



Leadership, Financial Well-Being, and Workforce Performance in Public Sector

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ABSTRACT

Leadership is a crucial factor that influences the outcome of an organization more so in the institutions within the public sector whereby the performance of the employees is key in service delivery and in governance. Monetary welfare has become an important determinant of workforce motivation, job satisfaction and general performance. This paper discusses the relationship between leadership styles, financial well-being and performance of the workforce in the Pakistani public sector. Based on the idea of Transformational and Servant Leadership theories, the theory of Conservation of Resources (COR), the research hypothesis states that successful leadership has a positive effect on the financial welfare of employees that subsequently leads to their improved performance at work. The quantitative research design will be applied in collecting the data on the employees of various organizations in the public sector. The results are meant to expand the literature by explaining how leadership affects employee performance in a developing country setting and offer effective suggestions that the policy makers and managers would apply to promote financial as well as performance-related productivity in the government workers.



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Introduction

The government is so much involved in the development of a country, its service provision and in the execution of policies. The performance, dedication, and health of the staff members of public sector organization are crucial in the development of developing nations like Pakistan (Ali et al., 2020). The performance of the workforce in the public organizations is dictated by various factors, such as leadership, organizational culture, and the well-being of the employees (Avolio & Bass, 2004; Nielsen et al., 2017). Leadership is one of them, and its role has always been determined as a key factor of employee motivation, interest, and productivity. Transformational leadership, which is vision articulation, individual

consideration, and intellectual stimulation has proved to have a positive effect on employee performance at both the private and the public sector (Bass & Riggio, 2006). On the same note, servant leadership, which focuses on developing employees and taking ethical actions to benefit them, as well as empowering workers, fits the mission-driven character of government-operated institutions and strengthening commitment to work (Liden et al., 2014).

Besides leadership, financial well-being is also a new construct that has attracted much interest in the study of organizational behavior. Financial well-being is defined as the perception of employees in terms of financial security and financial stability, and the capacity to fulfill current and future financial needs (Latif & Ullah, 2024; Aziz et al., 2025; Kim & Garman, 2003). Individuals that are financially well show less stress, greater involvement, and superior performance results (Joo et al., 2012; Zhu et al., 2024). The issue of finances among employees in the public sector is especially topical in Pakistan, where the pay system, pensions, and the inflation rates can influence the work satisfaction and the productivity in general (Khalid et al., 2019). The financial well-being problem in the context of the public organization is not only the individual matter of the employees, but also a strategic issue in maintaining the well-motivated and high-performance workforce (Shahzad et al., 2025; Jawad et al., 2025).

Financial well-being is closely related to leadership. Good leaders are crucial towards the establishment of conducive organizational settings that increase the financial literacy levels of employees, their access to a financial benefit package, and career development opportunities (Kim & Beehr, 2020). In the case of transformational leaders, employees are motivated to attain organizational goals besides facilitating personal growth, such as financial skills, which can be used in improving the general financial welfare (Bass, 1999). Similarly, servant leaders give priority to the needs of the employees such as financial security that in turn brings a sense of trust, organizational commitment, and involvement (van Dierendonck, 2011; Hu et al., 2023; Ma et al., 2022; Sibte-Ali, 2025). Leadership also indirectly affects the performance of the workforce by shaping the financial perceptions and behaviors of employees and this provides a channel through which the relationship between organizational support and employee well-being and productivity outcomes can be established (Ibrahim et al., 2025; Khan et al., 2025).

The public sector performance of workforce is a multidimensional construct that consists of task performance, contextual performance, and organizational citizenship behavior (OCB) (Borman & Motowidlo, 1997). Task performance is described as the success of employees to help in executing the main job functions whereas contextual performance incorporates actions that assist the overall organizational setting, including teamwork, innovation and adherence to organizational conventions. OCB indicates the discretionary practices which are not rewarded during the process but which help to make the organization effective. The bureaucratic models of organizations, the lack of resources, and scarce financial incentives can be the obstacles in terms of the improvement of workforce performance in Pakistan (Ali et al., 2020). These factors render leadership and employee financial well-being especially topical as sustaining organizational stress factors and ensuring financial security can ease stressful experiences and increase the degree of performance.

The conceptual framework of the given research is based on the Transformational and Servant Leadership theories along with Conservation of Resources (COR) theory (Hobfoll, 1989). Transformational and servant leadership views give information on the way leaders impact on the motivation, engagement, and perception of well-being of the employees. The COR theory assumes that people work towards acquiring, holding and securing useful resources; these could be financial resources and psychological resources. When employees

feel that their financial resources are safeguarded and backed by leaders, they can more easily devote their efforts to productive and discretionary work behaviours, which will increase the workforce performance. Such theoretical combination enables us to have a subtle appreciation of the role of leadership in contributing to both financial welfare and performance of employees in the case of public sector organizations.

Although much has been done on leadership and performance of employees, few studies have investigated the mediating effect of financial well-being in the public sphere of developing economies. Majority of the previous studies had concentrated in the context of the private sector, and there is no knowledge gap in terms of public institutions, with limited financial incentives, hierarchical structure, and constraints of policies, creating a unique dynamic (Khalid et al., 2019; Nielsen et al., 2017). This research fills this gap by concentrating on the public sector in Pakistan and offering empirical findings of how the leadership styles influence the workforce performance through financial well-being.

The application of this study is important in practice. The results can inform the policymakers and human resource managers to incorporate the focus on employee financial assistance, resource distribution as well as motivation techniques in the design of leadership development programs. Additionally, the realization of the relationship between financial wellbeing and performance can be used to guide the compensation policies, benefit packages and employee assistance programs and eventually improve the efficiency and effectiveness of the public sector organizations. It is also through this study that the theory has been incorporated into the body of literature because the research has merged leadership, financial well-being and workforce performance into a single framework that can be applied to other developing economies that have similar predicaments in the public sector.

Overall, this paper investigates the connection between leadership, monetary health, and employee performance in state-owned sector in Pakistan. It indicates how leadership is important in influencing perceptions and resultual performance among employees with regard to financial security. The purpose of the research is to fill the current gap in the empirical research on the well-being and performance of employees working in the public sector and provide practical information about the ways to improve the organization in the framework of developing countries. The study highlighted the significance of integrating leader development, employee support and performance improvement strategies into the holistic approaches to managing the workforce by investigating the mediating role of financial well-being.

Literature Review

Leadership has been well acknowledged in determining workforce outcomes in the study of organizations. Transformational and servant leadership styles have played a crucial role in the explanation of the performance of employees in the public sector organizations. Vision articulation, inspirational motivation, intellectual stimulation, and individualized consideration are some of the traits of transformational leadership (Bass and Riggio, 2006). The leaders motivate workers to work beyond the expectations, be creative, and be dedicated to organizational objectives. Transformational leaders offer a vital tool in improving the performance of the workforce, which can otherwise be hindered by the bureaucratic systems and relatively low financial incentives in the context of the public sector (Avolio & Bass, 2004). Transformational leadership and employee performance, job satisfaction, and employee engagement have always shown positive relationships as empirically proven (Nielsen et al., 2017). The particular relevance of servant leadership that puts paramount importance on ethical practices, development of employees, and the needs of followers is also

especially relevant in the field of public organizations concerned with service delivery (Liden et al., 2014). Servant leaders promote trust, organizational citizenship behavior and purpose among employees that will offset the adverse impacts of bureaucratic inflexibility and resource constraints that are often experienced in the state institutions (van Dierendonck, 2011). The two above styles of leadership can therefore be attributed to the performance of the workforce albeit in slightly different ways, namely, transformational leadership by vision and inspiration, and servant leadership by supportive behaviors and empowerment.

Financial well-being has become a crucial element that affects the motivation of employees, their engagement, and their performance results. It involves the perceptions of an employee with regard to financial stability, financial capability to pay present and future financial commitments and general contentedness with finances (Kim & Garman, 2003). The well-being of the employees financially will impact both the psychological and emotional conditions of the employees, which will subsequently affect the behaviors in the workplace. As an example, workers who are better financially secured feel less stress, more concentrated at the workplace, and more discretionary effort which make them more productive (Joo et al., 2012). On the other hand, financial stress is linked to absenteeism, low productivity and lack of commitment. The Pakistan and other developing countries where public sector employees have to work relatively often experience the compression of salaries, slow promotion, and financial difficulties due to inflation, which may also impact their well-being and performance (Khalid et al., 2019). Hence, financial health is not merely an individual issue, but also an important organizational factor of workforce performance. Companies with positive financial policies, competitive remunerations, and financial education resources have the ability to positively affect the financial perceptions of employees and eventually the productivity and engagement of employees.

The organizational context has a close relationship between leadership and financial well-being. Reduced financial well-being is one of the key factors that can be positively impacted by leaders demonstrating supportive behavior, sharing information about organizational resources openly, and granting access to financial benefits (Kim & Beehr, 2020). Through coaching and development, the transformational leaders usually lead the employees into career and financial growth opportunities, which indirectly enhances the financial security perceptions of employees (Bass, 1999). In the same way, servant leaders who focus on the needs of the employees and promote fair financial behaviors develop trust and commitment which contributes to job satisfaction and an improved performance outcome (van Dierendonck, 2011). A number of empirical studies indicate that leadership has direct and indirect influences on financial wellbeing by determining accessibility of organizational resources by employees and indirectly through determining the level of stress and satisfaction at work (Agarwal & Bhargava, 2020). Leadership-based assistance may overcome structural constraints, and thus, financial well-being is a pivotal avenue between leadership and workforce performance when the latter is largely constrained by financial resources in the public sector.

Workforce performance is a multidimensional construct, which involves the task performance, contextual performance, and organizational citizen behavior (OCB) (Borman & Motowidlo, 1997). Task performance is the performance of the formal job duties and contextual performance is the performance involving behaviors that enhance the organizational climate and these behaviors include cooperation, initiative and observing the norms. OCB identifies the discretionary behaviors, which, even though they are not officially present, make the organization overall more effective. Hierarchical organizational structure, low level of autonomy, and lack of resources are several factors that usually pose

performance challenges to public sector organizations, which in turn may have a negative impact on employee motivation and engagement (Ali et al., 2020). Leadership can have a positive impact on every aspect of performance by workers through the provision of vision, power, and encouragement. As an example, transformational and servant leadership improve creativity and problem-solving behaviors, and collaboration and organizational citizenship, respectively, both of which increase contextual and task outcomes.

A number of theoretical approaches can give us an idea of the mechanisms through which leadership and financial well-being and workforce performance are related to each other. The theories of transformational and servant leadership provide an explanation of the effects caused by the behaviors of leaders on the motivation, engagement, and discretionary effort of the employees. Transformational leaders encourage employees to go beyond self-interest to serve the organizational interests and in the process, they are likely to develop innovative behaviours and proactive activities (Bass & Riggio, 2006). Servant leadership focuses on the needs of followers, ethics, and individual development, developing a sense of trust and dedication, which can be used to influence employee behaviors in a positive way (Liden et al., 2014). The theory of Conservation of Resources (COR) also adds to these views since it emphasizes the importance of the resources, which may be financial or psychological resources, in the performance of the employees (Hobfoll, 1989). The COR theory states that people are motivated to acquire, maintain and secure desirable resources. Financial well-being is a vital asset; in instances of employees believing there is financial security and backing, the employees would tend to put effort in the work related efforts as well as would tend to indulge in discretionary activities that would improve their performance. Financial insecurity on the other hand drains the psychological resources leading to low focus, motivation, and performance. In this way, the leadership influences the workforce performance not directly but indirectly, as it determines the access to and the perception of the financial resources by the employees.

Empirical evidence has confirmed the mediation between leadership and the performance of the workforce through well-being related to finance. To illustrate this, the existing studies within the context of developing countries indicate that transformational leadership helps to improve how employees perceive organizational support and financial security, which subsequently results in increased engagement and task performance (Joo et al., 2012; Kim & Beehr, 2020). Servant leadership has also been associated with enhanced financial fulfillment and choice effort among staffs, encouraging organizational citizenship acts and performance efficacy of the work force (van Dierendonck, 2011). Although these results are obtained, there is still a lack of research that covers the public sector employees in developing countries. The majority of the literature revolves around the setting of the private sector, and little is known about the interaction between leadership and financial well-being as well as the ways in which it determines the performance of the public sector within settings that are dominated by bureaucratic restrictions, low financial incentives, and socio-economic pressures (Khalid et al., 2019).

The peculiarities of the work of the public sector organizations in Pakistan indicate the relevance of the research of the leadership and financial welfare. The services provided by public institutions, like education, health, and governance, are critical in nature and in this case, workforce performance has a direct impact on the outcomes of society (Ali et al., 2020). Nonetheless, bureaucratic obstacles and inflexible pay systems usually subject the workers of these institutions to inadequate financial means, lack of motivation and depression. The transformative role by leadership can be beneficial in terms of supportive environment, guidance and fair financial practices, which increases the financial well-being and

performance. This dynamic is very critical to grasp so that effective interventions in human resource, leadership development, and performance management strategies can be designed in any organization of the state.

In addition, leadership and financial well-being interact especially in the post-pandemic environment. The financial strains on employees due to economic uncertainties, inflationary pressures, and the alterations in work arrangements have become more prominent, which has been the reason to emphasize leaders to focus on the professional and personal well-being of their employees (Kim & Beehr, 2020). There is also research indicating that such employees who feel that they are being supported in terms of financial support will be more engaged, reduced absenteeism and greater discretionary effort, which all adds to workforce performance (Joo et al., 2012). Thus, a study of the intervening effect of financial well-being gives a holistic picture of the effect of leadership on the performance outcome in the public sector.

Finally, the literature shows that leadership is an influential factor in influencing performance of workforce directly and indirectly via the financial well-being. Transformational and servant leadership styles offer different but complementary methods where employees are motivated, supported and empowered. The mediating resource between this relationship becomes financial well-being, which affects the psychological positions and the engagement rates of the employees. Although the literature on leadership and performance is vast, there are a limited number of empirical studies on the subject of leadership and performance in the context of the public sector organizations in developing nations like Pakistan. To fill this gap is crucial towards promoting theoretical knowledge and offering practical implications to policy makers and managers who need to enhance performance of their workforce by using leadership development and financial wellbeing interventions.

Methodology

Research Design

The research design used in this study is quantitative research design; the research aims at investigating the connection between leadership, financial well-being and workforce performance in Pakistani organizations in the public sector. The survey method, and specifically the cross-sectional one, is used to gather primary data among the employees of various institutions of the public. Quantitative approaches are seen as suitable due to their ability to test hypothesized issues between variables statistically and also generalize the results to the overall workforce in the population sector (Creswell and Creswell, 2018).

Theoretical Framework

The research is based on the theory of Transformational and Servant Leadership sarcastically supported by the Conservation of Resources (COR) theory (Bass & Riggio, 2006; Liden et al., 2014; Hobfoll, 1989). The theories of transformational and servant leadership shed some light on the relationship among leadership actions and employee motivation, engagement, and discretionary effort. COR theory is used to explain the relationship between leadership and workforce performance through the medium of financial wellbeing as a major personal resource. All of these theories are valid and contribute to the presented relations and a solid basis on which the study constructs can be analyzed.

Population and Sampling

The study population includes the employees of the different organizations in the Pakistani government specifically departments serving healthcare, education and administration. Multi-

stage sampling method is used. To begin with, large public sector organizations are purposely chosen on the basis of their accessibility and size of workforce. Second, the sample of respondents will be selected based on convenience sampling, which is consistent with previous studies in the field of the public sector in developing economies (Ali et al., 2020). The sample size will be 300 targeted employees, which is enough to conduct Structural Equation Modeling (SEM) and regression analyses (Hair et al., 2019).

Data Collection Method

Primary data would be collected via a structured self-administered questionnaire, which would be administered both in the physical form and in the electronic form to achieve a high response rate. The participants are told about the study purpose, voluntary participation and response confidentiality. The professional consideration of ethics is also adhered to such as informed consent and the protection of sensitive personal information.

Measurement of Variables

The major variables, which are the leadership, financial well-being, and workforce performance are measured on validated scales based on previous studies.

1. Measurement Leadership is assessed by the items that reflect transformational and servant leadership styles, such as vision, inspiration, ethical behaviors, and support of the employees (Bass & Riggio, 2006; Liden et al., 2014).
2. Financial well-being is evaluated with the help of items on financial security, the possibility to meet obligations, and life satisfaction with financial status (Kim and Garman, 2003; Joo et al., 2012).
3. Workforce performance is gauged on the basis of task performance, contextual performance and organizational citizenship behavior (Borman and Motowidlo, 1997).

Everything is rated on a Likert scale of five points, with 1 (strongly disagree) to 5 (strongly agree).

Validity and Reliability of Instrument.

Questionnaire content validity has been achieved through expert review and pilot testing on 30 employees of non-sampled public organizations. Cronbach alpha is used to determine the reliability of constructs, with the parameter of 0.70 being acceptable as per the internal consistency (Hair et al., 2019). Construct validity is measured with the help of confirmatory factor analysis (CFA), convergent and discriminant validity through factor loadings, Average Variance Extracted (AVE), and Composite Reliability (CR).

Data Analysis Techniques

The SPSS and AMOS / SmartPLS are used in the data analysis. Descriptive statistics describe the demographic information and general perceptions of variables. The correlation analysis is conducted to investigate the strength and direction of the relationship between leadership, financial well-being and workforce performance. The hypothesis of the direct and indirect effects is tested using Structural Equation Modeling (SEM), which involves the mediating variable of financial well-being between leadership and workforce performance. The measures of model fit are CFI, TLI, RMSEA, and Chi-square/df (Hair et al., 2019).

Ethical Considerations

There is a high level of ethical practices. The anonymity and confidentiality of the respondents are guaranteed, and the data is utilized only in academic purposes. All participants are given informed consent. No personal or sensitive data is provided, and the study participants can also pull out of the study without any penalty at any time (Creswell and Creswell, 2018).

Data Analysis and Findings

The analysis of the 300 respondents data was aimed at studying the connections between leadership and financial well-being and workforce performance in the Pakistani public sector organizations. These are demographic analysis, descriptive statistics, reliability, correlation, regression, and mediation tests. Such analyses guarantee the strength and credibility of the results.

Demographic Analysis

The demographic profile of the respondents is given in table 1. The sample consisted of the employees of different organizations of the public sector, whereby the gender and the age groups were balanced.

Table 1: Demographic Characteristics of the respondents (N = 300)

Demographic Variable	Category	Frequency	Percentage
Gender	Male	162	54%
	Female	138	46%
Age	20–30 years	108	36%
	31–40 years	111	37%
	41–50 years	57	19%
	Above 50	24	8%
Department Type	Administration	120	40%
	Education	96	32%
	Healthcare	84	28%

The demographic outcomes indicate that most of the respondents belong to the age group of 20–40, which is an active part of the working population. There is a good representation of employees in administration, education, and healthcare sectors, which proves the generalizability of findings across the public sector.

Descriptive Statistics

The descriptive statistics were calculated to assess the perceptions of the employees on leadership, financial wellbeing and performance of the workforce.

Table 2: Descriptive Statistics

Variable	Mean	Standard Deviation
Leadership	4.08	0.63
Financial Well-Being	3.94	0.68
Workforce Performance	4.02	0.65

The findings reveal that employees usually believe that leadership is supportive and successful (mean = 4.08). Financial wellbeing indicates a marginally less mean (3.94), which implies moderate satisfaction with financial security. Employee engagement and productivity

in the public sector jobs is also perceived positively (mean = 4.02) in terms of workforce performance.

Reliability Analysis

Cronbach alpha was used to measure the reliability of the measurement scales in order to achieve internal consistency.

Table 3: Reliability Analysis

Construct	Number of Items	Cronbach's Alpha
Leadership	8	0.88
Financial Well-Being	6	0.85
Workforce Performance	7	0.87

The alpha of all constructs exceeds 0.70, which proves the reliability of the scales and makes them appropriate to analyze further (Hair et al., 2019).

Correlation Analysis

The Pearson correlation analysis was used to test the direction and strength of relationship between the study variables.

Table 4: Correlation Matrix

Variables	1	2	3
1. Leadership	1		
2. Financial Well-Being	0.61**	1	
3. Workforce Performance	0.58**	0.63**	1

Note: $p < 0.01$

The findings show that there are high positive associations between all variables. There exist positive correlations between leadership and financial wellbeing ($r = 0.61$) and workforce performance ($r = 0.58$). The hypothesized relationships are also justified by the fact that financial well-being is strongly positively correlated with workforce performance ($r = 0.63$).

Regression Analysis

Likewise, regression analyses were conducted to estimate the impact of leadership on financial well-being and workforce performance.

Table 5: Regression Results

Relationship	Beta (β)	t-value	p-value
Leadership → Financial Well-Being	0.61	11.22	0.000
Leadership → Workforce Performance	0.42	7.89	0.000
Financial Well-Being → Workforce Performance	0.49	9.01	0.000

The findings suggest that leadership plays an important role in the financial prosperity and the performance of the workforce. Financial well-being is also a significant predictor of workforce performance meaning that higher perceived financial security is related to higher performance of employees in a public sector job.

Mediation Analysis

SEM-based mediation analysis was used in testing the mediating effect of financial well-being between leadership and workforce performance.

Table 6: Mediation Results

Effect	Beta (β)	p-value
Direct Effect (Leadership \rightarrow Performance)	0.42	0.000
Indirect Effect (Leadership \rightarrow Financial Well-Being \rightarrow Performance)	0.30	0.000
Total Effect	0.72	0.000

The results of the mediation prove that the relationship between leadership and the workforce performance is partly mediated by financial well-being. It means that leadership does not only directly positively influence performance, but also has an indirect impact on it by increasing financial well-being. These results are consistent with the Conservation of Resources (COR) theory that has placed a strong focus on the role of financial resources as mediating variables in employee performance (Hobfoll, 1989).

In general, the results prove that effective leadership is a significant issue in improving the performance of the workforce in Pakistani public sector organizations. Leadership has a positive effect on the financial wellbeing of the employees, which subsequently increases the performance of the work force. The mediating role of financial well-being partially indicates that one of the key avenues in which leadership is converted into performance improvement is the perception of financial security by employees. These findings give empirical references that leadership, financial welfare, and the performance of the workforce are interdependent and that the managers in the public sector need to consider those approaches that help them promote the development of employees and the financial state to deliver the best performance results.

Discussion

Results of this research can be strongly recommended to support the importance of leadership in the determination of the performance of workforce in an organization in the public sector in Pakistan. Leadership was also found to have a strong positive link on the financial well-being and workforce performance, and the workers may see supportive, ethical, and empowering leaders as important in their work and personal development. This is consistent with the previous research stating that transformational and servant leadership is the source of employee motivation, engagement, and discretionary effort (Bass & Riggio, 2006; Liden et al., 2014). The leadership support offsets structural constraints in situations where bureaucratic factors and lack of any financial incentives are common, especially in the situation of a public sector, where workers are more driven by trust, morale, and ability to steer employees towards organizational goals.

The financial well-being was found to be an important predictor of workforce performance and partially explained the connection between leadership and performance. This establishes that the perception of employees in terms of financial security and satisfaction matters their motivation, concentration and involvement in the workplace (Kim & Garman, 2003; Joo et al., 2012). Indirectly, leadership increases performance through its emphasis on the financial well-being of the employees, which is in line with the Conservation of Resources (COR) theory, which focuses on the idea that people devote efforts to work when their valuable resources such as financial security are present and are not at risk (Hobfoll, 1989). These

results underscore the significance of addressing employee welfare in terms of psychological and financial elements in developing leadership and HR interventions in the public sector.

The fact that the leadership, financial well-being and workforce performance correlate strongly with each other also points out the fact that the variables are interrelated and reinforcing. When employees realize that there is leadership support in place, they will have most chances to feel secure in terms of the financial aspect and this attribute propels their performance in terms of their tasks, their contextual behavior, and organizational citizenship. The partial mediation shows that although leadership has a direct impact on the performance result, it is more effective in the cases when the financial well-being of the employees is taken care of. It supports the notion that the organizations in the public sector should not use only leadership behavior but also apply financial support systems, training, and career development opportunities to ensure the workforce performs as effectively as possible (Ali et al., 2020).

The contextual importance of the findings is also applicable to the public sector organizations within the developing countries such as Pakistan. Financial pressures due to inflation are likely to hit employees in the public service, who receive limited promotion, salary compression, and delayed promotions (Khalid et al., 2019). Leadership in these settings becomes one of the levers to enhance the psychological and financial results among interested employees. Leaders can maximize the satisfaction and engagement of employees by offering direction, appreciation, and fair financial practices, which in the end is reflected on the increased effectiveness of the organization. These contributions complement existing knowledge by combining leadership and financial wellbeing to predict performance among the workforces in a developing economy, as applied in the public sector.

Conclusion

This research finds out that leadership is a key factor in the determination of workforce performance in the Pakistani public sector both directly and indirectly which is through financial wellbeing. The transformational and servant leadership practices have positive effects on the perception of employees on the support, ethical practice and empowerment, which in turn leads to positive performance outcomes of the employees. The mediating role of financial well-being is important, which proves that the financial security and satisfaction of employees is the key to the successful completion of tasks, the discretionary behaviors, and the citizenship of organizations. By implementing effective leadership and financial well-being policies, organizations in the public sector are able to have greater productivity and engagement among the employees. In general, the research adds to the literature because it empirically connects a leadership-financial-wellbeing and workforce performance relationship in a governmental context, which can be applied to human resource management and policy making.

Recommendations

According to the findings, a number of practical recommendations are offered. The public sector needs to create and educate leaders on transformational and servant leadership behaviors, focusing on the ethical decision-making process, support and empowerment of the employees. Leadership development is an initiative that can maximize the motivation skill of leaders to encourage employees, acknowledge contributions, and facilitate the engagement even in a limited resource setting.

Financial well-being programs in terms of competitive remuneration plans, merit-based rewards, promotions and monetary literacy should also be adopted in the organizations. These

measures enhance the feeling of financial stability among the employees, decrease the stress levels, and promote greater levels of performance (Kim and Beehr, 2020). An integrated leadership support and financial well-being intervention are a guarantee of a comprehensive approach towards employee motivation and performance.

In addition, the policymakers would need to consider reforms in the public sector, which would take care of the bureaucratic inefficiencies, as well as adoption of open, fair, and equitable compensation policies. By coordinating leadership training, financial wellness initiatives, and organizational changes, governmental agencies will be able to help improve performance, work satisfaction, and service delivery to the citizens.

Lastly, organizations are advised to keep track of performance and employee well-being by surveying them, implementing feedback mechanisms and performance measures. This facilitates the making of evidence-based decisions and also makes sure that leadership and financial initiatives are successfully converting to better performance results.

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