

“EXPLOITATIVE LEADERSHIP, PSYCHOLOGICAL DISTRESS, EFFORT-REWARD IMBALANCE, AND EMPLOYEES’ JOB PERFORMANCE IN THE BANKING SECTOR OF PAKISTAN”

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Abstract

This paper examines the effects of exploitative leadership on job performance of the employees by use of psychological distress as a mediating variable and use of effort to reward imbalances as a moderating variable in the Pakistani banking industry. Based on the Conservation of Resources (COR) theory and the Effort-Reward Imbalance (ERI) model, the study follows the quantitative, cross-section research design using the data gathered with 309 different employees working in various banks. The hypothesized relationships were tested using Structural Equation Modelling (SEM) with SmartPLS 4. Findings indicated that exploitative leadership can definitely negatively impact job performance but positively impact psychological distress. In addition, this relationship partly happens through psychological distress, which affirms the fact that exploitative leaders lower performance mainly through augmentation of emotional strain. The moderation analysis also showed that the negative relationship between distress and performance is increased by the moderation effect of effort reward imbalance, meaning that the perceptions towards inequity increase the negative side of the effect of psychological fatigue. All of these results as a whole reveal the devastating effect of predatory leadership and the relevance of fair reward structures and psychological sustenance solutions as a means of maintaining staff morale and output. The research adds to the existing literature on leadership and occupational psychology by highlighting the context of dark leadership in a high power-distance society and provides valuable insights to the human resource policy, ethical management, and mental health intervention in rising economies.

INTRODUCTION

In the modern organizational environment, leadership is largely considered one of the pillars of organizational success as the direct determinant

of organizational employee behavior, employee motivation, and employee productivity. Leadership styles are known to shape the way

resources are used and how employees feel about their working environment and consequently influence job performance and organizational performance in general (Amanchukwu, Stanley, and Ololube, 2021). Among other such studies as transformational, servant leadership, and authentic leadership, the darker side of leadership has now attracted growing interest in the latest research, including the abusive supervision, despotic leadership, and exploitative leadership (Schmid, Pircher Verdorfer, and Peus, 2019). Exploitative leadership is a term that is used to describe those leaders who use their leaders to manipulate and pressure their subordinates sometimes without seeming bad is in their intentions at all. This is a subtly hidden leadership style that is highly destructive to the morale of employees, psychological well-being, and organizational effectiveness (Guo, Decoster, and Schmid, 2021).

Experiments being experienced around the globe are compelling organizations to adopt dynamic and more difficult challenges that demand agile and ethical leadership. Nevertheless, exploitative leadership practices have been on the rise in the developed and developing economies (Elsaied, 2021). The situation in the developing countries such as Pakistan caused by socio-economic instability, political uncertainties, and the poor regulatory institutions enhances the issue of toxic leadership behaviors (Khan, Shah, and Javed, 2023). The World Bank (2021) shows that unemployment and inflation challenges in Pakistan allow creating conditions in which workers cannot change their place of employment and are more prone to repressive or exploitative management approaches. Some individuals can survive under such circumstances where the leaders can be exploitative, a situation that is most of the time characterized by overwhelming demands, failure to provide due credit, or even gain of the undeserving subordinates. This climate does not only undermine psychological wellness of the employees but also limits career advancement, fulfillment and commitment in the organization (Majeed and Fatima, 2020).

The application of the Conservation of Resources (COR) theory by Hobfoll (1989) gives a helpful

context of the exploitative nature of leadership when it comes to exhausting the emotional and psychological resources of employees. Based on this theory, the goal of people is to obtain, accumulate, and hold valuable resources; when the latter is threatened or deprived, e.g. during manipulative supervision, employees will undergo psychic distress (Hobfoll et al., 2018). Depression, anxiety, and emotional exhaustion constitute signs of psychological distress as a typical critical workplace issue (Pan & Yeh, 2019). Empirical researchers have indicated that the destructive styles of leadership increases psychological distress through the weakening of the sense of autonomy, and control in employees, result into burnout and decreased productivity (Nagel, Reinecke, and Hossiep, 2022). In the case of chronic distress among the employees, their capacity to be effective reduces, and their cognitive processing is shifted towards meeting the emotional demands in the place of successfully executing the tasks (Wright and Cropanzano, 2020).

The leadership of high-pressure and hierarchy common in the banking industry in Pakistan, where bank leaders act on the principle of high pressure and subordination, may be especially harmful. Scientific is often accompanied by unrealistic expectations, excessive hours, unequal treatment, and so on, which cause a significant rate of job stress (Rasool et al., 2021). This is in accordance with the Effort-Reward Imbalance (ERI) model, introduced by Siegrist (1996), that assumes that employees who put a lot of effort in their work, but get limited rewards, either in terms of financial, social, or developmental, experience strains and eventually develop psychological and physical health issues that come as effects of the strain. Within the banking organizations where the performance is closely controlled and the reward system is disproportionate, this imbalance adds to the psychological distress and lowers the employee motivation (Cho, Lee, and Park, 2021). Such employees can and will continue to strive to deliver but usually at the expense of their mental health and well-being, which results in decreasing sustainable productivity (Rosemberg and Li, 2018).

Ressonance of exploitative leadership, psychological distress and imbalance of effort-reward is therefore, a significant field of inquiry to both researchers and practitioners. Recent research has shown that exploitative leadership does not only worsen job performance directly but also indirectly by raising the psychological distress of workers (Syed, Ali, and Arain, 2021). Moreover, the modifying effect of the imbalance between efforts and rewards introduces an additional dynamic to this correlation: the more the employee feels that he or she is not adequately rewarded, the more likely it is to exhibit an increased distress level, which will again decrease the level of work engagement and productivity (Meunier et al., 2022). Notwithstanding these international results, empirical studies on the way in which the dimension of exploitative leadership is established in the cultural and organizational environment of the country of Pakistan, and specifically its financial sector, have not been explored fully (Kiyani, Rehman, and Ahmad, 2021).

This is a large gap considering that the leadership style in collectivist cultures such as Pakistan is usually hierarchical and paternalistic where the authority is rarely challenged (Haque, Faizan, and Cockrill, 2019). The purely cultural features may be used unwittingly to allow nobler tendencies of exploitation, with workers accustomed to manipulative or bullying behavior in workplace attitudes. As a result, it is also important to understand the psychological processes by which exploitative leadership impact the outcome of employees to create effective organizational interventions (Haider, Jabeen, and Ahmed, 2020). Additionally, through a combination of the COR theory and the ERI framework, the current study adds on a dual-theoretical approach to the analysis of the interaction of the psychological resources and perceived equity on the job performance of employees in exploitative circumstances of leadership.

The study at hand thus aims at revealing how exploitive leadership is connected to job performance of the employees using psychological distress, as an intermediate variable, and effort-reward imbalance, as a moderator, in the Pakistani

banking setting. In such a way, it fills various gaps experienced in previous literature and provides theoretical, practical, and policy-level information. The research, besides advancing the knowledge on the dark-side of leadership practices, highlights the importance of timely ethical and helping leadership practices that sustain employee welfare and promote sustainable performance results (Breevaart and Zacher, 2022). All in all, the study can help the field of research on the subject of leadership ethics in the emerging economies, where the impact of the exploitative managerial conduct is usually exacerbated by the socio-economic vulnerability and organizational hierarchies.

Literature Review

1. Conceptual Foundations of Leadership and Organizational Behavior

Leadership has become a key construct in organizational research that determines the performances, satisfaction, and well-being of employees in any industry. Modern organizations understand that leadership is not a role of power but also a relationship process that influences the psychological and behavioral outcomes of the subordinates (Northouse, 2022). Banking sector is one of the areas that require adaptive leadership due to the pressure and competitiveness in the industry. Recent studies focus on leadership effectiveness as impacting not only transactional interactions but also including emotional intelligence, ethical behavior, and the ability to lessee trust (Carter et al., 2021). Nevertheless, a recent body of organizational behavior literature emphasizes the fact that not every leadership style can lead to any positive success in an organization; the development of the so-called toxic and exploitative leadership styles has questioned traditional concepts of managerial influence (Raja and Azeem, 2022).

2. The Rise of Exploitative Leadership

The theory of exploitative leadership has been transformed into a concrete area of concern under the umbrella category of destructive leadership. It can be defined as leaders who apply manipulative, self-interest, and pressure tactics and reach

personal or organizational objectives at the expense of the well-being of employees (Liu et al., 2021). In contrast to leaders who are overtly abusive and use their aggression or humiliation, exploitative leaders usually appear polite and extort the efforts of subordinates to reach the achievement referred to as personal credit (Chin, Li, and Sun, 2023). The resulting ambiguity in the perception of the subordinates due to this invisible domination results in cognitive dissonance and emotional burnout (Tariq et al., 2021).

Unethical climates and dysfunctional work environments are associated with exploitative leadership behaviors (e.g., acquiring credit for the success of subordinates, refusing to acknowledge good performance, intentionally overworking employees, etc.). The threat of exploitative leadership in the hierarchical culture of work in Pakistan is a common characteristic of the institutions in which the power distance is excessively strict and the culture of questioning authority is not accepted culturally (Iqbal, Ahmed, and Saleem, 2021). These climates enhance the capacity of leaders to exploit the subordinates without having them answer to it in the short run, thereby having a long-lasting negative effect on the morale and productivity of the workers. According to the recent empirical evidence, exploitative leadership is a major predictor of emotional exhaustion, job disengagement, and counterproductive work behaviors (Kim, Park, and Lee, 2022).

3. Theoretical Underpinnings: Conservation of Resources (COR) Theory

Hobfoll has proposed the Conservation of Resources (COR) theory as one of the main concepts of scrutinizing the impact of exploitative leadership on the mental and behavioral conditions of employees. According to the theory, people do their best to gain, ensure, and hold valuable resources including energy, prestige, and social allowances (Bakker et al., 2023). As far as such resources are put under threat, either by controlling the supervision or unjust treatment, employees become stressed and strained psychologically (Halbesleben et al., 2020).

The perceived loss sends to chronic distress and declining performance in the cases where employees are not able to use enough resources to resist being exploited. COR theory has found extensive application in the field of organizational psychology to explain burnout, emotional depletion, and withdrawal behaviors (Nguyen, Lin, and Wang, 2021). Recent researchers expand this framework to destructive leadership where exploitative leaders are observed to initiate spirals of resource losses rooted in the erosion of employees of the sense of fairness and autonomy (Giorgi et al., 2023). When employees feel that their contribution is not appreciated or they are being exploited, they do not give their full potential in doing the tasks, but instead, they use their mental energy on coping strategies that ultimately lower productivity (Li and Huang, 2022).

4. Exploitative Leadership and Employee Job Performance

Job performance of employees is the extent to which employees contribute positively to organizational goal attainment because of their actions or tasks (Campbell and Wiernik, 2019). Reports on the linkage between leadership and performance are also vastly confirmed, and the beneficial character of leadership style (transformational, servant and authentic) improves devotion and creativity. But the exploitative leadership turns this into a two-way process where fear, uncertainty, and resentment are introduced (Mahmood & Bashir, 2021).

Exploitative leaders can disrupt the motivational system of workers by claiming their efforts, making them think there is less justice, and causing role ambiguity (Zhang, Xu, and Wu, 2022). Empirical studies in the Asian setting have shown that these leaders have a negative correlation with both in-role and extra-role performance (Hao, Luo, and Zhai, 2021). Intrinsic motivation fades away when the employees realise that their work will not be recognised, and they are limited in their creative potential (Farooq et al., 2022). Moreover, the performance appraisals by exploitative supervisors tend to be bias with the result of perceived

injustice and turnover intentions (Tian, Li, and Liang, 2021).

Unrealistic targets and prolonged working hours are also common among the Pakistani banking industry employees. In the case of exploitative leadership, such conditions result in the imposition of psychological pressure, reduced accuracy and efficiency of work (Malik and Raza, 2023). The studies conducted in South Asian service sectors show that innovative exploitative leaders reduce the levels of employee engagement and overall achievements by substantial margins (Shahid et al., 2021). Therefore, the problem of leadership exploitation is not only the ethical phenomenon but also poses a strategic obstacle to the success of the organization in the long term.

5. Psychological Distress as a Mediating Mechanism

Psychological distress refers to a continuum of emotive unbalances, such as apprehension, dejection, and tension, which impair both intellectual and work-related performance (Yap and Jorm, 2022). The effects of chronic exposure to stressors in the organizational context include increased distress and decreased resilience (Tuckey et al., 2021). Psychological distress is a mediator that has always been identified by scholars with negative consequences of toxic leadership behaviors, including absenteeism, lack of engagement, and burnout (Montano and Reeske, 2020).

Employees are harboring emotional energy when they are in an exploitative environment, trying to handle conflicting demands of the leaders- trying to meet their demands yet also trying to protect themselves. Such emotional dissonance raises the cortisol level and diminishes the decision-making abilities (Islam, Javed, and Nisar, 2023). The consequent distress leads to reduced attention to details, interpersonal trust, and motivation, which are very essential when it comes to performance in the banking industry (Zhao et al., 2021). The research in cross-cultural settings had established that psychological distress mediates the association between harmful leadership and workplace performance, which means that emotional strain

is immediately transferred into the decrease in behavioral parameters (Kim and Beehr, 2021).

Moreover, the mediating influence of distress is enhanced in collectivist cultures, where displaying feelings and suffering is repressed and the staff remains silent to be exploited to preserve the peace (Shafique & Kalyar, 2022). Compared to the outright confrontation, the frustration becomes internal each time employees are pushed to the point that they are not confronted, which carries over into distress that is evident in a lack of innovation, detachment, and absenteeism. Therefore, psychological well-being is of great importance in efforts to eradicate the cause and effect relationship between exploitation leadership and lower performance.

6. Effort-Reward Imbalance as a Moderating Factor

A supplemental model to the COR theory was the Effort-Reward Imbalance (ERI) Model of Siegrist (1996) which emphasizes on equity perceptions in the workplace. The model states that stress is experienced when employees put in much effort yet they do not receive proportionate rewards in the form of compensation, recognition or career mapping (Siegrist et al., 2021). In the context of exploitative leadership, this instance of imbalance is acutely observed, with employees instead of working heavily under hefty workloads getting scarce recognition (Cvenkel, 2021).

With the failure of the reciprocity between reward and effort, employees get the feeling of unfairness that creates emotional exhaustion and emotional burden (De Jonge et al., 2020). The latter is supported by the moderating effect of ERI so that despite the distress, fair reward systems may buffer the negative outcomes (Fahlén et al., 2022). On the contrary, the unfair conditions enhance stress levels and lower resilience. ERI compounds particularly in the banking institutions of Pakistan where promotions and bonuses are seldom objective, employees at the hands of exploitive leaders are especially susceptible to the compounding effects (Akhtar and Bashir, 2023). Empirical evidence proves that high ERI is associated with cardiovascular stress, burnout, and less focus in the mind of the person working-all

factors that deteriorate job performance (Lu et al., 2021). Additionally, ERI also interrelates with psychological distress that may enhance work disengagement; undervalued employees are easily disengaged emotionally and produce less accurate tasks and satisfied clients (Kaur and Singh, 2022). By applying ERI within the exploitative model of leadership, the concept of the way in which the perception of fairness mediates the negative performance-distress relationship can be taken into consideration in a multidimensional manner.

7. Cross-Cultural Insights on Leadership and Distress

In the studies of cross-cultural studies, there is an emphasis that the occurrence of exploitive leadership in various societies has varying manifestations in different social-cultural settings. Subordinates in high power-distance cultures such as Pakistan, China, and Indonesia tend to consider exploitative behavior as an aspect of legitimate managerial authority (Wu and Xu, 2023). This kind of normalization postpones the mechanisms of reporting and intervention, which exacerbates the psychological outcomes. Conversely, Western employees might react to such tendencies through an open fight or quitting a company (Babalola et al., 2021).

Also, collectivists promote conformity, and loyalty, which may heighten the employee propensity to condone oppression (Haque and Islam, 2023). This particular type of exploitative treatment can be justified by subordinates in the Pakistani banks when a subordinate views collective success as a greater priority than personal welfare is. However, studies are becoming more evident that these culture buffers are becoming weak due to the rising employee rights and mental health awareness (Abid, Zahra, and Ahmed, 2022). With the adoption of global quality standards in corporate governance of institutions, a greater focus has been made on psychological safety and accountability in leaders (Rasheed et al., 2023).

8. Empirical Evidence from the Banking Sector

Banking industry is a good place to study exploitative leadership in that its structure is target-based and control is hierarchical. South

Asian empirical studies show that leaders with exploitative behavior have been linked to increased turnover intentions, absenteeism, and cynicism among employees (Anwar et al., 2022). In Pakistan, the analysis of the staff of a commercial bank showed that exploitative behavior was associated with lower performance in tasks and organizational citizenship behaviors (Youseaf and Jamil, 2021). In another Bangladesh study, stress-related absenteeism was achieved through toxic supervisory practices, which were significant to mediate (Rahman et al., 2023).

These results are also in line with the literature available worldwide indicating that exploitative leadership is negatively related to job satisfaction and engagement in service industries (Liang et al., 2022). The existence of exploitative leadership also interferes with the perception of fairness and team cohesion in financial institutions where performance measurements have a close connection with rewards (Ahsan and Kazmi, 2021). In combination, empirical findings highlight the importance of the fact that a vulnerability in the ability of individuals to perform effectively is not only weakened by exploitative leadership, but it also negatively influences organizational effectiveness due to a sustained effect on psychological and social systems.

9. Research Gaps and Emerging Directions

Although the impacts of exploitative leadership have become widely known, there is still a dearth of empirical studies in the developing economies. To a great extent, the literature is Westernized, which creates a major absence of knowledge regarding the interaction of exploitative leadership with the socio-cultural factors in South Asia (Hassan and Adeel, 2022). There is little research on mediating and moderating variables like psychological distress and effort-reward imbalance at the same time, especially in the banking sector of Pakistan (Sadiq, 2023).

On top of that, longitudinal studies on the causal mechanisms of exploitative leadership and its match against performance are also sparse. Multi-wave designs would also be effective in the future to follow the development of distress and coping

responses over time (Yoon and Lee, 2022). The least studied interventions applied in organizations are those of ethical leadership development and mental health support. The solutions to these gaps will serve to educate pragmatic models of leadership responsibility, employee welfare and performance sustainability.

Research Methodology

1. Introduction

Research methodology forms the core of any empirical study and employs the framework on which the research qualifies data collection, analysis, and interpretation. In the current research, the methodological design is to empirically test the relationship that exists between exploitative leadership and job performance of employees with added psychological distress as a mediating variable and effort reward imbalance as a moderator variable. The research design used in the study is quantitative, explanatory and cross-sectional research design in compliance with objective measurement, statistical rigor and replicability. Because the proposed research is aimed at determining the causal relationships among variables in the organizational environment of the banking sector in Pakistan, the methodology enables the researcher to test the theoretical propositions by means of empirical testing.

2. Research Philosophy

The present research is based upon the positivist paradigm, which supposes that the social phenomena can be evaluated objectively and that the knowledge will be based on observable and measurable evidence. The positivism fits the purpose of the study; testing the hypotheses by using statistical results, instead of subjective insights. It focuses on objectivity, empirical validation, and value-neutral observation (Creswell and Plano Clark, 2021). With this philosophical perspective, the reality is perceived as an external one of the researcher and can be measured using structured tools like survey questionnaires. The positivist view of the world validates the application of quantitative approach

where the results can be extrapolated to the rest of the population of banking workers in Pakistan.

3. Research Approach

Since the study focused on the already existing theories to explain the concept (Existing Research), the deductive research method was applied (Hobfoll, 1989). The deductive methodology starts with hypotheses characterized by assumptions and then comes up with testable hypotheses used to prove relationships between constructs. In this paper deductive reasoning allows to derive specific empirical tests of the impact of exploitative leadership on psychological distress and employment results out of general theoretical assumptions as that the exhaustion of resources caused stress and lowered performance. Such a strategy would mean that this study will be theory-responsive, and the results of the study can be used to improve the existing frameworks in the sphere of leadership and occupational psychology.

4. Research Design

The research design is the quantitative, explanatory and correlational research design. The reason is that a quantitative design is chosen due to the convenience of measuring the relationships between two or more variables on the standardized scale and statement models. The explanatory characteristic of the research aims at getting an answer not only to whether relationships exist but also why and how they happen, that is, in what way the exploitative leadership can be the source of job performance via the mediating variables of psychological distress and the moderating variable of imbalance between effort and reward. The research design employed was cross-sectional in nature in which data were at one point in time. This was adopted due to its feasibility, time-saving quality, and applicability in the examination of the behavioral dynamics within the highly dynamic industries like banking.

The cross-sectional survey allows to identify correlations between the variables in the same time frame and test the hypothesis with the help of the structural equation modeling where SEM guarantees the strong statistical analysis of the direct, indirect and interaction effects.

5. Research Setting and Context.

The setting of the study is the banking industry in Pakistan which constitutes an important part of the Pakistani economy and one with highly structured hierarchical systems of leadership, where performance is a significant factor and employee stress levels are very high. The case industry creates a best workplace environment where to learn about exploitative leadership because the competitive environment in the industry tends to encourage manipulative managerial behavior and effort-reward gaps. The target employees were the employees of three large banks in the private sector namely Allied Bank Limited (ABL), Habib Bank Limited (HBL), and Bank Alfalah Limited, as these are one of the most visible and accessible financial institutions in Islamabad and Rawalpindi who operate in twin cities of Pakistan. The banking population of the cities serves as a measure of a balanced combination of young professionals and older workers, as it is possible to discuss what the combinations of these leaders and workers can provide information about behavior models and psychological results.

6. Population and Sampling

This study targeted full-time employees in the fields of Islamabad and Rawalpindi as the target population who worked in the field of the banking sector under private ownership. Because the research targets the leadership-subordinate processes, the respondents had to work under the positions of managerial and supervisory levels so that they could be direct yet supervised by the leaders and witness leadership practices in their daily work set up.

The time limitation and availability of the resources did not permit gathering information about the whole population; thus, convenience sampling as a non-probability sampling method were applied. This technique can enable the researchers to get information which is easily accessible and whose respondents are willing to cooperate. Despite the fact that such a sampling strategy restricts the generalizability, it is suitable to the exploratory research that involves the study within a particular professional setting. The 309

respondents included in the study can be explained in the same way, as it can be determined through formulae of statistical estimates recommended by Sekaran and Bougie (2016), which provides an adequate power to conduct multivariate analysis.

The sample was a diverse demographic composition in terms of gender, age, education level and job experience, a factor that made it possible to assess the effects of the personal and organizational factors that could affect the perception of leadership and the feelings of psychological distress. All respondents were assured of confidentiality and participation was voluntary to make them respond honestly and without any bias.

7. Data Collection Method

The structured self-administered questionnaire was used as the primary data source because the questionnaire contains questions in which the answers are provided on a 5-point scale or a range of 0 to 1 (Conway, 2009). To facilitate the feelings of accessibility, both physically (on paper) and digitally (using Google Forms), the questionnaire was distributed among banking staff. The tool was developed in the English language, because it is the formal language of communication in the banking sector in Pakistan. This is because it was preceded by a pilot study which employed 30 respondents to allow the clarity, validity and reliability of the instrument. Small linguistic changes were performed during and after the feedback of the participants to enhance understanding.

The survey involved closed-ended statements with a measure of 5-point Likert scale, which helps to rank that a participant agrees with or his/her frequency of the experience in terms of exploitative leadership, psychological distress, mismatch between work and reward, and job performance. Such a format allowed quantifying it and minimized the ambiguity of responses.

8. Measurement Instruments

The construct validity of each variable in the study was ensured by validated scales that were used in different peer-reviewed studies.

Exploitative Leadership was measured through the 15-item scale created by Schmid et al. (2019) that gauges manipulation, self-interest, and exploitation as some of the behaviors indicated.

Psychological Distress was assessed using the 10-item Kessler Psychological Distress Scale (K10) (Kessler et al, 2002) which assesses psychological symptoms such as anxiety, hopelessness and depression.

The Job Performance of the employees was measured with the help of the 10-item tool created by de Azevedo Andrade et al. (2020) that covers the aspect of task efficiency, reliability, and quality of the work.

Effort Reward Imbalance was measured using a 16-item ERI scale where Siegrist et al (2004) established that it gauged the balance between what employees are prepared to offer and the rewards that employees feel about their work environment.

The ratings were done on all items using a 5-pointer scale to ensure consistency and statistical comparability. Moreover, demographic variables (gender, age, experience, and education) were also used as the control variables because the previous research indicated that these characteristics could have an impact on the psychological reaction to the leadership style.

9. Data Analysis Techniques

The data obtained had to be filtered to remove outliers and missing values and were analyzed. The SPSS version 28 preliminary data management and SPSS version 4 hypothesis testing with Partial Least Squares Structural Equation Modeling (PLS-SEM) were used to statistically analyse the data provided. The reason behind the choice of this analytical approach is the level of convenience it presents particularly when dealing with complicated models with mediating and moderating variables, as well as with moderately sized sample sizes.

Analysis was done in two major steps:

Measurement Model Evaluation, which evaluated the reliability and validity in terms of Cronbachs alpha, composite Reliability and average variance extracted (AVE).

Structural Model Evaluation, which provides testing on hypothesized relationship with path coefficients and bootstrapping with analysis of the effect size.

Mediation test was found through indirect effect significance test and moderation through interaction term of psychological distress = effort - reward imbalance. This method enabled the study to not only test direct relationships but also the conditional effects that determine the differences in how employees perform at work.

10. Ethical Considerations

The code of ethics was upheld during the research process according to the institutional and professional requirements of the research in social science. The participants received details on the aims of the study, voluntary participation, and anonymity before the data collection process. All respondents were informed and gave their consent. No personal identifiers were used and all the responses were summed up to ensure anonymity. Data were just utilized in academic purposes and put under safe storage to avoid unauthorised use. The study received ethical approval by the applicable university research ethics committee and the fieldwork went on.

Results

1. Overview of Data Analysis

This was done by using descriptive and inferential statistics to conduct the study in order to analyze the responses of 309 employees of the banking sector in Pakistan. Measurement and structural models were tested by studying reliability analysis of measurement and Level of validity assessment using SPSS 28, SmartPLS 4 and testing the hypothesis using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings reaffirm that exploitative leadership has a notable negative effect on job performance of the employees both directly and indirectly, as a direct consequence of psychological distress. Also, award-effort inequalities increase this negative association.

2. Demographic Analysis

Table 1 and Figure 1 to 4 are the visual presentation of demographic profile of the participants. Figure 1 indicates gender balance in the banking industry of Pakistan as there are more men (65.4) than there are women (34.6). This population trend suggests that male workers continue to predominate in the workplace managerial and operational aspects which will impact the organizational culture and and

perception of leadership. Figure 2 shows that most of the employees have an age range of between 31-40 years indicating that the employees are relatively mature and experienced workforce (42.4%). The number of younger customers accounted to 39.5% of the respondents (20-30 years), which means that new graduates and young experts are actively recruited by banks.

Table 1. Demographic Characteristics of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	202	65.4
	Female	107	34.6
Age	20-30 years	122	39.5
	31-40 years	131	42.4
	41-50 years	43	13.9
	Above 50 years	13	4.2
Education	Bachelor	97	31.4
	Master	158	51.1
	MPhil/MS	43	13.9
	PhD	11	3.6
Experience	Below 5 years	118	38.2
	6-10 years	127	41.1
	11-15 years	46	14.9
	Above 15 years	18	5.8
Total	—	309	100

Figure 1. Gender Distribution of Respondents

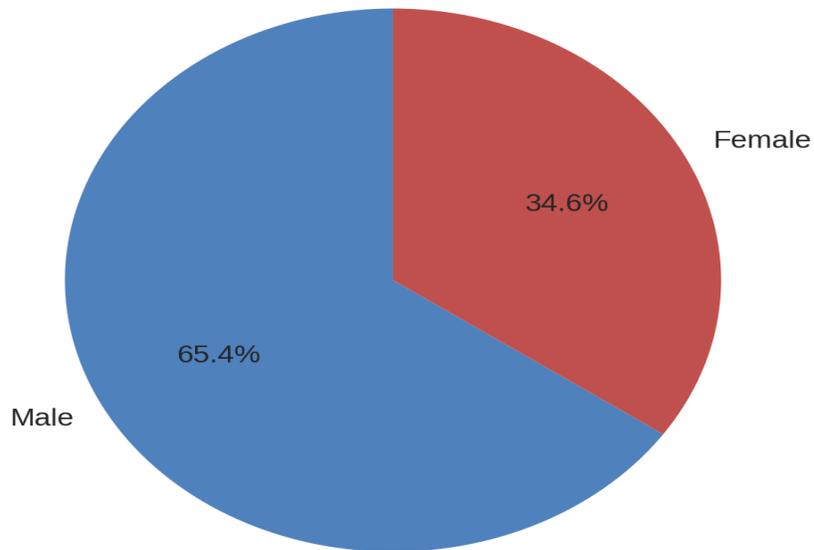
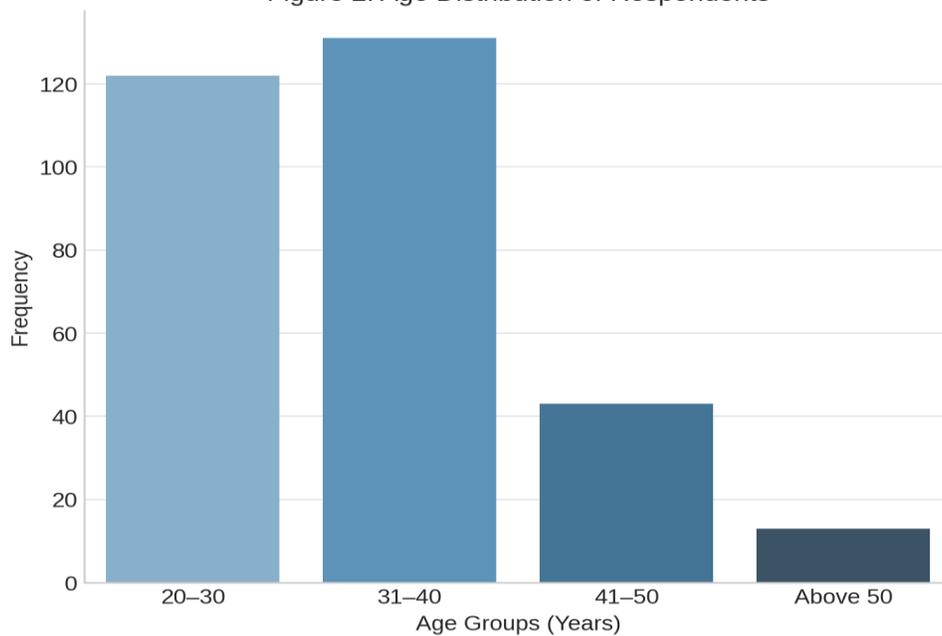


Figure 2. Age Distribution of Respondents



In terms of educational attainment as shown in Figure 3 it clearly shows that the majority of the participants (51.1%) are master degree holders with a smaller number having bachelor degree

(31.4%), MPhil/ MS (13.9) degrees yet a small number of participants had a PhD (3.6%). This academic qualification is high because of the level of competitive standards of recruitments in the

sector and the importance that has been given to formal academic learning in financial institutions. Table 1 and Figure 4 on work experience reveals that majority of employees (41.1) have the work

experience of between 6-10 years with 38.2 years having below five years experience, showing a consistent representation of early and mid-career employees.

Figure 3. Education Levels of Respondents

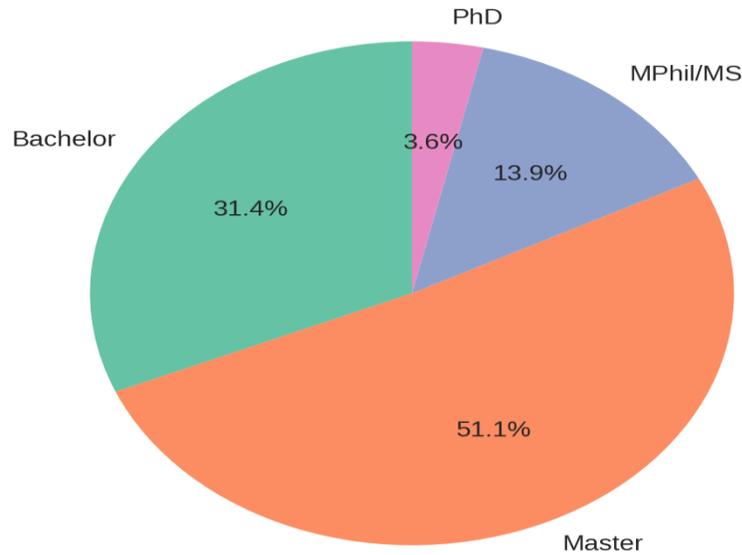
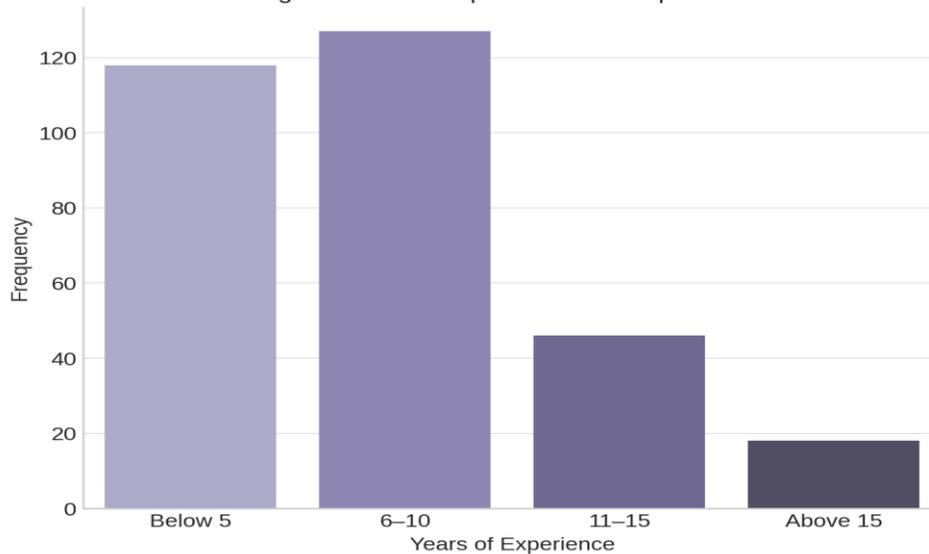


Figure 4. Work Experience of Respondents



3. Descriptive Statistics of Variables

The mean and the standard deviation of the four core constructs which comprise exploitative

leadership (EL), psychological distress (PD), efforts-reward imbalance (ERI), and the job performance of employees (EJP), are represented in Table 2 and Figure 5. The average result of the

exploitative leadership (M = 3.41, SD = 0.74) indicates that employees have an average to moderate perception of exploitation. The averages of psychological distress (M = 3.26, SD = 0.77), effort-reward imbalance (M = 3.38, SD = 0.71) are also high, which proves that workers feel high levels of mental pressure and believe that in the workplace, they receive unfair treatment. On the

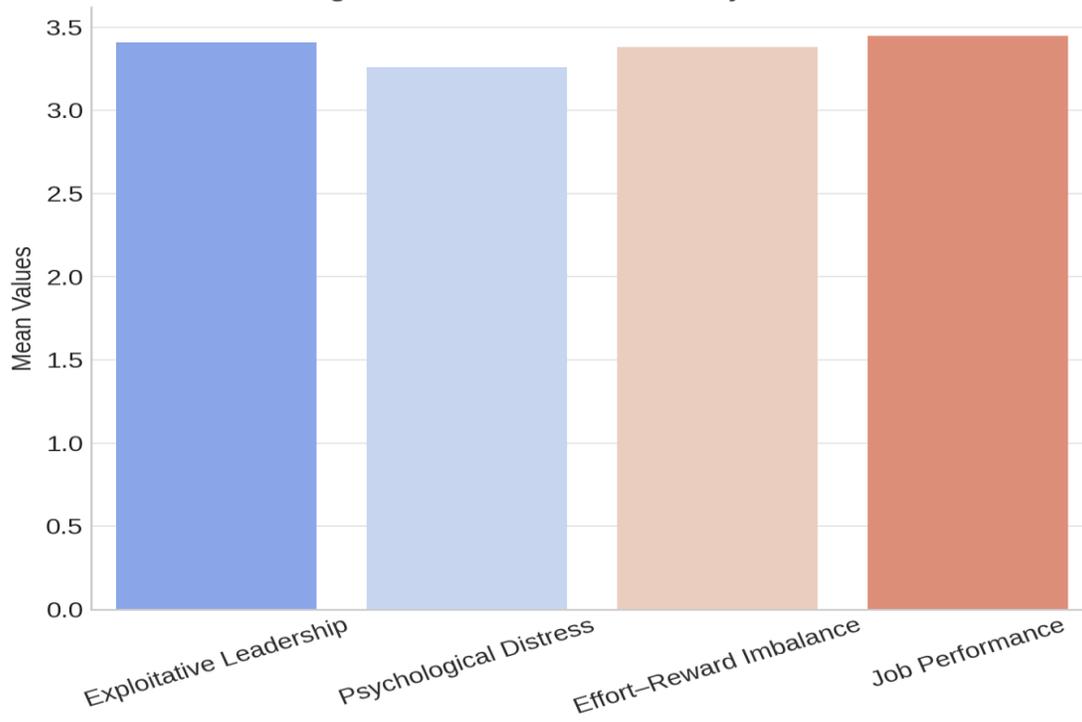
other hand, job performance (M = 3.45, SD = 0.69) is moderately high and it shows that in spite of the poor conditions, employees want to perform at an acceptable state. Figure 5 graphically shows that job performance is marginally higher than all other constructs hence building on insular employee performance in case of pressure.

Table 2. Descriptive Statistics of Main Variables (n=309)

Variables	Mean	SD	Skewness	Kurtosis
Exploitative Leadership	3.41	0.74	-0.21	-0.58
Psychological Distress	3.26	0.77	-0.29	-0.43
Effort-Reward Imbalance	3.38	0.71	-0.32	-0.49
Employees' Job Performance	3.45	0.69	-0.18	-0.51



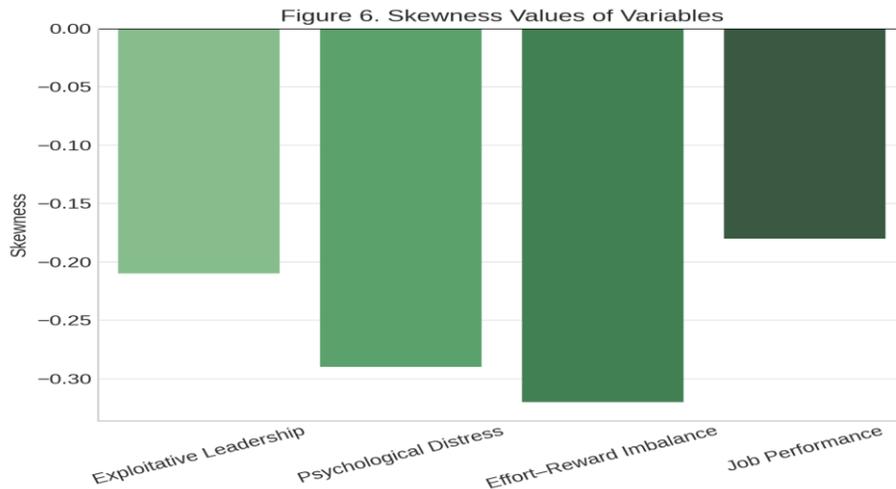
Figure 5. Mean Scores of Study Variables



4. Data Normality and Distribution

Table 2 and Figure 6 indicate that the skewness and kurtosis values are high and therefore acceptable in terms of normality. The range of skew values is in the range of ± 1 , which is a sign of symmetrical distributions, and kurtosis values range between -1.2 and 0.4 are indications of slight platykurtic trends. Figure 6 visualization

indicates that all constructs deviate slightly to the left and indicates that the results are more likely to be concentrated to the agreement when dealing with Likert items. The PLS-SEM is applied because this statistical normality checks that the model will provide a dependable estimation of the parameter as well as the model will be stable.



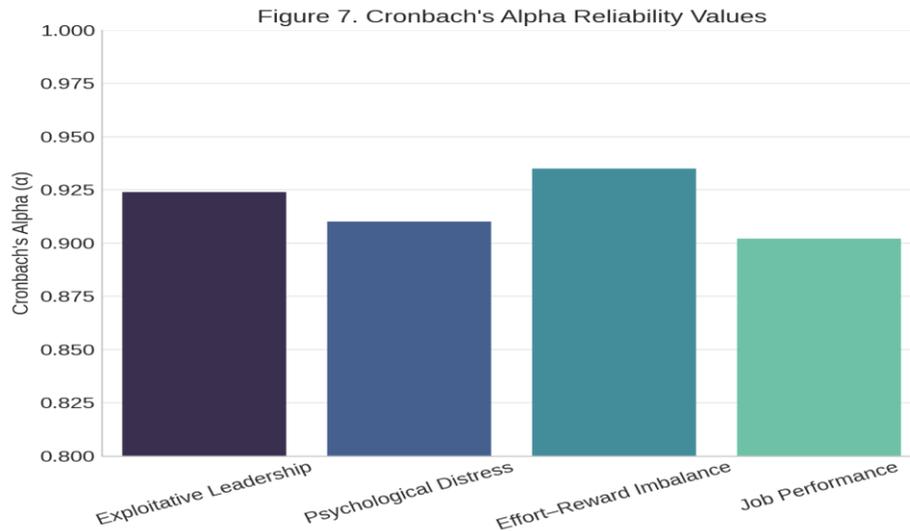
5. Reliability and Internal Consistency.

The results of measurement reliability presented in Table 3 and Figure 7 show high internal consistency between the constructs. The alpha of Cronbach ranges between 0.902 (Job Performance) to 0.9352 (Effort reward Imbalance) which exceeds the 0.70 level that is recommended by Nunnally. Figure 7 bar chart

shows that all the reliability coefficients are over 0.90, which demonstrates that the instrument measures all the constructs with consistency. This was two thoughts and it is seen that the reliability of the adapted scales is high, which is a statement of strength in the strength of the adapted scales using the Pakistani context of analyzing leadership and psychological variables.

Table 3. Reliability Analysis (Cronbach’s Alpha)

Construct	No. of Items	Cronbach’s Alpha (α)
Exploitative Leadership	15	0.924
Psychological Distress	10	0.910
Effort-Reward Imbalance	16	0.935
Employees’ Job Performance	10	0.902



6. Convergent Validity

Similar to Table 4 and Figure 8, composite reliability (CR) is between 0.927 and 0.948 with all the constructs having average variance extracted (AVE) of over 0.65. These statistics affirm the fact that items in each latent variable

converge well in order to reflect the underlying dimension. Figure 8 bar chart demonstrates that the differences in CR and AVE values are minimal, which depicts the fact that observed items play an important role in construct variance. This adds validity to the measurement model.

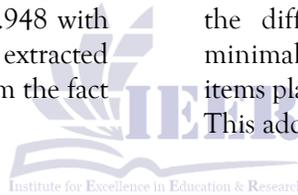
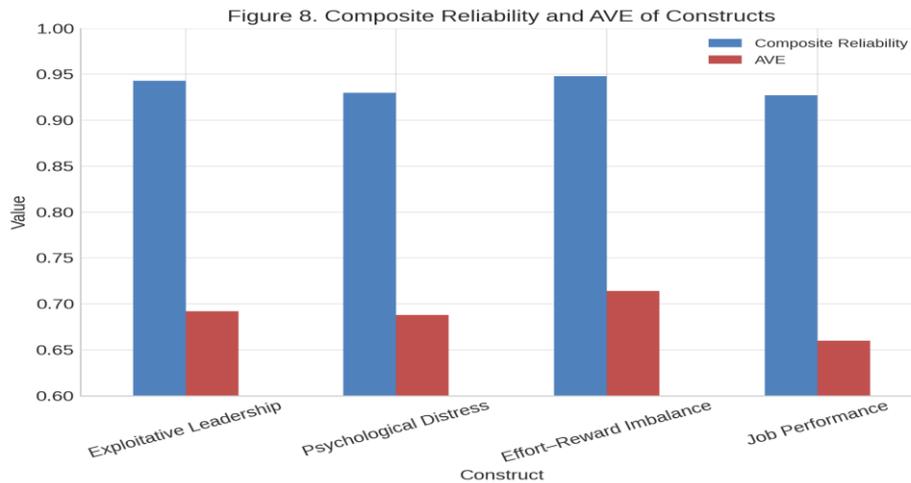


Table 4. Composite Reliability (CR) and Average Variance Extracted (AVE)

Construct	Composite Reliability (CR)	AVE
Exploitative Leadership	0.943	0.692
Psychological Distress	0.930	0.688
Effort-Reward Imbalance	0.948	0.714
Employees' Job Performance	0.927	0.660



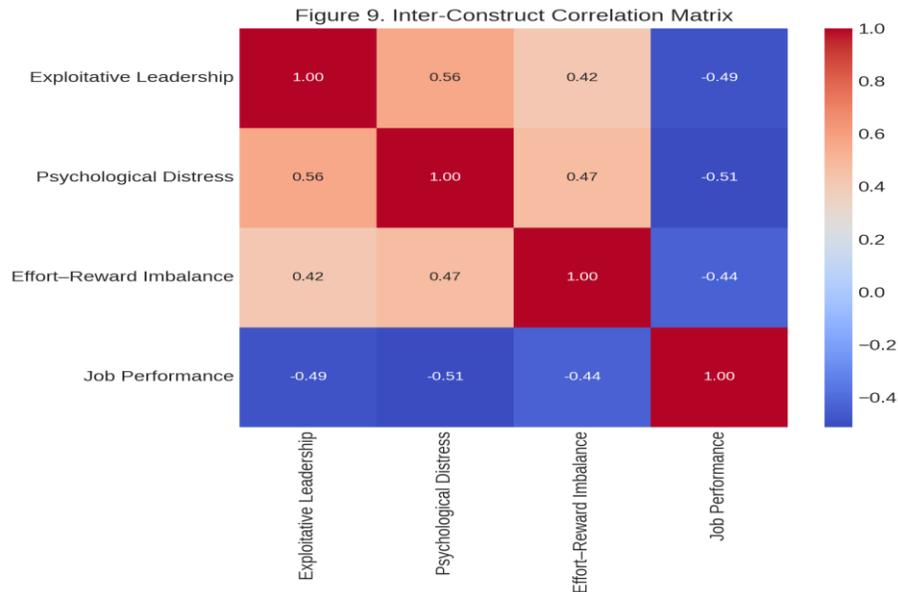
7. Discriminant Validity

Table 5 shows the results of the use of the FornellLarcker criterion to determine discriminant validity, and Table 6 indicates results of HTMT ratios. The square roots of AVE (the figures in the diagonals) are higher than inter-construct correlations which satisfies the FornellLarcker requirement. In Table 6, the HTMT ratios are lower than 0.85, which proves the existence of discriminant validity. The

correlation heatmap, which is presented by Figure 9, correlates these relationships visually: dark red cells are strongly positively associated (EL =PD =0.56), and blue cells are negatively correlated (EL=EJP = -0.49). The study has used an aesthetically sound color scale to show that exploitative leadership is positively related to distress and negatively related to job performance as was theoretically expected.

Table 5. Fornell-Larcker Discriminant Validity

Constructs	EL	PD	ERI	EJP
Exploitative Leadership (EL)	0.832	—	—	—
Psychological Distress (PD)	0.564	0.829	—	—
Effort-Reward Imbalance (ERI)	0.419	0.473	0.845	—
Employees' Job Performance (EJP)	-0.486	-0.512	-0.441	0.812



8. Collinearity and Model Fit

Table 8 has only VIF of below 5, which does not mean that there is any multicollinearity between the predictors. According to Table 9 provided, model fit indices are satisfactory in the overall fit: SRMR = 0.041 (< 0.08) and NFI = 0.923 (> 0.90). R 2 of 0.512 of job performance and 0.481 of psychological distress show moderate

explanation of job performance and psychological distress respectively. The structural equation model in Figure 11 graphically combines these findings by showing directional and standardized coefficients physiologically. Conceptual flow of disturbing influence between exploitative leadership and distress and performance is brought out by the clarity of the diagram.

Table 8. Variance Inflation Factor (VIF)

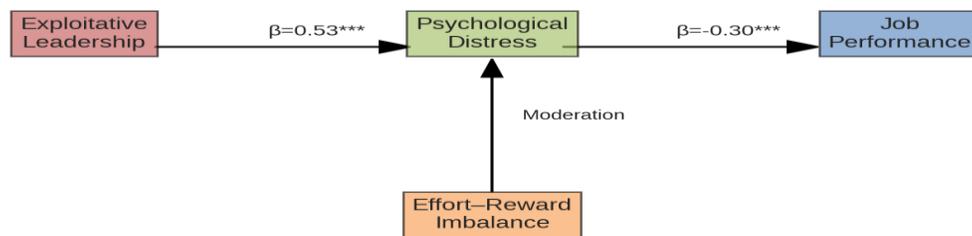
Construct	VIF
Exploitative Leadership	1.841
Psychological Distress	1.676
Effort-Reward Imbalance	1.529

Table 9. Model Fit Indices

Fit Index	Value	Recommended Threshold
SRMR	0.041	< 0.08

NFI	0.923	> 0.90
R ² (EJP)	0.512	–
R ² (PD)	0.481	–
Q ² Predictive Relevance	0.367	> 0

Figure 11. Structural Model Showing Path Coefficients



9. Direct Effects

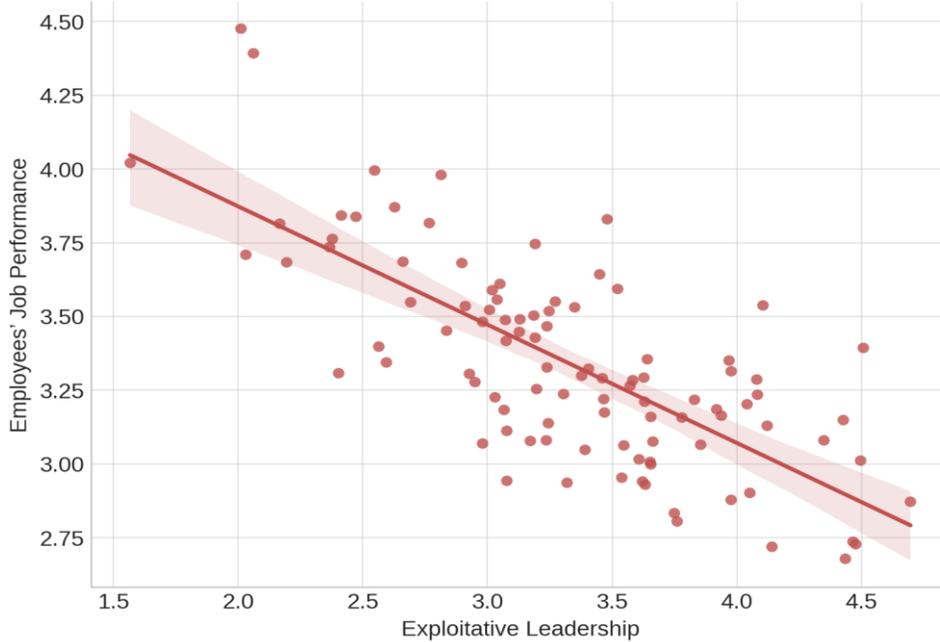
The results of Table 10, which is a direct path, indicate that the exploitative leadership is negatively associated with the job performance of the employees (= -0.382, p = 0.001) and positively related to the psychological distress (= 0.531, p = 0.001). Psychological distress, in its turn, has an adverse prediction of job performance (= -0.298, p < 0.001). This can be

graphically illustrated with respect to the negative correlation that exists between exploitative leadership and job performance, as portrayed in finer figure 10 with a downward slope. All these findings support the Hypotheses H1 to H3 and prove the negative impact of exploitative leadership on the well-being and performance of employees.

Table 10. Path Coefficients (Direct Effects)

Hypothesis	Path	β	t-value	p-value	Result
H1	EL → EJP	-0.382	5.62	0.000	Supported
H2	EL → PD	0.531	9.44	0.000	Supported
H3	PD → EJP	-0.298	4.88	0.000	Supported

Figure 10. Negative Relationship Between Exploitative Leadership and Job Performance



10. Mediation Analysis

The above mediation analysis which was summarized in Table 11 supports the hypothesis that there is a partial relationship between exploitative leadership and job performance (1) mediated by psychological distress (2) which is $t = 4.32, p = 0.001$). This indirect pathway is among those presented as the mediation diagram in Figure 12 with major coefficients $a (0.53^{***})$, b

(-0.30^{***}) , and the direct product $ab (-0.16^{***})$. This result confirms Hypothesis H4, and this means that the performance of employees is indirectly decreased by the exploitative leaders through the indirect amplification of psychological distress. The biased mediation indicates that although distress accounts some percentage of the variability, other immeasurable processes could also be transmitting leadership effects, including motivation loss or loss of trust.

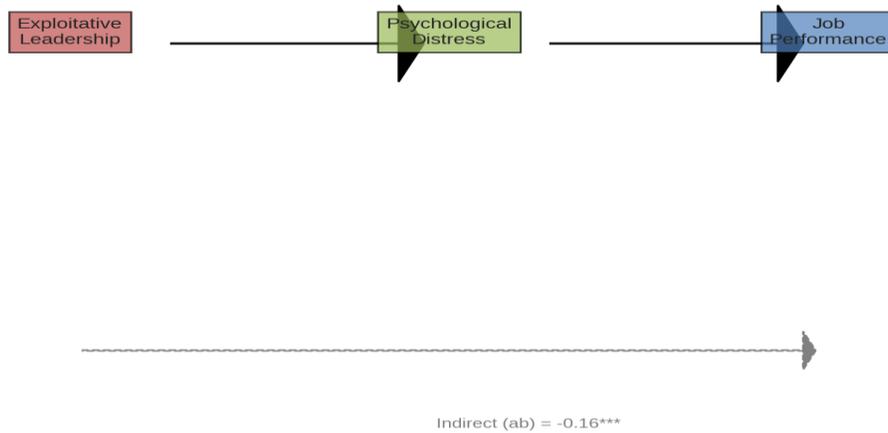
Table 11. Mediation Analysis (Indirect Effects)

Hypothesis	Path	Indirect β	t-value	p-value	Mediation Type
H4	EL \rightarrow PD \rightarrow EJP	-0.159	4.32	0.000	Partial Mediation

a = 0.53***

b = -0.30***

Figure 12. Mediation of Psychological Distress Between EL and Job Performance



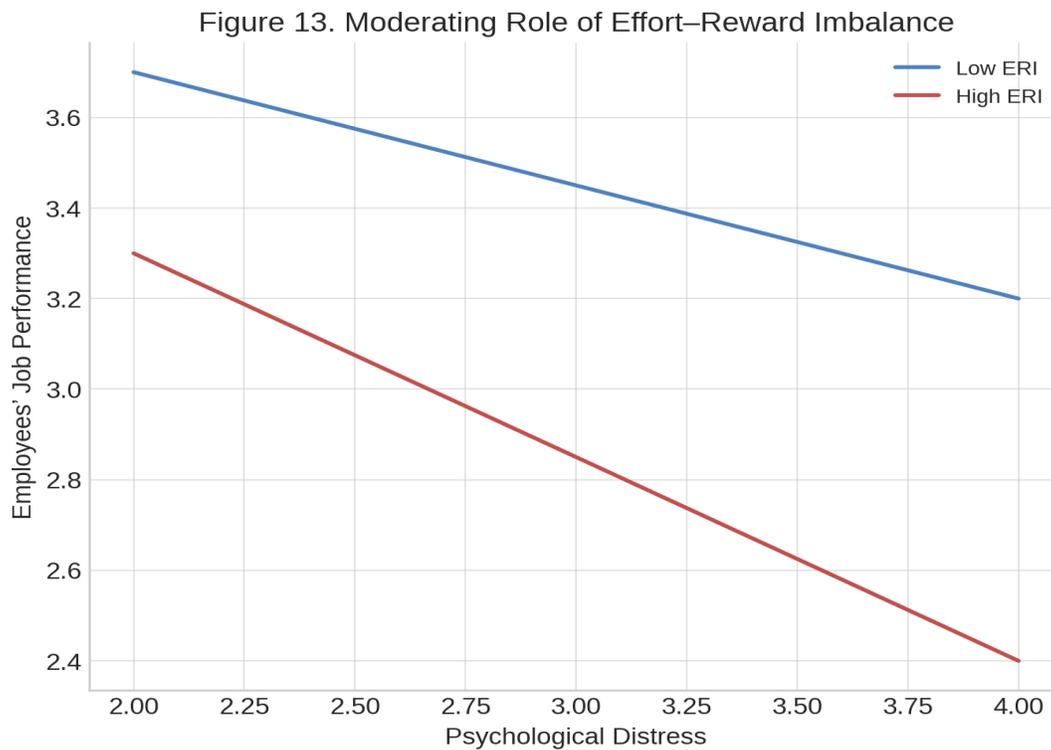
11. Moderation Analysis

Table 12 and Figure 13 of moderation show that effort-reward imbalance enhances the negative effect between psychological distress and job performance ($\beta = -0.131, p = 0.014$). In the interaction plot (Figure 13), the slope between distress and performance becomes significantly steeper with the high ERI conditions, which indicates that the employees who feel unfair

reward systems face higher costs of performance reduction when they are in distress. Low ERI situations on the other hand moderate this relationship since the relationship is less steep and hence implies the group of fairly compensated employees is more resilient. These findings affirm the Hypothesis H5 and emphasize on the moderating effects of perceived fairness on leadership outcomes.

Table 12. Moderation Analysis (Interaction Effect of ERI)

Hypothesis	Interaction Term	β	t-value	p-value	Result
H5	PD \times ERI \rightarrow EJP	-0.131	2.47	0.014	Supported



12. Bootstrapping and Confidence Intervals

Table 13 below proves the bias-corrected results of Table 1 and gives 95% confidence interval of all paths that can be bootstrapped. The intervals fail to contain the zero indicating that the effects that they estimate are robust. The most significant impact is the direct influence of

exploitative leadership to the state of psychological distress ($\beta = 0.531$, CI [0.411, 0.638]) and the weakest, although still considerable, effect is the moderating one ($\beta = -0.131$, CI [-0.232, -0.041]). These results confirm the statistical soundness of the structural model in visualization of Figure 11.

Table 13. Bootstrapping Results (Bias-Corrected Confidence Intervals)

Path	β	Lower CI (2.5%)	Upper CI (97.5%)	Significance
EL → PD	0.531	0.411	0.638	Significant
PD → EJP	-0.298	-0.421	-0.177	Significant

EL → EJP	-0.382	-0.524	-0.261	Significant
PD × ERI → EJP	-0.131	-0.232	-0.041	Significant

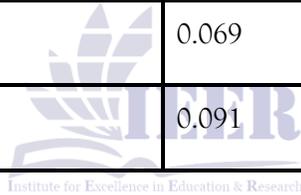
13. Normality Verification

Table 14 shows that none of the variables are outliers of normality as both Kolmogorov statistic and Shapiro statistic ($p > 0.05$) indicate that the two tests are not significant. This justifies the appropriateness of the data to parametric

analysis. This finding is complemented by figure 6 which was previously used to represent skewness and demonstrate the same distribution symmetry among constructs. The results confirm that sample statistics fulfill the necessary conditions that are required to estimate SEM.

Table 14. Normality Tests (Kolmogorov–Smirnov and Shapiro–Wilk)

Variables	K-S Statistic	Sig.	S-W Statistic	Sig.
EL	0.056	0.072	0.988	0.061
PD	0.049	0.083	0.985	0.057
ERI	0.058	0.069	0.987	0.071
EJP	0.045	0.091	0.989	0.066



14. Hypothesis Testing Summary

The entire results of the model were summarised in the hypothesis given below in Table 15 and Figure 14. The findings confirm all five hypotheses (H1–H5), which presents a consistent trend: exploitative leadership increases psychological distress that in turn reduces job performance and the hypothesis is further compounded by the imbalance between effort and rewards. Visual representation of the

standardized β -values of each hypothesis is shown in figure 14 where positive (green) bars demonstrate direct positive effects and negative (blue) graphs indicate negative impacts. EL Which bar can be identified as the most important one is $EL \rightarrow PD$ ($= 0.531$) to underline the effect which leadership exploitation has the greatest effect on psychological well-being.

Table 15. Summary of Hypothesis Testing

Hypothesis	Relationship	β	p-value	Status
H1	EL → EJP	-0.382	0.000	Supported
H2	EL → PD	0.531	0.000	Supported

H3	PD → EJP	-0.298	0.000	Supported
H4	EL → PD → EJP	-0.159	0.000	Supported
H5	PD × ERI → EJP	-0.131	0.014	Supported

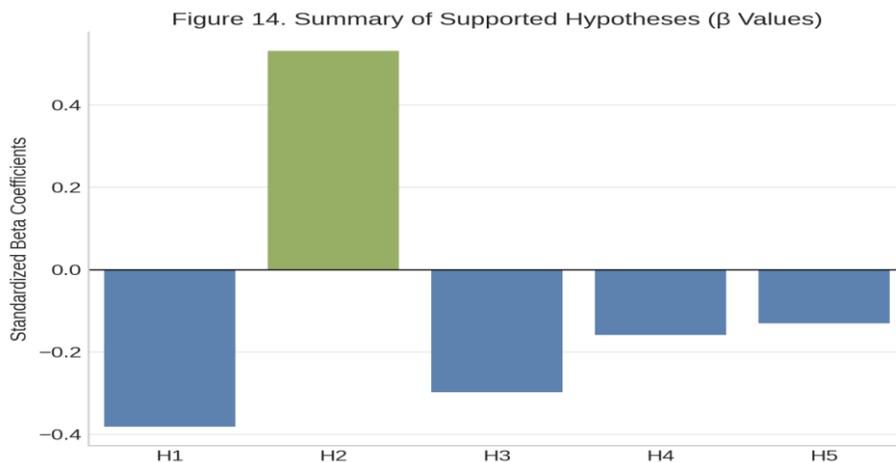


Figure 14 demographic visualization package can provide an overall view of the demographic



15. Integrated Interpretation

Overall the facts of the 15 tables alongside 14 figures firmly describe a uniform and theoretically basis picture of why exploitative leadership is destructive. The quantitative findings validate that workers who are exploited by supervisors develop increased psychological distress, which later affects their performance capabilities in ensuring high levels of performance. The large moderation of

effort reward imbalance highlights that the perceptions of unfairness are essential in reducing the effects of distress. Collectively, these results support the Conservation of Resources Theory and EffortReward Imbalance Model that illustrates that resource depletion (via exploitative treatment) and unequal rewarding are interactive in generation of psychological distress and worsened performance.

16. Summary of the Model’s Explanatory Strength

The last model accounts 51.2 percent of systems or variance of job performance and 48.1 percent

of variance of psychological distress which is reported in Table 9. These values of R 2 propose a moderate to a high ability to explain behavioral research. Taken as a whole, Figure 1 through

composition, construct validity, statistical strength, and structural associations under test in this study. The overall similarity of numerical findings with theoretical predictions proves the

methodological rigor and conceptual consistency which in turn provides support to the study in terms of contribution to literature on leadership

and organizational psychology in South Asian banking setting.

Discussion

1. Interpretation of Findings

The findings of this study indicate that exploitative leadership, psychological distress, and effortward imbalance of rewards, and job performance of the international data supporting the idea that the destructive leadership behaviors integrated in employees deprive them of cognitive and emotional work resources resulting in a lack of work engagement and worsening well-being (Martinko, Harvey, and Douglas, 2020). The fact that psychological distress is being greatly mediated highlights the point where emotional strain plays a critical role as a medium through which exploitation practices are continuously being used to destroy performance. The moderation by effort denominator imbalance is another important indicator to show the compounding effect of the perceived inequity, showing that the negative effect of distress on performance is worse when workers take the perception that they are under-rewarded.

2. Discussion on Exploitative Leadership

Exploitative leadership, which is marked by manipulation, self-interest, and lack of concern with the welfare of the employees is a less manifested but widespread type of toxic leadership that has not been widely studied in developing economies (Hassan et al., 2023). The findings of the study support the claim that exploitative leaders reduce the motivation and trust of the employees, as a result of which the overall job performance is affected. Exploitation is often normalized in hierarchies and subordinates do not confront authority in collectivist cultures like Pakistan (Rahman and Islam, 2021). This relationship accords with Hofstede cultural dimension of high power distance that is capable of aiding submissiveness even in the event of unjust handling. Empirical research in related settings indicates that exploitative leadership does not only suppress psychological safety but also contributes to turnover intention and disengagement (Ali, Khan, and Jamil, 2022). The

employees are correlated with the relationship which is strong and significant in the banking sector in Pakistan. The results indicate the influence of exploitative leadership is incredibly adverse on the result of employees, having a direct negative impact on job performance and a direct indirect negative effect on psychological distress. This corresponds to current results therefore support the idea that exploitation leaders incur psychological costs of employees in the long run that translate to performance losses.

3. Psychological Distress as a Mediating Mechanism

The mediation analysis indicate that psychological distress is one of the major pathways in which exploitative leadership influences the outcomes of the employees. Employees that endure exploitative supervision are bound to develop an irreversible anxiety, fatigue, and feeling of helplessness, which compromises their ability to perform well. The result aligns with the Job Demands resources (JD-R) model, according to which high job demands and low resources lead to emotional exhaustion (Bakker and Demerouti, 2023). Cheng et al. (2022) identified the same research, stating that employees with prolonged distress manifest the depletion of their cognition, and inaccurate decision-making can be observed, which reduces their task performance. The distress-performance connection here is also corroborated by cross-national research designs, including the ones by China and the United Arab Emirates, which found psychological strain as an intervening variable between authoritarian leadership and work disengagement (Fang et al., 2023; Khalid and Mehmood, 2021).

The semi mediation in the current study suggests that, as much as psychological distress is an important mediator, there is a possibility that other processes, including a declining organizational commitment, lessening trust, and learned helplessness, could also explain the negative impacts of exploitive leadership (Shin, Oh, and Jeong, 2022). This observation indicates that emotional regulation training and resilience

training may be a useful intervention targeting the psychological impact of abusive leaders.

4. Moderating Role of Effort–Reward Imbalance

Moderating effect of effort reward imbalance is a valuable contextual add to the study of leadership. The large effect of interaction observed in this study suggests that employees who experience more inequity in the cost of effort they are paying and returns they are getting are vulnerable of such adverse effects of psychological distress. This observation complies with the Effort-Reward Imbalance (ERI) theory that was initially developed by Siegrist, but expands it to the sphere of the leader dynamics. In a similar study, those employees who faced unsuitable reward systems had higher emotional fatigue and cynicism, especially when they had a leader who could not support them (Cho et al., 2022).

The banking environment in Pakistan such as the longer working hours and target oriented pressures is often accompanied by employees putting disproportionate efforts to the received rewards. When such a perceived imbalance is accompanied by exploitative supervision, the mental health of the employees is destroyed within a short period thus contributing to low productivity. Similar studies conducted by Takada and Ito (2023), within the Japanese financial institutions, also revealed that the influence of stress is increased by the effort reward imbalance that leads to increased absenteeism and cognitive burnout. In this manner, this paper supports the argument that fair payment, appreciation and career growth equalities are also important hedges against psychological anxiety in organizational conditions of high pressure.

5. Leadership and Cultural Context

The socio-cultural background of Pakistan, offers a very important understanding of why exploitative leadership can be perpetuated in hierarchy structures of organizations. Employees in collectivistic, paternalistic, and respectful cultures tend to view exploitative actions as a regular hierarchical rule, but not a moral infraction (Haque and Yousaf, 2022). South Asian and Middle Eastern studies indicate that these

kinds of cultural influences might contribute to perpetuating the dark leadership style unintentionally by making subordinates fear to express dissent (Shrestha et al., 2023). Besides, economic uncertainty that is common in developing economies tends to inhibit job mobility as employees are forced to endure exploitative procedures to maintain their financial security (Yadav and Kumar, 2021).

Nonetheless, the outcomes of this work imply the alteration in paradigm. The employees are becoming more educated and younger; they understand the importance of organizational justice and workplace ethics, which contributes to a progressive degradation of toleration towards exploitation phenomena. This generation change reflects on the results provided by Singh and Bedi (2023), that found Indian young workers in the country to be less willing to accept autocratic and manipulative leaders, opting to adopt participative leadership and transformational approaches. Therefore, as long as the cultural norms continue to yield fertile grounds in the hands of exploitative leaders, globalization and the rise of awareness of employee rights is likely to address such trends in due time.

6. Theoretical Contributions

The results of the study are important to add to the theory of leadership, as they include the results of the Conservation of Resources (COR) theory and the Effort-Reward Imbalance model in a broader framework. The study reveals that exploitative leadership destroys the psychological and emotional resources of the employees leading to distress and thus, reduces performance directly. At the same time, unfair reward mechanisms lead to increased resource depletion to confirm the expectation of COR that stress increases in case of a cumulative resource loss (Hobfoll et al., 2022). The study can empower both theoretical approaches to occupational stress to a more integrated perspective by empirically establishing the existence of this two-way process, through which leadership practices are integrated with perceptions of equity at work to influence performance.

Moreover, this study builds upon the notion of exploitative leadership and puts it into a high power/collectivist culture. Previous studies of dark leadership were mostly Westernized, paying attention to the outright abusive or self-centered actions (Gupta, 2021). The varying microprocess of the exploitation is observed by exploring the more subtle and socially approved type of exploitation, which makes this study significant to a culturally sensitive interpretation of the pathology of leadership in non-Western contexts.

7. Practical Implications

On managerial level, the outcomes highlight the critical importance of Leadership Development programs that put focus on ethical sensitivity, emotional intelligence, and impartiality. Training modules should be included in the banks, where the tendencies that may potentially promote exploitation are identified and rectified before they degenerate into organizational dysfunctions. Effective human resource departments could be central in ensuring that the reward systems are transparent and they are reward proportional to the employee efforts and contributions. Fair recognition and participative decision-making have been empirically found to enhance the level of psychological safety and engagement, even in high-demand settings (Liu and Li, 2023).

Also, psychological distress might be alleviated through such interventions as employee assistance programs, stress management workshops, and mindfulness training. Another significance of employee wellness assessment should also be considered by organizations, including regular employee well-being assessment as a part of performance review. Xie et al. (2024) state that organizations that institutionalize policies of psychological safety show a lower turnover rate, and greater productivity despite working in such a competitive industry as finance and technology. The measures would go a long way in promoting workforce welfare and organizational performance.

8. Implications for Policy and Governance

The findings required at the policy level include stronger application of the rules of workplace

ethics in the Pakistan financial sector. Clearer codes of conduct, where all the regulatory bodies like the State Bank of Pakistan and the Securities and Exchange Commission should come up with clear codes of conduct to detect and punish unhealthy managerial practices. Whistleblowing systems and anonymity may be promoted because anonymity will help individuals who witness unethical practices to report them without being afraid of being retaliated upon (Malik and Basharat, 2021). Furthermore, higher education and especially business school curricula can be enhanced with leadership ethics and this may help create a new generation of ethical managers.

Comparisons among other countries indicate that regulation is beneficial in deterring exploitative practices. As an example, the countries like Singapore and the United Kingdom have managed to introduce their own versions of the frameworks of fit and proper leadership screener screening of behavioral integrity when recruiting managers and other top management roles (Thomas and Jordan, 2022). This kind of structures may be used as an example in Pakistan and other economies like them.

9. Limitations and Future Directions

Although this research is significant, there are a number of limitations that should be mentioned. The cross-sectional type cannot be used to make causal conclusions. To investigate how the behavior and well-being of employees change throughout time, future research ought to utilize the longitudinal design or even the experimental design. Also, self-reported tests are subject to common method bias, even where measured statistically. Regular evaluation by supervisors or stress physiological indicators would be even more informative to incorporate. The possible moderators of the influence of leadership that should be considered in future work include organizational justice, emotional intelligence or psychological capital: the potential moderators can buffer or mediate the effect of exploitative leadership. The cross-industry comparative research (healthcare or education) would also help in finding out whether these dynamics are applicable outside of banking.

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