**SPCRD GLOBAL
PUBLISHING**
Sustainable Solutions

RAMSS Review of Applied Management
and Social Sciences

Journal homepage: <http://ramss.spcrd.org>

ISSN (Print): 2708-2024

ISSN (Online): 2708-3640

Relationship between Transformational Leadership Dimensions and Employee Engagement: A Mediating Mechanism of Emotional Intelligence

^a Shakeel Khan, ^b Shahzad Khan Durrani, ^c Bushra Hamid, ^d Muhammad Ishtiaq

^a Lecturer, Institute of Management Studies University of Peshawar, Pakistan

Email: Shakeel.ims@uop.edu.pk

^b Lecturer, Kohat University of Science & Technology, Kohat, Pakistan

Email: shehzad.khan@kust.edu.pk

^c Professor, Institute of Management Studies University of Peshawar, Pakistan

Email: dean_ims@uop.edu.pk

^d Lecturer, Kohat University of Science & Technology, Kohat, Pakistan

Email: m.Ishtiaq@kust.edu

ARTICLE DETAILS

History:

Accepted 29 July 2021

Available Online September 2021

Keywords:

Transformational Leadership (TL), Dimensions of Transformational Leadership, Employee Engagement (EE) and Emotional Intelligence (EI).

JEL Classification:

E24, E29

DOI: 10.47067/ramss.v4i3.176

ABSTRACT

The mystery of what leaders can and ought to do in order to spark the best performance from their people is age-old. Until recently, no quantitative research has demonstrated which precise leadership behaviors yield positive results. This study takes much of the mystery out of effective leadership. The objective of this paper is to determine the level of prevalence of transformational leadership dimensions in private banks within the boundaries of KPK, Pakistan, and to evaluate whether emotional intelligence mediates between transformational leadership dimensions and Employee Engagement. Kenny's contemporary approach to mediation was used to test the mediating effect of emotional intelligence. Our results reflect that with the exception of Idealized Influence dimension of transformational leadership remaining three dimensions inspirational motivation, intellectual stimulation, individualized consideration prevails within banking sector. Similarly, there is no direct relationship between transformational leadership dimensions and employee engagement, rather, this relationship is best explained by incorporating emotional intelligence in the model.

© 2021 The authors. Published by SPCRD Global Publishing. This is an open-access article under the Creative Commons Attribution-NonCommercial 4.0

Corresponding author's email address: Shakeel.ims@uop.edu.pk

1. Introduction

The employee engagement at work represents the features and wellbeing of workers at work that contributes to the total performance of an organization. Currently, employee engagement is an important concern of the researchers as it affects the organizations greatly. Today's organizations are looking for employees who can adjust and stay in an environment that is diverse in nature,

rapidly changing, demands unique skills and abilities. These challenges of the contemporary business world making it hard for the decision-makers to invest in human capital, therefore, achieving organizational objective, increasing labor productivity, and competing effectively in the international market through employee engagement is a common method been practiced and achieved high results. This statement is supported by a research study on Trends in Global Employee Engagement conducted by Hewitt (2017), he found that global employee engagement hit the highest point of 65% in 2015, while it has fallen by two points from 65% to 63% in 2016. The recent study on employee engagement by Aon Hewitt (2018) reported the highest point and it matched with the previous year highest point of 65%. Aon's analysis concluded that the major drivers of decline in the employee engagement were regional, cultural, political, and economic differences.

Leadership plays a great role in employee engagement. According to the study of more than 717 respondents of HR profession involve the employee engagement globally; it was confirmed that just an average of 39% organizations says their leaders promote and prioritize employee engagement. Likewise, only 28% responded that their managers/leaders were well qualified and highly skilled to engage and foster individuals and teams. Therefore, leadership skills and talents are the key players in differentiating between an average organizations and highly engaged organizations (HR. Com, 2018). After investigating a large body of leadership literature, it is found that leadership affect employee engagement to a great level and extend (Shuck & Herd, 2012; Wallace & Trinka, 2009). The global survey report of Employee Engagement Index (2018), performed by Effectory International, which consists of 18000 respondents in 56 countries around the globe, showed the levels of employee commitment and engagement are still 30% or less and growing with a slow pace of only 4% for the last four years. These results reflect that organizations are not utilizing a huge amount of the existing talent due to lack of effective leadership and consequently failed to engage employees.

The subject of leadership was developed and evolved well overtime. According to study conducted by Freedman (2013), there is a significant correlation exist between Emotional Intelligence (EI) and Employee Engagement (EE). EI contributes approximately 47% of the variance in the managers/leader's performance scores. Similarly, leader's emotional intelligence predicts 76% of the difference in employee engagement, however, in the same study, employee turnover dropped to 63%. Bass and Riggio (2006), describe transformational leader as the one who possess certain traits and characteristics that includes idealized influence, inspirational motivation, individual consideration and intellectual stimulation. TL leaders have strong relationship with subordinated that is based on social and reward exchanges, shared vision, and values of the organization.

Managers having high Emotional Intelligence (EI) are counted as asset for the organization, also EI plays a significant role to engage and assist employees at their work (Liu & Cho, 2018). To find the association between leadership and employee engagement, Carasco-Saul (2015) review more than 81 articles and concluded that relationship between leadership and employee engagement has not been largely explored, although organizations are investing on training and development, retaining and engaging employees. The research conducted by Ababneh (2015), it is investigated that the critical examination of the impact of mediating and moderating variables of job characteristics and organizational cultures has been largely ignored. These variables show the direct relationship between leadership and personality (antecedents of engagement) and employee engagement. Shuck & Wollard (2010), investigated that beside a great amount of literature and research studies on employee engagement there lies a gap of effective and serious research work which resulted in a

disjointed approach to identify, understand, implement and develop strategies. There are various pathways by which transformational leaders motivate, engage and retain employees, however it depends on the leader's ability to construct a more attractive and meaningful work (Serrano & Reichard, 2011).

Bakker (2011) found that leaders can influence followers to engage in their work, however, it lacks the pathways that how leaders can influence followers, in other words, there is a lack of empirical evidence or research in this relationship. Zhu, et al. (2009) in his study concluded that researchers have widely ignored the constructs that may affect employee engagement indirectly while largely focused on the direct relationship between transformational leadership and employee engagement. Shuck & Herd (2012) further added that the process of leadership behavior and its influence is not yet clear and understood. Another research conducted by Arunima (2014) showed a moderate correlation of ($r=0.311$) between transformational leadership and employee intelligence. Similarly, Ybarra (2014) in his research found that leadership styles have wide knowledge gaps and methodological issues which must be fixed and corrected to better analyze and understand the influence of EI on behavior.

The research study on emotional intelligence and employee engagement showed a strong correlation, however, EI could not clearly define the overall variability in work engagement (Thor, 2013). Accordingly, Ochalski (2016) in his research found that EI showed weak moderate relationships between TL and EI, however similar relationships can show strong moderate or mediate relationships in cultures other than US. Research on the linkage between emotional intelligence and employee engagement are developed and evolved well over time. Studies performed by Ravichandran, et al. (2011), Webb (2013) and Thor (2013) showed a significant link between such variables. The results of these findings further concludes that EI alone could not clearly justify the variability in employee engagement. Therefore, evaluating the factors of employee engagement other than EI might be considered. Furthermore, due to such inconsistency in the research we assume that there is dire need to add another new mediating variable of leader's emotional intelligence to the model of TL dimensions and attributes of EE. With this gap in knowledge, we consider that leaders EI may play a significant role of mediator between the transformational leadership style and employee engagement.

This study pursues the following objectives.

1. To determine the level of prevalence of transformational leadership dimensions.
2. To evaluate the mediating mechanism of emotional intelligence (EI) between transformational leadership (TL) dimensions and employee engagement (EE).

2. Research Hypotheses

H₁: TL dimensions significantly affect EI.

$$TL = f(II, IM, IS, IC) \quad (\text{Model NO. 1})$$

H₂: EI mediate between TL dimensions and EE.

$$EE = f(II, IM, IC, IS, EI) \quad (\text{Model NO. 2})$$

3. Research Methodology

Respondent's feedback is needed for this proposed study. Therefore, survey approach to data collection pertaining to TL dimensions, EI and EE is required.

3.1 Survey Approach

To collect data a survey was conducted. Data was collected from private bank employees related to TL dimensions, EI and EE. In the survey approach, employees were required to rate existing prevailing conditions regarding TL dimensions, EI and its impact on EE. In this connection, a four dimensions questionnaire was adapted from Podsakoff (1990). Similarly, measuring emotions scale was developed by Schutte (1998 & 2009) and is used to measure EI was adopted. Finally, to measure the independent variable of employee engagement (EE), we used the scale of Utrecht Work Engagement (UWE) which was developed and constructed by Schaufeli & Bakker (2003).

3.2 Population

Employees working in private banks within the boundaries of KPK, Pakistan will be the population for this study. The data was collected from a total of 15 private banks operating in KPK, Pakistan. A random sampling method of data collection was used. At least two employees from each bank were selected to collect data for this research study. Therefore, the target size for data collection was 270 (18*15).

3.3 Data Analysis

Kenny (2012) mediation analysis was used to analyze data regarding all three constructs. This approach of analysis was specifically selected to test the hypotheses of this study by using SPSS 21 version.

4. Results and Discussion

This section deals with results, interpretation, and discussion of the statistical analysis. The researcher distributed 270 questionnaires among the private bank employees. The researcher received back 254 questionnaires. Out of 254 questionnaires, 06 were not considered for the result either because of the missing of the relevant dependent variables or independent variables data. Likewise, because of the extreme lowest values which were creating the normality problem, the three respondents' data was also dropped. Hence, the definitive sample size for testing stood at 245 questionnaires, establishing a response rate of 90 percent.

4.1 Descriptive Statistics

Table 1 reflects the descriptive statistics of banking employees in terms of their gender, age, experience, and designation and education level.

Table 1. Descriptive statistics of faculty members

Variables	Count	Percentage
1. Gender		
Male	172	70.20
Female	73	29.80
Total	245	100
2. Age		
24-29	93	37.96
30-34	64	26.12
35-40	41	16.75
40-44	32	13.06
45-49	09	3.67
50 & above	06	2.44
Total	245	100
3. Experience		
1-5 years	93	37.96
6-10 years	98	40.00
11-15 years	41	16.73
16-20 years	08	3.26
21 & above	05	2.05
Total	245	100
4. Designation		
Manager	12	4.90
Operation Manager	42	17.14
Sectional Head/s	69	28.17
Employees	122	49.79
Total	245	100
5. Qualification		
14 years bachelor's degree	89	36.32
16 years master's degree	125	51.03
18 years MS/MPhil Degree	31	12.65
Total	245	100

Table 1 shows that 70.20% of our respondents were male; while, remaining 29.80% were female. Further, a large majority of our respondents were common employees (49.79%), followed by sectional heads (28.17%) and operational managers (17.14%), while managers (5.30%) is least represented in this sample. Likewise, (51.03%) of our respondents have master's degree, (36.32%) have bachelor's degree and the remaining (12.65%) have MS/MPhil degree. Our results further reflect that banking staff having 6-10 and 1-5 years of experience are significantly (40.00%) and (37.96%) respectively are represented in the sample; and they are under the age bracket of 30-34 and 24-29 years.

4.2 Reliability Analysis and Multicollinearity Detection

Table 2 explains the correlation coefficient of TL dimensions and Cronbach's alpha. The feedback of the respondents was checked for reliability via SPSS on all of dimensions of TL. The evaluation provides the reliability results close to one, based on this measurement we conclude that results are good.

Table 2. Correlation Coefficient & Cronbach's Alpha

Construct	A	M	S. D	1	2	3	4	5
II	0.959	3.42	0.868	1				
IM	0.949	3.77	0.927	0.078	1			
IS	0.961	3.88	0.886	-0.034	0.518*	1		
IC	0.949	4.05	0.717	-0.043	0.425*	0.391*	1	
EI	0.899	4.07	0.686	-0.023	0.416*	0.421*	0.736*	1

*. Correlation is significant at the 0.01 level.

*. II- Idealized Influence, IM-Inspirational Motivation IS- Intellectual Stimulation, IC-Individual Consideration, EI-Leader's Emotional Intelligence.

Table 2 results further explains that the correlation coefficients are extremely substantial but not too strong, except for leader's EI and IC; however, it is still in tolerable limit. Thus, it can be concluded that the problem of multicollinearity is not present in our model based on correlation test.

Table 3. Impact of TL dimensions on EI

Model	Unstandardized-Coefficients		Standardized-Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.032	.209		4.969	.000
II	.044	.035	.058	1.368	.170
IM	.146	.039	.186	4.009	.000
IS	.137	.035	.183	3.871	.000
IC	.438	.044	.517	10.571	.000

a. Dependent Variable: TLM

F= 81.080 (p=0.000), R²= 0.543

Results in table show that F = 81.08, (p < 0.01) which reflect that overall model is statistically significant, and R²= .543 means that 54 % variation in our dependent variable EI is mainly due to our independent variables (II, IM, IS, IC). The results of our independent variable reflect that with the exception of II variable (b₁ = 0.044, p > 0.05), all other variables have statistically significant impact on EI. IC variable has slightly greater impact (b₄ = 0.438, p < 0.005), as compared to IM (b₂ = 0.146, p < 0.005), and IS (b₃ = 0.137, p < 0.005). As, three out of four variables have significant impact on EI; therefore, hypotheses H₁ is partially accepted.

Table 3: Impact of TL dimensions and EI on EE

Model	Unstandardized-Coefficients		Standardized-Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.523	.367		9.670	.000
II	-.095	.046	-.127	-2.135	.036
IM	.069	.063	.094	1.112	.279
IS	-.009	.057	-.012	-.136	.909
EI	.044	.134	-.057	3.20	.004

a. Dependent Variable: EEM

F= 3.460 (p=0.227), $R^2 = 0.018$

*. EE- Employee Engagement

Table 2 represents the mediating effect of EI between TL dimensions and EE, as suggested by eminent researchers Bass & Riggio (2006) and Thor (2013). Contemporary approach of mediation was employed to test the mediating effect of EI (Kenny, 2012). Table (2) shows the empirical results of TL dimensions along with predicated value of EI on EE. F = 3.460, $p < 0.05$, indicate that our model (2) is statistically significant. $R^2 = .018$ reflect that very small variation in EE which is a dependent variable, and it is due to our independent variable, II, IM, IS, and predicated value of EI. While, IC has been dropped from our model because of high multicollinearity.

T-statistics and p-values of independent variables shows that except for II; other variables turn out to be insignificant. The first variable (II) has significant impact ($b_1 = -0.095$, $p < 0.005$) on EE, while other two independent variables have insignificant impact ($b_2 = 0.069$, $p > 0.005$, $b_3 = -0.009$, $p > 0.005$,) whereas our mediator variable EI also have significant impact on EE ($b_4 = 0.044$, $p < 0.05$), which satisfies the requirements of mediation.

According to mediation's requirements. With the inclusion of over mediator variables, the effects of II, IM, & IS variables have changed from $b_1 = 0.044$, $b_2 = 0.146$, and $b_3 = 0.137$, (table 1) to $\beta_1 = -0.095$, $\beta_2 = 0.069$, and $\beta_3 = -0.009$, (table 2), respectively. While, IC has been dropped from our model because of high multicollinearity.

These results reflects that our mediator variable satisfies the requirements of mediation analysis, and as other independent variables are insignificant, so we may conclude that EI is largely mediating.

5. Conclusion

The first hypothesis and aim of this study is to determine the level of prevalence of TL dimensions and its impact on EI. The results of the study justify our first objective and found that with the exception of II, the remaining dimensions (IM, IS, and IC) showed relationship, but not too strong. These results are similar with the previous studies conducted by Arunima (2014) and Ybarra (2014), which found a moderate correlation between transformational leadership and employee intelligence.

Our second hypothesis and aim of this research study was to focus on the underlying mechanism of the relationship between the dimensions of transformational leadership and employee engagement from the outlook of mediating mechanism of emotional intelligence. The results of the

study show that after incorporating mediating variable of emotional intelligence (EI) between dependent variable i.e., transformational leadership (TL) and dependent variable i.e., employee engagement (EE), it fulfills the conditions of mediating analysis. So, we can say that EI is strongly mediating and significantly strengthened the relationship between TL and EE. The results confirmed Ochalski (2016) theoretical claims that in a different cultural context, EI might play a significant role as to mediate the relationship between transformational leadership and employee engagement. This research further supports the claim of Ghadi, et al. (2013) and recommended that we need to explore and study other mediators which might affect the relationship between TL and EE.

Moreover, this research study further recommends that future research studies need to evaluate and explore TL dimensions and assess their role and contribution towards EI and EE. The analysis used in this study should be further replicated to confirm the results. In addition, researchers require to identify how TL dimensions and leader's emotional intelligence can be efficiently and effectively implemented in both private and public sectors to engage and retain employees. This study further contributes to the literature by developing a completely new model of transformational leadership by adding leader's emotional intelligence into the existing model which would assess top management and leaders to engage employees. This model should be replicated in other studies to further validate the results and findings.

References

- Ababneh, O.M.A., 2015. Conceptualizing and measuring employee engagement and examining the antecedents of leadership styles and personality attributes (Doctoral dissertation, Auckland University of Technology).
- Arunima, S., Ajeya, J., Sengupta, A.K., Mariamma, P., Tripathi, K.K., 2014. Comparison of transformational leadership and its different attributes of leadership with emotional intelligence in Indian healthcare: An empirical aspect. *Advances in Management*, 7(10), p.37.
- Awang, Z., 2015. SEM Made Simple: A Gentle Approach to Learning Structural Equation Modeling. Bandar Baru Bangi, MPWS Rich Resources.
- Bakker, A.B., Albrecht, S.L., Leiter, M.P., 2011. Key questions regarding work engagement. *European journal of work and organizational psychology*, 20(1), pp.4-28.
- Bass, B., Avolio, B., 2004. Manual for Multifactor Leadership Questionnaire: Sampler Set. Mind Garden Inc., Redwood City, CA. Bass, B.M. (1985).
- Bass, B.M., Riggio, R.E., 2006. Transformational leadership. Psychology Press.
- Carasco-Saul, M., Kim, W., Kim, T., 2015. Leadership and employee engagement: Proposing research agendas through a review of literature. *Human Resource Development Review*, 14(1), pp.38-63.
- Effectory International, 2016. Global Employee Engagement Index. <https://www.effectory.com/knowledge/themes/employee-engagement-survey/>. Amsterdam, Netherlands.
- Effectory, 2018. Global Employee Engagement Index. <https://www.effectory.com/knowledge/blog/discover-the-latest-global-employee-engagement-and-commitment-insights/>. Amsterdam, Netherlands.
- Freedman, J., 2013. The Amadori Case: Supplying McDonalds – Organizational Engagement, Emotional Intelligence and Performance. Retrieved from: <http://jmfreedman.com/2013/04/the-amadori-case-supplying-mcdonalds-organizational>.
- Gignac, G.E., 2010b. Genos emotional intelligence inventory technical manual. (2nd ed.). Retrieved from <http://www.genosinternational.com/emotionalintelligence/technical-manual>.
- Hewitt, A., 2017. Trends in global employee engagement: Global anxiety erodes employee

- engagement gains. Talent, Rewards & Performance.
- Kenny, D. A. (2012). Mediation; available on: davidakenny.net, April 2012.
- Liu, J., Cho, S., 2018. Interaction effect of display rules and emotional intelligence on hotel managers' and non-managers' work engagement. *International Journal of Contemporary Hospitality Management*, 30(3), pp.1903-1919.
- Ochalski, S., 2016. The moderating role of emotional intelligence on the relationship between transformational leadership and work engagement. *International Leadership Journal*, 8(2), pp.68-87.
- Podsakoff, P. M., MacKenzie, S. B., Moorman, R. H., & Fetter, R. (1990). Transformational leader behaviors and their effects on followers' trust in leader, satisfaction, and organizational citizenship behaviors. *The Leadership Quarterly*, 1(2), 107-142.
- Ravichandran, K., Arasu, R., Kumar, S.A., 2011. The impact of emotional intelligence on employee work engagement behavior: An empirical study. *International Journal of Business and Management*, 6(11), p.157.
- Schaufeli, W.B., Bakker, A.B., 2003. Utrecht work engagement scale: Preliminary manual. Occupational Health Psychology Unit, Utrecht University, Utrecht, 26.
- Schutte, N. S., Malouff, J.M., & Bhullar, N. (2009). The Assessing Emotions Scale. In C. Stough, D. H. Saklofske, & J. D. A. Parker (Eds.), *Assessing emotional intelligence: Theory, research, and application* (pp. 119-134). New York: Springer.
- Schutte, N. S., Malouff, J.M., Hall, L. E., Haggerty, D. J., Cooper, J. T., Golden, C. J., & Dornheim, L. (1998). Development and validation of a measure of emotional intelligence. *Personality & Individual Differences*, 25, 167-177.
- Serrano, S.A., Reichard, R.J., 2011. Leadership strategies for an engaged workforce. *Consulting Psychology Journal: Practice and Research*, 63(3), p.176.
- Shuck, B., Herd, A.M., 2012. Employee engagement and leadership: Exploring the convergence of two frameworks and implications for leadership development in HRD. *Human resource development review*, 11(2), pp.156-181.
- Shuck, B., Wollard, K., 2010. Employee engagement and HRD: A seminal review of the foundations. *Human resource development review*, 9(1), pp.89-110.
- The State of Employee Engagement in 2018: Leverage leadership and culture to maximize engagement, from: https://www.hr.com/en/resources/free_research_white_papers/the-stateof-employee-engagement-in-2018-mar2018_jeq_fvgoq.html.
- Thor, S. 2013. MOOD righting. *Quality Progress*, 46(5), pp.34-40.
- Wallace, L., Trinkka, J., 2009. Leadership and employee engagement. *Public Management*, 91(5), pp.10-13.
- Webb, K.S., 2013. How managers' emotional intelligence impacts employees' satisfaction and commitment: A structural equation model. *The IUP Journal of Organizational Behavior*, 13(2), pp.7-24.
- Yasin Ghadi, M., Fernando, M., Caputi, P., 2013. Transformational leadership and work engagement: The mediating effect of meaning in work. *Leadership & Organization Development Journal*, 34(6), pp.532-550.
- Ybarra, O., Kross, E., Sanchez-Burks, J., 2014. The "big idea" that is yet to be: Toward a more motivated, contextual, and dynamic model of emotional intelligence. *Academy of Management Perspectives*, 28(2), pp.93-107.
- Zhu, W., Avolio, B.J., Walumbwa, F.O., 2009. Moderating role of follower characteristics with transformational leadership and follower work engagement. *Group & Organization Management*, 34(5), pp.590-619.