Antecedents of Employee Engagement with the Mediating Effect of Occupational Stress in the Banking Sector of Pakistan

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Abstract :

Background: The service industry plays a very dynamic role in the development and growth of the economy of any country. The banking sector in Pakistan is one of the main components of the global service industry, which is facing the issue of low employee engagement. Thus, this paper outlines the factors causing employee disengagement in the service sector of Pakistan, which favors Gallup's research; outlining strange and alarming statistics about low employee engagement; thus, called for urgent empirical attention.

Material and Methods: The researcher has chosen front-line employees working in the six large banks of Punjab, Pakistan. The questionnaires were filled by using the survey method. A total of 297 questionnaires were collected from the concerned banks. This study was quantitative and cross-sectional in nature. Proportionate Stratified random sampling technique was used for data collection. PLS-SEM technique was chosen to analyze the data of the current study.

Results: The results of the PLS structural path modeling has shown statistically significant relationships between exogenous and endogenous latent constructs which has supported hypotheses H1, H2, H3, H5, while hypotheses H3 and H6 were rejected.

Conclusion: This paper suggests that factors such as transformational leadership, psychological empowerment, and low occupational stress can improve employee engagement in the banking sector of Pakistan. The results of this study have contributed to the current literature for further empirical evidence.

Keywords: Employee Engagement, Transformational Leadership, Psychological Empowerment, and Occupational Stress.

I. Introduction

The services sector in Pakistan is regulated by the State Bank of Pakistan. This sector accounts for 59.59 percent of GDP (Kazmi, 2017) which is less than one-third of overall employment. Having said that, the overall banking sector contributes only 5.57 percent to the service industry. Whereas the contribution to Pakistan's GDP is only 3.37 percent (Survey, 2016-2017; Yusufzai, 2017). The current study was conducted in the banking sector of Pakistan. Significantly, business prosperity is only possible through effective human capital in place (Fairlie, 2011) and has therefore been noted as the key success prospect in the history of management and business(Wren & Bedeian, 1994).Importantly, for the service sector, human capital is even more crucial because of the need to ensure competitive performance of workers with positive working behavior (Kinley & Ben-Hur, 2015).Similarly, competition in the business world has increased, hence making organization to think beyond conventional employee related behaviors(Hanushek, 2013). Today, organizations need employees with passion, energy, and dedication to their role. Engaged employees are highly important for service sector organizations. If employees are disengaged, their negative mindset can be contagious and affect the way they interact with customers (Zameer, Wang, Yasmeen, Mofrad, & Waheed, 2018).

Similarly, the empirical studies also have found poor employee engagement behavior(Ahmed, Majid, Al-Aali, & Mozammel, 2019; Raza et al., 2019) particularly in the banking sector of Pakistan (Ahmed et al., 2019; Raza et al.,

2019). Employee disengagement is a key factor in declining productivity and profitably in business resulting in absenteeism and higher cost (Cowart, 2014). For instance, there is a serious lack of attention on the issue of employee engagement by organizations. In the banking sector of Pakistan, employee engagement is hindered due to lack of psychological empowerment, lack of inspired leadership and bad bosses, lack of social support from coworkers (Hussain, Shujahat, Malik, Iqbal, & Mir, 2018; Raza et al., 2019) and high occupational stress. Certainly, a key issue in the banking sector, which is labor-intensive and service-oriented, work entirely, depends on employee engagement. Previous studies have examined transformational leadership, psychological empowerment, occupational stress and employee engagement separately. This study integrates the mediation of occupational stress in order to construct a mediator model in the relationship between transformational leadership and psychological empowerment with employee engagement. Existing literature review shows that there is still a missing link in the assessment of the relationship between the combined effects of the above-mentioned variables and employee engagement.

II. Literature Review

Kahn's conceptual work was the first to discover the theoretical development of employee engagement(Kim, Shin, & Swanger, 2009; Shuck & Wollard, 2010). According to Kahn (1990, p. 694) employee engagement has been defined as, "the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances". Kahn (1990) further proposed that "personal engagement is the immediate expression and employment of an individual self-desire to promote connection and task behaviors with work and to others' and to show active personal presence (emotional, cognitive and physical) with full role performance" (p. 700).

In opposite, Kahn (1990) described disengagement as "the uncoupling of selves from work roles; in disengagement, people withdraw and defend themselves physically, cognitively and emotionally during role performance" (p. 694). As a result, disengaged individuals thus become physically impartial in their role performance, emotionally detached and cognitively unvigilant from managers, organization and co-workers (Kahn, 1990).

Collectively, employee engagement at the workplace is the level of emotional, cognitive and physical involvement into the work role, the extent to which an employee is involved in his/her work and the extent to which they show personal connections and work interactions with co-workers and work (Ferrer, 2005). Consequently, individuals who show personal engagement are cognitively attentive and alert, physically involved in work and emotionally connected with work and with others at workplace.

Rothbard (2001) classified Kahn's employee engagement conceptualization as two main components: absorption and attention. Absorption refers to "being focused and engrossed into work and refers to the intensity of focus into work" (p. 656). While Attention refers to,"the amount of time spent, while thinking about a job and to show cognitive availability into work". As a result, employee engagement is defined as a role involving attention and absorption as being psychologically present(Bakker & Schaufeli, 2008; Saks, 2006).

Burnout researchers led a the second approach related to the concept of employee engagement (Maslach, Schaufeli, & Leiter, 2001). They conceptualize engagement as an antithesis or opposite to three dimensions of burnout: sense of inefficacy, cynicism and exhaustion (González-Romá, Schaufeli, Bakker, & Lloret, 2006). These indicated three characteristics of job engagement: efficacy, involvement and energy (Maslach et al., 2001). Schaufeli, Salanova, González-Romá, and Bakker (2002) offered a third approach related to the concept of employee engagement, in contrast to the engagement and burnout continuum. Schaufeli et al. (2002) defined engagement as a "positive, fulfilling, work related state of mind that is characterized by vigor, dedication, and absorption" (p. 74).

According to Ryan (2017) a common conceptualization for employee engagement cannot be established as the construct borders almost three fundamental components, namely behavioral, emotional and cognitive. As studies have shown that employee engagement builds on physical, emotional and cognitive components, soa common description cannot be obtained. The above literature shows that employee engagement has been studied earlier, but the concept lacks in understanding as different scholars have different perspectives and conceptualizations. These studies also lack in understanding of the antecedents, as most of them focused on individual level antecedents by ignoring the organizational level boarder concepts, which are in fact, the main concerns of modern

organizations. That is why this study has added to the body of scarce research focus in the banking context of Pakistan and has integrated to study transformational leadership and psychological empowerment, along with mediation of occupational stress.

Consequently, based on the above-mentioned gaps, following research questions have been developed.

Does transformational leadership and psychological empowerment influence employee engagement in the banking sector of Pakistan?

1. Does transformational leadership and psychological empowerment influence occupational stress in the banking sector of Pakistan?
2. Does occupational stress mediate the relationship between transformational leadership and psychological empowerment with employee engagement in the banking sector of Pakistan?

Following this, the current study has been able to advance the understanding of employee engagement by responding to the following research questions.

Relationship Between Transformational Leadership and Employee Engagement

Transformational leadership inspires employees to pursue their organizational objectives. These leaders inspire workers to work sufficiently than expected, listen to the needs of the individual, and care for the emotion of the individual (Bass, Avolio, Jung, & Berson, 2003; Judge & Piccolo, 2004). Researchers also reported that transformational leadership significantly affects to increase engagement of employees (Attridge, 2009; Breevaart et al., 2014; Cartwright & Holmes, 2006; Hoon Song, Kolb, Hee Lee, & Kyoung Kim, 2012). A study examining the effects of transformational leadership on the components of employee work engagement between hospital nurses (Hayati, Charkhabi, & Naami, 2014). They suggested that, to fully know the workers, leaders should invest minimum time in meetings and work areas, they should meet with the workers, and then they will engage in role performance. Research focuses on scarce literature by revealing a significant relationship, thus generating the following hypothesis.

H1: Transformational leadership is significantly related to employee engagement.

Relationship Between Psychological Empowerment and Employee Engagement

Psychological empowerment is a source of power and authority given to the employees. Psychologically empowered employees are much dedicated to their work and the organization (Bordin, Bartram, & Casimir, 2006). Psychological empowerment has a positive impact on organizational citizenship behavior, organizational commitment and job satisfaction (Bordin et al., 2006; Wat & Shaffer, 2005). Empowerment guides to reduce workers negative energy and bring positivity in their jobs (Seibert, Wang, & Courtright, 2011). Psychological empowerment has a positive effect on employee commitment and engagement (Albrecht & Andreetta, 2011; Jose & Mampilly, 2015). Jose and Mampilly (2015) study explored the influence of psychological empowerment and perceived supervisor support on employee engagement. Data collection was done from 177 workers in South India (Kerala). The findings resulted that the both psychological empowerment and perceived supervisor support enhances employee engagement positively. Hence, the following hypothesis has been developed.

H2: Psychological empowerment is significantly related to employee engagement.

Relationship Between Transformational Leadership and Occupational Stress

Occupational stress is employee stimulation in the workplace, which appears to weaken him psychologically, emotionally and physically. Main while, the harmful outcomes of stress suggest procedures that restrain stressors within the organization (Savery & Luks, 2001). Prior studies have reported that transformational leadership has a negative effect on individual occupational stress (Dhaliwal, 2008; Gill, Flaschner, & Bhutani, 2010; Gill, Flaschner, & Shachar, 2006; Sosik & Godshalk, 2000)which means that transformational leaders reduce individual occupational stress in service organizations. The Simon & Amarakoon (2015) study tested occupational stress with employee engagement. Their research shows that occupational stress is intolerable and high level of stress has

negative implications for the engagement of employees. Thus, the following hypothesis has been developed.

H3: Transformational leadership is significantly related to occupational stress.

Relationship Between Psychological Empowerment and Occupational Stress

Psychological empowerment transforms the lives of employees in order to achieve goals that they consider impossible (i.e., increase rewards, gain of skills, status, authority, image self-belief and progress towards impossible) (Wilson, 1996). According to Bakker and Demerouti (2007) job resources are the facets of work at job that are used to achieve goals related to work, stimulate development, increases personal learning and reduce demands of job. It is argued that employees who are given sufficient control over the way in which they perform their tasks suffer less stress (Daniels & Guppy, 1994). Studies have established a negative association between psychological empowerment and occupational stress (Garcia, Stoever, Wang, & Yim, 2019; Tripathi & Bharadwaja, 2018). Garcia et al. (2019) investigated psychological empowerment with relaxation method practices (i.e., self-efficacy, agency and self-care) demonstrated low depression and low stress. From the above literature, the following hypothesis has been developed.

H5: psychological Empowerment is significantly related to occupational stress.

Occupational Stress Mediates the Relationship Between Transformational Leadership and Employee Engagement

Organizations are currently operating in a highly globalized and competitive environment requiring trained and skilled employees (Freidman, 2005). Employees are motivated to modernize professional abilities, maintain and locate jobs and handle personal demands often resulting increased occupational stress, burnout, work disengagement, and work hours (Galinsky et al., 2005; Thackray, 2001). When burnout and occupational stress levels are higher, an optimistic antipode to employee engagement is low. Employees who are engaged are more satisfied, healthier and less stressed than employees who are actively disengaged (Pitt-Catsouphes & Matz-Costa, 2008).Offermann and Hellmann (1996) argue that bosses/leaders cannot observe that their actions can contribute to employee stress. To have a full perspective of the leadership actions on employee stress, they conducted a survey of top-level leaders, junior-level leaders and leaders themselves. The participants of the study were 343 middle level managers in Washington from a multinational bank. The findings have shown that leadership actions are related to managers' occupational stress. Moreover, leaders can initiate and overcome employee job stress. Keeping in view the above literature, the following hypothesis has been developed.

H5: Occupational stress mediates the relationship between transformational leadership and employee Engagement.

Occupational Stress Mediates the Relationship Between Psychological Empowerment and Employee Engagement

Psychological empowerment is characterized as the primary interpersonal confidence that workers have in their work in the organization (Paramanandam, 2013). Study by Savery and Luks (2001) suggested that the highly efficient method to reduce occupational stress is to increase staff empowerment. Study by Brymer, Perrewe, and Johns (1991), conducted extensive research on empowerment and occupational stress in the hospitality business. Overall, it involved 440 participants from 22 organizations. They recognized significant warnings of stress, including behavioral, physical and cognitive indicators. In general, their study suggested that reducing occupational stress will increase employee empowerment. Occupational stress rises when employees recognize that they are not able to respond sufficiently to the demands applying on them or to intimidation with their well-being (Ilango & Sembulingam, 2015). From the above discussion, the following hypothesis has been developed.

H6: Occupational stress mediates the relationship between psychological empowerment and employee engagement.

Underpinning Theory

P. M. Blau (1964) and Emerson (1976) introduced Social Exchange Theory (SET) to explain the relationship between job resources and employee engagement. This means that the SET theory is used to address issues related to workplace behavior of employees and employers in the workplace that generate obligations (Emerson, 1976). In the perspective of transformational leadership, as indicated by social exchange theory, when leaders show an authentic care and attention to their employees, they encourage positive employer and employee relationship (Zhu, Avolio, & Walumbwa, 2009). As leaders increase their feeling of affiliation, it is a potential method for employees to reciprocate by contributing their absolute energy to their responsibilities. SET is a leading hypothetical example used to describe the relationships between work environments (Blau, 1964; Cropanzano& Mitchell, 2005).

Workplace impacts the cognitions of empowerment (Thomas & Velthouse, 1990). Employees are also required to recognize psychological empowerment by working with value-added resources offered by their organizations and leaders, employees who are obliged to reciprocate in such an advantageous work setting with increased loyalty and constant employment with the organization(Blau, 1964). The social exchange theory affirms that individuals seek to maintain the balance between the inputs; they bring into the relationships and the outputs they obtain throughout the exchange. Employees who recognize their selves as unbalanced, the exchange relationship will cause stress and stress will lead to the action to re-establish equity in this relationship (Adams, 1965). From the above literature discussed, the following theoretical research framework has been excepted (see figure 1).

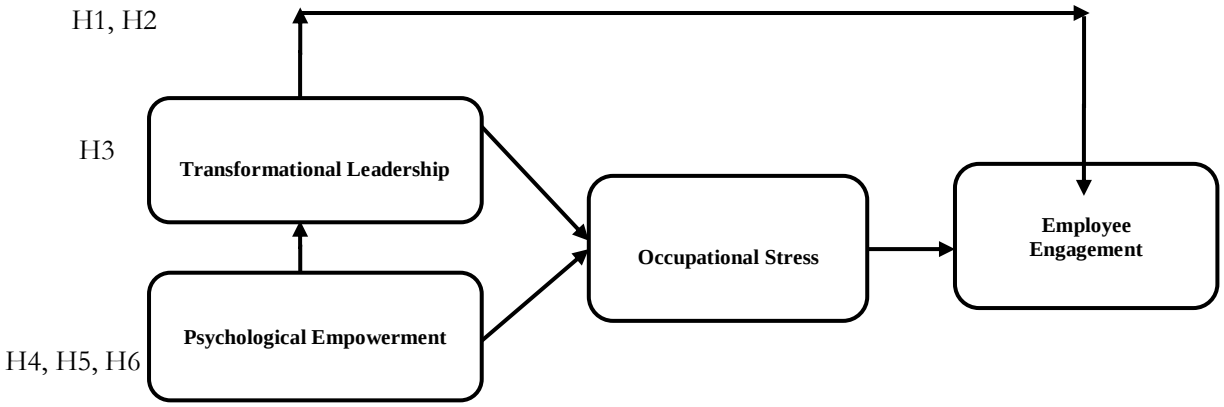

Figure 1: Research Framework

III. Method

Unit of Analysis and Respondents Profile

The study seeks to identify the individual opinions of front-line employees in different banks on their perceptions about transformational leadership, psychological empowerment, occupational stress and their engagement level in the six large banks. Questionnaires were filled through survey method. Total 297 Questionnaires were used for data analysis after removal of missing and incomplete questionnaires. Most of the respondents were male with a percentage of72.3 percent, whereas 67.7 percent respondents were married. Moreover, most of the participants were having master's degree 84 percent. Related to different job position most of the respondents were credit manager 29 percent. Likewise, most of the respondents were fresh 39 percent having less than 1-3 years of job experience.

Study Measures

Employee Engagement: In this study, the employee engagement scale was adopted from Rich, Lepine, and Crawford (2010) which contains eighteen (18) items and a single measure of global item to check the redundancy analysis of the reflective-formative construct. Employee engagement is a higher order reflective-formative

construct with three dimensions (i.e., physical, emotional and cognitive). In our study the validity (Cronbach alpha) of the scale was 0.88.

Transformational Leadership: Multifactor leadership questionnaire MLQ was used to measure transformational leadership. The instrument was adopted from Bass and Avolio (2004) which contains twenty (20) items and a single measure of global item to perform a redundancy analysis of the reflective-formative construct. Transformational leadership was reflective-formative construct with four dimensions, i.e., idealized influence, inspirational motivation, intellectual stimulation and individual consideration. In our study the composite reliability of the scale was 0.94.

Psychological Empowerment: Psychological empowerment scale was adopted from Spreitzer (1995) which contains twelve (12) items and a single measure of global item to check the convergent validity of the reflective-formative construct. In our study the value of validity (Cronbach alpha) was .88.

Occupational Stress: Stress scale was adopted from Zeytinoglu et al. (2007) which contains fourteen (14) items. The value of Cronbach alpha for this measurement scale was 0.87.

Measurement Model

In our study we assess data by using Smart PLS version 3. The study has applied disjoint two-stage approach by Becker, Klein, and Wetzels (2012). In PLS-SEM, measurement model or path model described the association among latent variables and their respective items (Hair Jr, Hult, Ringle, & Sarstedt, 2017; Tabachnick & Fidell, 2007). The measurement model assessment involves examining individual item reliability (outer loading), internal consistency reliability, convergent validity (average variance extract) and discriminate validity (Heterotrait-Monotrait ratio of correlations)(Hair, Black, Babin, & Anderson, 2010; Hair Jr, Hult, Ringle, & Sarstedt, 2014, 2016; Henseler, Ringle, & Sinkovics, 2009). These, instructions of measurement (outer) model were preformed and interpreted below.

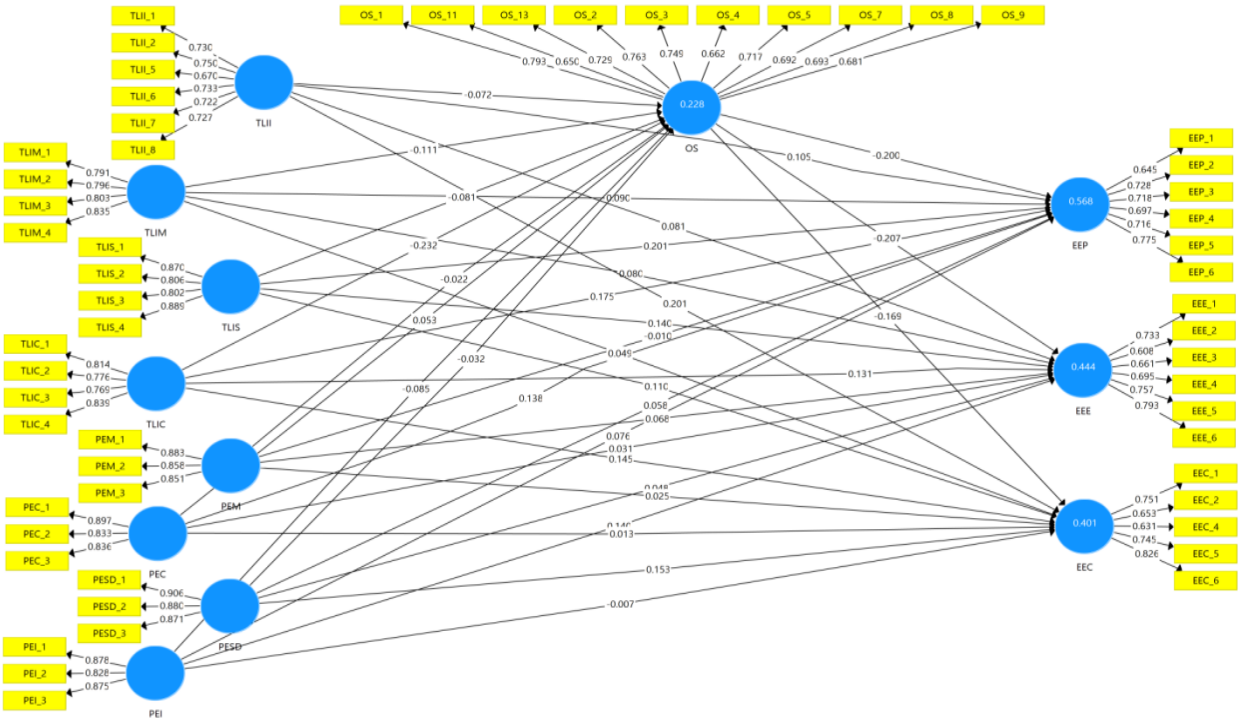

Figure 2: Measurement Model

Individual Item Reliability: By evaluating the outer loadings of individual construct, the reliability of the items was measured using PLS-SEM technique. According to Chan (2003), items loadings less than 0.30 are considered poor, between 0.31 and 0.50 are fair and moderate if it falls between 0.51 to 0.60, whereas the range between 0.61

to 0.80 is termed as moderately strong. The PLS-SEM path model of this study was drawn with four latent constructs and a total of 64 indicators. The running of PLS algorithm produced minimum indicator's outer loading 0.416 which is above the cut-off value of 0.40, thus, apparently viewed that no deletion was required. But this assessment gives the AVE value less than 0.50 which do not satisfy the cutoff value. Therefore, the deletion process continued until the AVE reached at the threshold value. The deleted items include EEC_3, TLII_3, TLII_4, OS_6, OS_10, OS_12 and OS_14. The remaining 57 items were retained for analysis and PLS algorithm produces outer loadings between 0.608 and 0.906 (See table 1).

Internal consistency Reliability: In this research, the internal consistency of the composite reliability of all the constructs, ranging from 0.862 to 0.916, was satisfactory. A composite reliability score of 0.70 or higher is deemed adequate in accordance with Nunnally and Bernstein (1994) and Bagozzi and Yi (1988). Further details are provided in table 1.

Convergent Validity: According to Hair Jr et al. (2017) the convergent validity is referred as, "the extent to which a measure correlates positively with alternative measures of the same construct". In this study convergent validity was assessed through AVE value range from 0.505 to 0.784, thus reaching the satisfactory level of 0.5(Chin, 1998; Fornell & Larcker, 1981; Hair et al., 2010) (see table 1).

Collinearity Statistics: According to Sarstedt, Hair, Cheah, Becker, and Ringle (2019), in reflective-formative type of constructs, researchers have ignored the assessment of collinearity (VIF) among the lower order constructs. Keeping in view the recommendations of Sarstedt et al. (2019), the current study reported VIF of all indicators of the constructs. In sum, the results ranges from 1.264 to 2.600 of the VIF indicated that all of the items were below the marked threshold values of 5, 3 and 3.3 or higher (Diamantopoulos & Siguaw, 2006; Hair, Risher, Sarstedt, & Ringle, 2019; Hair Jr et al., 2017) as illustrated in table 1.

Table 1: Loadings, Composite Reliability, Average Variance Extract and VIF

Construct		Items	Loadings	CR	AVE	VIF
Employee Engagement						
	Physical Engagement	EEP_1	0.645	0.862	0.510	1.386
		EEP_2	0.728			1.566
		EEP_3	0.718			1.515
		EEP_4	0.697			1.471
		EEP_5	0.716			1.491
		EEP_6	0.775			1.703
	Emotional Engagement	EEE_1		0.859	0.505	1.522
		EEE_2	0.733			1.297
		EEE_3	0.608			1.404
		EEE_4	0.661			1.441
		EEE_5	0.695			1.592
		EEE_6	0.757			1.738
			0.793			
	Cognitive Engagement	EEC_1	0.751	0.846	0.525	1.572
		EEC_2	0.653			1.345
		EEC_3	0.631			1.264
		EEC_5	0.745			1.533
		EEC_6	0.826			1.834
Transformational Leadership						
	Idealized Influence	TLII_1	0.730	0.867	0.522	1.520
		TLII_2	0.750			1.480
		TLII_5	0.670			1.465
		TLII_6	0.733			1.435
		TLII_7	0.722			1.441
		TLII_8	0.727			
	Inspirational Motivation	TLIM_1	0.791	0.882	0.650	1.760
		TLIM_2	0.796			1.649
		TLIM_3	0.803			1.570
		TLIM_4	0.835			1.762

	Intellectual Stimulation	TLIS_1	0.870	0.907	0.710	1.874
		TLIS_2	0.806			1.601
		TLIS_3	0.802			1.610
		TLIS_4	0.889			2.175
	Individual Consideration	TLIC_1	0.814	0.876	0.640	1.594
		TLIC_2	0.776			1.550
		TLIC_3	0.769			1.446
		TLIC_4	0.839			1.803
Psychological Empowerment						
	Meaning	PEM_1	0.883	0.898	0.747	2.007
		PEM_2	0.858			1.864
		PEM_3	0.851			1.866
	Competence	PEC_1	0.897	0.891	0.732	2.019
		PEC_2	0.833			1.772
		PEC_3	0.836			1.742
	Self-Determination	PESD_1	0.906	0.916	0.784	2.390
		PESD_2	0.880			2.064
		PESD_3	0.871			2.248
	Impact	PEI_1	0.878	0.896	0.741	1.927
		PEI_2	0.828			1.752
		PEI_3	0.875			1.973
Occupational Stress						
	Stress	OS_1	0.793	0.912	0.510	2.600
		OS_2	0.763			2.305
		OS_3	0.749			1.897
		OS_4	0.662			1.562
		OS_5	0.717			1.792
		OS_7	0.692			1.658
		OS_8	0.693			1.698
		OS_9	0.681			1.595
		OS_11	0.650			1.603
		OS_13	0.729			1.797

Discriminate Validity

Our study assesses the HTMT criterion for the evaluation of discriminate validity (Henseler, Ringle, & Sarstedt, 2015). The HTMT value estimates the factor correlation, and the HTMT value should be less than 1 to differentiate between two constructs (Henseler, Hubona, & Ray, 2016). If the value of the HTMT is smaller than 1, it indicates that the correlation between the two factors (variables) is different from each other. Moreover, see the results of the HTMT criterion in table 2.

Table 2: HTMT Criterion

Constructs	EEC	EEE	EEP	OS	PEC	PEI	PEM	PESD	TLIC	TLII	TLIM	TLIS
EEC												
EEE	0.706											
EEP	0.794	0.826										
OS	0.492	0.525	0.571									
PEC	0.455	0.492	0.586	0.259								
PEI	0.456	0.552	0.577	0.315	0.734							
PEM	0.490	0.533	0.562	0.313	0.765	0.706						
PESD	0.502	0.477	0.541	0.29	0.705	0.69	0.66					
TLIC	0.638	0.626	0.749	0.493	0.479	0.433	0.524	0.445				
TLII	0.646	0.608	0.699	0.423	0.554	0.554	0.595	0.430	0.732			
TLIM	0.623	0.632	0.738	0.457	0.495	0.499	0.549	0.519	0.778	0.807		
TLIS	0.593	0.613	0.727	0.428	0.437	0.481	0.500	0.467	0.743	0.680	0.846	

Assessment of Measurement Model Reflective-Formative Constructs

After the establishment of measures, according to Chin (2010), the next stage involved testing higher-order constructs as indicated in the measurement model (second stage). Higher-order constructs commonly incorporate two layers of components (Hair, Ringle, & Sarstedt, 2013). Accordingly, the present study hypothesized to evaluate employee engagement, transformational leadership and psychological empowerment as higher order reflective-formative constructs. Three steps are involved in assessing reflective formative measures: (1) test for convergent validity (redundancy analysis) (2) testing collinearity (VIF) and (3) assessment of weights and t values (Ramayah, Cheah, Chuah, Ting, & Memon, 2018).

The redundancy analysis threshold value should be above 0.70 to support the convergent validity of the construct (Hair Jr et al., 2017). The collinearity expected threshold value 5 , 3 and 3.3 or higher (Diamantopoulos & Siguaw, 2006; Hair et al., 2019; Hair Jr et al., 2017). In the last stage, weights and t-values of reflective-formative constructs are assessed. If the t values result more than 1.645 retain the construct indicator, even if the outer weights are none significant keep the indicator in the construct (Hair Jr et al., 2017). In this study all reflective formative constructs have achieved satisfactory level of convergent validity, collinearity, weights and t-values, which are constantly below as mentioned above (See figure 3and table 3).

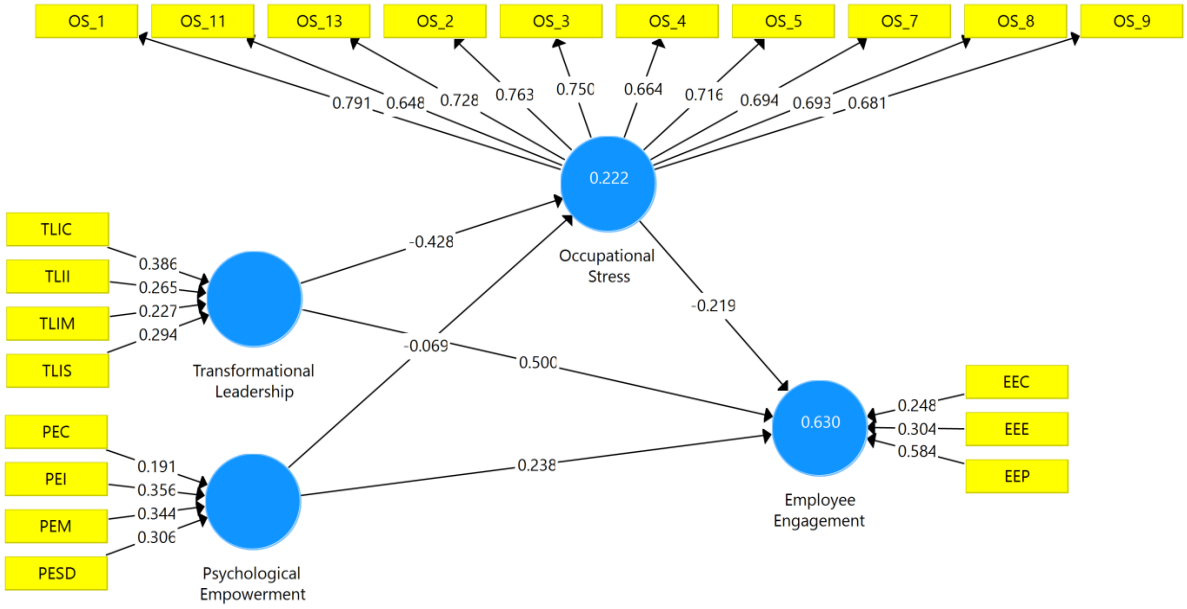

Figure 3: Measurement model

Table 3: Establishment of Higher Order Constructs

Construct	Items	Convergent Validity	Weights	VIF	t-Values	P-values
Employee Engagement	EEP	0.774	0.584	2.172	9.299	0.000
	EEE		0.304	1.939	4.47	0.000
	EEC		0.248	1.773	8.948	0.000
Transformational Leadership	TLII	0.730	0.265	1.99	3.506	0.000
	TLIM		0.227	2.65	2.488	0.001
	TLIS		0.294	2.288	2.876	0.000
	TLIC		0.386	2.031	4.181	0.000
Psychological Empowerment	PEM	0.772	0.344	1.956	2.716	0.003

	PEC	0.191	2.102	1.674	0.047
	PESD	0.306	1.846	2.55	0.005
	PEI	0.356	1.922	2.833	0.002

Structural Model

After evaluating the measurement (outer) model. In order to get the path coefficients, standard errors and t-values, the current study used a standard bootstrapping procedure with 5000 as per the guiding principles of (Hair Jr et al., 2014; Henseler et al., 2009). Finally, all the study hypotheses were evaluated based on the results of the path coefficient. The calculation of p-value was done at 95 percent confidence level due to its acceptability in the research of social sciences (Bickel, 2007; Cox & Hinkley, 1979). The structural model of the study was shown in figure 4.

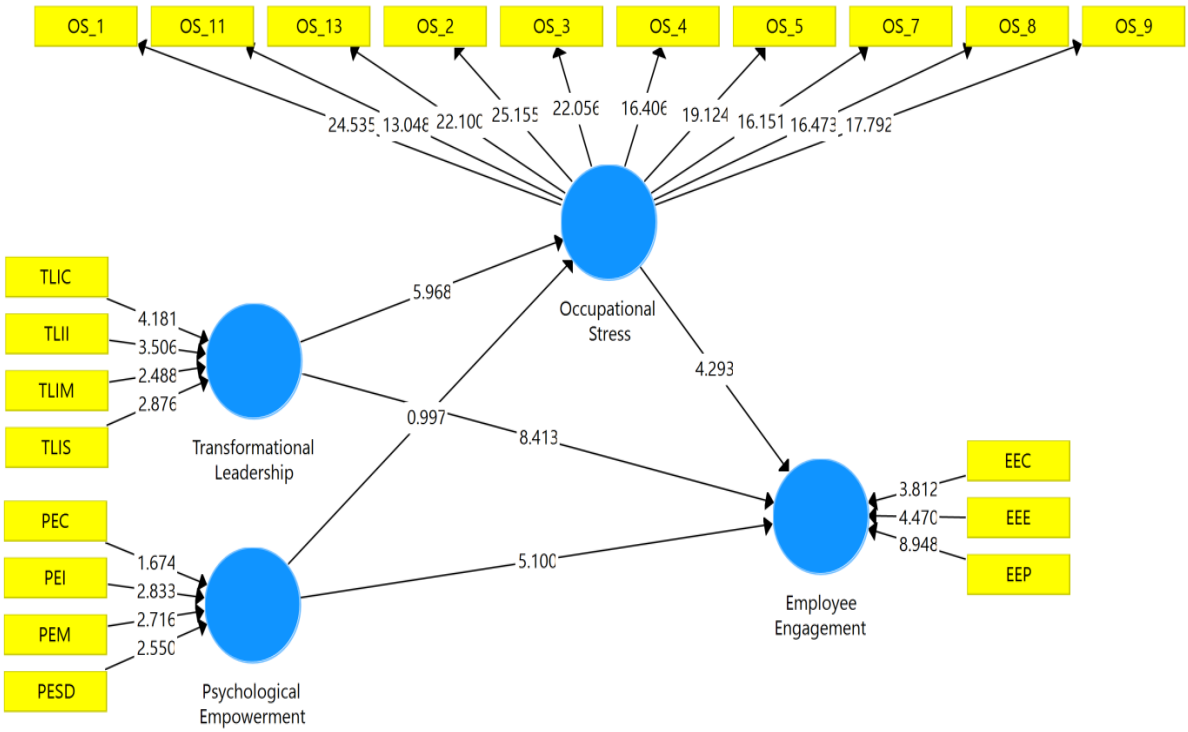

Figure 4: The Structural Model of the Study

In the assessment of the structural model path coefficients, there were six hypotheses in which four hypotheses had a direct effect and two had an indirect effect (through the mediating variable). The structural model assessment showed structural model path coefficients, standard error, t-values and p-values for the hypothesized relationship of the current study.

Table 4: Structural Model Path Coefficients Assessment (Direct Effects)

H	Direct Paths Relationship	Path coefficient (β)	Standard Error	T Statistics	P Value	Decision/ Hypotheses
H 1	Transformational Leadership -> Employee Engagement	0.5	0.061	8.413	0.000	Supported
	Psychological Empowerment ->	0.238	0.044	5.100		Supported

H 2	Employee Engagement				0.000	
H 3	Transformational Leadership -> Occupational Stress	-0.428	0.067	5.986	0.00	Supported
H 4	Psychological Empowerment -> Occupational Stress	-0.069	0.067	0.997	0.159	Unsupported

With respect to Hypothesis 1, transformational leadership has a positive and significant relationship with employee engagement. Specifically, transformational leadership is positively associated with employee engagement (β=0.5, t=8.413, p<0.05), therefore, the Hypothesis 1 was supported. In addition; findings indicate that psychological empowerment has a positive and significant relationship with employee engagement. Specifically, psychological empowerment has a significant relationship to increase employee engagement (β=0.238, t=5.100, p<0.05), thus supporting hypothesis 2 positively.

Furthermore, the results indicated that there was a significant negative relationship between transformational leadership and occupational stress. Specifically, transformational leadership is negatively related to the stress level of employees at work (β=-0.428, t=5.986, p<0.05). Therefore, hypothesis 3was negatively supported. The findings also reported that the relationship between psychological empowerment and occupational stress was not significant (β=-0.069, t=.997, p>0.05), thus rejecting hypothesis 4.

Table 5: Structural Model Path Coefficient Assessment with Mediator (Indirect Effects)

H	Indirect Paths Relationship	Path coefficient (β)	Std. Error	T Statistics	P value	Decision/Hypotheses
H5	Transformational Leadership -> Occupational Stress -> Employee Engagement	-0.094	0.062	0.896	0.000	Supported
H6	Psychological Empowerment -> Occupational Stress -> Employee Engagement	-0.015	0.069	3.839	0.186	Unsupported

Likewise, the mediation of occupational stress between transformational leadership and employee engagement was significant (β=-0.094, t=0.896, p<0.05). Hence, hypothesis 5 was supported. Likewise, the mediation of occupational stress between psychological empowerment and employee engagement was insignificant (β=-0.015, t=0.186, p>0.05). Hence, hypothesis 6 was rejected (See table 5).

Assessment of Variance Explained in the Endogenous Latent Variable

Results indicated that all antecedents like transformational leadership, psychological empowerment (independent variables) along with occupational stress (mediating variable) has explained 63 percent variances towards employee engagement (dependent variable). Therein, all antecedents such as transformational leadership, psychological empowerment (independent variables) show a total variance of 22 percent towards occupational stress.

Assessment of Effect Size (f^2)

Table 6 shows the effect size results among exogenous and endogenous variables. Based on Cohen (2013) study, the effect size threshold values of 0.02, 0.15 and 0.35 are small, medium and substantial. Therefore, our study has achieved a satisfactory level of effect size.

Table 6: Effect Size of the Coefficient of Determination

Latent Constructs	Effect Sizes (*f2*)	Degree of Effect
In case of Employee Engagement		
Transformational Leadership	0.387	Large
Psychological Empowerment	0.101	Medium
Occupational Stress	0.101	Medium

In case of Occupational Stress:		
Transformational Leadership	0.156	Medium
Psychological Empowerment	0.004	No

Assessment of Predictive Relevance (Q2)

This study used the Stone-Geisser's method to examine the value of predictive relevance (Q^2) of study model by using blindfolding (Geisser, 1974; Stone, 1974). Cross-validated redundancy measure can be used to evaluate the predictive quality of the model, signified as Q2 (Hair Jr et al., 2017).Scholars have recommended that when calculating Q^2 for endogenous latent variables of a particular model, the predictive relevance value should be greater than zero ($Q^2>0$) (Chin, 1998; Hair Jr et al., 2014; Henseler et al., 2009).

Table 7: Construct Cross-Validated Redundancy

Constructs	SSO	SSE	Q^2 (=1-SSE/SSO)
Employee Engagement	810.00	457.581	0.435
Occupational Stress	2700.00	2426.66	0.101

Table 7 indicated that the cross-validation redundancy for employee engagement and occupational stress is 0.435 and 0.101 respectively which were far above then zero.

IV. Discussion

Based on the explanations and prior empirical evidences (Breevaart & Bakker, 2018; Ghafoor, Qureshi, Khan, & Hijazi, 2011; Nikolova, Schaufeli, & Notelaers, 2019; Tims, Bakker, & Xanthopoulou, 2011) transformational leadership increases the individual work well-being that employees perform with a higher level of engagement. However, in our study the PLS structural path modeling results found a significant positive relationship between transformational leadership and employee engagement, which confirms the hypothesis 1. These terms, that support, good relations, appreciation, and friendly gestures by leaders influence bank employees to enhance their engagement. It is therefore vital for the banking sector of Pakistan to employ leaders with transformational behavior to improve employee engagement.

The PLS structural path modeling results found a significant positive relationship between psychological empowerment and employee engagement, which confirms the hypothesis 2. The results of the study were consonant with previous empirical findings (Jose & Mampilly, 2014, 2015; Mahmood & Sahar, 2017; Quiñones, Van den Broeck, & De Witte, 2013).It also highlights the importance of psychological empowerment among employees of banks. This shows that individuals who feel positive about empowerment in the banks are able to foster their work capabilities, thus expressing employee engagement. In other words, employees in the banking sector relied on their skills, competence and autonomy which together helped them to strengthen their psychological relationship with the job.

The findings of hypothesis 3 of this study revealed a significant negative relationship between transformational leadership and occupational stress and thus supported hypothesis. According to the facts, our findings are consistent with previous empiric studies in which transformational leadership has been found to have a negative impact on employees ' work stress (Rowold & Schlotz, 2009; Salem, 2015; Syrek, Apostel, & Antoni, 2013). This refers to leaders in such places of work, where they promote consideration, assistance, knowledge and skills to their followers. Such behavior may affect the psychological, emotional and physical stress of employees or members of the work environment.

The finding of hypothesis 4 of this study revealed an insignificant relationship between psychological empowerment and occupational stress, thus, rejecting hypothesis 4. The results are contrary to the empirical explanation (Livne & Rashkovits, 2018; Rae, 2013). The findings underscored that under high occupational stress, employees do not feel psychological empowerment in their work in Pakistan's banking sector. The finding suggested that work is resourceful or that employees have psychological empowerment, may be crucial, but may not be very important for some occupations. The standard operating principles of senior management in Pakistan's banking sector could be justified reasons.

The analysis found that the relationship between transformational leadership and employee engagement is mediated by occupational stress, thus accepting hypothesis 5. This indicates that leadership style especially transformational leadership can influence employee stress, and subsequently, influence employee engagement.

Transformation leaders usually practice respect, appreciation, consideration of the needs and abilities of their employees and provide coaching and mentoring to their employees. Consequently, these factors help employees to reduce their stress levels. When employees have a low level of work stress, they are more engaged in their work.

The findings of the present research have shown that the relationship between psychological empowerment and employee engagement was not mediate by occupational stress, thus rejecting hypothesis 6.Although psychological empowerment is a good predictor of employee engagement, and empowerment resources often help employees deal with stressful events that are initially supported by the findings of the study. Alternatively, lack of empowerment resources leads to stress in the workplace. However, in our study the addition of occupational stress as a mediating variable does not make any sense in the relationship between psychological empowerment and employee engagement.

Implications

At first, the present study has responsively addressed the shortcomings of employee engagement pertaining to occupational stress, which was furthering to employee's disengagement. The current literature adds value in this study, which highlights the interesting and inadequate role of transformational leadership, psychological empowerment and employee engagement. Whereas in previous studies, occupational stress as a mediating variable between transformational leadership, psychological empowerment and employee engagement has been overlooked. The results of this study contribute to the current literature with additional empirical evidence. Concluding positive and significant outcomes between transformational leadership, psychological empowerment with employee engagement, and negative and significant outcomes between transformational leadership, psychological empowerment with occupational stress. Main while, the study resulted insignificant influence of psychological empowerment and occupational stress. The study showed an insignificant influence of occupational stress (as a mediating variable) on the relationship between psychological empowerment and employee engagement. This advanced theoretical understanding of organizational scholars, by highlighting that employment resources may not necessarily be significant and considered to be important to employees in the organization.

Likewise, the finding has also supported the assertions of social exchange theory, which emphasizes on the reciprocity between resources for shaping behavior and outcomes between employer and the individuals (P. Blau, 1964). In the current study, transformational leadership and psychological empowerment and occupational stress were regarded as the favorable actions of the employer towards their employees, through recipients reciprocates in the form of increased employee engagement in the organization. This exchange process develops feelings of gratitude and obligation between members (employer-employee) and resulted in less stressful and high employee engagement. Moreover, the study responded and confirmed the prominence of transformational leadership, psychological empowerment and occupational stress for nurturing and reducing employee behaviors like engagement. By covering major lapses particularly in the domain of developing country like Pakistan, the inclusion of transformational leadership, psychological empowerment and occupational stress in Pakistan's banking sector has made the framework more theoretically robust and empirically scalable.

Practically, the results of the study focused in the service sector. The results have significantly enhanced our understanding related to the antecedents of employee engagement and the factors that enable employees to achieve their work well-being. In relation to the banking sector, the present research offers a framework for assessing the role of various resources (transformational leadership, psychological empowerment) in furthering and job demands (occupational stress) in reducing employee engagement across the different job ranks.

Furthermore, the current study presented an empirically verified framework for 'engagement passionate' top management; outlining roles and job prospects for nurturing employee engagement. Alternatively, it has been proved that the implementation of excellent leadership, empowerment practices in the organization makes employees to feel less stressed (physically, mentally and emotionally), which in turn, show better employee engagement at the workplace. Hence top management must implement and promote such resources for their employees to increase their work well-being. Another significant inference in current research concerns participants ' self-awareness of their own level of employee engagement. Individuals should use the outcomes as guidance to consider what affects their engagement and how employees can be helped by means of resources and factors to maintain their commitment and work well-being to the organization's promising outcomes.

Limitations and Future Research Directions

Despite obtaining several interesting answers, this research also holds some of the limitations. First, the study findings were only contingent with the banking sector. Moreover, the results of the study may have a generalizability issue as this study focused only on front-line staff working in Pakistan's banking sector. In addition, future research is encouraged across different occupational settings, such as insurance, hotels, health care, education, manufacturing and tourism. Second, the current study adopted the survey method along with the cross-sectional design of the study. In particular, future studies may investigate the longitudinal design of the study. Third, the self-reporting survey was another limitation of this study. As a result, future scholars may be able to use alternative strategies, such as qualitative or mix-method study for better results. Fourth, future scholars may explore other factors such as training and career development, work-life balance policies as predictors of employee engagement and trust as a mediating variable and supportive work climate as a moderator for better behavioral outcomes in Pakistan's service sector.

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