

This research study seeks to examine the effect of transactional and transformational leadership styles on work outcomes by considering banking sector of Pakistan. The focus of this research was to explore the mediation effect of trust between leadership styles and two work outcomes i.e., organizational commitment and turnover intention of employees. Zhu and Akhtar (2014) found out that trust plays a mediating role between transformational leadership styles and work outcomes, so this study has proceeded their findings by focusing on another leadership style and work outcomes.

For data collection, 350 employees were selected by using purposive sampling technique from the banks operating in Lahore. The criteria for selecting purposive sample was established so that effective results can be obtained. Questionnaire with five point Likert scale was used for data collection because it was a comparatively low-cost, fast and effective way of gaining huge quantity of information from a big sample. After distributing 350 questionnaires among bank employees, 304 were found properly filled and appropriate. So the response rate for this study was 86.85% that is usually considered noteworthy. After collecting data, MS excel was used to organize data and to check missing values and unengaged responses. SPSS was also used to check regression assumptions and for hypothesis testing. After dealing with regression assumptions, hypotheses were tested.

To determine the mediation effect of employee trust between leadership styles and work outcomes, Sobel test and Baron & Kenny approach was used.

The regression result exposed that transactional and transformational leadership styles has no effect on turnover intention of employees of banks operating in Lahore. While transactional and transformational leadership style except individual consideration dimension have significant impact on employee's commitment. This study also found out that transformational leadership style and transactional leadership except management by exception (passive) dimension has significant impact on employee trust.

The mediation results showed that trust mediates the relationship between transformational leadership style and work outcomes i.e., organizational commitment and turnover intention of employees. While result of both mediation tests also exposed that trust plays a mediating role between transactional leadership style and organizational commitment of employees but doesn't mediate the relationship of transactional leadership and turnover intention. In the end managerial implications, contribution of study and limitations has also been discussed.