

THE ROLE OF EI AS A MEDIATOR BETWEEN LEADERSHIP STYLES AND ITS EFFECTIVENESS AMONG THE EMPLOYEES OF BANKING SECTOR.

Naveed Saif, IMS Lecture, University of Science & Technology Bannu.

Email: dr.naveed.saif@hotmail.com

Nafees Ahmad Saqib, ICES, University of Science & Technology Bannu.

Email: nafeesbannu@gmail.com

Jamshed Arshad, ICES, University of Science & Technology Bannu.

Email: jamshed_ustb@yahoo.com

Aziz Javed, Assistant Professor, DBA, Gomal University, DI Khan.

Email: azizjaved73@gmail.com

Shadi Ullah Khan. Professor, Public Administration, Gomal University, DI

Khan. Email: shadiullahkhan@yahoo.com

***Abstract.** The current research study focus on investigating the model of leadership, its effectiveness and emotional intelligence level among the banking sector employees proposed by Badrui-Harun, Zainol, Amar and Sheri (2016). In order to get appropriate response data was obtained from banking sector employees located in Islamabad through random sampling technique. Total 600 questionnaires were distributed among the selected head office employees of different banks. After removing missing item constructs finally 390 questionnaires were used for analysis. Results indicate that direct relationship between transformational and transactional leadership with effectiveness and emotional intelligence was significant. That leads to acceptance of the hypothesis relating direct relationship among these variable. In the next stage mediating variables findings show that emotional intelligence fully mediate the relationship between transformational leadership style and leader's effectiveness, while EI partially mediate the relationship between transactional leadership and leader's effectiveness. Results also indicate that emotional intelligence acts as a good mediator between transformational leadership and leader effectiveness.*

Key words: Transformational, transactional, leaders' effectiveness, emotional intelligence

Introduction

It has been evaluated that the effective leadership has gained its popularity for the success of a business enterprise. Effective leadership is like a backbone for the successful operation of the business organization. It is not sufficient to define and interpret effective leadership in terms of technical expertise, superior performance as well as experience. Effective leaders have the ability to motivate employees in the work environment of an organization; they construct favorable working conditions and understand the goals as well as objectives of an organization. Effective leaders have the characteristics to develop effective communication within an organization for the smooth functioning of an institution. Furthermore, emotional intelligence has an association with leadership performance (Kerr, Garvin, Heaton, & Boyle, 2006). Salovey and Mayer (1990) investigated that emotional intelligence is a link between leader cognitive abilities with the leader emotional state. It is necessary for the leader to make effective decisions in organization. For the significant decision making process, the leader must assign its emotions with the decision process.

It is the decision of the leaders which can make an organization competent and successful. Leader must also understand and interpret the emotions of its own employees, which make a leader competent and distinctive in the natural environment of an institution. Chopra and Kanjib (2010) examined that in the face of dynamic organizational changes like global expansion, job elimination, leadership changes as well as the stressors which exist in the working conditions of an institution, emotional intelligence leader (supervisor) can play a significant role in the uncertainties of organizational change in order to foster effectiveness of an organization. The skills of emotional intelligence leader are dynamic and associated with effective leadership, team building, to enhance employee's performance, social, economic as well as political life. Boyatzis and Mckee (2005) suggested that the dynamic changes in organization offers opportunities for employees which results in effective and efficient work labor.

These opportunities also provide challenges in organizational context. On the basis of performance, employees will be awarded if they attain institutional goals which in turn accelerate procedures in order to cope with increasing uncertainties in organization. Boyatzis, Smith, Oosten and Woolford (2013) evaluated that for the better communication it is necessary for effective leader to manage emotion and to interpret emotional cues of other employees. Brackett, Bertoli, Elbertson, Bausserun, Castillo and Salovey (2013) investigated that organizations must focuses on emotional resonance in the learning and working physical context in order to enhance emotional

resonance, there is a need of effective leader to increase Emotional intelligence skills of employees which in turn contribute to the productive as well as supportive work experience in organization.

Badrui-Harun, Zainol, Amar and Sheri (2016) proposed to investigate the concept in the field of oil and gas sector in Malaysian context and found that manger effectiveness is totally based upon the emotional intelligence capabilities of the managers. And the relationship between transformational leadership and leader's effectiveness is strongly mediated by emotional intelligence capabilities, while the relationship between EI and transactional leadership was insignificant. Another study was conducted by (Khan, Awan, Yasir, Mohammad, Shah, Qureshi, & Zaman, 2014) investigate the role of leaders EI as a possible mediator between Leadership styles and employees commitment.

Literature Review

Transformational leadership

Bass (1999) expressed that James Mac Gregor Burns (1978), the father of modern leadership theory, executed too much researches on the concept of transformational leadership. Burns have made great contribution towards the development of transformational leadership theory (Marzano et al, 2005; Masi and Cooke, 2000; Parry & Procter-Thomson, 2002). Burn's executed his researches on leadership from the political perspective. According to him, leadership is the ability of leaders to influence his followers. The followers will follow his leader to accomplish organizational tasks. Leader identifies what are the basic needs, aspiration as well as motivation of their followers and the leader also wants the same expectation from their followers. The significance of leadership depends on the values as well as motivations of both leaders and followers. Burn's defined that transformational leadership "is grounded in conscious choice among real alternatives" (p.36). The leadership will be significant and powerful if leader's behavior has significant effect on their follower's (Burn's, 1978). Bass and Avolio, (1990) stated that large number of researches has been conducted on the concept of transformational leadership theory in Business organization (Bass, Waldman, & Avolio, 1987; Boomer, Rich, & Rubin, 2005). Hallinger, (2003) expressed that transformational leadership theory has also explained and interpreted in educational institutions.

It has been studied that in case of manufacturing organization, transformational leadership behaviors minimizes workers Cynicism regarding dynamic organizational changes (Boomer, et al, 2005). Leithword and Jantzi (1999a, 1999b, and 2000) also conducted a research process on transformational leadership in the context of educational institution. It was interpreted that there is favorable association between transformational

leadership as well as student engagement and institutional conditions. Bass and Avolio, (1990) interpreted inspirational motivation, intellectual stimulation, individualized consideration as well as idealized influence as the 4 attributes of transformational leadership. The inspirational motivation is similar to charisma and expressed by top-level supervisor in organization. Now, inspiration motivation has gained its significance at all level of management in institution (Avolio et al, 1991). Bass (1990) executed that the ability to inspire followers depends upon better communication skills as well as on role mentoring to influence employees in the physical environment of an institution. Inspirational motivation can be enhanced when vision and goals are shared by the leader and employees with each other.

A leader seeks to reduce punishment/ criticism by reducing the possibility of errors in executing Organizational processes. It will increase the experience of leaders in conduct of organizational processes while at the same time organization will become a learning context for institutional employees.

Avolio et al, (1991) stated that in individual consideration, leader evaluates what are the needs of their followers. Leader give feedback to their employees in order to improve their skills and abilities so that employees showed be able to take extra responsibilities in the work environment of an institution. Leader also initiates personal responsibilities so that employees should learn and develop themselves in organization, so that workers should be able to work at full potential (Bass, 1990).

Bass, (1990) expressed that intellectual stimulation deals with creativity as well as innovation. Leader empowers their followers, so that they should be able to solve their problems. Employees devise their effective strategies to minimize organizational issues. It will make the organizational processes effective and efficiently, which results in good productivity as well as satisfaction (Avolio et al, 1999).

Avolio et al (1991) suggested that idealized influence deals with mission and vision of an organization. Transformational leaders develop an atmosphere of mutual trust as well as confidence in the working conditions of organization. The distinctive feature of idealized influence is that leader creates leaders (Bass, 1990). Avolio et al (1991) examined that idealized influence is the essence of the 3- attributes of leadership (Such as: Inspirational motivation, Individualized consideration, as well as intellectual stimulation). Idealized influence also related to the significant emotional identification of the leader. Transformational leader focuses on institutional issues while at the same time boosting the morale and confidence of their followers how to deal with organizational problems. Hallinger, (2003) evaluated that transformational

leadership can be treated as distributive leadership and deals with innovation in the working condition of an institution. This type of leadership is associated with indirect supervision. Transformational leadership also deals with shared vision of an organization, so that employees should devote their energies to fulfill institutional vision so that to bring substantial changes in organizational processes.

Hallinger, (2003) examined that transformational leader also help in the determination of personal goals, and then it can help teacher in the understanding as well as execution of school system goals. When individual teacher devote their energies in the conduct of school goals, then it will enhance the commitment level and motivation of teachers. In such situation, teachers have no need of specific direction and monitoring from the above authorities. Therefore, it is viable to say that the role of transformational leadership is significant in the accomplishment of difficult organizational goals.

Saif, Khattak and Khan (2016) investigate the relationship between Transformational leadership attributes and Employees Citizenship behavior among Pakistan SME's sector. Result indicate that individualized consideration and intellectual stimulation is negatively correlated to OCB while group goal have the highest correlation with employees OCB.

Bass and Avolio, (1990, 1993) examined that many research process have been confirmed on various kind of leadership style. However, transformational leadership has gained its popularity and has produced effective results in the physical environment of an institution (Boomer et al, 2005; Bono and Judge, 2003; Bono and Anderson, 2005; Hallinger, 2003). Bennis (2004) expressed transformational leaders in the following words, "The real test of character for a leader is to nurture those people whose stars may shine as brightly as—or even brighter than—the leader's own" (p. 52). Hallinger (2003) interpreted that transformational leader has gained significance in educational institutions (Leithwood & Jantzi, 1999a; 1999b; 2000).

Emotional intelligence

Salovey and Mayer (2007-1990) described that emotional is a favorable or unfavorable reaction by an individual to a particular event either internally or externally. Mayer, Salovey, and Caruso (2007) recognized that emotion expresses a change in the association between or among individual or a change in the association between individual with its physical context in which they are working or emotion analyze a change in internal perception that effect association among individual or with its physical environment. In very situation, an emotion is followed by a response. Mayer et al, (2007) described that intelligence has defined by different researchers in different way.

Intelligence represents abstraction thinking. Now Emotional intelligence means, “The intersection between emotion and cognition” (p. 84).

Law, Wong, and Song, (2004) investigated that it was Thorndike who originates the concept of emotional intelligence in 1920. It was analyzed that Gardner (1993) also distinguished the concept of emotional intelligence when he interprets Interpersonal and intrapersonal intelligence as being part of multiple intelligence theory. Interpersonal intelligence means the capability of an individual how to interpret other people perception and mental conditions. The interpersonal intelligence means the ability of an individual to control self-Qualitative feelings as well as behavior. The researches of Gardner expressed that he mainly concentrated on cognition and understanding but not on feelings. Law et al, (2004) interpreted that Salovey and Mayer (2007/1990) explained emotional intelligence a subset of social intelligence and expressed how individual should responds to his own emotions. McEnrue and Groves (2006) examined that Goleman, (1995/1998) explained emotional intelligence in terms of self-awareness, self-management, social awareness as well as social skills. Baron (2000) presented mixed emotional intelligence model (trait model) or also known as emotional and social intelligence model and which includes 10 components (such as: self-regard, emotional self-awareness, assertiveness, empathy, interpersonal relationships, stress tolerance, impulse Control, reality testing, flexibility, and problem-solving).

Mayer and Salovey (1997) suggested that emotional intelligence is capability of an individual can be evaluated by using different skills. Mayer & Salovey framework interprets how to assess emotions and how emotions can be used to motivate others. The framework also describes how to perceive feelings of oneself and other employees in the working conditions of institution. According to Mayer and Salovey (1997) emotional intelligence means how to interpret and assess emotions. Emotional intelligence also represent how to evaluate feelings which in turn facilitate the thinking of employees in organization or it is the capability to interpret emotional knowledge which enhances emotional as well as intellectual growth.

Kerr, Garvin, Heaton and Boyle (2006) examined that according to emotional intelligence of Salovey and Mayer, emotional intelligence refers how to execute emotional information. The emotional intelligence model of Salovey and Mayer consists of 2 Areas (Experiential as well as strategic) contains 4 branches. The experiential deals with interpretation as well as thinking process while Strategic area deals with to understand and management of emotions (Mayer et al., 2000).

Caruso (2008) investigated that the first branch of emotional intelligence model of Salovey and Mayer consists of emotional recognition, self-awareness as well as emotional awareness. This branch deals with to express emotions in physical as well psychological conditions of employees. This branch also executes the difference between accurate and inaccurate feelings as well as honest and dishonest feelings expressed by employees in organizations (Mayer and Salovey, 1997; Salovey, Mayer, & Caruso, 2007/2002).

Caruso et al. (2002) studied the philosophy of emotions from the leadership context. According to them, emotions is a basis through which leader can understand that what are the basic needs of employees in organization. The concept of emotion can help a leader to evaluate that what an employee is doing in organization and what the action of employee really expresses. Therefore, the understanding of emotion for a leader is very crucial for the effective responses as well as actions. The concept of emotion can increase self-awareness of leader about employee's behavior. When self-awareness is coped with significant identification skills can enhance leader performance.

Caruso (2008) suggested that the second branch expresses that how emotions can affect the thinking process. According to this branch, emotions help in Judgment, Memory processes, assists in the interpretation of multiple viewpoints which leads to the problem solution and enhances creativity.

Caruso et al. (2002) examined that leader motivate their employees through emotions to increase enthusiasm as well as work excitement in institution. Leader usually use symbolic management (The use of stories/tradition in the form of symbols) to enhance motivation of workers. Leaders are generally considered open-minded, comfortable as well as creative if they exhibit significant use of emotions. Zhou and George (2003) described that the leader who has creative thinking will be regarded as emotionally intelligent leader. Oldham and Cummings (1996) interpreted that supporting natural context results in creative behaviors. When there is cooperation among employees then it will encourage and give independence to the employees to express their opinions.

The third branch deals with how to understand the nature of emotions as well as its causes and consequences. The through recognition of emotion is necessary to explain the difficult subjective feelings of other employees.

The fourth branch of emotional intelligence of Salovey and Mayer is associated with emotional management and deals with favorable and unfavorable subjective feelings of employees in order to manage the emotions in the work environment of an institution.

Gender and emotional intelligence

Mayers, Caruso, and Salovey (1999) stated that few research literature has witnessed the association between gender as well as emotional intelligence. The empirical results expressed that female employees secured more scores on emotional intelligence as compared to male employees. According to Mandell and Pherwani (2003) evaluated that linkages between transformational leadership and emotional intelligence. The results of the study analyzed the significance of the study and there was much differentiation among the male as well as female employees transformational intelligence score.

Emotional Intelligence and Leadership

Caruso et al, (2003) scrutinized that with the help of emotions, leader can motivate his followers which leads to the efficiency of organizational processes to accomplish organizational objectives and goals. Ciarrochi, Chan, and Caputi (2000) stated that researchers have also expressed linkages between emotional intelligence as well as (George, 2000). It has been evaluated that the concept of mood has impact on physical context of an institution (George, 2000).

George (2000) suggested that the leader which possess emotional intelligence results in creativity. Such leaders encourage their followers and provide good problem solution at the stressful situation (Zhou & George, 2003). Feyerherm and Rice (2002) reported that theoretical literatures have also witnessed the association between leadership effectiveness as well as emotional intelligence. Some researchers have executed favorable association between leadership effectiveness as well as emotional intelligence while other researchers have explained unfavorable linkages between leadership effectiveness and emotional intelligence (George, 2000; Kerr et al., 2005; Rosete & Ciarrochi, 2005; Voola, Carlson, & West, 2004; Wong & Law, 2002; Zhou & George, 2003). Kerr et al. (2006) evaluated leader's effectiveness by analyzing the emotional intelligence of managers. The sample of the study consists of 38 leaders and MSCEIT methodology was adopted for the study. Within the experiential area (identification as well as usage of emotions), the empirical results of the study expressed that there is significant association between emotional intelligence and effectiveness. But in Strategic area (interpretation as well as management of emotions) described that there is significant linkages between emotional intelligence as well as effectiveness.

Emotional Intelligence and Transformational Leadership

Theory as well as methodology has strong influence on the association of emotional intelligence as well as transformational leadership. Barling, Slater and Keloway (2000) expressed that the use of mixed model of emotional

intelligence leads to mixed empirical results (Cartwright & Pappas, 2008; Gardner & Stough, 2002; Palmer, Walls, Burgess, & Stough, 2001).

It has been witnessed from the various research literatures that there exist mixed results in the association of transformational leadership as well as model of emotional intelligence (Brown & Moshavi, 2005; Cartwright & Pappas, 2008; Hayashi & Ewert, 2006; Jin, Seo, & Shapiro 2008; Leban & Zulauf, 2004; Mandell & Pherwani, 2003). Leban and Zulauf (2004) used the methodology of MSCEIT as well as Multifactor Leadership Questionnaire (MLQ) and described association of Transformational leadership and emotional intelligence. The results of the study analyzed that there is favorable correlation between the association of transformational leadership and emotional intelligence with the project performance. It means when there is increase in transformational leadership and emotional intelligence then it also enhances project performance. Figure (2) expresses the features of Bass and Avolio's (1990) transformational leadership.

Hayashi and Ewert (2006) conducted a research study and expressed the moderate association of emotional intelligence with transformational leadership. The result of study expressed that stress management has an association with idealized influence, intellectual stimulation as well as operational motivation.

Justification for selection of leadership

Leadership is based on various theories proposed by eminent researchers from the prospective of behavioral, trait, positional, situational and conditional capabilities. Similarly researchers in the field of organization behavior used various models to describe the distinctive characteristics of leaders. According to the theories of Trait leadership, some leaders are born with leading capabilities, while situational leadership focus on the various issues related to different working conditions that become suitable for some leaders to utilize their abilities. The current study is based upon the Bass and Avolio (2008) Model of leadership that consist of two different dimensions of leadership i.e. transformational (TRNSF) and Transactional (TRNSC) Leadership. At the same time leaders effectiveness is also derived from the same model.

Hypothesis of the Study

Based on the detailed literature review it is hypothesized that

- H1.** Transformational leadership has relationship with manager EI.
- H2.** Transactional leadership has relationship with manager EI
- H3.** Transformational leadership has relationship with manager Effectiveness.
- H4.** Transactional leadership has relationship with manager Effectiveness.
- H5.** EI has relationship with Manager Effectiveness (EFF).

- H6.** EI mediate the relationship between Transformational leadership and leaders effectiveness.
- H7.** EI mediate the relationship between Non- Transformational leadership and leader's effectiveness.

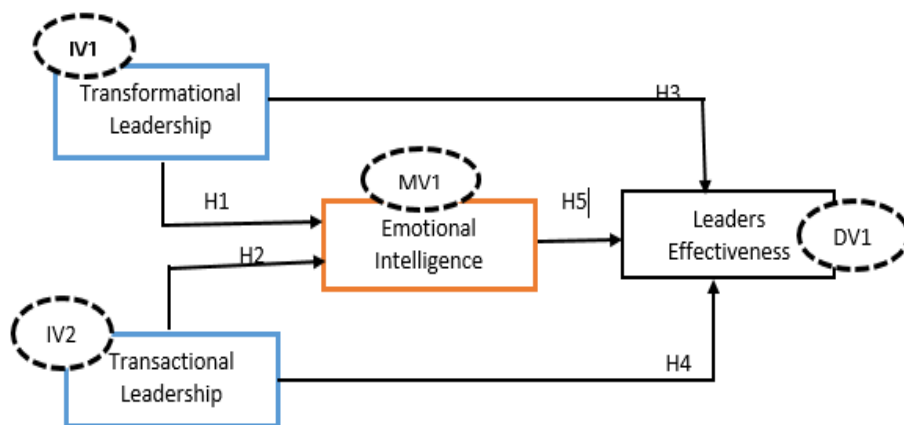


Figure 1 Conceptual Diagram

Research Methodology

Approach

Researchers in the field of social sciences/ Management Sciences stressed that survey is one of the important approach to access the information related to find out the appropriate solution toward various research questions. In this regard questionnaire and interview as well as observation are the most proper tools. In the current research study survey approach through questionnaires is adopted to find out the answer related to questions of leader's behavior, their effectiveness and EI level.

Population and Sample

The employees of private banking sector constitute population of the research process. There are different number as well as types of banks operating in Islamabad. The main reason behind the selection of banking sector in Islamabad is that most of the banks have their head offices are in this area. As we are interested to get knowledge about leaders competences and their emotional intelligence level, hence from such a location where most of the leaders perform their jobs researchers can get appropriate response. There are

total 500 questionnaires were distributed among the employees and selection of the employees were based on random sampling.

Measurement

For the measurement of emotional intelligence, Emotional and social competence inventory (ESCI) rating version system was implemented while for measurement of leadership styles as well as leadership effectiveness, Multifactor leadership Questionnaire (MLQ 5x rating form) was adopted. The manager has to complete demographic surveys. 2 subordinates of each manager will conduct the survey on behalf of their manager in order to assess and evaluate the factor of emotional intelligence, leadership style as well as leader effectiveness for each manager.

Emotional & social competence inventory (ESCI) rating version

(ESCI) rating version system evaluates employee's behavior through the evaluation of employees and raters perception. ESCI analyzes 12 different variables of emotional intelligence: self-awareness, achievement orientation, adaptability, emotional self-control, positive outlook, empathy, organizational awareness, coach and mentor, conflict management, inspirational leadership, influence, and teamwork. The 12 different indicators belong to the area of self-awareness, self-management, social awareness, and relationship management.

Multifactor leadership questionnaire (MLQ 5x) Rater-Form

MLQ (5x) interprets leadership and composed of 45 sentences. Researcher has used 5-point Likert scale system for the investigation and interpretation of each sentence. The scaling system ranges from 0 to 4. The nine factors evaluate 3 major leadership styles. The different factors as well as leadership styles are as under:

- i) Transformational leadership; idealized attributes, idealized behaviors, inspirational motivation, intellectual stimulation, individualized consideration.
- ii) Transactional leadership: Contingent reward, Active management-by-exception,
- iii) Passive/Avoidant; Passive management by exception and Laissez faire.

Leaders' effectiveness

Leaders' effectiveness was measured by three important relevant factors (employee's work, employee's satisfaction and extra work behavior) of Bass and Avolio (2008). Response was obtained through 5 point Likert scale.

Analysis

In order to analyze the data and find out the relationship between IV, DV and mediating variables, different statistical tools were applied. In the first stage reliability of the leadership styles, leader's effectiveness and EI was asses. In the second step Correlation analysis was performed to check the strength of relationship between the all the variables under study and in the final stage (Barron & Kenny, 1986) mediational analysis steps through regression were applied.

Result and Discussion

Table 1. *Demographic attributes of the Respondents.*

Demographic Variable	Description	N	%
Gender	Male	300	76.92
	Female	90	23.03
Marital Status	Single	110	28.2
	Married	270	53.84
	Divorced	10	3.44
Age	Below 18 Years	0	0
	18-28 Years	100	25.64
	29-38 Years	140	35.89
	Above 39 Years	150	38.46
Education Qualification	Bachelor (14 Years)	30	7.69
	Master (16 Years)	300	76.92
	M. Phil	60	15.38
Experience	Less than 5 Years	100	28.2
	6-10 Years	180	46.15
	Above 10 Years	100	28.2

In order to obtain proper response questionnaire was distributed among 500 middle manager/employees in the banking sector of Islamabad. Out of 500 we received 440 filled questionnaires. Some of the questions consist of missing value, so they were removed and finally 390 useable questionnaires' were entered into SPSS data sheet. The response rate was (78%). Most of the respondents took about 15 to 20 minutes to complete the questioners. Result

shows that (300) participants were male and 90 (23.03%) were female. On the basis of marital status (110) were single, (270) (53.84%) were married and 10 were divorced. On the basis of agree group 100 (28.20%) belongs to 18-28 years, 130 (24.33%) belong to 29-38 years and 150 were above than 39 years. On the basis of educational back ground out of total 390 respondents, (180) were Master degree holders, 120 were Bachelor degree holder, 60 (15.38%) were M.Phil. And 30 were under 14 year education. In response to experience level 100 (28.20%) belongs to have less than 5 year, 180 have an experience of 5-10 years, while 100 have more than 10 year experience

Table 2 *Descriptive Statistics, Inter Item Correlation and Reliability*

Variables	Mean	1	2	3	4	5
1. TRNFL	2.532	1.00				
2. TRNSL	2.401	0.502	1.00			
3. EI	2.331	0.622**	0.433**	1.00		
4. CR	3.062	0.402*	0.388*	0.403	1.00	
5. LEF	2.743	0.632*	0.702*	0.312*	0.513	1.00

TRNFL=Transformational leadership; **TRNSL**=Transactional leadership; **EI**=Emotional intelligence; **LEF**=Leaders Effectiveness.

According to Bryman and Carmer (1990) correlation analysis provide information about the strength of relationship among variables. The relationship between transformational leadership and emotional intelligence is positive and significant ($r = 0.622^{**}$, $p < 0.001$). But correlation is not very strong. While the transactional leadership and emotional intelligence relationship is also positive and significant ($r = 0.433^{**}$, $p < 0.005$). Transformational leadership is positively and significant correlated to leader effectiveness ($r = 0.632^{*}$, $p < 0.001$). Surprisingly contingent reward is positive and significantly correlated to both transformational and transactional leadership. This was possible because an active leader exhibit such an attribute for both style of leadership (Lowe & Kroeck, 1996).

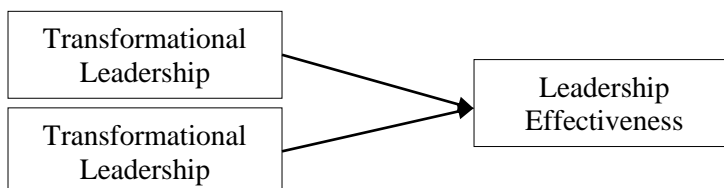


Figure 2 Step First for Mediation (Independent and Dependent) (C)

Table 3 *Model Summary for Direct Relationship (IV_DV).*

Model	R	R Square	Adjusted R Square	F	Sig.
1	.568 ^a	0.433	0.338	49.312	.000 ^a

a. Predictors: (Constant), TRNFL, TRNSL

Table 4 *Coefficients of Regression Direct Relationship (IV_DV)*

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.234	0.482		2.522	0.028
	TRNFL	0.502	0.177	0.362	2.542	0.003
	TRNSL	0.342	0.152	0.333	2.218	0.031

a. Dependent Variable: Leaders Effectiveness

Analysis

In order to check the relationship between independent and dependent variable multiple regression Analysis was performed. Result shows that that forty three (43%) change in the leadership effectiveness was due to the combine effect of TRNSL and TRNFL leadership styles. In our case the beta value for transformational and transactional leadership is (.502) and (.342) respectively. Results also indicate (p-value for transformational leadership is .003 which is less than .005 and transactional leadership p value is equal to .031 which is also significant. Hence it is proved that H3 and H4 are accepted.

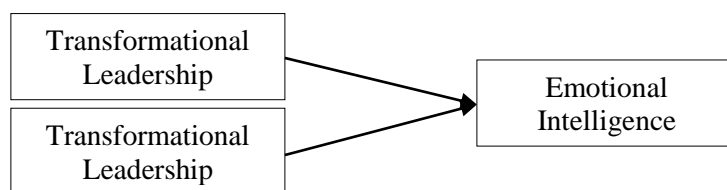


Figure 3. Second Step for Mediation (Independent and Mediator) (a)

Table 5 *Model Summary for Direct Relationship (IV_MV)*

Model	R	R Square	Adjusted R S	F	Sig.
1	0.75 ^a	0.7	0.65	135.84	.000 ^a

- a. Predictors: (Constant), Transactional Leadership, Transformational Leadership

Table 6 Coefficients of Regression for Direct Relationship (IV_MV)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.13	0.33		-0.45	0.61
	TRNFL	0.77	0.12	0.65	6.33	0
	TRNSL	0.43	0.10	0.23	3.60	0

- a. Dependent Variable: Emotional Intelligence

Analysis

The second step of mediation is to evaluate IV and MV. In the current study regression analysis was performed to check the relationship between (TRNFL, TRNSL leadership and Emotional intelligence (MV). Result indicate that there is 70% variation in the leaders emotional intelligence (Mediating Variable) is caused by the (TRNSL & TRNFL). While the beta values of TRNFL leadership is (0.771, $p < 0.005$) and TRNSL leadership is (.428, $p < .005$). Hence our both hypothesis **H1** and **H2** are accepted.

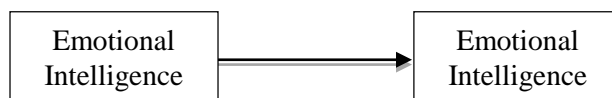


Figure 4 Step Third for Mediation (Mediator and Dependent) (b)

Table 7 Model Summary for direct Relationship (MV_DV)

Model	R	R Square	Adjusted R Square	F	Sig.
1	0.60 ^a	0.37	0.31	61.65	.000 ^a

- a. Predictors: (Constant), Emotional intelligence.

Table 8 Coefficients of Regression for Direct Relationship (MV_DV)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.231	0.42		4.07	.000
	IM	0.63	0.70	0.62	3.60	.000

- a. Dependent Variable: Leadership Effectiveness

Analysis

In the next stage the IV and MV are used as Independent variable and DV is leader's effectiveness. In the current research study the (MV) is Emotional intelligence and (DV) is Leaders effectiveness. Results indicate that 37% variation in the leaders emotional intelligence is occurred because of leaders effectiveness, while beta vale of is 0.632 ($p < 0.005$). Which conform that the interrelationship between EI and leaders effectiveness is positive and significant. Hence on the basis on result our hypothesis Number 5 is also accepted.

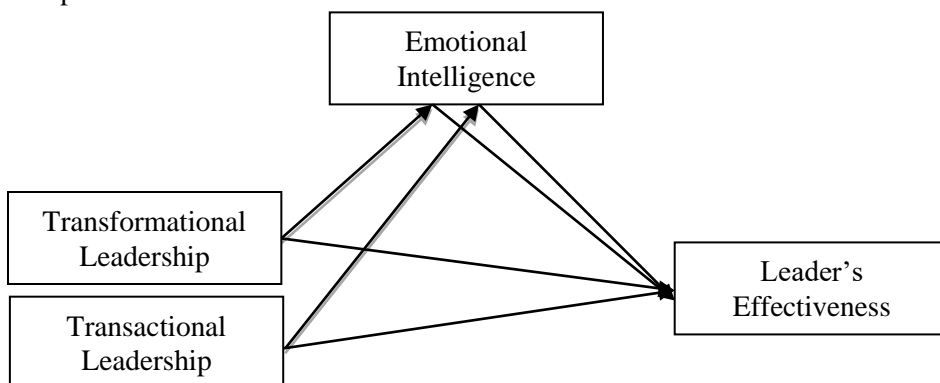


Figure 5 Step Fourth for Mediation (Independent, Mediator & Dependent)
(C⁻)

Table 9 Model Summary for Indirect Path (IV_MV_DV)

Model	R	R Square	Adj R Square	Change Statistics		
				Sig. F Change	F	Sig.
1	.568 ^a	0.433	0.338	49.312	.004 ^a	0.001
2	.663 ^b	0.567	0.432	0.221	27.02	.000 ^b

a. Predictors: (Constant), Transactional Leadership, Transformational Leadership

b. Predictors: (Constant), Transactional Leadership, Transformational Leadership, Motivation

Table 10 *Coefficients of Regression for indirect path (IV_MV_DV)*

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.23	0.482		2.522	0.03
	TRNFL	0.5	0.177	0.362	2.542	0.00
	TRNSL	0.34	0.152	0.333	2.225	0.03
2	(Constant)	1.24	0.457		2.701	0.01
	TRNFL	0.39	0.159	0.343	2.109	0.23
	TRNSL	0.27	0.987	0.213	1.133	0.08
	EI	0.17	0.141	0.168	1.236	0.22

a. Dependent Variable: Leadership Effectiveness

Analysis of the fourth step for mediation (independent, mediator and dependent) (C^-)

In the final stage IV's were entered and then MV effect was assessed on DV. In the model Summary table R square value is increased from (.433 to .567). It means that by adding (MV) Emotional Intelligence the strength of explanation the variation in (DV) leadership effectiveness is increased from 43% to 57%. Hence it validated the effect of Mediator role. From table Coefficient of regression it is clearly indicated that the Beta value of transformational leadership is decreased from (0.502 to 0.391) and significance value is increased from (0.003 to 0.291). Which shows that transformational leadership relationship with leader's effectiveness is fully mediated by EI. While the beta values of transactional leadership is also increased (0.34 to 0.27) with p values (0.03 to 0.08). Which shows partial mediational role of EI between transactional leadership and leader's effectiveness. Although our both hypothesis are accepted but result stressed that TRNFL is a strong predictor in case of mediational role of EI with leader's effectiveness, While TRNSL leadership is weak predictor in case of EI mediator role with leader's effectiveness. Hence H6, H7 are also accepted.

Conclusion and Recommendations

Conclusion

The basic purpose of the current study was to find out relationship between leadership style, and their effectiveness with emotional intelligence as a mediator. Understanding the interconnection of such relation could help us in

designing strategies for banking sector employees and leadership training in other sector also. Correlation and regression analysis were used to test the relationship and draw conclusion about different research questions, as well as hypothetical testing.

The first one research question was is there any relation between emotional intelligence attribute and transformational leadership style among manager of banking sector. Result show positive relationship between these two variables and findings of the current study are in line with previous researchers work (Habert, 2011; Khan et al., 2014). It can be concluded that managers who tend to face stressful situation from day to day will exhibit transformational behavior. Now a day's banking sector manager faces stressful situation because of staff competition among banks. It's become challenge for branch manager as well as HR department head to maintain effective human resource. As because of rapid changes in global market new banks are open their branches across the Pakistan and looking for talented and experienced work force. So if branch manager may not controlled their emotions, it will result in lay off, turnover intention, lower commitment and feeling psychological distress among employees, all these factors exert pressure over branch manager to be more transformational in nature.

Second research question was related the relationship between non-transformational leadership behavior and emotional intelligence. Non transformational leadership between was measured by transactional leadership combinations contingent reward, MBEA and MBEP respectively. Contingent reward consist of dealing between leader and employees, where employees are praised or rewarded in the form of financial term for the completion of tasks. On the other hand MBEA consist of attribute e.g. corrective action, defining failure, and proactive in nature, while MBEP avoid taking any responsibility and having no interest in the job (Bass, 1988). The last one important non-transformational leadership style is named as lassie-fair, which is characterized by avoiding nature of behavior, delay task completion and unaware about subordinate needs and desires at work. Result show that contingent reward is positively and significantly correlated to emotional intelligence of the branch managers. Findings of the study in in line with (Bass, 1988; Goodwin, Wofford & Whittington; Harms & Crede, 2010). One of the reason may be that according to the latest studies related to leadership depict contingent reward is more is transformational nature as compare to transactional (Bass, 1988). MBEA also show significant but weak relationship with emotional intelligence. While MBEP and lassie fair show insignificant relationship with emotional intelligence. Finding of the current study related to MBEP and lassie fair are in

line with (Harms & Crede, 2010). Overall it is observed that the relationship between transactional leadership and emotional leadership is significant.

Third one important question was related to combine effect of leadership style, emotional intelligence and leader's effectiveness result shows that leader having higher capabilities of emotional intelligence was ranked as effective manager by banking sector employees. It means that all those managers who may control the situation effectively because of EI abilities are ranked vary effective by their employees. Findings of the current study also in line with (Habert, 2011). From correlation table it is clearly indicated that transformational leadership and effectiveness is very high ($r=0.91$, $p < 0.05$) as compare to transactional leadership.

In the current study managers effectiveness was asses through three different attributes i.e. employee work, employee's satisfaction and extra work behavior. Effectiveness can be measured more precisely if we use climate survey. Employee self and collective efficacy, work engagement attitude and other standardized test related to psychological affection of employees. In the previous research study of (Harms & Crede, 2010) effectiveness was measured on the characteristics of leaders trustworthiness and their character. While leaders assess the effectiveness of employees through their techniques competences level, and employees productivity level. Hence the current research is on step ahead in measuring leader effectiveness through 9 factor construct of MLQ. The fourth and last question was related to measure the impact of emotional intelligence as a mediator between transformational leadership and effectiveness.

Result indicate that emotional intelligence act as a good mediator between transformational leadership and leader effectiveness. The possible role of emotional intelligence actually enhance the attributes of transformational leadership.

For instance if the branch manager have the tendency to help worker, motivate them, guide them, influence feelings of inspiration and neglect any negative attitude of employees. It will result in creativity such as social bond that will leads toward satisfied worker. But if the branch manager have lack to control stressful situation and exhibit such a behavior that leads to sown the moral of employees. The result will be unsatisfied employees, having lack of passion and motivation for their work place. On the other hand emotional intelligence mediating role is insignificant between transactional leadership and effectiveness. As it violates the first rule of (Barron and Kenny, 1986) mediation analysis. Path (A) the relationship between transactional leadership and leadership effectiveness is in significant. In the current study the relationship between creation and predictor with mediating role of emotional

intelligence is measured for the first time. Same model was proposed by (Badri, et al., 2016).

Limitation of study

The first limitation of the study is its sample size and location. Through random sampling only 210 respondents were selected from specified banking sector. If the researcher want to apply the results of the current study to overall Pakistan. Than the model may be applied to different service sectors. Another limitation was the measurement of leader effectiveness through same MLQ construct. It will be better to use other factors also.

Recommendations

Based on the findings of the current study it is recommended that Manger ability to control his/her own emotions, and leads team members in extreme emotional situation add effectiveness to his/her personality. As transformational leadership is strongly associated with EI and effectiveness. Hence improving the mangers (transformational) skills in stressful situation will benefit managers, employees as well as organizations to tackle the problems properly. Proper training program may be initiated by top business crest in order to enhance manager's Emotional intelligence level. Orientation based training from top class psychologist may be initiated to mold the personality of managers. MLQ and MSCEIT is one of the best tool to be used in the banking sector to enhance the ability of leadership and EI of the selected employees. Training related to controlling the emotional ability level of employees must be conducted at head offices and must consider all the relevant managers of various districts across the Pakistan. If it is possible 2-3 training program for regional managers, and at least one training program for branch manager must be conducted once a year. As leadership and emotional intelligence studies have wide scope, so it is recommended that other factors i.e. (organization culture, citizenship behavior, organization politics, cynicism, and justice) may also be integrated in the current model. It will gives us blend of information's related to leadership and intelligence theories.

Managerial Implications

Result of the study are also helpful for implication in banking sector. As now a days banking sector faces stiff competition with its competitors because of ever growing opportunities. In order to sustain their current employees is still a big challenge for organization. One of the best way to meet the challenge effectively is by helping the organization in shaping the abilities of their employees to overcome the daily life difficulties. Hence the recommendations of the study will be helpful for those organization that faces such difficulties.

References

- Avolio, B. M., & Bass, B. J. (2004). Multifactor Leadership Questionnaire Manual and Sampler Set (Electronic version): Mind Garden Inc.
- Avolio, B. M., Waldman, D., & Yammarino, F. (1991). Leading in the 1990s: The four I's of transformational leadership. *Journal of European Industrial Training*, 15(4), 9-16.
- Bar-On, R.E. (2000). Emotional and Social Intelligence: Insights form the Emotional Quotient Inventory. In Baron, R., Parker, J. D. A. (Eds), *The Handbook of Emotional Intelligence: Theory, Development, Assessment, and Application at Home, School and in the Workplace* (pp. 362-288). Jossey-Bass, San Francisco, CA.
- Baron, R. M., & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*, 51, 1173-82.
- Barling, J., Slater, F., & Kelloway, E. K. (2000). Transformational leadership and emotional intelligence: An exploratory study. *Leadership and Organization Development Journal*, 21(3), 157-162.
- Bass, B. M. (1999). Two decades of research and development in transformational leadership. *European Journal of Work and Organizational Psychology*, 8(1), 9-32.
- Bass, B. M. (2008). *The Bass Handbook of Leadership: Theory, Research, and Managerial Applications* (4th Ed.). New York: Free Press.
- Bass, B. M., & Avolio, B. J. (1990). Developing transformational leadership: 1992 and beyond. *Journal of European Industrial Training*, 14(5), 21- 37.
- Bass, B. M., & Avolio, B. J. (1993). Transformational leadership and organizational culture. *Public Administration Quarterly*, 17(1), 112-121.
- Bass, B. M., & Steidlmeier, P. (1999). Ethics, character, and authentic transformational leadership behavior. *Leadership Quarterly*, 10(2), 181-217.
- Bass, B. M., Waldman, D., & Avolio, B. J. (1987). Transformational leadership and the falling dominoes effect. *Group and Organization Studies*, 12(1), 73-86.
- Bennis, W. (2004). The seven ages of the leader. *Harvard Business Review*, 82(1), 46-53.
- Bommer, W. H., Rich, G. A., & Rubin, R. S. (2005). Changing attitudes about change: Longitudinal effects of transformational leader behavior on employee cynicism about organizational change. *Journal of Organizational Behavior*, 26(7), 733-753.

- Bono, J., & Judge, T. (2003). Self-concordance at work: Toward understanding the motivational effects of transformational leaders. *Academy of Management Journal*, 46(5), 554-571.
- Bono, J. E., & Anderson, M. H. (2005). The advice and influence networks of transformational leaders. *Journal of Applied Psychology*, 90(6), 1306-1314.
- Boyatzis, R. E., & McKee, A. (2005). *Resonant Leadership*. Harvard Business Review Press, Boston, USA.
- Boyatzis, R. E., Smith, M. L., Oosten, E. V., Woolford, L. (2013). Developing resonant leaders through emotional intelligence, vision and coaching. *Organizational Dynamics*, Volume 42(1), 17–24.
- Brown, F. W., & Moshavi, D. (2005). Transformational leadership and emotional intelligence: A potential pathway for an increased understanding of interpersonal influence. *Journal of Organizational Behavior*, 26, 867-871.
- Burns, J. (1978). *Leadership*. New York City: Harper & Row.
- Burns, J. M. (2003). *Transforming Leadership*. New York: Grove Press.
- Cartwright, S., & Pappas, C. (2008). Emotional intelligence, its measurement and implications for the workplace. *International Journal of Management Reviews*, 10(2), 149-171.
- Caruso, D. R. (2008). Emotions and the ability model of emotional intelligence. In R. J. Emmerling, V. K. Shanwal, & M. K. Mandal, M. (Eds.), *Emotional Intelligence: Theoretical and Cultural Perspectives* (pp. 1-16). New York: Nova Science Publishers.
- Caruso, D. R., Mayer, J. D., & Salovey, P. (2002). Relation of an ability measure of emotional intelligence to personality. *Journal of Personality Assessment*, 79(2), 306-320.
- Ciarrochi, J. V., Chan, A. Y., & Caputi, P. (2000). A critical evaluation of the emotional intelligence construct. *Personality and Individual Differences*, 28(3), 539-561.
- Chopra, P. K., & Kanjib, G. K. (2010). Emotional intelligence: A catalyst for inspirational leadership and management excellence. *Total Quality Management*, 21(10), 971–1004.
- Day, A. L., & Carroll, S. A. (2004). Using an ability-based measure of emotional intelligence to predict individual performance, group performance, and group citizenship. *Personality and Individual Differences*, 36(6), 1443-1458.

- Day, A. L., & Carroll, S. A. (2008). Faking emotional intelligence (EI): Comparing response distortion on ability and trait-based EI measures. *Journal of Organizational Behavior*, 29, 761-787.
- Feyerherm, A. E., & Rice, C. L. (2002). Emotional intelligence and team performance: The good, the bad and the ugly. *International Journal of Organizational Analysis*, 10, 343.
- Gardner, H. (1993). *Multiple Intelligences: The Theory in Practice*. New York: Basic Books.
- Gardner, L., & Stough, C. (2002). Examining the relationship between leadership and emotional intelligence in senior level managers. *Leadership & Organization Development Journal*, 23(2), 68-78.
- George, J. M. (2000). Emotions and leadership: The role of emotional intelligence. *Human Relations*, 53(8), 1027.
- Goodwin, V. L., Wofford, J. C., & Whittington, J. L. (2001). A theoretical and empirical extension to the transformational leadership construct. *Journal of Organizational Behavior*, 22, 759-774.
- Hebert, E. B. (2011). *The Relationship between Emotional Intelligence, Transformational Leadership, and Effectiveness in School Principals*. PhD Dissertation, Georgia State University.
- Hallinger, P., & Heck, R. (1998). Exploring the principal's contribution to school effectiveness: 1980-1995. *School Effectiveness and School Improvement*, 9(2), 157-191.
- Harms, P. D., & Credé, M. (2010). Emotional intelligence and transformational and transactional leadership: A meta-analysis. *Journal of Leadership & Organizational Studies*, 17(1), 5-17.
- Hayashi, A., & Ewert, A. (2006). Outdoor leaders' emotional intelligence and transformational leadership. *Journal of Experimental Education*, 28(3), 222-242.
- Huran-Badri, A., Zainol, M. R., Amar, A., & Shaari, Z. H. (2014). Emotional intelligence as a mediator between leadership styles and leadership effectiveness: A theoretical framework. *International Review of Management and Marketing*, 2146-4405.
- Jin, S., Seo, M., & Shapiro, D. L. (2008). Revisiting the link between emotional intelligence and transformational leadership: The moderating role of emotional intensity. Paper presented at the Academy of Management Proceedings.
- Judge, T. A., & Piccolo, R. F. (2004). Transformational and transactional leadership: A meta-analytic test of their relative validity. *Journal of Applied Psychology*, 89(5), 755-768.

- Kerr, R., Garvin, J., Heaton, N., & Boyle, E. (2006). Emotional intelligence and leadership effectiveness. *Leadership & Organization Development Journal*, 27(4), 265-279.
- Khan, M. I., Awan, U., Yasir, M., Muhammad, N. A. B., Shah, S. H. A., Qureshi, M. I., & Zaman, K. (2014). Transformational leadership, emotional intelligence organization commitment. Pakistan Service Sector. ARGUMENTA OECONOMICA.2 (33).ISSN..1233-5835.
- Law, K. S., Wong, C., & Song, L. J. (2004). The construct and criterion validity of emotional intelligence and its potential utility for management studies. *Journal of Applied Psychology*, 89(3), 483-496.
- Leban, W., & Zulauf, C. (2004). Linking emotional intelligence abilities and transformational leadership styles. *Leadership & Organization Development Journal*, 25(7/8), 554.
- Leithwood, K., & Beatty, B. (2008). *Leading with Teacher Emotions in Mind*. Thousand, Oaks, CA: Corwin Press.
- Leithwood, K., & Jantzi, D. (1999a). The effects of transformational leadership on organizational conditions and student engagement with school. *Journal of Educational Administration*, 38(2), 112-129.
- Leithwood, K., & Jantzi, D. (1999b). Transformational school leadership effects: A replication. *School Effectiveness and School Improvement*, 10(4), 451-479.
- Leithwood, K., & Jantzi, D. (2000). Principal and teacher leadership effects: A replication. *School Leadership & Management*, 20(4), 415- 434.
- Mandell, B., & Pherwani, S. (2003). Relationship between emotional intelligence and transformational leadership style: A gender comparison. *Journal of Business and Psychology*, 17(3), 387-404.
- Marzano, R., Waters, T., & McNulty, B. A. (2005). *School Leadership that Works: From Research to Results*. Alexandria, VA: ASCD.
- Mayer, J. D., Salovey, P., & Caruso, D. R. (2007). Models of emotional intelligence. In P. Salovey, M. A. Brackett, & J. D. Mayer (Eds.), *Emotional Intelligence: Key Readings on the Mayer and Salovey Model* (pp. 81-119). Port Chester, NY: Dude Publishing.
- Masi, R. J., & Cooke, R. A. (2000). Effects of transformational leadership on subordinate motivation, empowering norms, & organizational productivity. *The International Journal of Organizational Analysis*, 8(1), 16-47.
- McEnrue, M. P., & Groves, K. (2006). Choosing among tests of emotional intelligence: What is the evidence? *Human Resource Development Quarterly*, 17(1), 9-42.

- Oldham, G. R., & Cummings, A. (1996). Employee creativity: Personal and contextual factors at work. *Academy of Management Journal*, 39(3), 607-634.
- Palmer, B. R., Gignac, G., Manocha, R., & Stough, C. (2005). A psychometric evaluation of the Mayer-Salovey-Caruso Emotional Intelligence Test Version 2.0. *Intelligence*, 33(3), 285-305.
- Palmer, B., Walls, M., Burgess, Z., & Stough, C. (2001). Emotional intelligence and effective leadership. *Leadership & Organization Development Journal*, 22(1), 5-10.
- Parry, K. W., & Proctor-Thomson, S. B. (2002). Perceived Integrity of Transformational Leaders in Organisational Settings. *Journal of Business Ethics*, 35(2), 75-96.
- Piccolo, R., & Colquitt, J. (2006). Transformational leadership and job behaviors: The mediating role of core job characteristics. *Academy of Management Journal*, 49(2), 327-340.
- Rosete, D., & Cirarochi, J. (2005). Emotional intelligence and its relationship to workplace performance outcomes of leadership effectiveness. *Leadership & Organization Development Journal*, 26(5/6), 388.
- Saif, N., Khattak, B. K., & Ullah, I. K. (2016). Relationship between transformational leadership and organization citizenship behavior (OCB) in SMEs sector of Pakistan. *Gomal University Journal of Research*, 32(2).
- Salovey, P., & Mayer, J. D. (2007). Emotional Intelligence. In P. Salovey, M. A. Brackett, & J. D. Mayer (Eds.), *Emotional Intelligence: Key Readings on the Mayer and Salovey Model* (pp. 1-28). Port Chester, New York: Dude Publishing.
- Voola, R., Carlson, J., & West, A. (2004). Emotional intelligence and competitive advantage: Examining the relationship from a resource-based view. *Strategic Change*, 13, 83-93.
- Wong, C., & Law, K. S. (2002). The effects of leader and follower emotional intelligence on performance and attitude: An exploratory study. *The Leadership Quarterly*, 13, 243-274.
- Zhou, J., & George, J. M. (2003). Awakening employee creativity: The role of leader emotional intelligence. *The Leadership Quarterly*, 14, 545- 568.