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## TÁC ĐỘNG CỦA TRÍ TUỆ CẢM XÚC NHÀ LÃNH ĐẠO ĐẾN SỰ HÀI LÒNG CÔNG VIỆC CỦA NHÂN VIÊN TRONG BỐI CẢNH NGÀNH NGÂN HÀNG: VAI TRÒ TRUNG GIAN CỦA LÃNH ĐẠO CHUYỂN ĐỔI

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### Tóm tắt

Nghiên cứu này nhằm mục đích khảo sát mối quan hệ giữa trí tuệ cảm xúc và phong cách lãnh đạo chuyển đổi của các nhà lãnh đạo đối với sự hài lòng trong công việc của nhân viên trong bối cảnh ngành ngân hàng. Dữ liệu được thu thập từ 407 nhân viên tại các Ngân hàng Thương mại Cổ phần tại Việt Nam thông qua kỹ thuật lấy mẫu tiện lợi. Dữ liệu thu thập được phân tích bằng thống kê mô tả, mô hình thành phần phân cấp với bình phương tối thiểu phần tử nhất quán, mô hình phương trình cấu trúc (SEM) và kiểm tra bootstrapping. Phần mềm SmartPLS được sử dụng để phân tích dữ liệu thu thập. Kết quả cho thấy cả yếu tố trí tuệ cảm xúc của lãnh đạo và lãnh đạo chuyển đổi đều có tác động tích cực với sự hài lòng trong công việc của nhân viên. Trong khi đó, trí tuệ cảm xúc có tác động mạnh hơn đối với sự hài lòng trong công việc so với lãnh đạo chuyển đổi. Hơn nữa, kết quả cho thấy lãnh đạo chuyển đổi đóng vai trò là biến trung gian một phần và có tác động tích cực trong mối quan hệ giữa trí tuệ cảm xúc của lãnh đạo và sự hài lòng trong công việc của nhân viên. Nghiên cứu còn đóng góp cho việc hiểu rõ về mối quan hệ giữa trí tuệ cảm xúc của lãnh đạo và sự hài lòng trong công việc của nhân viên. Bằng cách đo lường phong cách lãnh đạo và trí tuệ cảm xúc của người lãnh đạo dựa trên quan điểm của nhân viên, nghiên cứu cho thấy các yếu tố tình huống tương tác với các yếu tố cá nhân như thế nào để ảnh hưởng đến sự hài lòng trong công việc. Hàm ý lý thuyết của bài giúp người đọc nâng cao kiến thức trong lĩnh vực này và đưa ra một quan

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điểm toàn diện. Hàm ý thực tiễn nhấn mạnh việc khuyến khích sự lãnh đạo chuyển đổi, thực hiện các chương trình đào tạo tập trung vào EI hiệu quả và thiết lập các quy trình phản hồi.

**Từ khóa:** Trí tuệ cảm xúc; Lãnh đạo chuyển đổi; Sự hài lòng trong công việc.

## **THE IMPACT OF LEADERS' EMOTIONAL INTELLIGENCE ON EMPLOYEES' JOB SATISFACTION IN BANKING: THE MEDIATING ROLE OF TRANSFORMATIONAL LEADERSHIP**

### **Abstract**

The purpose of this paper is to investigate the relationships of emotional intelligence and transformational leadership of leaders to their employees' job satisfaction in the context of banking industry. Data were collected from 407 employees at Joint Stock Commercial Banks in Vietnam through convenience sampling technique. Collected data were analyzed using descriptive statistics, hierarchical component models with consistent partial least squares, structural equation modeling (SEM), and bootstrapping test. SmartPLS software was applied to analyze the collected data. The results showed that both leaders' emotional intelligence and transformational leadership had a positive relationship with employees' job satisfaction. Meanwhile, emotional intelligence had a stronger impact on job satisfaction than transformational leadership. Furthermore, the findings indicated that transformational leadership played a positively partial mediating effect in the relationship between leaders' emotional intelligence and employees' job satisfaction. This research contributes to the understanding of the relationship between leaders' emotional intelligence and employees' job satisfaction. By measuring leadership style and leaders' emotional intelligence based on employee perspective, it reveals how situational factors interact with individual factors to influence job satisfaction. Theoretical implications enhance knowledge in the field and offer a comprehensive perspective. Practical implications emphasize encouraging transformational leadership, implementing effective EI-focused training programs, and establishing feedback processes.

**Keywords:** Emotional intelligence; Transformational leadership; Job satisfaction.

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### **1. Introduction**

In recent years, the relationship between emotional intelligence and leadership has gained attention due to its potential impact on work performance (Du Plessis et al., 2020), Emotional intelligence refers to an individuals' ability to perceive and regulate their own emotions, as well as recognize and respond to the emotions of others (Drigas & Papoutsi, 2018), Developing emotional intelligence can enhance a leaders' capacity to establish meaningful relationships with followers and foster positive emotions in the workplace (Mindeguia et al., 2021),

Previous research has often examined the relationship between leadership styles and emotional intelligence, including transactional, laissez-faire, and transformational leadership (Abdullahi et al., 2020; Milhem et al., 2019), Transformational leadership has emerged as a prominent style that emphasizes a leaders' ability to inspire and motivate by creating a shared vision, fostering skill development, and cultivating a positive work environment (Celik et al., 2016; Reza, 2019), Especially in the banking industry, effective leadership incorporating emotional intelligence and transformational leadership can lead to improved organizational performance and positive employee outcomes, such as job satisfaction and task performance

(Bhatti et al., 2018; Dartey-Baah & Mekpor, 2017), Extensive research consistently demonstrates that transformational leadership directly and significantly impacts employees' job satisfaction (Atmojo, 2015; Eliyana & Ma'arif, 2019), Leaders practicing transformational leadership tend to create a positive and visionary work environment that stimulates creativity and innovation (Jaiswal & Dhar, 2015),

While some studies have explored the relationship between emotional intelligence and organizational factors like job performance, stress, and satisfaction (Akhter, 2021; Nguyen et al., 2019), further investigation is necessary. Gopinath and Chitra (2020); Lee (2018) have mostly shown positive relationships between emotional intelligence and job satisfaction. This result is also true when using self-report measures to assess managers' emotional intelligence and subordinates' job satisfaction (Miao et al., 2016), When employees who work closely with leaders provide ratings of the leaders' emotional intelligence and leadership style, these assessments are typically less biased and offer a more accurate reflection compared to self-report measures (Hur et al., 2011), Furthermore, a lack of a holistic understanding of how leaders' emotional intelligence impacts on employees job satisfaction through transformational leadership has not been discovered. Therefore, in this study, it addresses this knowledge gap by increasing our understanding of the relationship between leaders' emotional intelligence and employee job satisfaction, considering the mediating role of transformational leadership.

The objective of this study is to examine the relationship between leaders' emotional intelligence and employees job satisfaction, considering the mediating role of transformational leadership. This research aims to provide leaders with valuable insights for developing effective leadership strategies that promote positive employee outcomes.

## **2. Literature Review and hypothesis development**

### ***2.1. Emotional intelligence***

Emotional intelligence encompasses various definitions and conceptualizations. Salovey and Mayer (1990) defined emotional intelligence as the ability to monitor and differentiate one's own and others' emotions, and to use this information to guide one's thinking and actions. On the other hand, Bar-On (1997) viewed emotional intelligence as non-cognitive capacities, competencies, and skills necessary for effectively coping with environmental demands, including social skills, stress management, and motivation. Moreover, Petrides and Furnham (2001) present another perspective on emotional intelligence, emphasizing the role of self-perceived abilities and behavioral tendencies which they refer to as the trait emotional intelligence approach. This research specifically focuses on the ability emotional intelligence approach based on Mayer et al. (1997) within the banking industry. By adopting this approach, it becomes possible to obtain a more accurate measure of emotional intelligence based on observable behaviors across different situations.

### ***2.2. Job satisfaction***

Job satisfaction, as defined by Locke (1976), refers to the positive emotional state experienced by employees in relation to their profession or work environment. This definition aligns with Aziri (2011) perspective, which views job satisfaction as a form of emotional pleasure resulting from an

individual's evaluation of their job and the perception of achieving work-related values. Luthans et al. (2007) describe job satisfaction as a positive emotional state that can be measured through job evaluation and work experience. Harris et al. (2008) adds to this by considering job satisfaction as a wonderful and optimistic enthusiastic condition that arises from the evaluation of an individual's professional or personal experiences. Moreover, Newcomb et al. (2009) believes that job satisfaction is closely linked to how well the workplace meets and fulfills the individual needs of employees. Additionally, job satisfaction has been conceptualized as a collection of subjective feelings regarding how employees perceive their work (Karatepe et al., 2006),

### ***2.3. Transformational leadership***

Transformational leadership, as conceptualized by Burns (1978), involves charismatic leaders who inspire positive change by creating a compelling vision, fostering commitment among followers, and achieving higher levels of performance. Yukl and Van Fleet (1992) further define transformational leadership as the process of influencing fundamental changes in attitudes and assumptions of organizational members, fostering commitment to major organizational goals and strategies. In contrast, Bass (1999) distinguishes transformational leadership from transactional leadership by emphasizing exchange, trust, and loyalty rather than mere compliance-based rewards. Gardner and Stough (2002) highlight that transformational leaders possess the ability to create and communicate a vision, eliciting strong commitment from subordinates who view them as role models for that vision. Besides, Bass and Riggio (2006) assert that transformational leaders prioritize followers' needs over their own, earning trust and loyalty through this consideration.

### ***2.4. Emotional intelligence and Job satisfaction***

One of the fundamental psychological needs of individuals is relatedness, which refers to the need to form meaningful connections and relationships with others based on the Self-Determination Theory (Ariccio et al., 2021), Leaders' emotional intelligence plays a crucial role in fostering these connections and satisfying employees' need for relatedness Hu et al. (2022), Leaders with high emotional intelligence possess the ability to understand and empathize with the emotions of their employees (Baesu, 2019), They create a supportive and inclusive work environment by demonstrating empathy, active listening, and effective communication. This enhances the sense of relatedness among employees, leading to increased job satisfaction (Demircioglu, 2018),

Therefore, we hypothesize that the relationship between emotional intelligence and job satisfaction is positive.

**H1: There is a positive relationship between leaders' emotional intelligence and employees' job satisfaction.**

### ***2.5. Transformational leadership and Job satisfaction***

Transformational leaders who demonstrate positive behaviors, provide support, and create a stimulating work environment are likely to receive positive feedback from their employees based on Social Exchange Theory (Li et al., 2019), Transformational leaders create a positive working environment, communicate effectively, support subordinates and encourage personal and professional development events, proven to have a significant impact on subordinates' job satisfaction. In turn, employees are more likely to respond by demonstrating a higher level of job

satisfaction and commitment to the organization. The findings of Xenikou and Simosi (2006) indicated that transformational leadership styles positively influence employee psychological empowerment by providing meaningful work, autonomy, and skills development opportunities, contributing to greater job satisfaction.

Thus, the paper proposes the hypothesis as follow:

**H2: There is a positive relationship between transformational leadership and employees' job satisfaction.**

### ***2.6. Emotional intelligence and Transformational leadership***

When leaders with high emotional intelligence adopt a transformational leadership style, several mechanisms come into play. Firstly, their self-awareness enables them to recognize and regulate their own emotions, facilitating composure and positivity even in challenging circumstances (Babatunde et al., 2023), This emotional self-regulation enhances their ability to inspire and motivate followers (Chan & Wan, 2012), Secondly, Yusof et al. (2014) showed that leaders with high emotional intelligence possess a strong understanding of their followers' emotions. They demonstrate empathy towards their concerns, needs, and aspirations, thereby establishing deeper connections and exerting greater influence.

Therefore, we hypothesize the relationship between emotional intelligence and transformational leadership as follow:

**H3: There is a positive relationship between leaders' emotional intelligence and transformational leadership.**

### ***2.7. The mediating role of Transformational leadership***

Alwali and Alwali (2022) found that emotional intelligence helps leaders perceive and understand the needs and aspirations of subordinates, thereby strengthening trust and loyal relationships between both parties. Through transformation, leaders use emotions to communicate their vision and solicit feedback from their workforce, increasing job effectiveness and employee satisfaction (Yue et al., 2019), Furthermore, theoretical arguments support the process model through the mediating role of transformational leadership. Since leadership is a complex phenomenon, the combination of multiple personal attributes can collectively enhance leadership effectiveness (Ford et al., 2021), Leaders who possess higher levels of emotional intelligence increase their sensitivity to emotional cues in reading specific reactions from subordinates, allowing for more effective feedback on their needs (Ashkanasy & Daus, 2005), Additionally, Parry and Proctor-Thomson (2002) suggested that idealized influence, inspirational motivation, and individualized consideration are the three pillars of transformational leadership. From these indirect linkages, we can suggest that the transformational leadership style may be an intermediate factor in the relationship between emotional intelligence and job satisfaction among employees, particularly because it consistently predicts leadership outcomes in various contexts, such as organizational commitment and job performance (Cavazotte et al., 2012; Hur et al., 2011),

Therefore, we hypothesize that there is an indirect mediating effect of transformational leadership on the relationship between emotional intelligence and employee job satisfaction.

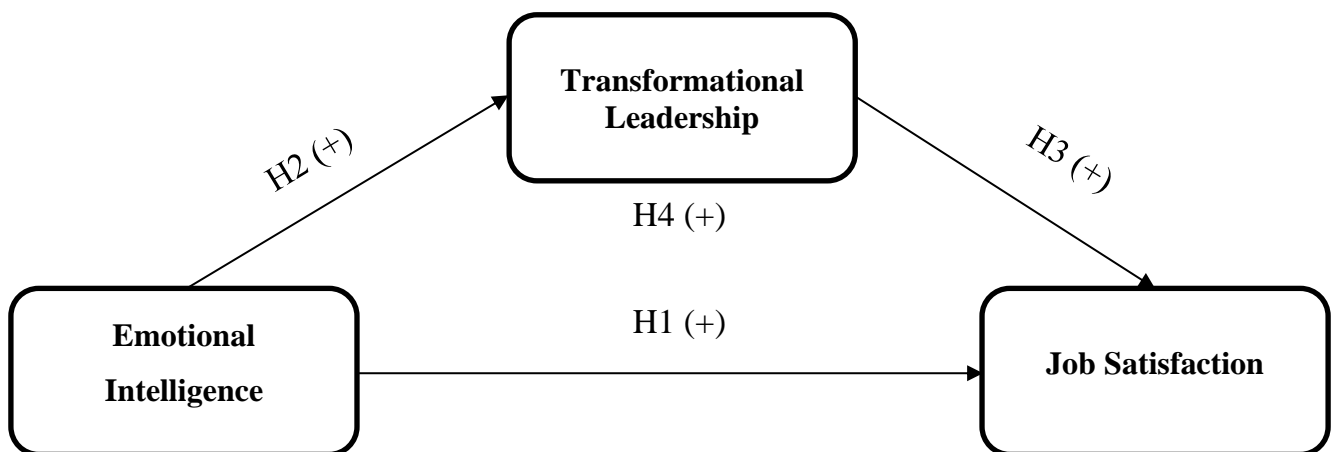
**H4: Transformational leadership positively mediates the relationship between leaders' emotional intelligence and employees' job satisfaction.**

### 3. Methodology

#### 3.1. Proposed research framework

Based on a comprehensive review of the literature on emotional intelligence, transformational leadership, and job satisfaction, this study proposes a research model using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method.

The figure illustrating the proposed research model is presented below:



**Figure 1:** Proposed research model

#### 3.2. Measurement construction

This study utilized the scale of Wong and Law (2002) to measure leaders' emotional intelligence. This scale is based on the original Mayer–Salovey–Caruso Emotional Intelligence Test scale with 16 short items and is therefore more practical for survey purposes. The WLEIS consists of four dimensions, namely, Self Emotion Appraisal, Others' Emotion Appraisal, Regulation of Emotion (of the self), and Uses of Emotion to Facilitate Performance. The Multifactor Leadership Questionnaire Form 6S (MLQ-6S) Parry and Proctor-Thomson (2002) was used to gauge transformational leadership from employees' perspective. Lastly, to measure employees' job satisfaction this study used the scale of Asghar and Oino (2017). The scale measures the overall job satisfaction and assesses different aspects of job satisfaction with 3 items, including general satisfaction, growth opportunities, and willingness to recommend the job to others.

All items in these scales were rated on a five-point Likert scale, ranging from 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree) and 5 (strongly agree),

**Table 1.** Scale of the variables used in the model

| Serial number                      | Code | Item | Source |
|------------------------------------|------|------|--------|
| <i>Emotional Intelligence (EI)</i> |      |      |        |

|   |                    |                                  |  |
|---|--------------------|----------------------------------|--|
| 1                                       | SA1, SA2, SA3, SA4 | Self emotion appraisal           |  |
| 2                                       | OA1, OA2, OA3, OA4 | Other emotion appraisal          | Wong and Law<br>(2002)                     |
| 3                                       | UE1, UE2, UE3, UE4 | Use of emotion                   |  |
| 4                                       | RE1, RE2, RE3, RE4 | Regulation of emotion            |  |
| <i>Transformational Leadership (TF)</i> |                    |                                  |  |
| 1                                       | TF1                | Idealized Influence (Attributes) |  |
| 2                                       | TF2                | Idealized Influence (Behaviors)  | Parry and<br>Proctor-<br>Thomson<br>(2002) |
| 3                                       | TF3                | Inspirational Motivation         |  |
| 4                                       | TF4                | Intellectual Stimulation         |  |
| 5                                       | TF5                | Individualized Consideration     |  |
| <i>Job Satisfaction (JS)</i>            |                    |                                  |  |
| 1                                       | JS1                | Overall job satisfaction         |  |
| 2                                       | JS2                | Opportunities for growth         | Asghar and<br>Oino (2017)                  |
| 3                                       | JS3                | Likelihood to recommend          |  |

### 3.3. Data collection

The study utilized a convenient sampling technique to collect responses from employees in Joint Stock Commercial Banks in Vietnam. The sample size of 407 responses meets the minimum requirement suggested by Krejcie and Morgan (1970), who recommended a minimum sample size of 384 for studies with large populations.

## 4. Results and discussion

### 4.1. Descriptive statistics

Based on the results of **Table 2**, the sample used in this study comprised a diverse group of employees in terms of age, gender, education level, and duration of working time with superiors. The age distribution showed that respondents between the ages of 21-30 accounted for over 60% of the sample. The study observed that out of the total sample, 160 employees were male, accounting for 39.3% of the sample, while 247 employees were female, accounting for 60.7% of the sample. Regarding education level, the majority of respondents (64.9%) held a university degree. This suggests that a significant portion of the sample had attained a relatively high level of education.

**Table 2.** Demographic information respondents

| Demographic Information | Characteristics | Frequency | Percent |
|-------------------------|-----------------|-----------|---------|
| Gender                  | Female          | 247       | 60.7%   |
|                         | Male            | 160       | 39.3%   |

|                                    |                    |     |        |
|------------------------------------|--------------------|-----|--------|
|                                    | <b>Total</b>       | 407 | 100.0% |
| <b>Age</b>                         | 21 to 25 years old | 131 | 32.2%  |
|                                    | 21 to 30 years old | 121 | 29.7%  |
|                                    | 31 to 40 years old | 116 | 28.5%  |
|                                    | 41 to 50 years old | 33  | 8.1%   |
|                                    | Over 50 years old  | 6   | 1.5%   |
|                                    | <b>Total</b>       | 407 | 100.0% |
| <b>Working time with superiors</b> | Less than 1 year   | 193 | 47.4%  |
|                                    | From 1 to 5 years  | 143 | 35.1%  |
|                                    | From 5 to 10 years | 52  | 12.8%  |
|                                    | 10 - 20 years      | 19  | 4.7%   |
|                                    | <b>Total</b>       | 407 | 100.0% |
| <b>Academic level</b>              | High School        | 27  | 6.6%   |
|                                    | College            | 96  | 23.6%  |
|                                    | University         | 264 | 64.9%  |
|                                    | Post-Graduate      | 20  | 4.9%   |
|                                    | <b>Total</b>       | 407 | 100.0% |

**Source:** Data processing results of the authors (2023)

#### 4.2. Measurement Model Analysis

First, the first orders' reliability and validity are evaluated. The outer loadings, average variance extracted (AVE), and composite reliability (CR) for first-order components used to determine convergent validity are shown in **Table 3**. The outer loadings on all items were greater than 0.7, the CR values were greater than 0.7, and the AVE values were greater than 0.5. The HTMT ratio values for all four variables (SEA, OEA, UOE and ROE) are below 0.85, confirming the discriminant validity of these latent variables.

**Table 3.** First-order constructs validity and reliability

| First-order constructs          | Cronbach's Alpha<br>(> 0.7) | CR<br>(> 0.7) | AVE<br>(>0.5) | Heterotrait-monotrait ratio<br>(HTMT) |     |     |     |
|---------------------------------|-----------------------------|---------------|---------------|---------------------------------------|-----|-----|-----|
|                                 |                             |               |               | SEA                                   | OEA | UOE | ROE |
| Self-emotion appraisal<br>(SEA) | 0.832                       | 0.888         | 0.666         | 1                                     |     |     |     |
| Others' emotion                 | 0.770                       | 0.853         | 0.593         | 0.759                                 | 1   |     |     |



|                             |       |       |       |       |       |       |  |  |   |
|-----------------------------|-------|-------|-------|-------|-------|-------|--|--|---|
| appraisal (OEA)             |       |       |       |       |       |       |  |  |   |
| Use of emotion (UOE)        | 0.749 | 0.841 | 0.570 | 0.725 | 0.684 |       |  |  | 1 |
| Regulation of emotion (ROE) | 0.788 | 0.863 | 0.614 | 0.572 | 0.531 | 0.496 |  |  | 1 |

**Source:** Data processing results of the authors (2023)

EI is represented as a higher-order construct made up of four first-order constructs. The validity and reliability testing of studied constructs are presented in Table 4. Cronbach's Alpha coefficients for these constructs ranged from 0.798 (EI) to 0.871 (TF), The Composite Reliability (CR) and Average Variance Extracted (AVE) values were evaluated against the respective thresholds of 0.7 and 0.5 (Fornell & Larcker, 1981). The results demonstrated that all CR and AVE values met the satisfactory criteria. The discriminant validity of the constructs was assessed using the Heterotrait-Monotrait (HTMT) ratio, with a threshold value of 0.85 (Henseler et al., 2015). The HTMT values ranged from 0.288 to 0.374. Consequently, the measurement model exhibited both reliability and validity.

**Table 4.** Second-order constructs validity and reliability

| Second - order constructs        | Cronbach's Alpha (> 0.7) | CR (> 0.7) | AVE (> 0.5) | Inner VIF                   |       |       | Heterotrait-monotrait ratio (HTMT) |       |    |
|----------------------------------|--------------------------|------------|-------------|-----------------------------|-------|-------|------------------------------------|-------|----|
|                                  |                          |            |             | EI                          | TF    | JS    | EI                                 | TF    | JS |
|                                  |                          |            |             | Emotional Intelligence (EI) | 0.798 | 0.869 | 0.625                              | 0     |    |
| Transformational leadership (TF) | 0.871                    | 0.907      | 0.660       | 1.000                       | 0     |       | 0.374                              |       | 1  |
| Job satisfaction (JS)            | 0.826                    | 0.896      | 0.741       | 1.111                       | 1.111 | 0     | 0.288                              | 0.363 | 1  |

**Source:** Data processing results of the authors (2023)

#### 4.3. Structural Model Analysis

In this study, the structured equation model was assessed using the SmartPLS software with 5000 bootstraps. **Table 5** shows the result of structural model analysis. The values of the determination coefficient (R2) were found to meet the requirement of being greater than 0.1 (Chin, 1998). Additionally, the value of Q2 exceeded zero, indicating that the study's results were statistically significant and demonstrated the predictive relevance of the model (Falk & Miller, 1992). Moreover, the study's f2 values ranged from 0.024 to 0.111, falling within the suggested

range by (Cohen, 2013), where values of 0.02, 0.15, and 0.35 represent small, medium, and significant impacts, respectively.

**Table 5.** Results of structural model analysis

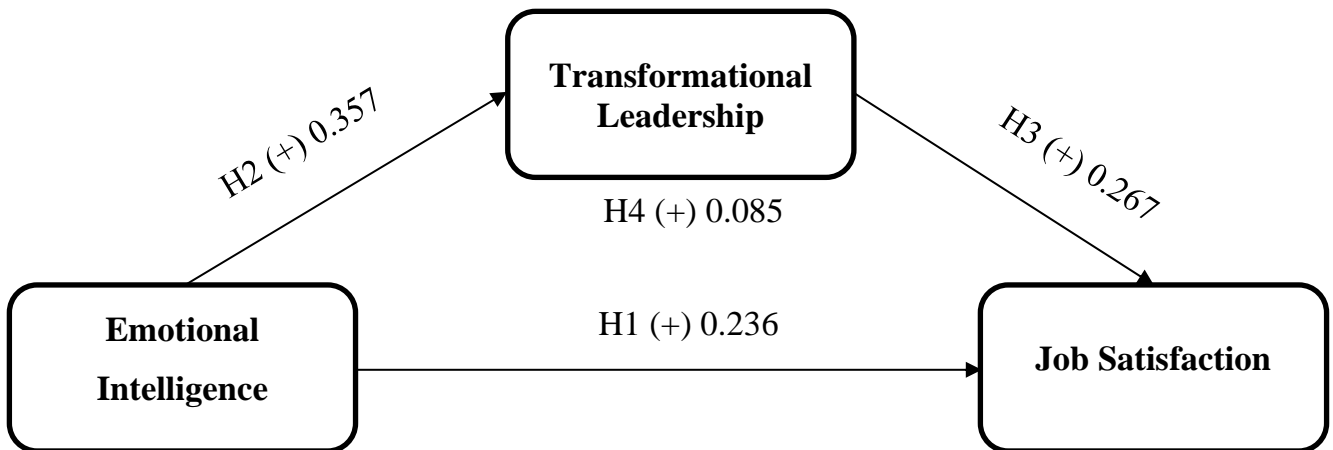
| Hypothesis      | Path Coeff   | SD    | T-Value | P-Value | 95% CI |       | R <sup>2</sup> | f <sup>2</sup> | Q <sup>2</sup> | Results |  |
|-----------------|--------------|-------|---------|---------|--------|-------|----------------|----------------|----------------|---------|--|
|                 |              |       |         |         | LLCI   | UPCI  |                |                |                |         |  |
| Total effect    |              |       |         |         |        |       |                |                |                |         |  |
| H1              | a. EI → JS   | 0.236 | 0.051   | 4.643   | 0.000  | 0.130 | 0.330          |                | 0.024          |         | <b>H3 accepted</b>   |
| H2              | b. EI → TF   | 0.317 | 0.047   | 6.720   | 0.000  | 0.215 | 0.401          | 0.100          | 0.111          | 0.063   | <b>H1 accepted</b>   |
| H3              | c. TF → JS   | 0.267 | 0.060   | 4.459   | 0.000  | 0.146 | 0.379          | 0.120          | 0.073          | 0.084   | <b>H2 accepted</b>   |
| Direct effect   |              |       |         |         |        |       |                |                |                |         |  |
|                 | a'. EI → JS  | 0.152 | 0.053   | 2.873   | 0.004  | 0.044 | 0.255          |                |                |         | b and c: significant, a'(0.152) < a (0.236) partially mediation, |
| Indirect effect |              |       |         |         |        |       |                |                |                |         |  |
| H4              | EI → TF → JS | 0.085 | 0.022   | 3.815   | 0.000  | 0.045 | 0.132          |                |                |         | <b>H4 accepted</b>   |

Note: EI= Emotional Intelligence, TF= Transformational leadership, JS= Job satisfaction

**Source:** Data processing results of the authors (2023)

Applying the total effect model, we observed (H1) a positive relationship between leaders' emotional intelligence and employees' job satisfaction (coefficient  $a = 0.236$ ;  $p < 0.05$ ; CI [0.130, 0.330]), Furthermore, (H2) a positive association was found between leaders' emotional intelligence and their transformational leadership style (coefficient  $b = 0.317$ ;  $p < 0.05$ ; CI [0.215, 0.401]), Notably, (H3) transformational leadership was identified as a significant predictor of employees' job satisfaction (coefficient  $c = 0.267$ ;  $p < 0.05$ ; CI [0.146, 0.379]), Subsequently, when transformational leadership was introduced as a mediator, a significant direct effect of leaders' emotional intelligence on employees' job satisfaction was observed (coefficient  $a' = 0.152$ ;  $p < 0.05$ ; CI [0.044, 0.255]), Additionally, (H4) a mediation effect (coefficient  $bc = 0.085$ , which equals  $a - a'$ ;  $p < 0.05$ ; CI [0.045, 0.132]) of leaders' emotional intelligence on employees' job satisfaction through transformational leadership was identified. The indirect coefficient ( $a' = 0.152$ ) is smaller than the direct coefficient ( $a = 0.236$ ), indicating a partial mediated effect (Baron & Kenny, 1986). Moreover, positive and significant direct and indirect relations probe partial mediation, while significant direct effects and insignificant indirect effects result in full mediation between the independent and dependent variables (Nitzl et al., 2016). Thus, partial mediation has occurred in this study and H4 was accepted.

The figure below shows the effect of the factors with standardized coefficients:



**Figure 2.** PLS – SEM showing positive relationships in variable

#### 4.4. Discussion

First, the findings in **Hypothesis 1** are consistent with previous research which emphasized the significance between leaders' emotional intelligence and employees' job satisfaction (Miao et al., 2016). Leaders who possess high levels of emotional intelligence are capable of creating a conducive work environment that fosters employee satisfaction and commitment (Melita Prati et al., 2003). Thus, organizations should prioritize the development of emotional intelligence through coaching, training, and relevant courses. These results also support the **Self-Determination Theory (SDT)**, which posits that leaders with high emotional intelligence possess better resources to provide support and individual recognition to their employees, consequently boosting job satisfaction levels.

Second, the findings support **Hypothesis 2**, indicating that transformational leadership positively influences employees' job satisfaction. This leadership style is characterized by leaders who are admired by their subordinates and inspire and motivate them to perform at their highest potential in order to achieve organizational objectives (Koech & Namusonge, 2012). When employees feel respected and supported, they perceive their significance and actively contribute to the success of the organization, thereby experiencing greater job satisfaction and commitment (Yandi & Havidz, 2022).

Third, the positive relationship between emotional intelligence and transformational leadership is highlighted in the study with **Hypothesis 3**. Leaders with high emotional intelligence tend to exhibit transformational leadership behaviors, driving change and fostering growth within the organization (Alwali & Alwali, 2022). This ability to regulate emotions aligns with their capacity to inspire and motivate followers, showcasing their transformational leadership style.

Finally, the finding of a mediation effect is that leaders with high leaders' emotional intelligence create employees' job satisfaction because their emotional intelligence causes them to engage in transformational leadership behaviors. In sum, the effect of emotional intelligence on employees' job satisfaction becomes magnified when leaders display transformational behaviors to develop a collective sense of behavior to achieve higher employees' satisfaction.

## **5. Conclusion**

### ***5.1. Theoretical contribution***

The mediating role of transformational leadership adds to the theory on emotional intelligence because the finding explains why leaders high on emotional intelligence are more effective to increase employees' satisfaction. These leaders may sense employees' reactions and be more apt to integrate emotional consideration. Such an approach will lead them to intuitively show transformational leadership behaviors, such as active listening, appreciating and sharing the internal experience of followers and generating enthusiasm, and therefore contribute to positive employees' job satisfaction. The results of the current study provide empirical evidence for this proposition by establishing transformational leadership as a mediator between emotional intelligence and job satisfaction. Leaders' intrinsic ability in emotional intelligence enables them to channel their behaviors in the direction of transformational leadership which ultimately affects followers' perceptions of leader effectiveness and their job satisfaction.

### ***5.2. Practical contribution***

The findings of this study could help organizations improve their selection processes for leaders that display strengths in both emotional intelligence and transformational leadership attributes in order to benefit from it. For example, they could use selection tools to assess emotional intelligence, selecting people who demonstrate high levels of emotional intelligence, namely those who have the potential to become transformational leaders.

In terms of practical applications for human resources, organizations should encourage leaders to exhibit transformational leadership. In other words, managers should foster support for subordinates in their work, engage in discussions with employees about the importance and values associated with desired outcomes, and initiate changes among team members as well as align their personal values to fit the internal organizational culture.

### ***5.3. Limitation and future research***

The data were collected from joint stock commercial banks using a convenience sampling technique, which may have imposed limitations on the generalizability of our findings due to time and resource constraints. Consequently, employing alternative samples would be a more suitable approach for future studies. Additionally, forthcoming research endeavors could explore different specific industry contexts to facilitate a clearer comparison regarding the mediating role of transformational leadership across various industry contexts.

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