

The Mediating Role of Perceived Investment in Employee Development in the Relationship between Transformational Leadership and Task Performance among First-Line Managers in the Banking Sector

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Abdallatif Abuowda

Department of Public Administration
Al-Istiqlal University – Palestine
abuoda@pass.ps

Abstract

The Multiple leadership studies have established a connection between transformational leadership behaviors and the achievement of individual, team, and corporate success. The correlation between transformative leadership and followers' task performance remains ambiguous across many contexts and levels of analysis. Multiple variables and methodologies can influence the correlation. This study examined the impact of transformational leadership on the task performance of banking professionals. The concept of Perceived Investment in Employee Development (PIED) was introduced as a potential mediator between transformational leadership and employee task performance. The suggested approach was evaluated using a representative sample of 449 individuals from six Palestinian banks. The model was tested using Partial Least Squares (PLS)-based structural equation Modeling (SEM). The SmartPLS analyses demonstrated a positive relationship between perceived transformational leadership and task performance. These data further validated the concept of mediation. Furthermore, this study examines the theoretical and practical consequences, constraints, and recommendations for future research.

Keywords

Transformational Leadership, Investment in employee development , Task performance, First-line Managers

1. Introduction

In contemporary organizational structures, there are different levels in the managerial hierarchy, all of which are well designed to attain organizational goals. One of these levels is the first-line manager, who plays a central role in managing daily operations. This has driven the transition from centralized decision-making at senior management levels to decentralized responsibility at first-line manager levels in human resource management practice (Op de Beeck et al., 2018). In modern organizations, first-line managers have increasingly become the link between the strategic objectives defined by upper management and tactical activities assigned to employees to achieve organizational goals (Karlton et al., 2023; Lee et al., 2021). In addition to technical knowledge and expertise, first-line managers must cultivate communication, problem solving, teamwork, and leadership skills, according to a survey conducted by the Harvard Business Review Analytic Services (HBR, 2014). To meet the complexity of modern business and lead organizational members to achieve organizational objectives, many organizations have begun to shift from traditional management models to a broader range of leadership styles (Lunenburg, 2011). This is accomplished by fostering trust between leaders and their adherents, and fostering casual interaction. Therefore, there will be an increase in task comprehension and performance (Khosro et al., 2021).



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It is important to acknowledge that first-line managers' effectiveness has a direct and substantial impact on subordinates' performance (Op de Beeck et al., 2018). This is because of the perception that they play a crucial role in the achievement of their respective enterprises (Karlton et al., 2023). These studies must explore and determine a suitable leadership style that can contribute to the efficacy of first-line managers (Lee et al., 2021). Given this perspective, employees view their first-line managers as agents of their organizations (Antonakis et al. 2011; Guest, 2021; Kuvaas & Dysvik, 2011). Transformational leaders have been the focus of numerous studies because of their widespread impact on team output (Escortell et al., 2020; Hilton et al., 2021; Yamin, 2020). However, the primary underlying mechanism—that is, how leadership affects employee performance—has not been well explored in these studies on the links between transformational leadership and performance (Kark & Van Dijk, 2007).

Employees' motivation, attitudes, and actions toward their employers can be estimated using insights from the social exchange theory, which considers employees' sharing of material and non-material benefits. Workers tend to form opinions regarding the level of appreciation and concern shown by their employers; as the supervisor functions as an agent of the organization, employee satisfaction can be inferred from the actions of that person (Eisenberger et al., 2002). It is widely believed that the developmental aspects of transformational leadership exerted by managers are antecedents to followers' perceptions of organizational support and investment in their development, which subsequently positively or negatively affect their outcomes. Kuvaas and Dysvik (2009) proposed the concept of perceived investment in employee development (PIED) as an employee's assessment of their organization's commitment to personal and professional development. They noted that employees with high levels of PIED were more likely to show positive individual outcomes, particularly concerning work performance.

Therefore, the antecedents to PIED, which in turn influence employee outcomes, are the developmental components of transformational leadership and the continual contact between first-line managers and employees in the business. Employee performance is an area where PIED has been shown to have a clear correlation with PIED (Kuvaas & Dysvik, 2009). It is important to highlight that the results achieved by first-line managers have a direct and substantial impact on those of their subordinates. This is because they are valued for their crucial role in the progress of their company. In particular, a survey conducted by Harvard Business Review Analytic Services suggests that further studies are warranted to determine the most successful leadership style for first-line managers (HBR, 2014). However, the purpose of this study was to determine whether the effect of transformational leadership on employee task performance is recognized via a mechanism, namely PIED, and what employees' perceptions are of the transformational leadership behaviors of first-line managers.

2 . Literature Review

2.1 First-line Manager' Transformational leadership

Transformational leadership style is the most discussed topic in the leadership literature because of its impact on individual, team, and organizational outcomes (Piwowar-Sulej & Iqbal, 2023). Previous research reviews argued that transformational leadership behaviours are associated with various individual and organizational outcomes, including organizational commitment (Dappa et al., 2019; Whittington et al., 2004), job satisfaction (Gaviria-Rivera & López-Zapata, 2019), employee loyalty and trust (Dumdum et al., 2002), organizational citizenship behaviors (Whittington et al., 2004), and job stress (Khoso et al., 2021; Rafferty and Griffin, 2004). Transformational leadership has been shown to have a significant impact on employee performance (Sarmiento & Riana, 2024; Saifuddin, 2020), with previous research linking it to improved outcomes at the individual, team, and organizational levels (Gaviria-Rivera & López-Zapata, 2019). However, several studies have shown that the connection between transformational leadership and the results achieved remains unclear. This calls for further research on the leadership trends. However, current literature does not explain how transformational leaders might improve

organizational and employee performance (Antonakis et al., 2010; Day & Antonakis, 2011; Sarmiento & Riana, 2024). The success of transformational leadership refers to the behaviours that effectively influence the followers, namely idealized influence, inspiration motivation individualized consideration, and intellectual stimulation and thus effect their outcomes (Khan et al., 2022).

2.1.1 Idealized influence (II)

The developmental components of transformational leadership and the continual engagement between first-line managers and employees are thought to be antecedents of PIED, which affects employee outcomes. PIED is linked to individual outcomes, particularly employee performance (Kuvaas & Dysvik 2009). First-line supervisors' performance immediately and dramatically affects their subordinates' performance. This is because they are crucial to the success of companies. These studies, notably the Harvard Business Review Analytic Services poll, may encourage researchers to find a leadership style that helps first-line managers. However, this study sought to determine employee perceptions of transformational leadership behaviors of first-line managers, their impact on employee task performance, and whether PIED recognizes this effect.

2.1.2 Inspirational motivation (IM)

Bass (1999) defined inspiring motivation as leaders' behaviors that inspire and motivate followers to achieve complex goals. Inspiration "employs or adds non-intellectual, emotional qualities to the influence process." According to Avolio et al. (1999), inspirational motivation leaders acknowledge the importance of their work, and engage their followers in a shared vision by expressing and inspiring them to achieve it. Leaders encourage followers to attain a corporate vision under inspirational motivation. This is usually done by putting them in a broad picture, converting them from self-centered to group-oriented, emphasizing the importance of the activities, and making them feel identified while doing so (Whittington et al., 2004). Transformational leaders also inspire subordinates to work above and achieve their goals (Carter et al., 2009). Day and Antonakis (2011) showed that by assuming followers are capable of achieving pledged goals, that is, by showing complete certainty and faith, these goals can be achieved.

2.1.3 Intellectual stimulation (IS)

It is the job of transformational leaders to encourage their followers to engage in divergent thinking by providing them with intellectual stimulation so that they may take on new challenges, question existing assumptions, and take calculated risks. Where "leaders stimulate followers, by encouraging them to be creative and question old beliefs," as stated by (Avolio et al., 1999). To improve their followers' performance, leaders should use intellectual stimulation to focus on mentoring and coaching, shift responsibility to followers, and involve followers in the development and production of new ways (Avolio et al., 2004). Transformational leaders encourage their people to think outside the box, test new hypotheses, and apply novel approaches to existing problems (Bass & Riggio, 2006). Further, transformational leaders pique their followers' curiosity, assess their performance from various angles, educate them on the company's long-term goals, help them grow professionally, and encourage them to put aside their interests in favor of the groups (Salter et al., 2010; Wang, 2011).

2.1.4 Individual consideration (IC)

The first transformational leadership idea focused on leaders' direct impacts on followers. Bass et al. (1999) found that leaders who give personalized attention encourage their follower's socio-emotionally. They also focused on follower growth and stated that personalized considerations distinguish transformational leadership from

pseudo-transformational leadership. Leaders recognize their followers' individual differences (Bass et al. 2003). Bass and Riggio (2006) also noted that leaders are coaches or mentors, caring for each individual and meeting their achievement needs. Leaders also assign follower tasks to improve their skills. Leadership prioritizing individuals fosters a supportive workplace. They can identify the needs of each follower by communicating and monitoring their progress.

2.2 Employee task performance

According to the definition provided by Katz and Kahn (2015), task performance refers to specific behaviors that are considered integral to an employee's formal work responsibilities and are reflected in the official wage structure inside their respective organizations. Moreover, the concept of task performance was delineated by Williams and Anderson, who characterized it as encompassing all the requisite behaviors essential for the successful completion of given tasks. To assess employees' task performance, a set of four established categories was utilized. These categories include (i) quality evaluation, (ii) rating, (iii) quantity standards, and (iv) data records. Examples of data records may encompass information pertaining to work safety, absence, and work delays, among others. Furthermore, Katz and Kahn (2015) identified three primary behaviors that are subject to examination, and these behaviors have a substantial influence on the operational efficacy of an organization. There are several key factors to consider in the context of organizational behaviors: (i) it is important to acknowledge that individuals within an organization often engage in actions beyond the scope of their job requirements; (ii) individuals must make a conscious decision regarding their entry into an organization and subsequently establish and maintain their identity as a member of that organization; and (iii) individuals must fulfil the specific role requirements in a manner that is interdependent with other members of the organization.

Diverse causes have changed employees' task performance, resulting in diverse organizational effects. According to healthcare research (Ulucayli et al., 2023), service quality improves patient citizenship, demonstrating employees' task performance beyond job titles. Hilton et al. (2021) outlined that transformational leadership affects employee performance. Individualized care and intellectual stimulation boosted work satisfaction, corporate citizenship, and task performance under transformational leadership. These numbers indicate how leadership and staff conduct affected the results. Multiple factors affect employee performance. Several studies have emphasized transformational leadership (Tuan & Rajagopal, 2019).

2.3 Perceived investment in employee development

Lee and Bruvold (2003) defined PIED as 'employees' evaluation on their commitment of their organizations towards their personal and professional growth (Lee & Bruvold, 2003). It is a component of human resource development, encompassing the examination of learning experiences, programs, and activities offered by a business to enhance personal development and employee performance. This means that organizations offer their employees different forms of organizational support directed at their personal and professional development, and will obtain from their employees the desired outcomes owing to the boosting of their motivation. Employees realize that their contributions are appreciated by their organization to be more committed to it and tend to exert positive behaviors (Lee & Bruvold, 2003). Similarly, Kuvaas and Dysvik (2009) emphasize that individuals exhibit a greater inclination to exert additional efforts for the betterment of their organizations.

3.0 Conceptual Framework and Hypothesis

3.1 Direct links among transformational leadership, employee task performance and PIED

The term "task performance" is used to describe how well a person performs when working in their assigned position (Van Scotter, 2000). Wang et al. (2011) conducted a meta-analysis of their previous investigations and found that this favourable link held true in various contexts. Contextual performance, rather than task performance, was found to be more affected by transformational leadership behaviour. According to transformational leadership theory, transformational leaders encourage their teams to work together on challenges, encouraging people to make errors and try new things without fear of repercussions (Lee & Bruvold, 2003). Transformational leaders are most likely to boost morale within their teams, motivate employees by rewarding hard work, and encourage them to reach their full potential by catering to their unique wants and requirements (Bass et al., 1985). Transformational leaders can inspire and boost performance and satisfaction. Paaís and Pattiruhu (2020) found that business culture affected employee satisfaction and performance. Özkan et al. (2020) discovered that service quality, corporate reputation, and value can influence employee adherence to duties. Employee task performance significantly affects companies performance.

Growing data have demonstrated that transformational leadership promotes employee happiness and commitment. Research highlights this link across industries and situations, emphasizing its importance. (Uluçaylı et al., 2023) claim transformational leadership improves healthcare and patient citizenship. These data show that transformational leadership improves the customer and staff results. According to Hilton et al. (2021), job satisfaction mediates transformational leadership and organizational effectiveness. Transformational leaders boost staff satisfaction and productivity. Khoso et al. (2021) noted that transformational leadership increases employee job dedication and happiness, which is necessary for inclusive sustainable growth in developing regions. These studies show that transformational leadership improves employee satisfaction, devotion, and organizational success. Leadership transformation boosts job happiness and performance (Rawashdeh et al. 2020). Performance improves customer satisfaction (Budur & Poturak, 2021) and firm reputation (Arikan et al., 2016). Lin and Choe (2022) demonstrated that employee task performance enhances customer citizenship, which in turn affects customer happiness, and thus contributes to attaining the desired organizational outcome. Accordingly, the researcher builds on this argument and proposes the following hypotheses:

It is important for businesses to invest in their employees' professional growth and development, as doing so can have positive effects on everyone involved (Krishnan, 2005). This is because staff growth is widely acknowledged as crucial to a company's success and is often cited as the driving force behind consistent performance advancements. In view of this, the tool used to change the assumptions and attitudes of organizational members is transformational leadership, and the key to transformational leadership emphasizes follower development. Outcomes include members' commitment, satisfaction, trust, confidence, effort, and performance in their roles (Jung & Avolio, 2000; Podsakoff & Organ, 1986).

Transformational leadership can accurately predict future growth and change. Idealistic influence, intellectual stimulation, inspiring motivation, and individualized consideration are the four foundational components of transformational leadership philosophy (Bass et al., 1985). Transformational leaders envision the growth of their followers' future responsibilities, as they work to improve and develop their followers' abilities to enable them to successfully complete their tasks.

In addition to looking for more than just transactional requirements and reactions, transformational leaders aim to positively impact their followers' moral and ethical development (Krishnan, 2005). Leaders who are successful in influencing their followers do so by providing direction, inspiration, and motivation.

Leadership and the duties associated with it play a pivotal role in determining the success or failure of a group or organization (Randeree & Ninan, 2011). Furthermore, leaders should connect with their followers, coach, counsel them, and communicate effectively. The leaders of these groups need to be able to guide their people to enlighten themselves (Day & Antonakis, 2011). Therefore, the following hypothesis is developed:

H1: Transformational leadership is positively related to employee task performance.

H2: Transformational leadership is positively related to PIED.

H3: PIED is positively related to employee task performance.

3.2 The mediating effect of PIED

Building on the social exchange theory, employees who perceive organizational support may wish to reciprocate by exerting better outcomes (Imran et al., 2012). According to the social exchange theory, a high level of PIED ought to enhance employees' obligation to respond by having positive behaviors and attitudes toward the supervisor and organization. In addition, employees are expected to make efforts to repay those who have supported them (Cavazotte, 2013). Moreover, organizational support theory suggests that supervisors' commitments toward their subordinates will be perceived by them as indicators of organizational support since supervisors are seen as agents of their organizations (Kuvaas & Dysvik, 2011).

First-line managers are closer to their subordinates on a day-to-day basis than the organization and the willingness to respond is created by both the supervisor and the organization (Kuvaas & Dysvik, 2011). Accordingly, offering developmental activities to employees will improve their perceptions of their employers and thus boost the positive perception of employees toward their organization. Consequently, this improves their performance. Moreover, investments in employee development will help to empower employees to expect the future and be well prepared for new job requirements, as well as positively influencing an employee's motivation and commitment, which in turn enhances the effectiveness of the organization (Purvanova et al., 2006). Based on the literature, the following hypothesis is proposed in figure 1.

Hypothesis 4: PIED mediates the link between transformational leadership, and employees' task performance.

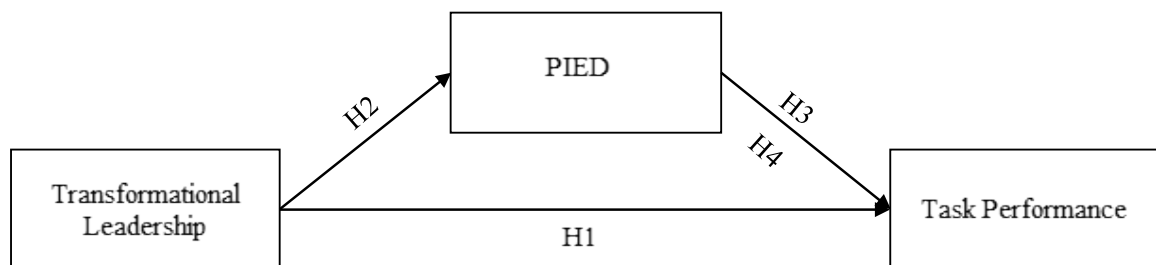


Figure 1 Conceptual Framework of the study

4. Research Methodology

4.1 Research design

Since this study tested theories rather than building them, it used a quantitative technique. This study analyses individual banking employees. This study focuses on Palestinian bank employees without managerial roles in various work units. A cross-sectional questionnaire survey was used to test the hypotheses and research framework of this study, as shown in Figure 1. Data were acquired using a structured research survey. Several empirical studies have examined the three constructs considered in this study. In addition, these three structures are highly reliable and valid.

4.2 Data collection procedure

This study utilized a quantitative approach because it was primarily concerned with verifying existing theories rather than developing new ones. Each banking industry worker is treated as a separate unit of analysis. Employees of Palestinian financial institutions were not in supervisory roles were the primary focus of this research. The hypotheses and theoretical framework of the study were tested using a cross-sectional questionnaire survey. The Information was gathered using a carefully designed survey. All three constructs utilized herein have been used and shown to be effective in numerous prior empirical studies. Moreover, these three concepts have a high degree of validity and reliability.

4.3 Measurements

The Multifactor Leadership Questionnaire 5X (MLQ5X) developed by Bass and Avolio (1993), was used to assess transformational leadership styles. This 20-item assessment measured how well one understands the four pillars of transformational leadership. Williams and Anderson (1991) created a seven-item scale to evaluate job performance. The PIED was evaluated using a 9-item scale developed by Lee and Bruvold (2003).

4.4 Population and sampling

This study exclusively considered nonsupervisory workers. Palestinian banking industry non-supervisory personnel (full-time, part-time, or contracted) who were routinely available were included. These are expected to provide realistic and important data on the primary constructs of this study. According to the association of banks in Palestine report in 2022, a total of 7,524 employees working in banks operating in Palestine and 5,504 are personal bankers. According to Henseler et al. (2009), the sample size should be 500 employees because 10 responses are needed for each formative indicator of a scale and 20 for each arrow pointing to a latent variable. A non-probability sampling technique, specifically the convenience sampling method was used to acquire preliminary information regarding the links (direct and indirect) between constructs. 6 of 18 banks—Bank of Palestine P.L.C, Palestine Commercial Bank, Palestine Investment Bank, Palestine Islamic Bank, Al Quds Bank, and Bank of Jordan—participated in this research. The Data analysis included 482 useful responses.

5. Data Analysis

This study performed a two-stage data analysis after gathering sufficient data to meet the minimum sample size criterion. SPSS (20) was used for the first stage and SmartPLS 2.0 M3 for the second stage (Ringle et al., 2005). First, the respondents' demographics were described, measurements were tested for reliability and validity, data normality was checked, and Pearson's correlation was calculated.

5.1 Sample characteristics

Males dominated the survey (64.30). Most responders (67.9%) were in their prime, with 35.5% and 32.4% aged 22-25 and 26-30, respectively. Regarding marital status, 69.1% were married and 29.9% were unmarried. Most respondents (80.5%) had a bachelor's degrees. Of the respondents, 55.4% lived in West Bank and 44.6% in Gaza. The majority of respondents (84.4%) were full-time workers, while 13.5% and 2.1% were part-time and contract workers. Therefore, the researcher thought the sample represented the Palestinian banking system as a whole. Palestinian financial employees are usually more male than female. Men accounted for 69% of the workforce. The respondents roughly represent the target population of Palestinian bank employees. This is because the results match those of the Palestine Banks Association report.

5.2 Preliminary data analysis

After entering the data into SPSS, data editing was performed to find errors such as out-of-range numbers. Sixteen univariate outliers were removed. Classifying data values by Mahalanobis distance detected multivariate outliers. The current investigation discovered eight outliers in 466 respondents. After removing univariate and multivariate outliers, 457 cases were considered viable for this study. Nine frequent multivariate examples with varied variables were removed to test for normality. The test showed that the variables were normal; therefore, no data modification was required. Finally, we used the linear dependent and independent variables. All independent variable items were taken from theories examining the effect of transformational leadership on employee performance. Graphically, scatterplots that showed a linear pattern were investigated. This investigation did not reveal any linearity. Finally, homoscedasticity: Table 1 shows no homoscedasticity in this study's variance homogeneity test. In addition, while considering graphical techniques for assessing homoscedasticity, it is worth noting that the boxplot offers a visual representation of the distribution of the dependent variable among many groups determined by the independent variable.

Table 1 ANOVA.

		Sum of Squares	Df	Mean Square	F	Sig.
Mean of task performance	Between Groups	149.735	139	1.077	5.407	.000
	Within Groups	61.567	309	.199		
	Total	211.302	448			

6. Result of the Main Analysis

6.1 Measurement model result

Given this, the outer loadings of each indicator should be greater than 0.708 to measure dependability. Thus, indicators with outer loadings between 0.40 and 7.8 should only be removed if they increase composite reliability and AVE above the proposed range (Hair et al., 2010). Most reflecting build outer loadings exceeded the threshold loading value of 0.708. However, the three transformational leadership indicators had loadings below.708; therefore, the researcher eliminated them. The goal is to increase the AVE of the construction. The dependability of the internal consistency of the measurement model was excellent. Employee task performance, PIED, and transformational leadership had Cronbach's alphas of 0.84, 0.88, 0.88, and 0.94, respectively. High internal

6.2 Convergent and discriminant validity assessment

The AVE values demonstrated convergent validity (Table 2). AVE scores for the four research variables—transformational leadership (0.5121), PIED (0.5365), and employee task performance (0.5245)—were greater than 0.50. Thus, the measurements of the three reflective constructs have high convergent validity, meaning that their latent variables explain more than half of their indicator variations. Table 2 shows that the AVE square root of each construct was larger than its correlation coefficients with other constructs, indicating that the constructs' divergent validity was acceptable. Compared to all correlation values in the row of employee task performance, the square root of its AVE for the reflective construct is (0.6879). Discriminant validity has been proven.

Table 2 : Descriptive Data, Inter-Construct Correlations and the Square Root of AVE

	AVE	Cronbac h's Alpha	Composite Reliability	TP	PIED	IC	II	IM	IS
TP	0.52	0.84	0.88	(0.68)					
PIED	0.53	0.88	0.91	0.6103	(0.72)				
IC	0.79	0.91	0.94	0.4808	0.435	(0.83)			
II	0.58	0.85	0.89	0.4903	0.4436	0.5576	(0.89)		
IM	0.90	0.89	0.9492	0.4568	0.4328	0.7735	0.6493	(0.86)	
IS	0.52	0.69	0.81	0.4977	0.4666	0.6442	0.8296	0.7715	(0.90)

Note: The number in parenthesis is the square root of the average variance extracted (AVE).

IC = individual consideration, II = Idealized influence, IM = inspirational motivation, IS= intellectual stimulation, these are the demotions of transformational leadership, PIED = PIED, TP = Task performance,

Table 3 provides loadings and cross loadings for each indicator. TP1, for instance, had the highest build-task performance loading (0.7414). All cross-loadings with other constructs were low: 0.442, 0.3239, 0.2806, 0.3107, 0.313, and 0.3548 for transformational leadership dimensions and total cross-loading. Discriminant validity was also established.

Table 3: Loading and cross-loading of indicators

	TP	PIED	IC	IM	II	IS	TFL
TP1	0.6809	0.4256	0.3919	0.4114	0.4005	0.422	0.4611
TP2	0.7036	0.4313	0.2959	0.2847	0.3378	0.3401	0.3595
TP3	0.7357	0.4066	0.3334	0.3139	0.3669	0.3586	0.3956

TP4	0.749	0.4645	0.353	0.3496	0.395	0.3741	0.4215
TP5	0.7414	0.442	0.3239	0.2806	0.3107	0.313	0.3548
TP6	0.6674	0.4375	0.3548	0.3265	0.2797	0.287	0.3535
TP7	0.7831	0.4813	0.3755	0.3372	0.3793	0.4115	0.4304
PIED1	0.5579	0.8323	0.3628	0.3777	0.4045	0.4204	0.4447
PIED2	0.4361	0.7482	0.3019	0.3203	0.3018	0.3161	0.3501
PIED3	0.4597	0.6772	0.3595	0.3308	0.3315	0.3516	0.3882
PIED4	0.3412	0.6667	0.2836	0.2627	0.2368	0.2623	0.2941
PIED5	0.5717	0.8475	0.3742	0.3865	0.4171	0.4363	0.4586
PIED6	0.3046	0.6218	0.2177	0.2523	0.2682	0.2906	0.2937
PIED7	0.3956	0.6655	0.3143	0.2838	0.2834	0.2977	0.3358
PIED8	0.3753	0.714	0.2907	0.2825	0.2703	0.2827	0.3198
PIED9	0.4729	0.756	0.316	0.3056	0.3386	0.3491	0.3749
IC1	0.4259	0.3939	0.8646	0.6171	0.4595	0.5315	0.6931
IC2	0.4295	0.3788	0.9075	0.7235	0.5184	0.6024	0.7704
IC3	0.4155	0.3883	0.8883	0.67	0.4741	0.5562	0.7213
IC4	0.4479	0.3958	0.9145	0.7473	0.5368	0.6086	0.7865
IM3	0.4384	0.397	0.7442	0.9509	0.6269	0.6646	0.8257
IM4	0.43	0.4259	0.726	0.95	0.6073	0.6999	0.8183
IIA3	0.4082	0.3726	0.5141	0.6688	0.8558	0.6826	0.8167
IIA4	0.359	0.3359	0.349	0.5447	0.8317	0.6883	0.7052
IIP1	0.3534	0.3098	0.4181	0.3812	0.6278	0.5408	0.5746
IIP2	0.3667	0.3233	0.3943	0.3482	0.6625	0.6288	0.5932
IIP3	0.3733	0.3184	0.4985	0.439	0.7287	0.5616	0.6748
IIP4	0.3874	0.3693	0.378	0.5349	0.8424	0.6911	0.7158
IS1	0.3057	0.2865	0.2869	0.4351	0.7294	0.6541	0.6188

IS2	0.3712	0.3288	0.4785	0.4852	0.4988	0.7035	0.6055
IS3	0.3246	0.2895	0.4248	0.4376	0.5578	0.6929	0.5985
IS4	0.4315	0.4311	0.6431	0.6895	0.6247	0.8368	0.7759

6.3 Evaluation of the structural model

Assessing the structural model is the second step in structural equation modelling. The researcher tested the concept with SmartPLS2 (Ringle et al., 2005). The researcher also tested model quality using endogenous construct R² values.

6.3.1 The model quality R²

This structural model test results of this study are shown in Figure 1. The employee task performance R² values were 0.4731. Therefore, the model explained endogenous latent variables fairly. Predictor effect size (f²) was determined from R² value change. The effect sizes (f²) for both endogenous latent variables were 0.1892 to 0.3022, indicating moderate predictor impact sizes (Hair et al., 2010). Transformational leadership had little impact (f²= 0.1892) on employee task performance.

6.3.2 Predictive Validity (Q²)

Table 4 shows blindfolding results. Q² values were greater than zero, indicating that observed values were successfully rebuilt and task performances predicted transformational leadership. Table 4 showed that all Q² values were significantly above zero, indicating the predictive relevance of the model.

Table 4 : Cross-validated communality and cross-validated redundancy

Construct	Cross-validated Communality	Cross-validated Redundancy
Employee task performance	0.3640	

The endogenous latent variable of employee' task performance had a Q² value of 0.2448. After removing the predictor variable from the path model and re-estimating it, the Q² value of task performance construct was 0.1929. The Q² effect size of transformational leadership on employees' task performance was calculated using the original and revised Q² values (Q²included and Q²excluded). The results indicated a small effect of transformational leadership on employee task performance, with a Q² effect size of 0.0687.

6.4 Hypothesis testing result

The model's construct relationships and hypotheses are examined in three stages. After estimating the value and significance of simple and direct relationships between the constructs of the study, mediation interactions were explored using direct and indirect effects and significance intervals. Figure 2 illustrates the SmartPLS model. The model found that transformational leadership explained 28% of the PIED variation. It also explains 46% of the variation in employee task performance. Figure 2 presents the hypotheses along their routes for support. All results were statistically significant.

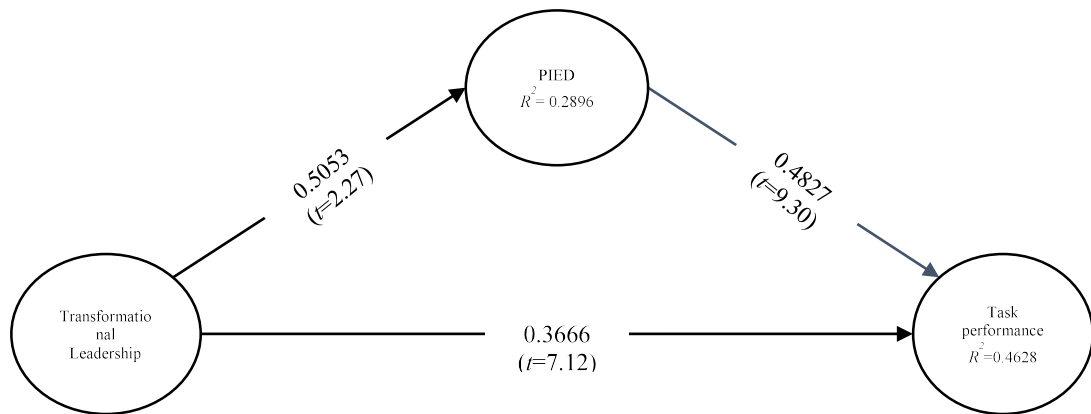


Figure 2 Result of the Structural Model

Note. **p < .01. ***p < .001. ns = not significant

6.5 Testing the direct effects

In Figure 2, the value and significance level of the structural model's direct paths between variables indicate that all four direct paths were statistically significant at 0.001. The effects of transformational leadership and PIED on task performance were supported. Table 5 supports H1, that transformational leadership improves task performance. The route coefficient of 0.36 was statistically significant at 0.001 (t-value of 7.12 > 1.64). These findings support H3, in which transformational leadership increases PIED. The path coefficient of 0.50 was significant at the .05 level (t-value of 12.55 > 1.64) for this support. The results also showed that PIED and task performances (H4) were statistically significant at 0.001 (t-value of 9.3 > 1.64) with coefficients of 0.48

Table 5: Results of Direct Hypothesis Testing

Hypotheses	Path Coefficient	T Value	Result
H1: Transformational Leadership - Task performance	0.3666	7.1273	Accepted
H2: Transformational Leadership - PIED	0.5053	12.5569	Accepted
H3: PIED - Task performance	0.4827	9.3069	Accepted

Note: **p < .01. ***p < .001. ns = not significant

6.6 Testing the mediation effect

All three structural relationships between transformational leadership, PIED, and employee task performance (H1, H2, and H3) have statistically significant path coefficients. Empirical evidence suggests that PIED partially mediates the association between transformational leadership and employee task performance. To confirm the PLS results and clarify the strengths of the mediation effect proposed by Hair et al. (2010), Preacher and Hayes' (2008) mediation analysis procedure and 5000 bootstrap re-samples with 95% bias-corrected confidence intervals were used. Table 6 shows the mediation analysis results, with lower and upper confidence intervals for

the indirect effects of 0.1809 and 0.2909 at 95% confidence. The mediation was statistically significant. Thus, Hypothesis 4 was statistically supported.

Table 6: Mediator Test

	Effect	Boot SE	BootLLCI	BootULCI
PIED	.2334	.0281	.1809	.2909

To assess the mediation effect, the indirect effect of transformational leadership on employee task performance has a VAF value of 0.408. PIED explained 40.8% of the influence of transformational leadership on employees task performance. The effect size (f^2) was estimated to assess PIED's mediation power of PIED. The researcher first used the PLS technique on the entire model with the PIED variable to calculate employee task performance R2 (0.4734). Next, the PLS algorithm was run on the model without the PIED variable to get the employee task performance R2 (0.3066). In the link between transformational leadership and employee task performance, PIED exhibited a modest mediating effect (0.3167).

7. Discussion of Results

As discussed earlier, this present study has attempted to investigate the relationship between transformational leadership, PIED, and employee task performance; the aim was accomplished by empirically exploring the proposed model in two phases; whereby in the first phase the direct association of transformational leadership with both PIED and task performance was assessed. In the second stage, we assessed the mediating role of PIED. With regard to the link between Transformational Leadership and Task Performance (H1), the results revealed that they were significantly and positively associated. The findings of this study conform to the theory of transformational leadership, whereby transformational leaders tend to provide their followers with constructive feedback and encourage them to think creatively about complex problems (Bass, 1985). This is perceived by followers and stimulates them to respond with greater performance. Furthermore, transformational leaders profoundly link the responsibilities of the followers with the vision of the organization, whereby the followers envision that their responsibilities have been given a higher priority; hence, they will have a great sense of belongingness and become more trustworthy (Avolio et al., 2004). Moreover, transformational leaders are also keen to listen to the problems of their followers and try to swiftly address them, by which they can motivate their followers to accomplish the given tasks. Transformational leaders motivate and inspire their followers, enabling them to effectively accomplish their tasks, whereby the objectives of the organization can be successfully met. Transformational leaders possess effective communication skills; hence, they can proficiently convey their objectives to their followers and get things done promptly and effectively (Day & Antonakis 2011). Empirically, the findings clearly match those of recent studies (e.g. Ambad et al., 2021; Park et al., 2022; Yang et al., 2020; Zalukhu et al., 2022).

Furthermore, the results of the study have established a positive relationship between transformational leadership and PIED (H2); profoundly, this finding has not deviated from some earlier studies. In this context, transformational leadership has been regarded as an influential factor in the developmental process and transformational leadership theory has been based on four developmental components: idealized influence, intellectual stimulation, inspirational motivation, and individualized consideration (Bass, 1985; Bass & Avolio, 1993). According to Krishnan (2005), transformational leaders are exorbitantly focused on rejuvenating the potential of their followers in successfully accomplish their tasks; while doing so, transformational leaders envision development of the

future responsibilities of their followers. Furthermore, transformational leaders expound on transactional demands and responses, where they strive to impact and proficiently develop the ethical values of their followers. In addition, the finding recaptured at the beginning of this section also conforms with the theory of organizational support, which states that organizations can exhibit their obligations to their employees only by encouraging managers or leaders. Hence, followers under transformational leaders are expected to achieve assigned jobs beyond the expectations of their leaders and they are also anticipated to accomplish the continuing goals of the organization. The researcher exemplified some supportive documents on the topic of the relationship between transformational leadership and PIED; however, based on minimal but efficacious evidence, the researcher strongly believes that this finding is theoretically supported. It provides sufficient support for the relationship between transformational leadership and PIED.

Pertaining to the direct Relationship between PIED and Employee Task Performance (H3), the study also empirically validated the link. This finding has been adequately supported by organizational support theory, which implies that, generally, employees have common beliefs about the attention paid by their organization towards their personal welfare, as well as the level to which the organizations adore their contributions while they accomplish organizational goals (Cavazotte et al. 2013). Moreover, our findings have also reconciled with social exchange theory, which suggests that, the employees who get higher levels of organizational support are more indebted to reciprocate to their organization by having a positive attitude and suitable behavior. Therefore, individuals who highly perceive investment in their development tend to exhibit positive outcomes such as performing the required performance. Empirically, the finding related to the relationship between PIED and employee task performance is consistent with the findings of a few studies that have accentuated the significance of investing in employee development to improve both individual organizational outcomes (Kuvaas & Dysvik, 2009). Andres and Kuvaas (2012) found PIED to be positively related to employee task performance.

In terms of the mediating role of PIED in the relationship between transformational leadership and task performance of employees, the researcher found that PIED partially mediated the relationship between transformational leadership and task performance (H4). These conclusions reveal that the supportive behavior of transformational leaders triggers employees' perceptions of PIED, which in turn influences their task performance. This finding complies with the view of social exchange theory, which suggests that, employees who receive well-deserved support will develop a tendency to respond to positive behavior and attitudes (Imran et al. 2012). Similarly, these findings are in line with organizational support theory, which suggests that employees perceive the orientation of their supervisor towards them as an indicator of organizational support, since the supervisor acts as an organization's agent (Kuvaas & Dysvik 2011). In addition, the findings have been endorsed by the theory of organizational support, which stipulates that, organizations can illustrate their accountability to their employees through supportive managers or leaders. As the main objective of transformational leadership is to develop the capabilities of their followers, followers of transformational leaders are expected to achieve the assigned job beyond their leaders' expectations, and they are also expected to realize the main goals of the organization (Imran et al. 2012).

Empirically, the findings of this research align with the literature on transformational leadership, suggesting that, transformational leaders can encourage, inspire, and motivate followers to seek positive change and innovation that is clearly associated with satisfaction and effectiveness by exerting idealized influence, inspirational motivation, intellectual stimulation, and individual consideration (Budur & Poturak, 2021). Also, this result is aligned with the finding of empirical research conducted in the banking sector by Dappa et al. (2019), who found a significant impact of transformational leadership through individual consideration and inspirational motivation which in turn led to a high level of productivity and thus in achieving the banks goals.

8. Theoretical and Managerial Implication, Limitations and Future Research

This research revealed various theoretical and managerial implications that improved the understanding of transformational leadership and employee task performance. The study developed PIED, a more perceptive or emotive system with unique mental processes. This may explain how transformational leadership improves employees' performance. This study finds that transformational leadership improves employee role performance in the banking sector of Palestine. The data revealed that bank employees who saw their first-line managers as transformational leaders reported a higher PIED. This study demonstrates that PIED links transformational leadership to employee' task performance. Additionally, this study found that first-line managers who use transformational leadership and devote time and energy to employee development are valued highly by their staff. This is supported by Karlton et al. (2023), who emphasized that first-line managers play an essential role in attaining long-term organizational competitiveness by effectively managing the front-line operations, contributing to creating proper working conditions that lead to high levels of productivity. In consequence, this will affect the employee development and motivates them to work hard to show their appreciation.(Livingstone, 2023).

Despite these limitations, the current study has substantial practical consequences. This study found that PIED partially mediated the influence of transformational leaders on task performance, which is troublesome for companies. Therefore, engaging in employee development may be a transformational behavior that increases performance outcomes, including task performance, which helps people execute their jobs. To accomplish this, first line managers should emphasize empowerment through transformational leadership. In PIED, employees are assessed regarding their organization's commitment to their personal and professional progress by helping them identify and acquire new skills and competencies. This procedure entails attempts to impact the job compatibility between leaders and their staff. The findings also show that firms that regularly invest in first-line managers' transformational leadership will have good employee task performance.

For the banking sector, this study has developed a novel mechanism, PIED, which is more perceptive or emotive and requires a distinct mental process. This may explain how transformational leadership improves task performance. This study suggests that bankers who saw their first-line managers as transformational leaders had higher PIED. Thus, personnel have good rapport with their first-line managers, dedicate themselves to the organization's growth, and perform well as a return on their development. In the context of the banking sector in Palestine, which suffers from unexpected disruptions, instability is mainly due to the Israeli occupation's oppressive measures and policies against Palestinians that effect the operations of banks in Palestine. This finding highlights the role of the bank management. In this type of situation, it has been suggested that first-line managers play a crucial role as they are more adapted to navigating the intricacies of production systems, handling challenging processes and disorder; and are effective in directing front-line operations (Karlton et al., 2023).

Transformational leadership research seems to have been successful in the global literature, but further testing is needed in other contexts. Examining novel mechanisms that explain transformational leadership processes may help us to comprehend the psychological, interpersonal, and social bases of transformational behaviors. The decision to limit this study to managers from a single sector and region in Palestine helped to rule out organizational and cultural factors. However, we must replicate our findings at different organizational levels, industries, regions, and occupational groups. Further research should examine how transformational leadership improves employee performance by clarifying roles and duties and encouraging commitment to corporate goals. Other themes worth exploring include how transformational leadership affects organizational attitudes and behaviors

including job satisfaction and turnover. When making cross-cultural comparisons, future studies should examine how cultural norms such as individualism, power distance, avoidance of uncertainty, and short-term viewpoints affect transformational leadership in Palestine.

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