadership, trust, employee performance, power distance, and private banks in Pakistan.

Introduction

In the modern corporate world, leaders' attention seems to be tilting from process-driven and outcome-based to people and future-oriented (Muñoz, Gamble, & Beer, 2022). The novel challenge for management and leadership is: (a) developing teams and unleashing their creativity (Hisrich & Soltanifar, 2021), (b) creating the right leadership and mindset to retain and attract a talented workforce (Hewapathirana & Almasri, 2021), and (c) reinforcing risk-taking and innovations to adapt to an indeterminate future in line with future strategy (Para-González et al., 2022). New aptitudes are required to manage and develop this new form of intellectual capital. Similarly, this is truly creating new corporate leaders who are visionary and, at the same time, objective-oriented (Flores, Xu, & Lu, 2020).

Several CEOs invest most of their time in "firefighting." Currently, huge resources are wasted virtually every day because of HR-related issues (Moskalenko, 2018). Renowned management advisor Welch (2001) inferred that leadership is 75% concerning individuals and 25% about all the other things. However, the most well-known shortcoming among pioneers and leaders is their powerlessness to work with individuals. In the present era, businesses face a virtual leadership crisis promoting an adverse financial impact on organizations. This trend will continue unless business entities change their HR structures (Cortez & Johnston, 2020). There is a dire need for businesses to reorient their leadership that maps with corporate goals. Many researchers believe all the HR functions, such as training and development, retention, and rewards, must align with humanistic values (Mihardjo et al., 2020). The servant leadership (SL) method offers a great deal of response to the issues raised in the modern HR academic literature founded by Greenleaf (1977) and other researchers (Spears & Lawrence, 2004).

Servant leadership focuses on helping and nurturing individuals professionally. It inspires the employees by showing concern for their interests, motivating them in their goals, and delegating them some power to perform a certain task. All these aspects enhance organizational performance (Pawar, Sudan, Satini, & Sunarsi, 2020). Hoch

et al. (2018) assert that servant leadership differs from transformational leadership. Transformational leadership focuses on aligning the own and subordinates' interests with the betterment of the organization, group, or society. At the same time, servant leadership is the inner direction of the leader to act as a servant to the junior colleague in various situations and behavioral traits (Chen & Sriphon, 2022). According to Attribution Theory, the servant leaders sacrifice their interest over the followers. Extant literature suggests that salespeople who work under the supervision of employee-oriented leaders have greater motivation levels, thereby showing more satisfaction with their jobs and trust in their supervisors, ultimately translating into higher productivity and effective employee performance (Zhang & Liu, 2022). These leaders use pervasive appeals rather than an authoritative leadership style (Qin et al., 2020).

Rubbab et al. (2022) assert that trust between employees and supervisors is a precursor to a conducive environment that promotes organizational performance. Extant research suggests that employees often relate the leader's trust with the organization. If they trust their leaders, their trust in the organization will also be high (Fitria, 2018). Based on the Social Exchange Theory, this study argues that the social exchange between a leader and followers enhance the followers' trust in the leader (Chen & Sriphon, 2022). Leaders' capacity, consideration, and respectability increase their confidence and inspire followers (Kleynhans, Heyns, & Stander, 2021). Thus, HR must focus on these aspects.

Cultures affect leadership styles, including servant leadership (Sari, Sudiarditha, & Susita, 2021). Thus, all the universal leadership styles practiced in different nations contain certain local cultural elements (Syakur et al., 2020). On the other hand, House et al. (2004) did not find any conclusive evidence supporting the association between cultures and leadership styles. Servant leadership style through employee empowerment builds trust between a leader and follower, ultimately leading to employee growth. However, if the power distance is high, it could inhibit these processes. Van-Prooijen and Song (2021) elaborated that power distance is the measure of the acceptability of unequal power distribution in a society. Researchers believe that since the servant leadership style focuses on an empathetic and caring attitude towards subordinates. it may face problems in high power distance cultures (Lee, Lyubovnikova, Tian, & Knight, 2020). Pakistan, an Asian society, has a high power distance and status respect. Therefore, implementing the servant leadership concept in Pakistani business entities is challenging (Ahmad et al., 2021). Thus, we argue that in Pakistan's context, power distance will moderate the servant leadership and trust relationship. Servant leadership focuses on the betterment of employees. In servant leadership, leaders are concerned about their followers' interests and the organization to which they belong (Abbas et al., 2020). To deal with the changing business environment, organizations require a more caring and responsible leadership style, which has modified individualistic and self-serving leadership to relational leadership (Akkaya, 2020).

Given the above discussion, the study examines (i) the effect of servant leadership on employee performance and trust, (ii) the moderating effect of power distance on servant leadership and trust, and (iii) the mediating role of trust on servant leadership and employee performance.

Literature Review

Servant Leadership

Organizations need to adopt caring and responsible leadership styles to meet the challenges of the changing business environment. Many past studies have documented that transformational and supportive leadership focuses on encouraging and giving importance to employees (Cansoy, 2019). Faraz et al. (2021) portrayed the leader as a worker. "It starts with the regular inclination that one needs to serve first." Gandolfi and Stone (2018) define servant leadership as "an understanding and practice of leadership that give importance to employees interest rather than self interest." Thus distinguishing servant leadership from transformational leadership, which focuses only on the organizational benefits. Miao, Humphrey, and Qian (2021) assert that although servant leadership has most of the characteristics of the leadership styles mentioned above, it has two unique features. First, servant leaders focus primarily on the needs of others. Second, actions of leaders depend upon their core values of integrity and honesty.

Jeyaraj and Gandolfi (2022) argue that the servant leadership style has four ingredients: egalitarianism, humility, empowerment, and empathy. Egalitarianism concepts assert that leaders are not superior to other organizational members (Sousa & van- Dierendonck, 2021). Humility focuses on the interest of others with humility (Krumrei-Mancuso, 2018). Moral integrity emphasizes moral ethics and legitimacy. Empathy refers to understanding the needs and emotions of others (Lemoine, Hartnell, & Leroy, 2019). Empowering refers to building a conducive environment that facilitates employees' personal and professional growth (Ghalavi & Nastiezaie, 2020).

Leaders usually focus on the betterment of employees and inspire the employees by showing character. They understand employees' emotions and sentiments. Since they are the role models and mentors, employees under such leadership styles are highly motivated, resulting in increased organizational performance (Luu, 2020). Setiawan

and Irawanto (2020) also argue that servant leadership builds trust, in different ways, by selflessly assisting the employees, customers, and communities. Eliot (2020) also supported this view by proposing that servant leadership's objective is the followers' development. Howladar and Rahman (2021) assert that servant leaders promote citizenship behavior among their followers through trust.

Trust

Glikson and Woolley (2020) assert that trust is "a psychological state comprising the intention to accept vulnerability based on positive expectations of the intentions or behavior of another." Setiawan and Irawanto (2020) argue that trust is a basic element of servant leadership that promotes a conducive relationship between leaders and followers, leading to enhanced organizational performance. Leaders must give more importance to followers' interests and needs than theirs. They should focus on the followers' well-being, and their actions must align with a sense of purpose. All these factors, directly and indirectly, affect employees' performance (Karatepe, Ozturk, & Kim, 2019).

Path Goal Theory assumes that the leader's strategic task is to improve the followers' psychological comfort to enhance employee motivation and performance (Mao et al., 2021). Leaders employ initiating structure and leadership consideration to motivate employees (Walumbwa et al., 2019). Leaders use a management style by directing the employees on how they must perform their duties. They also correlate employees' performance with rewards (Karatepe, Ozturk, & Kim, 2019).

Leaders also promote a culture of psychological support and sociability. Their style is participative and supportive. They listen and respond to the followers and incorporate employees' suggestions and feedback in decision-making, resulting in high employee performance. They provide all the necessary resources to the employees to attain their goals and higher performance (Rafferty & Griffin, 2006).

Trust is a multidimensional variable that includes inter-organizational trust, interpersonal trust, political trust, trust between leaders and followers, societal trust, and follower and organizational trust (Zhou, Gul, & Tufail, 2022). This study has conceptualized trust from the perspective of managerial relationships. It will focus on trust in the leaders rather than in an organization. Trust in a leader is described as followers' readiness to follow the leader's unknown actions and decisions. It also enhances employees' confidence and credibility in an organization (Kleynhans, Heyns, & Stander, 2021).

The extant literature also stresses that when a leader violates the contractual obligation, it demotivates employees resulting in low productivity (Adongo, Kim, & Elliot, 2019; Long & Sitkin, 2018). The Social Exchange Theory also asserts that frequent interaction between leaders and employees promotes trust (Adongo, Kim, & Elliot, 2019). The formal and informal communication between leaders and employees builds a trustworthy relationship necessary for employees' motivation and organizational performance (Long & Sitkin, 2018).

Culture- Hofstede (1980) defines culture as "the collective programming of the mind which distinguishes the members of one group from the other." The author, based on huge data of IBM employees from 65 countries, has divided culture into the following categories:

Power distance- how much "less powerful employees in an organization accept unequal power distribution."

Individualism/ Collectivism- the collectivist, follows the norms and values of family and tribe. At the same time, an individualist is more concerned about his goals and gives the least importance to family and cultural values.

Masculinity/ Femininity- It relates to the traditional emotional roles of men and women.

Uncertainty/ Avoidance- relates to the stress level an individual takes about an unknown future.

Long-Term/ Short-Term Orientation- relates to individuals' focus on the past, present, and future.

Indulgence/ Restraint- relates to the "gratification versus control of basic human desires." related to enjoying life.

Most of the studies have documented that leadership styles differ culturally. As organizations employ a more global approach, interest in identifying the similarities and differences of leadership styles across various cultures has increased (Ur-Rehman, Bhatti, & Chaudhry, 2019). Thus, many researchers have questioned whether a culture impacts the leadership styles across regions (Ahmad Alhmamadi, & Jameel, 2021). As already elaborated above, servant leadership is about focusing on the needs and interests of the followers and collaborating with them in the decision-making process

to build self-confidence and a proactive approach in followers. Thus, servant leader will be acting as a facilitator in this process. But the high power distance in the society can slow down this practice, like in Asian societies where power distance and respect for social status are very high (Gul et al., 2018).

Schwaiger, Zehra, and Suneel (2022) suggested that individuals' disposition and thinking processes affect how they react or respond to certain situations. It thus builds a base for culture. The term "nation" has some association with culture but strongly associates with social, economic, and political institutions (Renteln, 2019). The Pakistani culture has been illustrated as collectivist, status-conscious, having a higher power distance, and having a family and group-oriented social setup. In Pakistan, individuals have a strong need for security and condemn creativity. Individuals depend upon their close ones and surrender their decisions to authority. In decision-making, they depend upon authority (Hafeez, Maitlo, Lashari, & Rehman, 2021). Based on past studies, individuals in collectivist societies may not have similar goals. An individual's success can often result in others' failure, so collectivist societies like Pakistan have a low longterm orientations (Renteln, 2019; Hafeez, Maitlo, Lashari, & Rehman, 2021).

Islam, Sharif, Ali, and Jamil (2022) have documented that an authoritarian culture prevails in Pakistani organizations. And because of a high power distance, only top management has the authority to make decisions, thus reducing employee autonomy and limiting top-to-bottom and bottom-to-top communication to a negligible level. Consequently, the concept of a fair reward system and individual development through collaboration has not developed.

Employee Performance

Leadership theories stress the significance of listening, encouraging, and empowering the employees to describe the "ideal leader" who is capable enough to make the right decisions, can develop commitment in employees, can motivate them, and organize them in a way that can enhance their performance (Cheong et al., 2019). McGregor's theory Y has established the participative leadership assumption, which suggests that employees are not lazy. They have no hatred for the organization. Thus, they can be motivated for personal growth and development by providing greater responsibility. It is solely the management's responsibility to provide them with an environment that can foster growth and, ultimately, higher performance (Daneshfard & Rad, 2020). Further, researchers assert that "this is a process primarily of creating opportunities, releasing potential, removing obstacles, encouraging growth, and providing guidance" (Grigorov, 2020).

Cappelli (2020) posits that if all the rewards in an organization are equal, workers' motivation will increase. They will avail all the opportunities their leaders provide, leading to personal growth and development, which then enhance the follower's performance through increased job satisfaction. Russell and Stone (2002) developed a Servant Leader Model to subjectively link servant leadership with employees' attitudes and behavior towards performance through organizational culture, but the literature lacks a direct association between servant leadership and employee performance. Organizations that employ servant leadership are healthy and sustainable. Such a thinking pattern allows all the personnel in the organization to cooperate and work with each other without considering the hierarchical position they hold. Employees in such organizations have opportunities to develop, thus improving productivity (Setiawan & Irawanto, 2020).

In servant leadership, the followers are very productive because they are aware that servant leaders possess integrity, honesty, and trustworthiness and are respectful. The followers reciprocate leaders' respect and concern for respect and high performance (Karatepe, Ozturk, & Kim, 2019). Past studies have validated that servant leadership develops trust between followers and leaders by responding to their problems and crises, thus ultimately enhancing the employees' performance. For the last 15 years, researchers have examined trust from a different perspective (Faraz et al., 2021).

Based on the above theoretical discussions, we have formulated the following hypotheses

H1: "Servant leadership positively affects employee performance."

H2: "Power distance moderates servant leadership and trust."

H3: "Trust mediates servant leadership and employee performance."

Theoretical Framework

The study has represented the hypotheses in a conceptual framework presented in Figure 1. It has three hypotheses including one mediating, and one moderating.

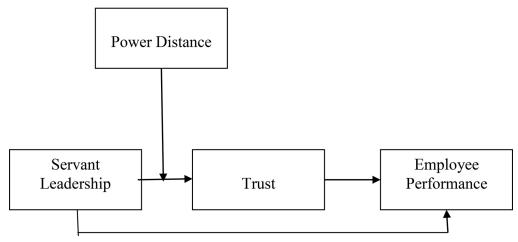


Figure 1: Conceptual Framework

Methodology

Research Design

In this research, the theoretical framework indicates that employee performance is the dependent variable, and trust is the mediating variable. Servant leadership is the independent variable, and the moderating variable is power distance. The study used a cross-sectional design to collect data from bank employee.

Type of Study

This study is relational/causal. Such studies allow the researcher to collect data from a bigger sample. The study based on the collected sample has inferred the "characteristics" of the target population. The adopted methodology allows respondents to complete the questionnaires at their own pace.

Population and Sampling

The target cities for the study were the private banks in Karachi, Lahore, Islamabad, and Faisalabad. Appropriate sample size is necessary for the validity of the results. The small sample size may adversely affect the results. According to some researchers, a large sample size is a waste of resources. For sample size, different researchers have suggested different techniques. For example, Sekaran (2019) suggests that a sample of 30 observations per latent variable is appropriate. For a very large population, many researchers have suggested a sample size of 387. This study distributed 425 questionnaires and received 415 responses. The study has focused on Allied Bank, Muslim Commercial Bank, Habib Bank Limited, United Bank Limited, and Bank Alfalah Limited.

Scales and Measures and Time Horizon

The study measured the responses on a 5-point Likert Scale, with one suggesting low agreement and five a high agreement. The study adopted the servant leadership scale of Ortiz-Gómez et al. (2020), having 5-items. The questionnaire of trust from the study by Mayer and Davis (1999) has 4-items. The employee performance scale from Culbertson, Mills, and Fullagar (2012) has 5-items. At the same time, the power distance questionnaire has 5-items adapted from Yoo, Donthu, and Lenartowicz (2011). We started collecting the data in March 2021 which ended in May 2021.

Statistical Analysis

The study used SPSS version 24 for statistical analysis. The statistical analysis includes reliability and validity and multiple regression analysis for direct hypotheses. For mediating effects, we adopted the process suggested by Baron and Kenny (1986). For moderating relationships, we used a typical two-step process in SPSS.

Sampling Characteristics

Some of the statistical characteristics of the sample of study are summarized in Table 1. It includes the participant's age, gender, qualification, and other essential details.

Table 1: Respondents' Profile

| | Category | Percentage |
|------------------|-----------------|------------|
| Age | Up to 20 years | 9% |
| | 21 to 30 Years | 39% |
| | 31 to 40 Years | 34% |
| | 41- 50 Years | 11% |
| | 51 plus years | 7% |
| Gender | Males | 83% |
| | Females | 17% |
| Marital Status | Single | 63% |
| | Married | 37% |
| Management Level | Officers | 17% |
| | Managers | 63% |
| | Senior Managers | 20% |
| Education | High School | 24% |
| | Bachelor | 28% |
| | Masters | 48% |
| Experience | Up to 5 years | 20% |
| | 6 to 10 Years | 32% |

| Market Forces College of Management Sciences | | Volume 17, Issue 2 December 2022 | |
|---|-------------------|-------------------------------------|--|
| | 10 to 15 Years | 35% | |
| | 15 Years and More | 13% | |

The respondent profile shows that most of the respondents are in the age group 21 to 30 years (39%), followed by the age group 31 to 40 years (34%), age group 41 to 50 years (11%), up to 20 years (9%), and 51 plus years (7%). Most of the employees' experience is in the range of 10 to 15 years (35%), followed by the range of 6 to 10 years (32%), up to 5 years (20%), and 15 and more years (13%). The gender profile suggests that 83% of the respondents are male, and the rest 17% are female. Regarding marital status, the profile suggests that 63% of the respondents are single, and 37% are married. Management strata show that 63% of the respondents are at the manager level, 17% at the officer level, and 20% of the senior manager level. Regarding education, we found that 24% of the respondents have a high school certificate, 28% have a bachelor's degree, and 48% have a master's degree.

Results and Findings

Descriptive Analysis

In the descriptive analysis, we have assessed internal consistency and correlation analysis and have summarized the results in Table 2.

Table 2: Descriptive Analysis

| | Mean | SD | Reliability | PD | SL | TR | EP |
|----------------------|-------|------|-------------|-------|-------|--------|----|
| Power Distance | 3.327 | 0.64 | 0.910 | 1 | | | |
| Servant Leadership | 4.412 | 0.98 | 0.898 | 026 | 1 | | |
| Trust | 4.383 | 0.76 | 0.868 | 113* | .037* | 1 | |
| Employee Performance | 3.784 | 0.47 | 0.708 | 278** | .198* | .501** | 1 |

Note: * and ** denotes statistical significance at the 1% and 5% levels, respectively.

The results show that the highest Cronbach's Alpha value is for power distance (Mean=3.327, SD= 0.64, α =0.910), and the lowest is for employee performance (Mean=3.784, SD= 0.47, α =0.708), suggesting that the all the variables are within the acceptable requirements of internal consistency.

Multiple Regression

The study has used multiple regression analysis to test the three articulated hypotheses. Table 3, 4 and 5 present the summarized results.

Table 3: Multiple Regression Results

| Variables | В | R ² | Adjusted R2 | Results |
|--------------------|--------|----------------|-------------|-----------|
| Power Distance | 0.437* | 0.341 | 0.340 | Supported |
| Servant Leadership | 0.328* | 0.169 | 0.167 | Supported |
| Trust | 0.697* | 0.419 | 0.418 | Supported |

Dependent variable: Employee performance and * denotes significance at the 5% level.

The results presented in Table 3 suggest that power distance, servant leadership and trust have a positive and statistically significant relationship with employee performance.

Combined Moderated Multiple Regression Results

The study has assessed the moderation effect of power distance in two steps. The study has depicted the summarized results in Table 4.

Table 4: Combined Moderation Analysis

| Variables | β | R2 | ΔR2 |
|-------------------------------------|---------|-------|-------|
| Step-1 | | | |
| Servant Leadership | -0.170* | 0.290 | 0.340 |
| Power Distance | 0.390* | | |
| Step-2 | | | |
| Servant Leadership x Power Distance | 0.340* | 0.470 | 0.180 |

Dependent variable: Trust and * denotes significance at the 5% level.

Table 4 shows that the cross product of servant leadership and power distance was significant (β =0.340, p<0.05) and showed positive variance (Δ R²=0.180, p<0.05) in employee performance over and above the main effects. Hence, it supports the proposition that power-distance moderates servant leadership and employee performance.

Mediation Effect

To test the effect of mediating relationship, we have utilized mediated regression procedure proposed by Baron and Kenny (1986). The preconditions for mediating effects are as follows. One, the path between the mediator and the independent must be significant. Second, the mediator's path and outcomes should also be significant. The third main effect between independent and dependent variables should be about zero for full mediation and higher for partial mediation (Baron & Kenny, 1986).

| V | olume 17, Issue 2 | |
|---|-------------------|--|
| | December 2022 | |

| Market Forces |
|---------------------------------------|
| College of Management Sciences |

| Variables (Main Effect) | В | R2 | ΔR2 |
|---|--------|-------|-------|
| Servant Leadership | 0.419* | 0.176 | |
| Trust | 0.708* | 0.502 | |
| Mediation Analysis | | | |
| Step 1: Trust | 0.708* | | 0.180 |
| Servant leadership (independent variable) | 0.140* | 0.512 | 0.336 |

Dependent variable: Employee performance and * denotes significance at the 5% level.

The regression results presented in Table 5 show that the R-squared value without incorporating mediating variables was 0.176. The regression results show that after incorporating the mediator R-squared value increased to 0.512, and the change Δ R2 was 0.336. Thus, we have inferred that trust mediates servant leadership and employee performance.

Discussion and Conclusion

Discussion

The study has tested three hypotheses, their results, and their alignment with past literature are discussed in the following sections.

Our results support the association between servant leadership and employees' performance. Path-Goal Theory assumes that the leader's strategic task is to improve the followers' psychological comfort to enhance employee motivation and performance (Mao et al., 2021). Leaders employ initiating structure and leadership consideration to motivate employees (Walumbwa et al., 2019). Initiating structure leaders use a directive management style by directing the employees on how they must perform their duties. They also correlate employees' performance with rewards (Karatepe, Ozturk, & Kim, 2019).

The study also proposed that "power distance moderates servant leadership and trust." The finding validates earlier literature. Power distance is a strong moderator between servant leadership and trust and shows a significant positive impact on employee performance. Thus, if an organization has a high power distance, it will reduce the effect size between trust and employees' performance. At the same time, in firms with low power distance, the leaders listen to employees' grievances, take their feedback, and provide all resources for employee development. All these aspects, individually and collectively, enhance the association between servant leadership and trust.

The study argues that trust mediates "servant leadership and employee performance." Our results support this association, which is also in line with past studies. In servant leadership, the followers are very productive because they are aware that servant leaders possess integrity, honesty, and trustworthiness and are respectful. The followers reciprocate leaders' respect and concern for respect and high performance (Karatepe, Ozturk, & Kim, 2019). Past studies have validated that servant leadership develops the trust between followers and leaders by responding to their problems and crises, thus ultimately enhancing the employees' performance. That is why for the last 15 years, researchers have examined trust from a different perspective (Faraz et al., 2021)

Conclusion and Research Implications

This study examined the effect of servant leadership on trust and employee performance, moderating effect of power distance and mediating effect of trust. The study collected 415 responses from the five leading banks of Pakistan: Allied Bank, Muslim Commercial Bank, Habib Bank Limited, United Bank Limited, and Bank Alfalah Limited. The target cities for this study were Karachi, Islamabad, Faislabad, and Lahore. The study found that servant leadership and trust significantly affect job performance. At the same time, we found that power distance moderates servant leadership and trust. Moreover, Trust mediates servant leadership and employee performance.

Organizations' growth and sustainability depend on employees' motivation and performance in this competitive world. Leaders in the organization develop a culture that encourages employees to give feedback and suggestions. Such an environment enhances employees' trust and motivation, resulting in increased organizational performance. Research documents that when employees believe that organizational resources are available for them and leaders are concerned for their growth and development, their trust in the organization increases. Consequently, they reciprocate by increasing their performance, resulting in the sustainability and growth of organizations.

Limitations and Future Research

This research has a cross-sectional design, future researchers may use longitudinal research design which may give more insight into the discussed phenomenon. We have focused on the banking sector of Pakistan, and future researchers can explore other sectors like manufacturing and SMEs. This study has focused on a limited number of variables, and future studies can take a holistic approach by incorporating more jobrelated antecedents and consequences. We examined one cultural dimension, and others can explore more cultural dimensions in their studies. Other dimensions can directly and indirectly impact employees' performance, which future studies can explore. Since culture affects leadership styles, therefore we suggest future researchers

undertake cross-cultural studies. Quantitative studies like ours are appropriate for large sample sizes. We recommend future researchers adopt a qualitative approach with a smaller sample size.

Annexure 1

Constructs and Items used in the study

Employee Performance

- EB1. I efficiently complete assigned duties.
- EB2. I responsively complete assignments related to my job description.
- EB3. I complete all tasks beyond the supervisor's expectation.
- EB4. I always volunteer for challenging assignments.
- EB5. I engage in activities that affect my performance.

Power Distance

- PD1. People in higher positions should make most decisions without consulting people in lower positions.
- PD2. People in higher positions should not ask the opinions of people in lower positions too frequent.
- PD3. People in higher positions should avoid social interaction with people in lower positions.
- PD4. People in lower positions should not disagree with decisions by people in a higher position.
- PD5. People in higher positions should not delegate important tasks to people in lower positions.

Trust

- T1. The leaders in my organization have a high ability.
- T2. The leader in my organization has a high benevolence.
- T3. The leader in my organization has a high integrity.
- T4. The leader in my organization has a high propensity.

Servant leadership

- SL1. I Feel comfortable telling my supervisor about department problems.
- SL2. My supervisor listens to what employees have to say.
- SL3. My supervisor emphasizes doing the right things for the long-term benefit of all.
- SL4. My supervisor is committed to helping employees grow and progress.
- SL5. My supervisor put employees' needs first -before looking out for him or herself.

References

- Abbas, A., Saud, M., Usman, I., & Ekowati, D. (2020). Servant leadership and religiosity: An indicator of employee performance in the education sector. *International Journal of Innovation, Creativity and Change*, 13(4), 391-409.
- Adongo, R., Kim, S. S., & Elliot, S. (2019). "Give and take": A social exchange perspective on festival stakeholder relations. *Annals of Tourism Research*, 75, 42-57.
- Ahmad, A. R., Alhammadi, A. H. Y., & Jameel, A. S. (2021). National culture, leadership styles and job satisfaction: An empirical study in the United Arab Emirates. *The Journal of Asian Finance, Economics and Business*, 8(6), 1111-1120.
- Ahmad, N., Scholz, M., Arshad, M. Z., Jafri, S. K. A., Sabir, R. I., Khan, W. A., & Han, H. (2021). The inter-relation of corporate social responsibility at employee level, servant leadership, and innovative work behavior in the time of crisis from the healthcare sector of pakistan. *International Journal of Environmental Research and Public Health*, 18(9), 1-16.
- Akkaya, B. (2020). Review of leadership styles in perspective of dynamic capabilities: An empirical research on managers in manufacturing firms. *Yönetim Bilimleri Dergisi*, 18(36), 389-407.
- Baron, R. M., & Kenny, D. A. (1986). The moderator–mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*, *51(6)*, 1173-1192.
- Cansoy, R. (2019). The relationship between school principals' leadership behaviours and teachers' job satisfaction: A systematic review. *International Education Studies*, 12(1), 37-52.
- Cappelli, P. (2020). Stop overengineering people management. *Harvard Business Review*, *98*(5), 56-63.
- Chen, J. K., & Sriphon, T. (2022). Authentic leadership, trust, and social exchange relationships under the influence of leader behavior. *Sustainability*, *14*(*10*), 1-32.
- Cheong, M., Yammarino, F. J., Dionne, S. D., Spain, S. M., & Tsai, C. Y. (2019). A review of the effectiveness of empowering leadership. *The Leadership Quarterly*, 30(1), 34-58.
- Cortez, R. M., & Johnston, W. J. (2020). The Coronavirus crisis in B2B settings: Crisis uniqueness and managerial implications based on social exchange theory. *Industrial Marketing Management*, 88, 125-135.

- Culbertson, S. S., Mills, M. J., & Fullagar, C. J. (2012). Work engagement and work-family facilitation: Making homes happier through positive affective spillover. *Human Relations*, 65(9), 1155-1177.
- Daneshfard, K., & Rad, S. S. (2020). Philosophical analysis of theory x and y. *Journal of Management and Accounting Studies*, 8(2), 44-48.
- Eliot, J. L. (2020). Resilient leadership: The impact of a servant leader on the resilience of their followers. *Advances in Developing Human Resources*, *22*(4), 404-418.
- Faraz, N. A., Ahmed, F., Ying, M., & Mehmood, S. A. (2021). The interplay of green servant leadership, self-efficacy, and intrinsic motivation in predicting employees' pro-environmental behavior. *Corporate Social Responsibility and Environmental Management*, 28(4), 1171-1184.
- Fitria, H. (2018). The influence of organizational culture and trust through the teacher performance in the private secondary school in Palembang. *International Journal of Scientific & Technology Research*, 7(7), 82-86.
- Flores, E., Xu, X., & Lu, Y. (2020). Human Capital 4.0: A workforce competence typology for Industry 4.0. *Journal of Manufacturing Technology Management*, *31(4)*, 687-703.
- Gandolfi, F., & Stone, S. (2018). Leadership, leadership styles, and servant leadership. *Journal of Management Research*, 18(4), 261-269.
- Ghalavi, Z., & Nastiezaie, N. (2020). Relationship of servant leadership and organizational citizenship behavior with mediation of psychological empowerment. *Eurasian Journal of Educational Research*, 20(89), 241-264.
- Glikson, E., & Woolley, A. W. (2020). Human trust in artificial intelligence: Review of mpirical research. *Academy of Management Annals*, 14(2), 627-660.
- Greenleaf, R. K. (1977). Servant Leadership: A Journey into the Nature of Legitimate Power and Greatness. New York: Paulist Press.
- Grigorov, G. (2020). Analysis of mcgregor, aldelfer and murray's motivation theories and their applicability in the military. *Science. Business. Society*, *5*(2), 76-78.
- Gul, H., Usman, M., Liu, Y., Rehman, Z., & Jebran, K. (2018). Does the effect of power distance moderate the relation between person environment fit and job satisfaction leading to job performance? Evidence from Afghanistan and Pakistan. *Future Business Journal*, *4*(1), 68-83.

- Hafeez, I., Maitlo, Q., Lashari, I. A., & Rehman, K. U. (2021). Nexus among the hofstede cultural dimensions and consumer brand loyalty: Empirical evidence from Pakistan. *Journal of Business and Social Review in Emerging Economies*, 7(4), 985-996.
- Hewapathirana, G. I., & Almasri, F. (2021). Talent development challenges and opportunities in the 4th Industrial revolution: A boundaryless career theory perspective. *Fourth Industrial R(evolution and Business Dynamics*, 287-320.
- Hisrich, R. D., & Soltanifar, M. (2021). Unleashing the creativity of entrepreneurs with digital technologies. In *Digital Entrepreneurship (pp. 23-49)*. Springer, Cham.
- Hoch, J. E., Bommer, W. H., Dulebohn, J. H., & Wu, D. (2018). Do ethical, authentic, and servant leadership explain variance above and beyond transformational leadership? A meta-analysis. *Journal of Management*, 44(2), 501-529.
- House, R. J., Hanges, P. J., Javidan, M., Dorfman, P.W., & Gupta, V. (Eds.). (2004). *Culture, Leadership, and Organizations: The Globe Study of 62 Societies*. Sage publications.
- Howladar, M. H. R., & Rahman, M. S. (2021). The influence of servant leadership on organizational citizenship behavior: the mediating effect of organizational commitment. *The South East European Journal of Economics and Business*, 16(1), 70-83.
- Islam, T., Sharif, S., Ali, H. F., & Jamil, S. (2022). Zooming into paternalistic leadership: evidence from high power distance culture. *European Journal of Management and Business Economics*, (ahead-of-print).
- Joseph Jeyaraj, J., & Gandolfi, F. (2022). Empowering students for social justice through a critical pedagogy inspired framework of servant leadership. *Pedagogy, Culture & Society*, 30(2), 169-184.
- Karatepe, O. M., Ozturk, A., & Kim, T. T. (2019). Servant leadership, organisational trust, and bank employee outcomes. *The Service Industries Journal*, *39*(2), 86-108.
- Kleynhans, D. J., Heyns, M. M., & Stander, M. W. (2021). Authentic leadership and follower trust in the leader: The effect of precariousness. *SA Journal of Industrial Psychology*, *47*(1), 1-10.
- Krumrei-Mancuso, E. J. (2018). Humility in servant leadership among Christian student leaders: A longitudinal pilot study. *Journal of Psychology and Theology*, 46(4), 253-267.

- Larson, H. J., Clarke, R. M., Jarrett, C., Eckersberger, E., Levine, Z., Schulz, W. S., & Paterson, P. (2018). Measuring trust in vaccination: A systematic review. *Human Vaccines & Immunotherapeutics*, *14*(7), 1599-1609.
- Lee, A., Lyubovnikova, J., Tian, A. W., & Knight, C. (2020). Servant leadership: A meta-analytic examination of incremental contribution, moderation, and mediation. *Journal of Occupational and Organizational Psychology*, *93*(1), 1-44.
- Lemoine, G. J., Hartnell, C. A., & Leroy, H. (2019). Taking stock of moral approaches to leadership: An integrative review of ethical, authentic, and servant leadership. *Academy of Management Annals*, *13(1)*, 148-187.
- Long, C. P., & Sitkin, S. B. (2018). Control–trust dynamics in organizations: identifying shared perspectives and charting conceptual fault lines. *Academy of Management Annals*, 12(2), 725-751.
- Luu, T. T. (2020). Integrating green strategy and green human resource practices to trigger individual and organizational green performance: The role of environmentally-specific servant leadership. *Journal of Sustainable Tourism*, 28(8), 1193-1222.
- Mao, Y., He, J., Morrison, A. M., & Andres Coca-Stefaniak, J. (2021). Effects of tourism CSR on employee psychological capital in the COVID-19 crisis: from the perspective of conservation of resources theory. *Current Issues in Tourism*, *24*(19), 2716-2734.
- Mayer, R. C., & Davis, J. H. (1999). The effect of the performance appraisal system on trust for management: A field quasi-experiment. *Journal of Applied Psychology*, 84(1), 123.
- Miao, C., Humphrey, R. H., & Qian, S. (2021). Emotional intelligence and servant leadership: A meta-analytic review. *Business Ethics, The Environment & Responsibility*, 30(2), 231-243.
- Mihardjo, L. W., Jermsittiparsert, K., Ahmed, U., Chankoson, T., & Hussain, H. I. (2020). Impact of key HR practices (human capital, training and rewards) on service recovery performance with mediating role of employee commitment of the Takaful industry of the Southeast Asian region. *Education+ Training*, 63(1), 1-21.
- Mills, M. J., Culbertson, S. S., & Fullagar, C. J. (2012). Conceptualizing and measuring engagement: An analysis of the utrecht work engagement scale. *Journal of Happiness Studies*, 13(3), 519-545.

- Moskalenko, A. A. (2018). Methodological characteristics of the use of strategic analysis in HR-related decision-making. *Academy of Strategic Management Journal*, 17(4), 1-7.
- Muñoz, P., Gamble, E. N., & Beer, H. (2022). Impact measurement in an emerging social sector: Four novel approaches. *Academy of Management Discoveries*, 8(2), 298-330.
- Ortiz-Gómez, M., Giorgi, G., Molina-Sánchez, H., & Ariza-Montes, A. (2020). Developmentand validation of a spanish short servant leadership survey (SSLS6-3F) among Spanish workers in religious non-profit organizations. *Sustainability*, *12(9)*, 1-14.
- Ortiz-Gómez, M., Giorgi, G., Molina-Sánchez, H., & Ariza-Montes, A. (2020). Development and validation of a spanish short servant leadership survey (SSLS6-3F) among Spanish workers in religious non-profit organizations. *Sustainability*, 12(9), 3766.
- Para-González, L., Jiménez-Jiménez, D., & Martínez-Lorente, Á. R. (2022). Does EFQM enhance learning and innovation?. *Total Quality Management & Business Excellence*, 33(7-8), 727-751.
- Pawar, A., Sudan, K., Satini, S., & Sunarsi, D. (2020). Organizational servant leadership. *International Journal of Educational Administration, Management, and Leadership*, 1(2), 63-76.
- Qin, X., Chen, C., Yam, K. C., Huang, M., & Ju, D. (2020). The double-edged sword of leader humility: Investigating when and why leader humility promotes versus inhibits subordinate deviance. *Journal of Applied Psychology*, *105(7)*, 693-713.
- Renteln, A. D. (2019). Culture and culpability: a study of contrasts. In *Folk Law (pp. 863-879)*. Routledge.
- Rubbab, U. E., Naqvi, S. M. M. R., Irshad, M., & Zakariya, R. (2022). Impact of supervisory delegation on employee voice behavior: role of felt obligation for constructive change and voice climate. *European Journal of Training and Development*, (ahead-of-print).
- Russell, R. F., & Stone, A. G. (2002). A Review of servant leadership attributes: Developing a Practical Model. *Leadership & Organization Development Journal*, 23(3), 145–157.

- Sari, F., Sudiarditha, I. K. R., & Susita, D. (2021). Organizational culture and leadership style on employee performance: Its effect through job satisfaction. *The International Journal of Social Sciences World (TIJOSSW)*, 3(2), 98-113.
- Schwaiger, E., Zehra, S. S., & Suneel, I. (2022). Attachment, religiosity, and perceived stress among religious minorities during the COVID-19 pandemic: The impact of cultural context. *Journal of Psychology and Theology*, *50*(3), 369-383.
- Setiawan, R. P. S. M., & Irawanto, S. D. W. (2020). Servant leadership characteristics, organisational commitment, followers' Trust, employees' performance outcomes: A literature review. *European Research Studies Journal*, 23(4), 902-911.
- Sousa, M., & van Dierendonck, D. (2021). Serving the need of people: the case for servant leadership against populism. *Journal of Change Management*, 21(2), 222-241.
- Spears, L. C., & Lawrence, M. (Eds.). (2004). *Practicing Servant-Leadership: Succeeding Through Trust, Bravery, and Forgiveness*. San Francisco, CA: Jossey-Bass.
- Syakur, A., Susilo, T. A. B., Wike, W., & Ahmadi, R. (2020). Sustainability of communication, organizational culture, cooperation, trust and leadership style for lecturer commitments in higher education. *Budapest International Research and Critics Institute: Humanities and Social Sciences*, *3*(2), 1325-1335.
- Ur Rehman, S., Bhatti, A., & Chaudhry, N. I. (2019). Mediating effect of innovative culture and organizational learning between leadership styles at third-order and organizational performance in Malaysian SMEs. *Journal of Global Entrepreneurship Research*, *9*(1), 1-24.
- Van Prooijen, J. W., & Song, M. (2021). The cultural dimension of intergroup conspiracy theories. *British Journal of Psychology*, *112(2)*, 455-473.
- Walumbwa, F. O., Hsu, I. C., Wu, C., Misati, E., & Christensen-Salem, A. (2019). Employee service performance and collective turnover: Examining the influence of initiating structure leadership, service climate, and meaningfulness. *Human Relations*, 72(7), 1131-1153.
- Yoo, B., Donthu, N., & Lenartowicz, T. (2011). Measuring Hofstede's five dimensions of cultural values at the individual level: Development and validation of CVSCALE. *Journal of International Consumer Marketing*, 23(3-4), 193-210.
- Zhang, Y., & Liu, S. M. (2022). Balancing employees' extrinsic requirements and

intrinsic motivation: A paradoxical leader behaviour perspective. *European Management Journal*, 40(1), 127-136.

Zhou, G., Gul, R., & Tufail, M. (2022). Does Servant leadership stimulate work engagement? The moderating role of trust in the leader. *Frontiers in Psychology*, 13, 1-9.