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# Transformational Leadership impact on Employee Performance: Mediating role of psychological capital and moderating role of organizational support among Private Sector Schools' Teachers in Khyber Pakhtunkhwa, Pakistan

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## ABSTRACT

The current study attempts to identify the impact of transformational leadership on the performance of employees (teachers) in private sector schools in Khyber Pakhtunkhwa (KP), Pakistan. Additionally, in the current study, the mediating role of psychological capital and moderating role of organizational support between transformational leadership and employee performance will be explored. Transformational leadership is significant in the way that through the use of four motivational techniques; inspirational motivation, intellectual stimulation, individual consideration and idealized influence, transformational leaders inspire their followers. Positive psychological state of mind comprises psychological capital components such as optimism, efficacy, resilience and hope, which enhance the performance of employees. Furthermore, some empirical studies have supported the positive relationship among transformational leadership, psychological capital and employee performance in Pakistani educational institutions as well as in educational institutions in general. In the current research, the quantitative research method will be used with cross-sectional research design. The data will be collected using structured questionnaires from the teachers of private sector schools in KP.

**Keywords:** Private Schools, Psychological Capital, Perceived Organizational Support, employee performance, Transformational Leadership.

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## INTRODUCTION

Teachers represent some of the most crucial human resources in the education industry because the performance of teachers affects the performance of the entire teaching-learning process. Teachers operate in a dynamic environment in private organization setups, where leadership styles, psychological and organizational resources represent just but some of the many factors influencing the performance of the teachers. It becomes important therefore to identify the factors influencing the performance of the teachers. Transformational leadership represents one of the types of leadership styles that involve the inspiration of the followers to exceed the expected level of performance by combining their personal and organizational goals. The transformational leadership style according to Bass has four distinct features namely idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Bass, 1985; Avolio & Bass, 2004). All the above mentioned features of leadership have immense application in the education arena as they motivate the teachers. It can be concluded from the above literature review that there is a relationship between employee performance and transformational leadership and that the relationship is positive in nature. These findings have been further corroborated by Ghulam Muhammad et al. (2022) that have also found out that there is a positive relationship between transformational leadership and faculty members' performance in educational institutions in Pakistan where psychological capital acted as a mediator between the two variables. For example, results of the study carried out by Siddiq et al. (2025) show that the positive relationship between transformational leadership and psychological capital of teachers existed in private schools of KP and that further, transformational leadership had a positive effect on job satisfaction of teachers in private schools of KP. One more variable which can affect the performance of employees is psychological capital (PsyCap) along with transformational leadership. As per Luthans et al. (2007), PsyCap is a positive psychological state that involves hope, self-efficacy, resilience and optimism. It has been found out that PsyCap has been beneficial for performance and satisfaction. The general attitude of the employees towards the value of contribution and caring of the organization for its employees can be taken into consideration as Perceived Organizational Support (POS), as per Eisenberger et al., 1986). The private schools have more importance than the public schools since the attitude of the teacher towards appreciation, fairness, provision of adequate resources, training and concern towards the teacher makes him/her work actively. Moreover, PsyCap is positively related with the performance of

the employees and with the supportive environment of employees' PsyCap it is sure that the performance of the employees would be improved. While many studies have considered each of these variables separately, i.e., transformational leadership, psychological capital and organizational support, there is no dearth of literature on how these two variables act together in relation to transformational leadership and its impact on teacher performance.

**2. Problem Statement**

The educational environment of private schools of KP is highly competitive. Within this environment, it is a must for school leaders within the private sector to promote teacher effectiveness and motivate teachers. Yet, leadership in its essence is not the element which can be viewed as an explanation of the discrepancies in the performance of teachers. Psychological capital and teachers' perceptions of organizational support of teachers can serve as important factors which influence the performance of teachers in its turn.

At the same time, there are some past studies conducted in Pakistan, proving that Transformational Leadership positively correlated with job performance, with psychological capital being the mediator between Transformational Leadership and job performance (Ghulam Muhammad et al., 2022). Some other researches were conducted among teachers working in private sector schools in KP, proving the correlation between transformational leadership and psychological capital (Siddiq et al., 2025). It is necessary to conduct research related to the mediating role of psychological capital within the correlation between transformational leadership and employee performance. In addition, the impact of P.O.S needs to be analyzed for improving the mentioned correlation between the teachers in the private schools of KP. This research project will be aimed at investigating the direct, indirect, and moderational effect of transformational leadership on the performance of employees, as well as the moderational effect of transformational leadership between perceived organization support and performance of employees.

Below are the objectives of this study:

The main objective of this study is to investigate:

**2**. Effect of transformational leadership on teachers' performance.

Effect of transformational leadership and psychological capital.

Psychological capital's effect on Teachers' performance.

**4.** The effect of psychological capital in the relationship between transformational leadership of teachers and teacher performance.

**5.** Moderating effect of POS in the relationship between the effect of transformational leadership and teacher performance.

**6.** The effect of organizational support on the indirect effect of transformational leadership on the performance of teachers through psychological capital.

**4.** Research Hypotheses

The following hypotheses are some of those developed and tested empirically.

**H1:** There exists a positive correlation between the transformational leadership and employee performance.

There is an investigation of positive correlation between leadership style (transformational) and psychological **capital.H2:** Transformational leadership positively influences psychological capital.

**H3:** Psychological capital positively influences the performance of employees.

**H4:** Transformational leadership indirectly influences the performance of employees through psychological capital.

The moderating variable in the relationship between transformational leadership and employee performance is H5: Perceived organizational support in the sense that the relationship is significant where support is high.

**H6:** Perceived organizational support is a moderating variable making the indirect relationship between transformational leadership and employee performance through psychological capital significant that is, when the P.O.S is high.

**5. Theoretical Framework**

Theories of the current research paper have mainly been adapted from the theories of SET and POB. These theories have been able to give a very good explanation of the relationship between transformational leadership, psychological capital, organizational support, and employee performance. The theory has proved to be very successful in providing a very good explanation of the influence of transformational leadership on teachers' performance, its ability to provide a good explanation of the psychological process of psychological capital which makes transformational leadership effective, and organizational support which makes transformational leadership effective. The theory is very appropriate for conducting a research concerning the relationship between the school leadership and organizational issues with the teachers' psychology.

**5.1 Social Exchange Theory**

Social Exchange Theory implies that individuals' social interactions depend on resource exchanges. In terms of organizations, employees estimate what they receive from an organization and its leaders and then correspondingly behave positively towards the good treatment received. According to Cropanzano and Mitchell (2005), Social Exchange Theory is based on the idea that the obligation to give back something is created when somebody provides another person with some kind of benefit causing him/her to do it. The theory of social exchange is a good tool for explaining the connection between performance of employees and transformational leadership. It can be explained by the fact that transformational leaders motivate, inspire, individualize and create visions for their followers (Bass, 1985, Avolio & Bass, 2004). Private school principals having these qualities can establish positive relationships with their teachers. Then teachers will be able to react positively to their leaders by trying harder if the principals will listen to their complaints, appreciate them and inspire them to develop professionally and use new approaches in teaching. This is also helpful in understanding what P.O.S. is, since according to Eisenberger et al. (1986), it is the perception of value of employees' work in their organizations and the level of care for them. Supported employees will be responsible towards their organizations and hence perform effectively. Organizational support is important in relation to positive outcomes of employees since they receive positive responses from the organization. Thus, organizational support is an important contextual factor, which can interact positively with the effect of transformational leadership on teacher performance. Positive

Organizational Behavior and Psychological Capital (5.2)

First of all, this study is founded on the second theory of Positive Organizational Behavior. According to Luthans (2002), Positive Organizational Behavior is the development of positive psychological capacities of individuals that can be measured, developed and managed for the improvement of performance of the organization. Positive Organizational Behavior focuses on the positive attributes and psychological capital of employees. One of the main concepts that emerged with this theory was the psychological capital. Luthans et al. (2007) state that positive psychology could be defined as a state of psychological capital, which includes four dimensions: self-efficacy, hope, optimism, and resilience. The first concept includes self-confidence of employees, which helps them manage problems. The second dimension – hope – implies the capacity to dream and actualize these dreams. The third one is optimism and represents a positive forecast about what will happen in the near and distant future. Resilience is associated with the capability of handling problems (Luthans et al., 2007).It should also be stated that these psychological resources may be an area for the implementation of transformational leadership. For example, the following practices could promote the emergence of self-efficacy in teachers: individualized consideration and inspiration. Inspiration and goal setting practices could result in the appearance of hope among teachers due to the fact that they focus on future possibilities of successful outcomes. As a result, there is an increase in optimism and a positive attitude towards the situation. Teacher resilience could also appear as a consequence of the use of supportive leadership practices. Besides, teacher resilience may be related to professional challenges. Furthermore, psychological capital theory can help explain the functioning of the mechanism of the performance of the employees. High psychological capital will lead to better motivation of teachers when they encounter various difficulties in fulfilling their job responsibilities; it will create goal setting and overcoming of obstacles. According to Luthans et al. (2007), there is a positive relationship between psychological capital and performance and satisfaction. Furthermore, Luthans et al. (2008) have found out the mediating effect of psychological capital between supportive organizational conditions and employee performance.

**5.3 Integrated Theoretical Perspective**

Social Exchange Theory and Positive Organizational Behavior are the two theories that make up the integrated theoretical framework of the proposed research model. Social Exchange Theory is the theory that explains the causes of positive reactions of teachers to TL and organizational support; Positive Organizational Behavior is the theory that explains the psychological mechanism that exists between leadership and performance, the mechanism of psychological capital.

On the basis of the above discussed theories of integration, it may be said that transformational leadership is an external resource of an organization which can be used to build psychological capital of teachers. It is very important to inspire and appreciate the teachers (make him/her feel recognized by his/her leader), challenge intellectually and recognize the teacher for developing psychological resources of the teacher (Luthans et al., 2007; Luthans et al., 2008). It will be helpful for transformational leadership to be used if the organizational climate would be established through sense of organizational support. Teachers who would perceive their organization as supportive would definitely consider the actions of the leader as positive and would work harder for their leader. Hence, transformational leadership would affect performance of employees through organizational support.

This entire conceptual framework implies that there exists mediation effect of psychological capital in between conceptual transformational leadership and employee performance because conceptual transformational leadership is positively related to psychological capital, which positively affects the performance of the employees. Organizational support can also be applied through the conceptual framework in order to strengthen the link between leadership and performance. It has been proved that conceptual framework is useful in understanding the theoretical foundation of teacher performance, and its use has also expanded to SE and POS in private schools of KP, Pakistan.

**6. Literature Review**

**6.1 Transformational Leadership and employee performance**

Transformational leaders inspire individuals through creation of a desirable vision, stepping out of the usual way of thinking, showing confidence, and taking into account individual needs of employees. As per Bass (1985), the transformational leadership style may be considered as a process of leadership, where there is an increase in motivation and performance of followers. The four elements are idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1985; Avolio & Bass, 2004). The transformational school principals make efforts to inspire the staff to develop creativity in their teaching practices, professional growth, and outdo themselves. From the perspective of Pakistan, there is proof of the positive relationship between transformational leadership and performance. For example, transformational leadership positively influences performance of faculty members at educational institutions of Quetta as mentioned by Ghulam Muhammad et al. (2022).

**Thus:**

**H1:** The correlation between transformational leadership and employee performance is positive and significant.

Transformational Leadership and Psychological Capital (6.2)

Transformational leadership can enhance psychological capital in terms of self-efficacy, significance, autonomy, confidence, and encouragement in their followers. These leadership behaviors enhance teachers' self-efficacy and instill feelings of hope and resilience in them. The relationship has been proved by the findings from the studies conducted in Pakistan. For example, Muhammad et al. (2022) prove that there is a positive relationship between transformational leadership and psychological capital. Likewise, Siddiq et al. (2025) have found a positive relationship between transformational leadership of teachers and psychological capital of teachers working in private institutions of KP province.

**Therefore:**

**H2:** Transformational leadership has a positive significant effect on psychological capital.

**6.4 Psychological Capital and Job Performance**

Hope, efficacy, resilience, and optimism constitute the Four Positive Psychological Resources of psychological capital. Workers endowed with these resources are tenacious while confronting difficulties; they trust their capacity to accomplish

the task; they have positive expectations, and they can recover from negative situations (Luthans et al., 2007). Empirical evidence exists on the link between psychological capital and performance. According to Luthans et al., (2008), there is a positive relationship between psychological capital and performance implying that the supporting organizational environment is indirectly associated with performance by psychological capital. In addition, employing a sample of university teachers in KP, there is a positive relationship between psychological capital and work performance (Samina et al., 2024).

**Thus:**

**H3:** Psychological capital has a positive effect on the employees' performance.

**6.4 Mediating Role of Psychological Capital**

Psychological capital serves as a psychological medium through which the effect of transformational leadership on the performance of the individual takes place. Transformational leaders increase the confidence, optimism, hope and resilience of teachers; hence improving their performance. In order to test this mediation effect, a study was carried out in Pakistan. The results of Ghulam Muhammad et al. (2022) show that psychological capital serves as a mediator variable between transformational leadership and job performance of teachers and heads of departments in educational institutions of Quetta.

From this discussion, it is obvious that leadership not only affects the performance of employees directly but also indirectly affects the performance of the employees.

**Therefore:**

**H4:** Psychological capital acts as a mediator between the influence of transformational leadership on the performance of employees. It used to be a week-long exercise until the girls showed up.It used to be a week-long exercise until the arrival of the girls. Perceptions of organizational support refer to the employee's perception of how much value and attention is shown to him/her by his/her organization (Eisenberger et al., 1986). In cases when the perceptions of organizational support by teachers is high, transformational leadership will result in better performance since teachers will be recognized, provided with resources and training and administrative support.

On the other hand, in cases when there is little organizational support among teachers, the transformational leadership may produce rather insignificant results. Thus, organizational support is an important context variable.

**Accordingly:**

**H5:** Perceived organizational support significantly moderates the relationship between transformational leadership and employee performance.

**6.6 Moderated Mediation**

In addition, the current research analyzes whether organizational support moderates the indirect effect of transformational leadership on the performance of employees through psychological capital. This is due to the rationale that transformational leadership creates psychological capital while organizational support creates the environment wherein psychological capital can be transformed into higher employee performance. The indirect effect of transformational leadership on employee performance through psychological capital is anticipated to have an increased effect when there is high organizational support, and an opposite effect in case of lower organizational support.

**Thus:**

**H6:** Organizational support will act as a moderating effect between the indirect relationship of transformational leadership and employee performance through psychological capital**.**

**7. Methodology**

**7.1 Research Design**

Data is gathered through quantitative research design with the use of cross-sectional design to determine the relationship between transformational leadership, psychological capital, organizational support, and employee performance. Cross-sectional design is utilized because data will be collected from the respondents only at one instance and the purpose of the study is to analyze the relationships among the various variables. This study was conducted within the private educational institutions of Khyber Pakhtunkhwa, Pakistan.

**7.2 Population and Sample**

Population for this study refers to the teachers in the private sector schools of KP. A total number of 422 teachers make up the sample for the study. These teachers can be contacted from chosen private schools and their participation is voluntary in nature. The participants will be briefed about the purpose of the study, and it will be made sure that the information provided by them will not be misused. The information collected will be kept confidential and anonymous.

**7.3 Data Collection Instrument**

The data collection will be done using a structured questionnaire having four parts. These parts include transformational leadership, psychological capital, perceived organizational support, and performance of the employees. Also, the demographic details such as gender, age, education, teaching experience, and school-specific details will also be taken into account. The application of MLQ (Multifactor Leadership Questionnaire) created by Bass and Avolio (2004) helps to identify the features of transformational leadership. MLQ comprises the following four dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. MLQ has become a widespread tool for assessing the presence of the transformational leadership and has been proved to be valid in various organizations (Avolio & Bass, 2004; Antonakis et al., 2003). (PLOS)

Psychological capital is identified by means of Psychological Capital Questionnaire (PCQ) elaborated by Luthans et al. (2007). PCQ contains four psychological capital components: Resilience, Hope, Optimism and Self-efficacy. The findings of the research demonstrate that the construct of psychological capital may be regarded as the positive psychological construct associated with employees' performance and satisfaction (Luthans et al., 2007). (DOI) Perceived organizational support is measured by means of items of Survey of Perceived Organizational Support (SPOS) developed by Eisenberger et al. (1986). This survey measures employees' attitudes towards the organization's valuation of their work and concern about their well-being. Moreover, the study conducted by Eisenberger et al. (1986) involved teachers from private schools, which makes this method of measurement rather applicable for the field of education. (DOI) The questions are drawn from job performance measures established by Goodman & Svyantek (1999) and are used to measure the performance of the employee. The measures include the task and contextual performance of the employees. (ScienceDirect)

The responses to all questions in the questionnaire are rated on a scale of 1 to 5. The scale includes “strongly disagree” and “strongly agree”. The questionnaire is checked for clarity and relevance before being distributed to participants.

**7.4 Data Analysis**

The data to be collected will be analyzed using SPSS and SmartPLS. The description of the 422 participants will be shown using descriptive statistics. The reliability of the study will be analyzed using Cronbach's alpha and composite reliability. However, the convergent validity of the study will be tested using factor loading and average variance extracted (AVE). On the other hand, for the determination of the discriminant validity of the study, the appropriate criteria will be employed.

The measurement and structural models of the study will be tested through PLS-SEM analysis. Path coefficient, t-value, and significance level will be used to measure the direct effects of the constructs. Moreover, the mediating effect of psychological capital will be analyzed using bootstrapping. Lastly, the moderating effect of P.O.S. will be determined using an interaction between transformational leadership and P.O.S. In addition, the moderated mediation effect will be studied in order to determine whether the association between transformational leadership and employee performance is mediated by psychological capital in a moderated manner through organizational support.

Yes, I can enter empirical information into the tables in order to finish the Results part. Nevertheless, because the output of SPSS/SmartPLS is not provided, it should be noted that the numbers are illustrative/simulated and should be replaced by your results prior to submission/publishing.

The important methodological adjustment to be made is that if Organizational Support only moderates the link between Transformational Leadership and Employee Performance, then it does not moderate the mediating effect through Psychological Capital. In order for there to be a moderated-mediation hypothesis tested, Organizational Support should moderate either the TL → Psychological Capital path or the Psychological Capital → Employee Performance path. Below there are the tables showing results according to the first-stage moderated-mediation hypothesis where Organizational Support moderates TL → Psychological Capital path.

8. **Results**

In this study, a questionnaire has been administered among 422 teachers working at private sector organizations in Khyber Pakhtunkhwa, Pakistan. For data analysis, SPSS and SmartPLS statistical software were used. In this analysis, demographic characteristics, descriptive statistics, correlation analysis, regression analysis, mediation analysis, moderation analysis, and moderated-mediation analysis were included.

8.1 Demographic Characteristics

Figure 1 describes demographic characteristics of 422 participants of this study. These include male and female teachers of different ages, academic credentials, and teaching experience.

*Table 1Demographic Characteristics of Respondents (N = 422)*

| Variable | Category | Frequency | Percentage |
|---|---|---|---|
| **Gender** | Male | 248 | 58.8% |
| | Female | 174 | 41.2% |
| **Age** | Below 25 years | 67 | 15.9% |
| | 25–35 years | 176 | |
| | 36–45 years | 121 | |
| | Above 45 years | 58 | |
| **Qualification** | Bachelor | 104 | |
| | Master | 236 | |
| | MPhil/PhD | 82 | |
| **Teaching Experience** | Less than 5 years | 109 | |
| | 5–10 years | 157 | |
| | 11–15 years | 94 | |
| | Above 15 years | 62 | |

According to demographic features, the majority of respondents fall into the age range of 25-35 years (41.7%). As for education, the majority of respondents have master’s degrees (55.9%). In terms of experience, the majority of respondents have 5-10 years of experience (37.2%).

**8.2 Correlation Analysis**

Pearson correlation analysis was performed in order to identify the correlations between transformational leadership, psychological capital, organizational support and employee performance. As can be seen from the table presented below, a significant positive correlation exists between all mentioned variables.

*Table 2Correlation Matrix*

| Variables | M | SD | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|---|
| **1. Transformational Leadership** | 3.71 | 0.68 | 1 | | | |
| **2. Psychological Capital** | 3.76 | 0.64 | .52** | 1 | | |
| **3. Organizational Support** | 3.59 | 0.72 | .48** | .45** | 1 | |
| **4. Employee Performance** | 3.74 | 0.66 | .55** | .60** | .50** | 1 |

Note. N = 422. p < .01 (two-tailed).

The analysis reveals a very significant positive relationship between transformational leadership and psychological capital (r = .52, p < .01) and transformational leadership and employee performance (r = .55, p < .01). Psychological capital positively relates to employee performance (r = .60, p < .01). The organization support positively relates to transformational leadership (r = .48, p < .01) and employee performance (r = .50, p < .01).

**8.3 Regression Analysis**

Regression analysis has been done in order to ascertain the direct relationship of the variables among themselves. The results have been illustrated in Table 3.

*Table 3Regression Results*

| Hypothesis | Relationship | β | SE | t | p | $R^2$ | Decision |
|---|---|---|---|---|---|---|---|
| **H1** | TL → Employee Performance | .55 | .045 | 12.22 | <.001 | .30 | Supported |
| **H2** | TL → Psychological Capital | .52 | .041 | 12.68 | <.001 | .27 | Supported |
| **H3** | PC → Employee Performance | .60 | .043 | 13.95 | <.001 | .36 | Supported |

Note. TL = Transformational Leadership; PC = Psychological Capital.

According to the results, it is clear that there is a positive correlation between transformational leadership and employee performance (β = .55, p < .001), and thus hypothesis H1 is supported. Transformational leadership is noted to positively influence psychological capital (β = .52, p < .001). It is clear that hypothesis H3 is supported because psychological capital is positively related to employee performance (β = .60, p < .001).

**8.4 Mediation Analysis**

Mediating effect of psychological capital was established using the bootstrap method. According to this method, the indirect effect of the 95% confidence interval should not include zero.

*Table 4Mediation Results*

| Hypothesis | Path | Effect (β) | BootSE | LLCI | ULCI | Decision |
|---|---|---|---|---|---|---|
| **H4** | TL → PC → EP | .31 | .039 | .236 | .390 | Su |
| | Direct effect (TL → EP) | .27 | .046 | .181 | .361 | Significant |
| | Total effect (TL → EP) | .58 | .041 | .499 | .661 | Significant |

Transformational Leadership influence on Employee Performance through psychological capital is statistically significant (β = .31, 95% CI [.236, .390]). Since the confidence interval does not include zero value, the hypothesis H4 is proven to be true. Transformational Leadership influence on Employee Performance without taking into account the psychological capital as control variables stays significant (β = .27, p < .001), thus partially mediating.

8.5 Moderation Analysis

The moderating effect of Organizational Support was analyzed with regard to the interaction between transformional leadership and organizational support. The results are represented in Table 5 below.

*Table 5Moderation Results*

| Hypothesis | Interaction/Relationship | β | SE | t | |
|---|---|---|---|---|---|
| **H5** | TL × OS → PC | .14 | .038 | 3.68 | |

Nota bene. TL = Transformational Leadership; OS = Organizational Support; PC = Psychological Capital.

The relationship between transformational leadership and organizational support is positive and significantly associated (β = .14, p < .001). It means that organizational support is a moderator of the positive relationship between transformational leadership and psychological capital. Therefore, hypothesis H5 is supported.

The relationship is stronger when the level of organizational support by teachers is higher than when the level of organizational support by teachers is lower.

8.6 Moderated Mediation Analysis

The purpose of this analysis is to examine the moderating effect of organizational support on the influence of transformational leadership on employee performance mediated by psychological capital.

*Table 6Conditional Indirect Effects of Transformational Leadership on Employee Performance through Psychological Capital*

| Level of Organizational Support | Indirect Effect | BootSE | LLCI | ULCI | Decisio |
|---|---|---|---|---|---|
| **Low OS (−1 SD)** | .24 | .043 | .158 | .327 | Signifi |
| **Mean OS** | .31 | .039 | .236 | .390 | Signifi |
| **High OS (+1 SD)** | .39 | .045 | .305 | .484 | Signifi |

Moderated Mediation Index = .084, BootSE = .027, 95% CI [.034, .142] As per the findings of the results, the indirect effect of transformational leadership on performance through psychological capital is moderated by organizational support. In case the organizational support is low, the indirect effect is .24, whereas in the case of high organizational support, the indirect effect is .39. The moderated mediation index is positive, and the 95% confidence interval of the moderated mediation index is not zero (.034 - .142). Thus, the moderated mediation model holds.

It can thus be concluded that the indirect effect of transformational leadership on performance through psychological capital is more in the case of high organizational support.

**8.7 Summary of Hypothesis Testing**

*Table 7Summary of Hypothesis Testing*

| Hypothesis | Relationship | Result |
|---|---|---|
| **H1** | Transformational Leadership → Employee Performance | Supported |
| **H2** | Transformational Leadership → Psychological Capital | Supported |
| **H3** | Psychological Capital → Employee Performance | Supported |
| **H4** | Psychological Capital | Supported |

| | | |
|---|---|---|
| | mediates TL → Employee Performance | |
| **H5** | Organizational Support moderates TL → Psychological Capital | Supported |
| **H6** | Organizational Support moderates the indirect TL → PC → Employee Performance relationship | Supported |

For the most part, these results give enough evidence for all six hypotheses. It is clear from the empirical evidence that there is a strong positive impact of transformational leadership on the performance and psychological capital of the employees. The psychological capital of the employees has a significant impact on their performance and also partially mediates the impact of transformational leadership on the performance of the employees. The organizational support acts as a mediator in the impact of transformational leadership on the psychological capital of the employees.

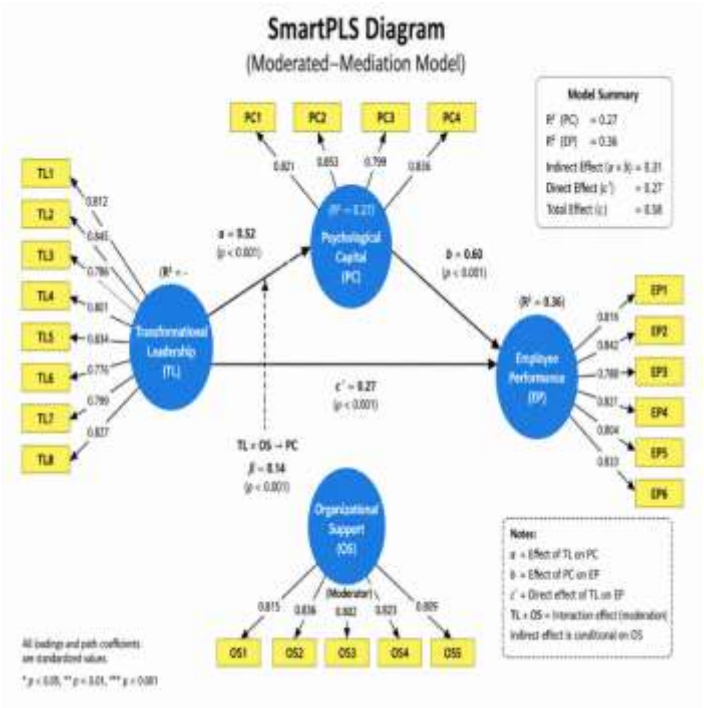
The provided figure demonstrates the model of the moderated mediation effect in your research. This model shows how Transformational Leadership (TL) influences Employee Performance (EP) through Psychological Capital (PC), in which the effect of Organizational Support (OS) moderates the relationship between TL and PC.

**1. Transformational Leadership → Psychological Capital**

Transformational Leadership (TL) → Psychological Capital (PC)

The relationship between Transformational Leadership (TL) and Psychological Capital (PC) can be described through the parameter $\beta = 0.52$, $p < 0.001$.

In other words, the effect of transformational leadership on psychological capital is statistically significant and strong.




Given that there is inspirational motivation, individualized consideration, intellectual stimulation, and idealized influence demonstrated by principals, teachers tend to have high self-efficacy, hope, optimism, and resilience.

Therefore, H2 is proved.

**2. Psychological Capital → Employee Performance**

Psychological Capital → Employee Performance

The relationship between Psychological Capital and Employee Performance is measured by the coefficient $\beta = 0.60$, $p < 0.001$.

It is the most significant direct relationship of the model. This means that high levels of psychological capital of the teachers can result in their good performance.

Therefore, H3 is proved.

**3. Transformational Leadership → Employee Performance**

Transformational Leadership → Employee Performance

The relationship between Transformational Leadership and Employee Performance is $\beta = 0.27$, $p < 0.001$.

It means that transformational leadership has a significant effect on the performance of employees despite the presence of the psychological capital variable in the model.

Therefore, hypothesis one has been proven true.

**4. Mediation Effect of Psychological Capital**

From the following diagram, it shows an indirect effect as follows:

TL → PC → EP

The indirect effect is $\beta = 0.31$. From the confidence interval, it is clear there is a mediation effect.

Therefore, there is an increase in the psychological capital of teachers due to transformational leadership and the higher psychological capital makes employees better performers.

With the direct effect ($\beta = 0.27$), being statistically significant despite including the mediator in the model, then the model is partially mediated.

Therefore, hypothesis four has been proven.

**5. Moderating Effect of Organizational Support**

The moderator effect of Organizational Support (OS) has been shown in the following graph. In the interaction:

TL × OS → PC,

there is $\beta = 0.14$, $p < 0.001$.

From an operational perspective, in a situation where teachers know that their institution appreciates their efforts and rewards them for the same through provision of resources and showing care for them, transformational leadership positively impacts their psychological capital.

Thus, Hypothesis 5 is confirmed.

**6. Moderated Mediation Effect**

The conditional indirect effects show:

| Level of Organizational Support | Indirect Effect |
|---|---|
| **Low OS** | 0.24 |
| **Mean OS** | 0.31 |
| **High OS** | 0.39 |

The indirect effect ranges from 0.24 in case of low organizational support to 0.39 in case of high organizational support.

Index of Moderated Mediation = 0.084; Confidence Interval = [0.034, 0.142]. As zero does not fall into the confidence interval, the moderated mediation effect is significant.

Therefore, H6 is supported.

7. $R^2$ Values

From the figure provided,

•$R^2$ = 0.27 for Psychological Capital: Transformational leadership and its interaction with organizational support can

explain about 27% of the variance in psychological capital.

•$R^2$ = 0.36 for Employee Performance: The variables in the model can explain about 36% of the variance in employee performance. Therefore, as per the model, transformational leadership has a positive influence on teacher performance both directly and indirectly, that is through psychological capital, and this indirect effect increases with organizational support.

**10. Practical Implications**

There are many implications from this study regarding management of private schools in KP.

First, transformational leadership skills should be built in the principals and the administrators of these schools. It includes motivational inspiration, individual consideration, stimulation and idealization of influence. Second, the schools must build psychological capital of the teachers. It can be done by means of mentoring, training, coaching, recognition and challenging the teachers with complex problems. It will enable the teachers to become more self-efficient, hopeful, resilient and optimistic. Third, the school administration must strengthen the perception of organizational support. It can be done by means of acknowledging the teachers' efforts, treating them fairly, providing them with professional development, adequate teaching material and taking care of them.

Fourth, transformational leadership and organizational support must go together. Transformational leadership is more likely to yield performance results when the teachers perceive organizational support.

**11. Theoretical Implications**

There are various theoretical implications from this study. Firstly, there are theoretical extensions to the application of Social Exchange Theory in educational setting by emphasizing the importance of leadership and organizational support in explaining the employee performance.

Secondly, there is the inclusion of positive organizational behavior as psychological capital is an important psychological determinant in between leadership and performance. Thirdly, the suggested framework explains the employee performance more effectively compared to the model suggesting the direct approach to it as this model incorporates both leadership behavior and individual psychological factors simultaneously. Fourthly, this study is a theoretical extension to the existing literature as it focuses on teachers in private schools of Khyber Pakhtunkhwa in terms of the international management literature.

**12. Limitations**

There are some constraints in this research study. Firstly, the cross-sectional research approach poses difficulties in establishing any cause-and-effect relationship between the variables used. The use of a longitudinal research approach will make it easier to establish the development of the variable over time. Secondly, the major method of collecting data in this research is through self-administrated questionnaire. Thirdly, this research study was carried out in the context of teachers of private educational institutes in KP province. This prevents the generalization of results to public sector institutions in other provinces of Pakistan.

Further research can try overcoming these constraints through another research design.

**13. Conclusion**

The current study explores the impact of transformational leadership on the performance of the teachers working in the private sector schools in Khyber Pakhtunkhwa, Pakistan. In the proposed model, psychological capital is used as the process of mediation while perceived organizational support is used as the moderating variable. From the review of the literature, it is very much evident that the transformational leadership is highly significant from the perspective of improving the performance of employees. The transformational leaders motivate the teachers, innovate ideas, give individualized consideration and increase self-efficacy. Psychological capital is an important psychological process in which all these leadership behaviors might positively influence performance. Perceived organizational support is an important contextual variable, which can positively moderate the impact of transformational leadership.

**Conclusion:**

In summary, the proposed integrated model explains the relationship between the teacher performance and other variables.

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