TRANSFORMATIONAL LEADERSHIP AND EMPLOYEE’S CAREER SATISFACTION: ROLE OF PSYCHOLOGICAL EMPOWERMENT, ORGANISATIONAL COMMITMENT, AND EMOTIONAL EXHAUSTION

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ABSTRACT

Transformational leadership is essential for employees’ empowerment as it significantly enhances leadership qualities and increases employees’ satisfaction. Accordingly, the lack of comprehensive exploration and understanding has motivated us to examine the relationship between transformational leadership, psychological empowerment, organisational commitment, and emotional exhaustion. The objectives of this study are (1) to study the relationship between transformational leadership, psychological empowerment, organisational commitment, and career satisfaction of employees, (2) to evaluate the mediating role of psychological empowerment and organisational commitment in relationship between transformational leadership and career satisfaction, and (3) to evaluate moderating role of emotional exhaustion on relationship between transformational leadership, psychological empowerment, and organisational commitment. Data was collected via cross-sectional structured questionnaires by 513 bank employees. Results indicate that transformational leadership significantly relates to empowerment and organisational commitment of employees but is insignificantly associated with career satisfaction. Moreover, transformational leadership significantly influences employees’ career satisfaction through the mediation of empowerment and commitment. Moderation analyses revealed that higher emotional exhaustion weakens employees’ empowerment and transformational leadership, which further weakens the direct relationship between transformational leadership and psychological empowerment and association between transformational leadership and
commitment. This research can assist managers in developing retention strategies for employees to enhance psychological empowerment, organisational commitment, and career satisfaction of employees.

**Keywords:** transformational leadership, psychological empowerment, organisational commitment, career satisfaction, emotional exhaustion

**INTRODUCTION**

The business environment worldwide has rapidly transformed over the past few years. The increased competition requires businesses to use their resources effectively to gain a competitive advantage over their market competitors (Ahmed, 2019). The organisation’s success can be influenced mainly by leadership style and behaviours adopted by leaders, managers, and employees’ hard work, loyalty, and involvement. Employees are perceived as organisation pillars, and an organisation’s success is based upon the performance of its workforce. The organisation’s performance can be improved by guiding workers properly, effectively, and structured manner. Presently, leadership has gained significant prominence while dealing with people for the organisation’s success. According to Albion and Gagliardi (2007), managing people is about leadership quality in both difficult and uncomplicated situations. Transformational leadership is an innovative leadership method that changes and transforms people. Transformational leaders enhance the performance of followers as they envision the future strategically, motivate their teams, and foster commitment towards a vision. If leaders want a progressive impact on people, organisations, and groups, they must leave the old autocratic style and adopt the friendly and modern style (Bushra et al., 2011). The current leaders tend to adopt an approach that supports employees through a dream, cultivating a sequence of hope, encouraging them to meditate on innovative, individualising concerns, and broadening communication. To sustain their competitive advantage in their products and labour markets, organisations require highly engaged employees who are committed and career satisfied. Formal organisation practices and contextual factors should increase employees’ career satisfaction. According to Moreno et al. (2022), satisfied employees with supportive managers are more attached to their organisation. Organisational commitment is important because workers get committed to their organisations and have less intention to quit their job, less absenteeism, and high motivation to perform their jobs at an advanced level.
The service sector cannot be ignored in developing a country’s economic life, as the service sector is the economy’s lifeblood. The economy of other sectors are dependent on the service sector for their progress and success. In the same way, a dynamic change has been observed in other industries; Pakistan’s banking sector also requires research and development (R&D) to attain significant growth (Shahid et al., 2010). Financial institutions such as banks play an active and valuable role in developing a country’s growth and strength. For survival, banks face challenges every day, considering the competitive business environment spreading in Pakistan. It is important to remember that to stay ahead of the competition banks must provide high-quality products/services, i.e., payments through credit and debit cards, digital banking, web portal assessments, online mobile assessments, short-term credits, and long-term loans that provide the most value for money and are usually cost-effective by optimising the medium of channels, self-service channels, reducing paper, and elimination of unnecessary physical infrastructure (Abdullah, 2020). The Islamic banking sector is the most emerging sector that has significantly contributed to the economy. In Pakistan, the Islamic banking business has boosted the economy over the past decades. The Islamic banks prefer professional and experienced workers by giving them attractive rewards that will impact bank employees’ productivity (Ali et al., 2022; Jafri, 2022; Lee et al., 2019). Therefore, transformational leadership is very important, especially when the inflation is high. The majority of bank employees are involved in public dealing and relationship management. Customers will be satisfied if they are satisfied and pleased with their jobs; however, their behaviour will be depicted in their interaction with customers (Kundu et al., 2019). Employees’ training has always been a priority for banks as having skilled, and well-trained employees is one of the financial system’s top priorities. According to Saeed (2013), employees in the financial sector are continually driven to greater prospects and regularly change roles, which has become a severe issue in such businesses. Thus, it is critical to retain valuable employees by giving them the tools they need to stay dedicated to their company, increasing satisfaction and retention.

To empower employees, a transformational leadership style is essential as employees’ empowerment is assisted by transformational leaders and enhances employees’ satisfaction with their career. However, research on leadership in Pakistan, specifically transformational leadership, is little compared to developed countries due to the various factors in the equality of culture, social, and political differences in Pakistan. Various studies have been done on transformational leadership and satisfaction (Bushra, 2011; Saleem, 2015). However, there is a lack of data that demonstrates how transformational leadership affects employees’ career satisfaction, particularly in the banking sector. As a result, this study aims to get a better knowledge of leadership’s role, particularly when it comes
to motivating employees to perform well in Pakistan’s banking industry. Several studies have observed that when employees are unsatisfied with their employment, the next likely effect is poor performance, high turnover, and other behaviour’s that negatively impact overall organisational productivity (Saeed et al., 2013). This study’s main goals are to determine the impact of transformational leadership on bank employees’ career satisfaction; the mediating role of psychological empowerment and organisational commitment in relationship between transformational leadership and career satisfaction; and the moderating role of emotional exhaustion.

There are several contributions of this study: First, it determines the influence of transformational leadership on psychological empowerment, organisational commitment, and career satisfaction of employees working in Islamic banking industry in Karachi, Pakistan. Second, the mediating role of psychological empowerment and organisational commitment between transformational leadership and career satisfaction was investigated. Third, research indicates that emotional exhaustion is vital psychological condition for employees that reduces the motivational effect of transformational leadership on empowerment and commitment of employees and may prove to be an essential factor. Furthermore, the function of emotional exhaustion in the context of leadership has received little empirical research; therefore, objective of this study is to define whether employee emotional exhaustion plays moderating role in relationship between transformational leadership and psychological empowerment, and on relationship between transformational leadership and organisational commitment. Finally, the study provides a learning paradigm for managers of the banking industry to enhance organisational commitment and employees’ career satisfaction.

LITERATURE REVIEW

This literature review comprises an extensive body of research analysing the dynamic relationship between transformational leadership and employee’s career satisfaction. This section aims to provide a comprehensive understanding of the theoretical foundations by examining key insights from social learning theory. Additionally, the section also outlines the hypotheses formulated to explore the role of psychological empowerment, organisational commitment, and emotional exhaustion on the transformational leadership and employee’s career satisfaction.
Theoretical Background

Social learning theory

To conceptualise leadership, this study used social learning theory. Brown et al. (2005) state that social learning theory was developed by Bandura (1977). Workers are influenced by their leaders through observational learning, in which employees learn by witnessing their leaders’ behaviours and the consequences of those actions (Bandura, 1986). Similarly, it has been claimed that through social learning processes, leaders influence their colleagues’ psychological empowerment. Furthermore, an argument has been made on social learning concerning the crucial importance of psychological states in exploring the influence of leadership’s emotional exhaustion on social learning. Employees who are emotionally exhausted have fewer psychological resources to devote to social learning in order to meet their daily job requirements. According to the notion of social learning, leaders’ psychological states are crucial to social learning because they determine which external events are experienced, how they are perceived, and if any persistent impacts are left behind. Psychological pressure may be caused by stressful aspects of employment, exhausting workers’ cognitive, emotional, and physical resources. It has implications for social learning theory, given that psychological research shows that stress impedes the ability to internalise, process, and use data. Therefore, to examine the role of psychological states in social learning systems of leadership, study evaluated the role of emotional exhaustion and indicated that it diminishes the motivational impact of leaders. Employees, when emotionally exhausted, operate with sub-optimal psychological functioning. Hence, this study determines whether emotional exhaustion moderates the relation among transformational leadership and psychological empowerment and between transformational leadership and organisational commitment.

Hypothesis Development

Transformational leadership and psychological empowerment

Transformational leadership empowers supporters to grow above their self-interest by transforming their values, goals, morality, and ambition to achieve better than expected. It is divided into four main components: inspirational motivation, the charismatic role of modeling, individualised consideration, and intellectual stimulation. These traits are associated with the transformational leadership style. Transformational leaders cultivate creative inspiration, moral modeling, charisma, and individualised consideration of employees (Bose, 2021). Transformational leaders provide positive self-perceptions to their followers,
thus encouraging them to be more active in their professional roles (Ilyas et al., 2021). Transformational leader’s role is not just to trigger their followers but also to engage them. Psychological empowerment of an individual reflects in their active than passive orientation. The theory of psychological empowerment indicates that transformational leaders, in particular, are significant promoters of employees’ empowerment. When employees are participating in the decision-making process, they will feel empowered (Wörtler, 2022). Asghar and Oino (2018) validate that transformational leaders empower employees by guiding them to embrace new values and behaviours, hence, unlocking their full potential. A study conducted by Atik and Celik (2020) suggested that leaders entail empowerment that improves the significance of followers’ work. Transformational leaders empower their followers to self-determination, promoting creativity and innovation. Another study conducted by Schermuly and Meyer (2020) concluded that transformational leaders affect the psychological empowerment of followers. Based on these studies, we propose the following hypothesis:

**H1:** Transformational leadership is positively related to the psychological empowerment of employees.

**Transformational leadership and organisational commitment**

Organisational commitment is defined as an attitude that demonstrates employees’ devotion to their workplace. It is a continual method in which participants’ interest is expressed for the success and well-being of the business (Ahmed, 2019; Khaskheli et al., 2020). It is considered to be an essential outcome of transformational leadership. Boukamcha (2022) found that transformational leadership had a positive relationship with organisational commitment. Moreover, Chairurrizqie (2021) revealed that transformational leadership significantly relates to organisational commitment in non-profit long-term care organisations. Keskes et al. (2018) stated transformational leadership is positively associated with organisational commitment. Deressa et al. (2022) exhibit a significant association between transformational leadership and organisational commitment among bank employees. Moreover, Raziq et al. (2021) discovered a significant and positive link between transformational leadership and bank representatives’ organisational commitment. Thus, the following hypothesis was formed:

**H2:** Transformational leadership is positively related to employees’ organisational commitment.
Transformational leadership and career satisfaction

Career satisfaction and success can be used for one other. Career satisfaction is defined as positive psychological job-related activities gained by a person from work experience (Joo et al., 2013; Yoon, 2019). Career satisfaction plays an integral part in career success and indicates employees’ satisfaction with their career achievements. Significant career satisfaction predictors include goal-specific environmental support and services, including material and social assistance for an employee’s personal goals (Onwuegbule, 2020). Social learning theory states basic social learning mechanisms (e.g., verbal persuasion, vicarious learning) involve experiences in which individuals develop beliefs, talents, and standards of conduct (Charokopaki, 2019; Lazarides & Warner, 2020). Transformational leadership positively links career satisfaction (Moin et al., 2021; Xenikou, 2022). Allozi et al. (2022) discovered that transformational leadership plays a critical role in career satisfaction. Therefore, we can predict that transformational leadership influences employees’ career satisfaction, thus the following hypothesis is proposed:

H3: Transformational leadership is positively related to employees’ career satisfaction.

Psychological empowerment and career satisfaction

Psychological empowerment promotes workers’ assumptions about the value of their careers, their effect on work outcomes, their desire to fulfill their roles, and their sense of self-determination (Maden-Eyiusta & Alten, 2021). Individual empowerment leads to increased job satisfaction, job performance and organisational commitment (Arathy & Biju, 2021; Eylon & Bamberger, 2000). According to the job design hypothesis, individuals find enriched work is more fulfilling. Conditions for empowerment include challenges, sense of responsibility, and chances of autonomy allowing employees to recognise and utilise their capabilities effectively (Joo & Lim, 2013). Thus, this significance, competence emerge, and gratitude of self-determination motivate employees to respond by being committed. Therefore, employees with greater career empowerment should be satisfied more with their career progress. Empowering employees leads to high work satisfaction, organisational commitment, and job performance as employees are concentrated, self-motivated, and resilient (Avolio et al., 2004; Kim & Beehr, 2021). Studies have shown a positive contribution of empowerment to satisfaction and employee self-efficacy (Namasivayam et al., 2014; Qing et al., 2020). According to the job characteristics model, psychologically empowered employees are more expected to be satisfied with their careers. Bakr and Alfayez (2021) discovered that psychological empowerment substantially impacts career satisfaction. The hotel
industry positively links psychological empowerment and career satisfaction (Koo et al., 2020). As a result, the following hypothesis was proposed:

**H4:** Psychological empowerment is positively related to employees’ career satisfaction.

**Organisational commitment and career satisfaction**

Organisational commitment refers to how workers develop a sense of devotion to their employer and adopt the organisation’s goals (Lambert et al., 2007; Suleman, et al., 2022). More contribution is observed by employees who are committed to the organisation. When the aims and needs of the employees are fulfilled, they are likely to be satisfied with their careers (Joo & Ready, 2012; Primeau et al., 2021). When employees commit to their organisation, they will have greater satisfaction levels. Ahmed (2019) states that an individual enters an organisation with career plans. As an employer, organisational personnel must identify and know about an employee’s career needs and attract them to stay and remain committed for a more extended period if they keep strong career desires in the organisation. The study conducted by Joo and Park (2010) and Rençber and Koparal (2021) concluded that career satisfaction is predicted by organisational commitment. Moreover, in their study, Lizote et al. (2017) and Chanda and Goyal (2020) revealed that organisational commitment significantly related to satisfaction. Therefore, the following hypothesis is proposed:

**H5:** Organisational commitment is positively related to employees’ career satisfaction.

**Mediation of psychological empowerment**

The term psychological empowerment refers to psychological conditions necessary for people to feel in control of their job. Employees are more likely to feel the psychological environment when they perceive a high level of transformational leadership, which increases career satisfaction (Joo & Nam, 2019). Mufti et al. (2020) found that transformational leadership significantly relates to psychological empowerment, which positively affects career satisfaction. According to Ul Haq et al. (2019), psychological empowerment encompasses an engaged attitude towards work that influence employees’ future performance. As a result, psychologically driven workers might be considered as a high probability of success in the future. According to Joo and Lim (2013) and Saira et al. (2020), psychological empowerment entirely moderated association between transformational leadership and job happiness. Furthermore, Lan and Chong (2015) discovered
Transformational leadership and employee’s career satisfaction

that psychological empowerment partially mediates association between transformational leadership and workers’ work attitudes in their study. Thus, we organisation:

H6: Psychological empowerment mediates the relationship between transformational leadership and career satisfaction.

Mediation of organisational commitment

Organisational commitment is an individual strength that links them to the organisation and behavioural acts that emerge from such commitment (Bashir, 2020). An individual’s high commitment suggested following organisational goals, believing organisation’s values, and strive for its purpose. Previous research has investigated the impact of organisational commitment on relationship between transformational leadership and career satisfaction (Shurbagi, 2014; Veraya, 2020). Mulia et al. (2019) discovered that organisational commitment acts as a bridge among employee motivation and performance. The investigations also discovered dedication to mediate transformational leadership and information exchange (Avolio et al., 2004; Nabi et al., 2022). Employees who believe their leaders consult with them are more committed to their organisations and career satisfied. Jabbar et al. (2020) discovered that organisational commitment mediates a favourable association between transformational leadership and career satisfaction. Therefore, we propose the following hypothesis:

H7: Organisational commitment mediates the relationship between transformational leadership and employees’ career satisfaction.

Moderation of employee emotional exhaustion

Negative workplace experiences reduce employees’ emotional resources and emotional exhaustion (Chen & Eyoun, 2021). Emotional exhaustion is one of the burnout sub-dimensions. It is characterised as a psychological or emotional phenomena since it has long-term consequences for employee productivity, organisational efficiency, and mental and physical health (Ferreira & Martinez, 2012; Kumpikaité-Valiūnienė, 2021). According to the social learning theory, leaders’ efforts to motivate their employees may be useless if employees cannot psychologically interpret the leader’s signs. When exhausted, employees’ psychological function is reduced, limiting their ability to engage fully with their work (Arshad, 2021; Leiter & Maslach, 2005). Emotionally exhausted employees were unable to contribute themselves at a psychological level as their psychological resources got depleted. Previous research utilise the conservation
of resources (COR) model for stress and burnout enlightened performance-related effects and motivation of emotional exhaustion (Davis & Stazyk, 2022). The COR model specifies that psychological resources exhaustion induces stress, therefore, employees preserve their resources by deciding when and how to spend them to avoid strain and manage stress. Employees who are emotionally fatigued undermine leadership’s uplifting benefits by depleting resources and learning from their leaders’ behaviours.

Moreover, Dust et al. (2018) conclude that emotional exhaustion moderated the relationship between ethical leadership and psychological empowerment. Another study conducted by Naseem and Ahmed (2020) indicates that emotional exhaustion occurs due to workplace bullying, and thus, employees cannot perform to their full potential at work. Based on such findings, we propose the following hypotheses:

H8: Employee emotional exhaustion moderates the positive relationship between transformational leadership and psychological empowerment such that the effects weaken as emotional exhaustion increases.

H9: Employee emotional exhaustion moderates the positive relationship between transformational leadership and organisational commitment such that the effects weaken as emotional exhaustion increases.

METHODOLOGY

Research Model

Figure 1 demonstrates the theoretical framework of research which shows transformational leadership’s influence on career satisfaction through commitment and empowerment as mediators. Furthermore, moderation of employee emotional exhaustion was also analysed in this study.
Transformational leadership and employee’s career satisfaction

Data Collection and Instrumentation

This study aimed to investigate the impact of transformational leadership on employees’ satisfaction, choosing banking industry for this study is best suitable. The study is quantitative. A representative population sample is required for data collection because it is hard to acquire the responses from a large group, which is generally the study’s target audience (Bechwati & Baalbaki, 2011).

For this study, the population selected includes banking sector employees working in Islamic banks in Karachi, Pakistan. There are five full-fledged Islamic banks with several branches operating in the country, therefore, to our convenience, we have selected three Islamic banks in Karachi, Pakistan, namely Meezan Bank, Bank Islami, and Habib Bank Ltd. Raza and Hanif (2013) suggest that a sample of 300 or above is considered good. Thus, based on the above, a total of 350 sample size was chosen. Human resource heads of the banks were approached, and after approval, the online link of a questionnaire constructed through Google Docs was mailed to employees. Employees were asked to engage in this study freely since their contribution would be highly valued. They were also assured that their provided information would be confidential and not harm their dignity. Out of 550 questionnaires, 530 were returned; after data screening, missing responses were eliminated. As a result, the study’s sample size is 513 consisting of those three Islamic bank employees.
We employed the convenience sampling strategy to acquire data from the targeted respondents in this study. Statistical tests were performed to examine data empirically. Data was collected through a structured questionnaire based on a 5-point Likert scale that ranges from 1 = strongly disagree to 5 = strongly agree. Transformational leadership items were adopted from Multifactor Leadership Questionnaire proposed by Bass and Avolio (1997) ($\alpha = 0.96$). A total of six items were adopted. A sample question included was “Leaders help us find meaning in our work.” Five items have been adopted from the empowerment scale by Spreitzer (1995) ($\alpha = 0.94$) to measure the participant’s psychological empowerment level. Sample question included the sentence “The work I do is meaningful to me.” This research adopts six items from the scale developed by Meyer et al. (1993) to measure organisational commitment, having reliability coefficient ($\alpha = 0.94$). The sample item included sentence “I would be very happy to spend the rest of my career with this organisation.” The scale developed by Greenhaus et al. (1990) for career satisfaction was used to measure five items of career satisfaction ($\alpha = 0.88$). The sample item adopted was “I am satisfied with my progress towards meeting my overall career goals.” The six items of employee emotional exhaustion were adopted from Maslach and Jackson’s (1981) scale ($\alpha = 0.92$). A sample item is “I feel emotionally drained from my work.” All the participants were required to contribute actively during data collection and we also assured them that their information would be kept confidential.

**Demographic Profile of Respondents**

Table 1 shows the demographic profile of the respondents in detail. The demographic summary was obtained using SPSS 22 software through the descriptive statistics method, i.e., frequencies. The demographic variables included were gender, age, income, and education level. The study involved 513 employees, with 40% male and 60% female participants. Participants’ ages were distributed as follows: 29.8% were between 20–25 years old, 39% were between 26–31 years old, 10.5% were between 32–37 years old while 20.7% were 38 years old and above. In terms of education, 9.9% were undergraduates, 39.4% were graduates, 43.3% were postgraduates, and 7.4% pursued education in other fields. Regarding income, 31.6% earned between Rs.21,001–Rs.30,000, 12.1% earned between Rs.30,001–Rs.40,000, 10.9% earned between Rs.40,001–Rs.50,000, and 45.4% earned Rs.50,001 and above.
Transformational leadership and employee’s career satisfaction

Table 1
Respondents’ profile (N = 513)

<table>
<thead>
<tr>
<th>Demographic items</th>
<th>Frequency</th>
<th>Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age (year)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20–25</td>
<td>153</td>
<td>29.8</td>
</tr>
<tr>
<td>26–31</td>
<td>200</td>
<td>39.0</td>
</tr>
<tr>
<td>32–37</td>
<td>54</td>
<td>10.5</td>
</tr>
<tr>
<td>38 and above</td>
<td>106</td>
<td>20.7</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>205</td>
<td>40.0</td>
</tr>
<tr>
<td>Female</td>
<td>308</td>
<td>60.0</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>51</td>
<td>9.9</td>
</tr>
<tr>
<td>Graduate</td>
<td>202</td>
<td>39.4</td>
</tr>
<tr>
<td>Post graduate</td>
<td>222</td>
<td>43.3</td>
</tr>
<tr>
<td>Others</td>
<td>38</td>
<td>7.4</td>
</tr>
<tr>
<td>Income (Rs.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21,000–30,000</td>
<td>162</td>
<td>31.6</td>
</tr>
<tr>
<td>30,001–40,000</td>
<td>62</td>
<td>12.1</td>
</tr>
<tr>
<td>40,001–50,000</td>
<td>56</td>
<td>10.9</td>
</tr>
<tr>
<td>50,001 and above</td>
<td>233</td>
<td>45.4</td>
</tr>
</tbody>
</table>

Data Analysis Method

The partial least square-structural equation modeling (PLS-SEM) Smart PLS 3.2.9 by Ringle et al. (2015) has been used to analyse the data. SEM technique was used to test the theory’s validity by statistical facts (Ahmed et al., 2020). As the current study is based on the variance model, partial least square has been utilised to evaluate the hypothesised model. PLS-SEM is acceptable for numerous conditions of research and difficult frameworks. The assessment was established on Anderson and Gerbing’s (1988) guidance and done in two stages. First, the measurement model of research study has been assessed. Measurement model is tested by analysing constructs convergent validity and discriminant validity. The convergent validity is assessed using Cronbach’s alpha, composite reliability, and average variance extracted (AVE) as shown in Table 2. Discriminant validity is tested by heterotrait-monotrait (HTMT) ratio as depicted in Table 3. Second, the structural model and hypothesis will be tested. We have examined both direct
and indirect effects. Table 4 depicts the direct relation between the dependent and independent variables. However, Table 6 depicts the mediation analysis of psychological empowerment and organisational commitment. The mediation will be analysed using bootstrap method by resampling 5,000 subsamples (Raza et al., 2020). Table 5 depicts the moderation analysis of emotional exhaustion on the direct relationship between the variables.

**Measurement Model Assessment**

The measurement model explores the relationship between latent constructs and their corresponding measures by following the recommendations of Hair et al. (2011). Convergent validity and discriminant validity are the two key aspects of the measurement model. Various tests such as AVE, Cronbach’s alpha, loadings, and composite reliability are employed to assess convergent validity. Additionally, reliability is evaluated using Cronbach’s alpha and composite reliability. Alternatively, discriminant validity is assessed using the HTMT correlation ratio.

Numerous tests have been done to determine the measurement model using Smart PLS software. Table 2 shows the results of measurement model. The item’s convergent validity is approved through Cronbach’s alpha, composite reliability, and AVE. Cronbach’s alpha has been utilised to verify the internal consistency of survey items and data reliability. According to the study by Tabachnick et al. (2007), it has been suggested that value of Cronbach’s alpha should be > 0.5 or > 0.7. Table 2 depicts the value of Cronbach’s alpha for all variables more than 0.7, which fulfills criteria provided by Tabachnick et al. (2007). Moreover, all variables have composite reliability greater than 0.7, fulfilling Straub’s (1989) criteria. Furthermore, Fornell and Larcker (1981) in their study provided the criteria that AVE should be higher than 0.50 for convergent validity. As seen in Table 2, the value of AVE fulfills the criteria for all variables as it is greater than 0.50 (Raza & Khan, 2022). Hence, convergent validity has been supported, and we conclude that constructs are valid and reliable in this study. After convergent validity, discriminant validity has been utilised at variations in latent variable (Carmines & Zellers, 1979). The discriminant validity is assessed using HTMT. Table 3 depicts the HTMT ratio established by Henseler et al. (2015); all values of HTMT are less than 0.85 (Raza et al., 2017).
### Table 2
Measurement model results

<table>
<thead>
<tr>
<th>Items</th>
<th>Loadings</th>
<th>Cronbach’s alpha</th>
<th>Composite reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS1</td>
<td>0.888</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS2</td>
<td>0.933</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS3</td>
<td>0.861</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS4</td>
<td>0.834</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS5</td>
<td>0.855</td>
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<td></td>
</tr>
<tr>
<td>CS6</td>
<td>0.861</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>CS</td>
<td></td>
<td>0.937</td>
<td>0.950</td>
<td>0.761</td>
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<td>EME1</td>
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<tr>
<td>EME2</td>
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<tr>
<td>EME3</td>
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<tr>
<td>EME4</td>
<td>0.907</td>
<td>0.899</td>
<td>0.923</td>
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<td>EME5</td>
<td>0.747</td>
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<tr>
<td>EME6</td>
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<td>OC1</td>
<td>0.864</td>
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<td>OC2</td>
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<td>0.787</td>
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<td>0.801</td>
<td></td>
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<tr>
<td>OC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OC4</td>
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<td>0.787</td>
<td>0.915</td>
<td>0.933</td>
</tr>
<tr>
<td>OC5</td>
<td>0.654</td>
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<tr>
<td>OC6</td>
<td>0.819</td>
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<tr>
<td>OC7</td>
<td>0.801</td>
<td></td>
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</tr>
<tr>
<td>PE1</td>
<td>0.809</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PE2</td>
<td>0.838</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PE3</td>
<td>0.859</td>
<td>0.800</td>
<td>0.864</td>
<td>0.582</td>
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<tr>
<td>PE4</td>
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<tr>
<td>PE</td>
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<td></td>
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</tr>
<tr>
<td>TL1</td>
<td>0.789</td>
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<td>TL2</td>
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</tr>
<tr>
<td>TL</td>
<td></td>
<td>0.795</td>
<td>0.845</td>
<td>0.883</td>
</tr>
<tr>
<td>TL3</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TL4</td>
<td>0.701</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TL5</td>
<td>0.750</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

*Note: CS = career satisfaction; EME = emotional exhaustion; OC = organisational commitment; PE = psychological empowerment; TL = transformational leadership*
Table 3

<table>
<thead>
<tr>
<th></th>
<th>CS</th>
<th>EME</th>
<th>OC</th>
<th>PE</th>
<th>TL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS</td>
<td>0.496</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EME</td>
<td>0.795</td>
<td>0.546</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OC</td>
<td>0.784</td>
<td>0.499</td>
<td>0.805</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PE</td>
<td>0.558</td>
<td>0.498</td>
<td>0.650</td>
<td>0.669</td>
<td></td>
</tr>
</tbody>
</table>

Structural Model Assessment

The developed hypotheses were tested using PLS-SEM. Structural model relates latent variables to each other and can be analysed by testing the standardised paths. The findings are shown in Tables 4, 5, and 6, which specifies the variables’ relationships. The criteria on which the hypotheses get accepted is that the \( p \)-value should not be more than 0.01 (1%). As seen from Table 4, all hypotheses were accepted, except H3.

The objective of this study is to examine the relationship between transformational leadership and career satisfaction of employees through mediation of psychological empowerment and organisational commitment, and to test the moderation of emotional exhaustion. The findings conclude that all hypotheses show significant and positive relationships, except H3. Hence, all hypotheses, except H3, are supported.

The first hypothesis indicates that relationship between transformational leadership and psychological empowerment is positive and significant, accepting H1 (\( \beta = 0.370, p < 0.01 \)). The second hypothesis showed that transformational leadership positively and significantly predicts employees’ organisational commitment, hence H2 is supported (\( \beta = 0.359, p < 0.01 \)). The third hypothesis shows that relationship between transformational leadership and career satisfaction is positive but insignificant, thus, H3 is not supported as it rejects the hypothesis (\( \beta = 0.013 \)). The fourth hypothesis shows that relationship between psychological empowerment and career satisfaction of employees is positive and significant, thus indicating the acceptance of the proposed hypothesis (\( \beta = 0.393, p < 0.01 \)). The fifth hypothesis shows that organisational commitment has a positive and significant relationship with employees’ career satisfaction (\( \beta = 0.451, p < 0.01 \)), hence, H5 is also accepted.
Sixth hypothesis shows that psychological empowerment fully mediates relationship between transformational leadership and career satisfaction (β = 0.145, p < 0.01). However, seventh hypothesis shows that organisational commitment fully mediates the relationship between transformational leadership and career satisfaction (β = 0.162, p < 0.01). Therefore, all hypotheses are supported as the mediating hypotheses have been accepted. Study also investigates emotional exhaustion moderates the relationship between transformational leadership and psychological empowerment (β = 0.159, p < 0.01) and between transformational leadership and organisational commitment (β = 0.115, p < 0.01).

**DISCUSSION**

This research examined the relationship between transformational leadership and career satisfaction of employees through mediation of psychological empowerment and organisational commitment and tested moderation of emotional exhaustion. PLS-SEM technique has been used for the analysis of structural models and hypotheses. Table 4 depicts direct relation between independent and dependent variables. All hypotheses show significant and positive relationships except for H3, which shows an insignificant relationship. The study’s findings are analysed in context of past studies. The first two hypotheses (H1 and H2), i.e., transformational leadership significantly and positively influences empowerment, and employees’ organisational commitment was supported. The results aligned with previous studies by Chaubey et al. (2019), Suifan et al. (2018), and Nguyen et al. (2022) which concluded that transformational leadership is associated positively with psychological empowerment. According to the psychological empowerment theory, leaders, particularly transformational leaders, are important drivers in empowering people because of their ability to affect employees’ subjective perceptions of their job. However, studies by Gyensare et al. (2016), Delegach et al. (2017), Cho et al. (2019), and Donkor et al. (2022) found positive and direct relationships between transformational leadership behaviours perceived by employees and organisational commitment. This indicates that when employees work under leaders with higher transformational leadership attributes, they are more likely to demonstrate organisational commitment. Leaders can establish programs of activities to foster confidence and trust among employees to boost employee commitment. Employees who have faith in their managers are less likely to leave the organisation and more devotion for jobs.

Moreover, when transformational leaders practice leadership, employees feel psychological empowerment and exhibit a higher commitment. Results demonstrate transformational leadership has a positive but insignificant effect on employees’
career satisfaction. Our findings contradict previous research studies (Allozi, 2022; Joo & Nam, 2019; Riaz & Haider, 2010). During their career achievement, employees are dissatisfied in the areas such as skill development, wages, progress, and professional goals. Moreover, they believe their supervisors are dissatisfied with them. As a result, they have less emotional attachment to their organisation, not providing them a sense of professional success. According to the findings, leaders of the organisation play a significant role since highly qualified leaders may improve the company’s overall performance, thus increasing employee morale and motivation. Table 4 also indicates organisational commitment and psychological empowerment positively influence employees’ career satisfaction. The findings corresponded with Agrawal and Srivastava (2018) and concluded that empowerment and commitment increase career satisfaction.

Additionally, Table 4 also contains the value of $f^2$, indicating the effect size analysis. To assess the influence of $f^2$, Cohen (1988) established the following benchmarks: $< 0.02$ as no effect, $0.02$ as a small, $0.15$ as a medium, and $0.35$ as a large effect. According to our results, organisational commitment and psychological empowerment depict a medium effect on career satisfaction. Additionally, transformational leadership also depicts a medium effect on organisational commitment and psychological empowerment.

Moreover, the research explored the mediating role of empowering psychologically. As shown in Table 5, the association between transformational leadership and employees’ career satisfaction working in Islamic banks was fully mediated by empowerment. The findings relate to the study of Joo and Lim (2013), and Ilyas et al. (2021) which conclude that transformational leadership associates significantly with empowerment, which impacts career satisfaction. They concluded that to attract and keep more pleased workers in their careers, management must
Transformational leadership and employee’s career satisfaction

assist employees to enhance career satisfaction by building good leadership and adopting procedures that encourage empowerment. The findings also showed that organisational commitment significantly and positively mediates correlation between transformational leadership and employees’ satisfaction with careers. Employees who are pleased with their leaders tend to develop a sense of belonging with their organisation. In addition, employees are more satisfied when their leaders exhibit high transformational leadership skills. This result was similar to those (Dappaa et al., 2019) leaders who want fully-committed employees, fair-working environment, and free of bias should utilise a transformational leadership style. However, to increase commitment level of employees, leaders should strive to act well and be unbiased, avoiding organisational politics within the firm. As a result, fully-committed employees are frequently satisfied with their careers and the working environment.

Table 5

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Regression path</th>
<th>Effect type</th>
<th>β-value</th>
<th>SD</th>
<th>T-value</th>
<th>P-value</th>
<th>CI</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>H8</td>
<td>TL → PE → CS</td>
<td>Indirect</td>
<td>0.145</td>
<td>0.023</td>
<td>6.354</td>
<td>0.000</td>
<td>(0.103, 0.192)</td>
<td>Full mediation</td>
</tr>
<tr>
<td>H9</td>
<td>TL → OC → CS</td>
<td>Indirect</td>
<td>0.162</td>
<td>0.027</td>
<td>5.953</td>
<td>0.000</td>
<td>(0.113, 0.217)</td>
<td>Full mediation</td>
</tr>
</tbody>
</table>

The study investigates the moderating effect of employee emotional exhaustion on relationship among transformational leadership and psychological empowerment, and relationship among transformational leadership and organisational commitment. Table 6 depicts that employee emotional exhaustion positively and strongly moderates both the relationships. The findings conclude that exhausted employees perform operations with suboptimal psychological functioning (Leiter & Maslach, 2005), which means they are not fully engaged with their work (Schaufeli & Taris, 2005). As a result, they cannot give their best as their psychological resources are depleted. It is difficult for them to compete with daily work obligations and are more alert when spending their boundless resources and may be reluctant to attempt to decode and internalise the messages of their leaders.

In comparison, workers who are not exhausted will put extra effort and have ample psychological resources to dispose of and internalise their leaders’ messages. Furthermore, Dust et al. (2018) discovered that the impacts of transformational leadership on psychological empowerment are dependent on employee emotional exhaustion, implying that emotionally exhausted employees are less likely to benefit from transformational leaders’ empowering efforts. This is due to the
fact that most people work part-time and may not be subjected to the same job demands and situational pressures as full-time employees. As a result, the impacts of transformational leadership on psychological empowerment differ depending on extent employee emotional exhaustion (Aguinis et al., 2017). Furthermore, emotional exhaustion also moderates the relationship between transformational leadership and employees’ organisational commitment. The findings are consistent with earlier findings of Bushra et al. (2011). The study concludes that if transformational leaders promote workers’ innovative thinking, spend time teaching and coaching them, consider their emotions before executing a decision, and help them develop their skills, it will enhance emotional connection. As a result, they will stay committed to their organisation. Employees will be proud to be a part of it, see similarities between their own beliefs and the company’s ideals, and be willing to accept any job assignment for the business to function smoothly. However, emotional exhaustion will stay minimal. Though, if transformational leaders do not support and motivate their employees, they will get emotional exhaustion from their work, which will lower their commitment to the organisation.

Table 6

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Regression path</th>
<th>Effect type</th>
<th>β-value</th>
<th>SD</th>
<th>T-values</th>
<th>P-values</th>
<th>CI</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>H6</td>
<td>TL*EE → PE</td>
<td>Indirect</td>
<td>0.159</td>
<td>0.033</td>
<td>4.735</td>
<td>0.000</td>
<td>(0.087, 0.223)</td>
<td>Supported</td>
</tr>
<tr>
<td>H7</td>
<td>TL*EE → OC</td>
<td>Indirect</td>
<td>0.115</td>
<td>0.032</td>
<td>3.612</td>
<td>0.000</td>
<td>(0.054, 0.176)</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Figure 2. Results of path analysis

*Note: Dotted line shows the mediation effect between transformational leadership → psychological empowerment → career satisfaction and transformational leadership → organisational commitment → career satisfaction; *** denotes significance at 1%; ** denotes significance at 5%; * denotes significance at 10%
Table 7 displays the coefficient of determination ($R^2$) results. The $R^2$ proportion of variation in endogenous constructs explained by all exogenous constructs in the research model. According to Hair et al. (2011), the $R^2$ values above 0.75 are significant, 0.50 are moderate, and 0.25 are weak. Findings show that the $R^2$ value of career satisfaction is 0.627, indicating that the exogenous variable has a moderate association. Similarly, the $R^2$ value of organisational commitment is 0.428 and psychological empowerment is 0.407, indicating a weak association.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient of determination ($R^2$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS</td>
<td>0.627</td>
</tr>
<tr>
<td>OC</td>
<td>0.428</td>
</tr>
<tr>
<td>PE</td>
<td>0.407</td>
</tr>
</tbody>
</table>

CONCLUSION AND RECOMMENDATIONS

This study investigates how transformational leadership shapes employees’ career satisfaction by mediating psychological empowerment and organisational commitment and moderating emotional exhaustion. PLS-SEM technique is utilised to analyse the structural relationships. Results indicated that transformational leadership relates significantly to psychological empowerment and organisational commitment but insignificantly related to career satisfaction. Furthermore, organisational commitment and psychological empowerment significantly related to career satisfaction. However, it has been observed that the insignificant path between transformational leadership and career satisfaction becomes significant through mediating role of organisational commitment and psychological empowerment.

Moreover, the correlation between transformational leadership and psychological empowerment, and transformational leadership and organisational commitment becomes weak due to the strong influence of emotional exhaustion. Therefore, the findings depict that if managers of banks practice transformational leadership, they would be more committed, empowered, and satisfied employees in their organisations. The findings were also supported by the empirical evidence and theoretical results that indicate a significant role has been played by transformational leadership in Pakistan’s Islamic banking sector regarding the commitment and empowerment of employees. The study’s implications are as follows, firstly, relationship among transformational leadership, psychological
empowerment, organisational commitment, and career satisfaction of employees has been observed in Pakistan’s Islamic banking sectors. Second, novelty evaluates mediating role of psychological empowerment and organisational commitment in relationship between transformational leadership and career satisfaction and moderating role of emotional exhaustion in relationship between transformational leadership, psychological empowerment, and organisational commitment.

Moreover, the investigation provides definite implications for managers and will be beneficial for understanding that employees who will be more satisfied and committed to the organisation should practice an improved leadership style, preferably transformational leadership. Managers must understand the human nature, requirements, needs, and skills of bank employees. In addition, managers should regularly assess employees’ overall commitment to their organisation to know their turnover intention. Furthermore, organisations need to train their managers to exercise leadership behaviour as transformational leadership is the main subject for accomplishing organisational commitment. It was also observed that sometimes employees at work face work pressure and inconvenience, and lose work motivation because of no career path, low wages, and no benefits and rewards. This study, therefore, provides Islamic bank managers with guidelines on certain work conditions for workers so that they remain committed to the organisation. Study also suggests that management should involve employees in decision-making process to make employees feel valued and empowered.

Suggested theoretical model should be tested in different research and cultural settings. Furthermore, researchers can investigate other employee outcomes, such as employee motivation and trust (Zhu et al., 2004), performance and stress (Spreitzer et al., 1997), and in-role conduct (Fong & Snape, 2015). In addition, other types of leadership can be studied for their impact on psychological empowerment and employees’ commitment to the organisation. Finally, management should encourage a sense of empowerment in employees by clearly articulating a vision that encourages them to take greater responsibility for their job at all levels of the business. Goal clarity and a clear statement of duties, roles, and rewards, possibly at a more immediate supervisory level, may also help employees feel empowered. Understanding employee requirements, fostering a supportive environment, and practicing confidence-building techniques will likely contribute to a higher sense of psychological empowerment among employees (Conger, 1989; Quinn & Spreitzer, 1997).
There are, however, some limitations of this research study. First, this study is cross-sectional, meaning causal relationships between constructs were not explored in this study; therefore, longitudinal studies are required. Second, this study has used two mediators, i.e., psychological empowerment and organisational commitment; therefore, future studies should add other variables to consider their mediating effect. Third, the study sample consisted of employees in Islamic banks in Karachi, Pakistan, limiting the study’s generalisability. Therefore, future research should test this study on other industries and companies. Lastly, this study is a quantitative empirical study. Hence, we recommend using a qualitative or mixed-method research approach for future researchers.

REFERENCES


Transformational leadership and employee’s career satisfaction


232
Transformational leadership and employee’s career satisfaction


Transformational leadership and employee’s career satisfaction


237

