

The Influence of Transformational Leadership on Work Stress in Banking: Unveiling the Mediating Role of Emotional Intelligence

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The objective of this research is to conduct a comprehensive investigation into the factors that contribute to job stress among banking employees in Karachi. This study aims to elucidate the relationship between transformational leadership and work stress, in the social exchange theory. The study collected data from multiple individuals employed at various banks in Karachi. A questionnaire was employed to gather information from a total of 380 employees. The analysis of this study was conducted using the SMART-PLS4. For this quantitative research study, convenient sampling was employed, along with a cross-sectional technique. The findings suggest that transformational leadership and work stress are positively correlated. Additionally, emotional intelligence factors, including self-awareness, self-regulation, motivation, and empathy, were found to mediate the relationship between transformational leadership and job stress. However, the study did not find evidence to support the mediating effect of social skills on this relationship. In Karachi's banking sector, putting transformational leadership into practice and giving emotional intelligence training top priority can greatly lower workplace stress, improve the well-being of workers, and create a more optimistic and successful work atmosphere. The cross-sectional approach and sample size of this study restrict the findings to the banking industry in Karachi. For a more comprehensive knowledge of the evolution of work stress and wider generalizability, future studies should make use of longitudinal approaches and take into account other mediators and moderators. The research examines the relationship between transformational leadership and work stress through the novel mediator, emotional intelligence. The five components of emotional intelligence enable a more thorough investigation to gain a deeper understanding of workplace dynamics. Utilizing the study's structure to deliver valuable insights to the organizations.

1. Introduction

Nowadays, companies view their workforce as literary works. There is conjecture that it will heighten their highest priority. A great deal of strength is invested in the team members or workers of the company. Reach, hold onto, and inspire them. Employers now care about their workforces, but the old paradigm of transformational leaders serving as role models for staff members is no longer successful (Ibrahim et al., 2022). They are coming up with new methods of operating in this way. The competitive workforce is essential for effectively communicating a clear goal and coordinating people's personal and organizational success. Organizational interest motivates adherents to fulfill the organizations' arduous efforts toward goal alignment (Khan et al., 2020). Plans and goals about employee conduct one way to maintain competitiveness is via transformational leadership.

In Pakistan, employees in Karachi work in a highly stressful environment, particularly in the banking industry, where the workload is overwhelming. During such times, effective leadership is crucial in motivating teams to perform better and ensuring their mental and physical health remains intact (Lai et al., 2020). Unfortunately, our city lacks this to some extent. Numerous issues, such as job security, excessive workload, customer service demands, long working hours, workplace dynamics, and sales targets, contribute to job stress. However, if the industry focuses on bringing in leaders who can transform the environment into a healthy workplace, where pressure exists but positively and constructively, it will make a significant impact on employee well-being (Azila-Gbetteor et al., 2024). This research aims to emphasize the importance of leadership that creates a positive influence on employee well-being.

According to research by Chong et al. (2020), Emotional Intelligence (EI) is a reciprocal factor that influences people's lives, social skills, and occupations, as well as their ability to handle stress, maintain control, and manage their emotions. An individual with a high emotional intelligence (EI) is more successful than one with a low EI. Although people interact with one another in diverse ways, emotional intelligence (EI) is seen to be a crucial component for organizational leaders looking to improve team performance and effectiveness. A study by Supramaniam and Singaravelloo (2021) stated that Emotional intelligence is a significant component that influences both personal and professional life.

Work stress is a major problem that is widely present in organizations worldwide. It has been identified it may have negative consequences on employees and organizational results including the desire to leave the organization it has been noticed that work stress not only impacts the physical and physiological state but also has an opposing impact on the family and social life of employees (Wong et al., 2021).

In swiftly emerging economies such as Pakistan, the banking industry plays a crucial role in resource mobilization (Afridi et al., 2021). The banks that are the backbone of the nation's finances, particularly in Karachi, are leading the way in this economic recovery. Work stress is a widespread problem that impacts workers in a variety of organizational contexts. It frequently results in

decreased output, job satisfaction, and general well-being. Even while the banking industry is expanding quickly and offers a wealth of job prospects, physiological issues like stress, tension, anxiety, etc., may impede its progress. Employees experience exceptionally high levels of work stress as a consequence of widespread overloading and intense work stress that is severely time-bound, requiring them to complete duties in less than 12 hours due to fear of losing their jobs (Kazmi et al., 2017).

The performance of employees either good or bad depends on the leadership style of the leader. In Pakistan especially in the banking industry, the load is very high, and if a leader is unable to encourage his team members through transformational leadership the stress of employees can be increased which can impact organizational performance, in this era current leaders lack in showing individual support plus possessing, an innovative edge (Chauhan et al., 2019).

Therefore this research tends to investigate the impact of transformational leadership on work stress in Karachi Pakistan by overviewing the mediating roles of emotional intelligence.

There is a lack of emphasis in Pakistan on the importance of managers strengthening their leadership abilities (Nawaz et al., 2020). The human resource department of these banks has failed to supply the company with high-quality human resources since the appropriate methods and procedures have not been employed for the hiring and training of the managers (Ahmad & Siddiqui, 2020; Naqvi et al., 2023). In conducting a gap analysis within the context of the banking sector in Karachi, Pakistan it is very crucial to understand the relationship between transformational leadership, emotional intelligence, and work stress. According to a study by Iqbal Khan and Gul (2022), there is a positive correlation between employee turnover and emotional intelligence factors like self-awareness, self-driven motivation, intellectual stimulation, and interpersonal skills. These factors also have an impact on the effectiveness of leadership in the banking industry. This points to a possible knowledge vacuum regarding the direct effects of these emotional intelligence components on job stress under transformative leadership. Furthermore, (khan et al., 2021) explore the mediating role of emotional intelligence between transformational leadership dimensions and employee engagement indicating that emotional intelligence is not just a complementary trait but a crucial mediator in this relationship. These studies collectively point to a significant research gap in comprehensively understanding and addressing the nuances of how transformational leadership and emotional intelligence interact to influence work stress in Pakistan's banking sector (Iqbal Khan & Gul, 2022; Khan et al, 2021; Radha & Aithal, 2023).

This study aims to explore the correlation between transformational leadership and work stress in the banking industry of Karachi, Pakistan. The study further delves into the role of emotional intelligence as a mediator in this relationship. Providing a more nuanced understanding of the framework for managers in reducing work stress among employees.

1.1 Research Objectives

- To examine the effect of transformational leadership and work stress.

- To examine the mediating effect of self-awareness on the relationship between transformational leadership and work stress.
- To examine the mediating effect of self-regulation on the relationship between transformational leadership and work stress.
- To examine the mediating effect of motivation on the relationship between transformational leadership and work stress.
- To examine the mediating effect of social skills on the relationship between transformational leadership and work stress.
- To examine the mediating effect of empathy on the relationship between transformational leadership and work stress.

2. Literature Review

2.1 Underpinning theory

Social Exchange Theory (SET), introduced by Blau (1964) and Emerson (1976), explains the connection between work resources and employee engagement. This indicates that problems about how employers and workers behave at work that result in requirements are addressed using the SET theory (Emerson, 1976). According to the social exchange theory and the transformational leadership approach, when leaders genuinely care about their staff, it fosters beneficial interactions between employers and employees (Walumbwa et al., 2009). When managers feel more connected to their team, it's one way that staff members might respond by giving their all to their tasks. One prominent hypothetical example that is used to illustrate the connections across work settings is called SET (Blau, 1964; Cropanzano & Mitchell, 2005).

2.2 Transformational Leadership

The key characteristic of transformational leadership is encouraging and pushing subordinates to accomplish higher organizational and personal development goals. Innovative thinking, trust-building, creativity, and personal autonomy are all demonstrated by leaders who offer opportunities for growth, assistance, and mentoring (Parra Vargas et al., 2022).

2.3 Emotional Intelligence

The capacity to recognize, comprehend, regulate, and persuasively express emotions is referred to as emotional intelligence (Sharma et al., 2023). It comprises self-awareness, self-regulation, motivation, social skills, and empathy. High emotional intelligence people are competent at managing conversations with others, managing stress, making wise decisions, and motivating others via empathetic and efficient communication.

2.4 Work Stress

Workplace stress is a person's body, mind, and spirit's reaction to expectations or pressures from their job that are too great for them to handle on their own. Changes in the organization, role uncertainty, job stress, deadlines, and interpersonal issues are some of the elements that might lead

to it. Adverse health effects diminished productivity, and fatigue can result from prolonged workplace stress if it is not adequately managed (Havermans et al., 2018).

2.5 Transformational Leadership and Work Stress

Although there has been a lot of discussion on the relationship between transformational leadership and job stress in the literature, new research has continued to clarify the complex interplay between these two concepts. Workplace stress levels may be significantly impacted by transformational leadership, which is described by inspiring and charismatic leadership styles (Bass and Riggio, 2006). According to the theoretical foundation underlying this link, which is best illustrated by the work of Avolio et al. (1991), transformational leaders can lessen the detrimental impacts of work stress by encouraging motivation, individual consideration, and intellectual stimulation. More information has been revealed by empirical research carried out after 2018, such as the (Ahmed et al., 2020) study, which shows a negative correlation between transformational leadership and job stress. These studies, which frequently use a variety of approaches, emphasize the significance of taking into account elements such as organizational culture and employee empowerment as moderators or mediators in this relationship. Furthermore, a growing corpus of research investigates cross-cultural viewpoints and how cultural quirks could affect transformational leadership's efficacy in various settings.

Dewe and Cooper (2020) highlighted the prevalence and effects of job stress in modern workplaces, which emphasizes how important it is to comprehend and manage this link. The literature analysis concludes by highlighting the need for more study to inform practical applications and direct future investigations and by suggesting a complex relationship between transformative leadership and job stress. According to Lazarus and Folkman (1984), job stress is defined as a psychological and physiological reaction that arises from a perceived disparity between an individual's coping resources and work expectations. There are emotional, cognitive, and physical aspects to this complex phenomenon. Feelings of annoyance, worry, or discontent are examples of emotional stress (Harrison et al., 2019), whereas difficulties focusing, making decisions, and solving problems are examples of cognitive stress (Sonnentag & Frese, 2012). Stress can have a negative overall effect on a person's health when it manifests physically as headaches, exhaustion, and tense muscles (Bonde, 2008).

Stress at work is influenced by several things. It is acknowledged that a lack of control, busyness, and job expectations are important factors (Karasek, 1979; Bakker & Demerouti, 2017). Important roles are also played by organizational culture, interpersonal connections at work, and the general work environment (Podsakoff et al., 2017). High levels of occupational stress over an extended period have been related to detrimental impacts on mental and physical health (Kivimäki et al., 2018). Furthermore, the ramifications encompass organizational implications including elevated absenteeism and reduced productivity (Sauter et al., 2017). To encourage well-being and establish healthy work environments, people and organizations must have a thorough grasp of

work stress. The significance of addressing its causes and effects on overall workplace health and productivity is emphasized by both researchers and practitioners.

H₁: Transformational leadership has a positive effect on work stress.

2.6 Mediation of Self-Awareness

The delicate relationships between transformational leadership, self-awareness, and job stress have been the subject of further research in recent years, which has helped to clarify the moderating function that self-awareness plays in this relationship. Leadership studies have focused on transformational leadership, which is defined by charisma, intellectual stimulation, individual consideration, and inspirational motivation (Bass & Riggio, 2006). Notably, researchers have looked into how transformational leaders may affect workers' stress levels and general well-being by creating a supportive and inspiring work environment (Hannah et al., 2020). Building upon this framework, a growing corpus of research has examined the mediating function of self-awareness. One important component of the stress process has been identified as self-awareness, which is the capacity of an individual to identify and comprehend their ideas, feelings, and behaviors (Carrillo et al., 2018).

According to studies by Zhang and Bartol (2019), employees who possess a higher level of self-awareness may be better able to handle the pressures that arise from transformational leadership actions. This suggests that self-awareness functions as a mediating mechanism. Employees with higher levels of self-awareness may be more equipped to handle the demands of transformational leadership by being aware of their reactions and coping mechanisms, which could lessen the detrimental effects of work-related stress. Even though this field of study is still developing, it emphasizes how crucial it is to take into account personal characteristics like self-awareness to fully comprehend the complex connections that exist between employee well-being and leadership styles. In recent literature, the relationship between transformational leadership, self-awareness, and job stress has come to light as an important field of study. The effects of transformational leadership on employee well-being and stress levels have been well-researched. This type of leadership is defined by features including individual attention, intellectual stimulation, and inspirational motivation (Bass & Riggio, 2006). In this particular setting, the significance of self-awareness as a mediating factor becomes apparent. It is becoming better recognized that a key component in the stress process is self-awareness, which is the ability to identify and understand one's ideas, feelings, and behaviors (Carrillo et al., 2018). According to recent research, such as that of Zhang and Bartol (2019), self-awareness serves as a mediating mechanism that helps people deal with the pressures that come with transformative leadership more skillfully. Transformative leadership may have a detrimental influence on job stress, but individuals with high levels of self-awareness can lessen that impact by being aware of their reactions and using useful coping mechanisms. The research emphasizes the significance of taking human factors, especially self-awareness—into account as the investigation of these dynamics

progresses to fully understand the complex links that exist between employee well-being and leadership styles.

H₂: Self-awareness mediates the relationship between Transformational Leadership and Work Stress.

2.7 Mediation of Self-Regulation

The research of late has become more and more focused on the complex linkages between transformational leadership, self-regulation, and job stress in the context of the changing landscape of leadership and workplace well-being. The concept of transformational leadership, which includes aspects like personalized attention, intellectual stimulation, and inspirational motivation, has drawn interest due to its possible effects on stress levels and mental health among employees (Bass & Riggio, 2006; Hannah et al., 2020). Extensive research on this dynamic has led to studies examining the mediating function of self-regulation in explaining the relationship between transformational leadership and work stress. This paradigm highlights the importance of self-regulation, which is the capacity to deliberately control and modify one's thoughts, feelings, and behaviors in line with desired norms and objectives (Wang & Zhang, 2018). This complex construct encompasses activities including goal-setting, observation, and behavior modification to conform to situational expectations. Research suggests that self-regulation plays a critical mediating role in the relationship between work stress and transformative leadership, as demonstrated by the work of Wang and Zhang (2018). Transformational leaders have the potential to enhance employees' self-regulation skills by creating a work atmosphere that is both empowering and helpful. Employees may be better equipped to manage and overcome workplace stressors if transformational leadership fosters a sense of control and autonomy. Furthermore, research indicates that self-control may play a significant role in workers' capacity to convert transformational leadership's advantageous elements into practical stress-reduction techniques. Under the guidance of transformational leadership, workers may develop self-regulation abilities that will enable them to better control their emotions, handle difficulties, and preserve their general well-being when confronted with stressors at work. As this triadic relationship is investigated further, it will contribute to our understanding of the complex interactions between employee stress and leadership styles. It will also highlight the role that individual self-regulation processes play in influencing how well-being is affected by leadership behaviors in organizational settings.

H₃: Self-regulation mediates the relationship between Transformational Leadership and Work Stress.

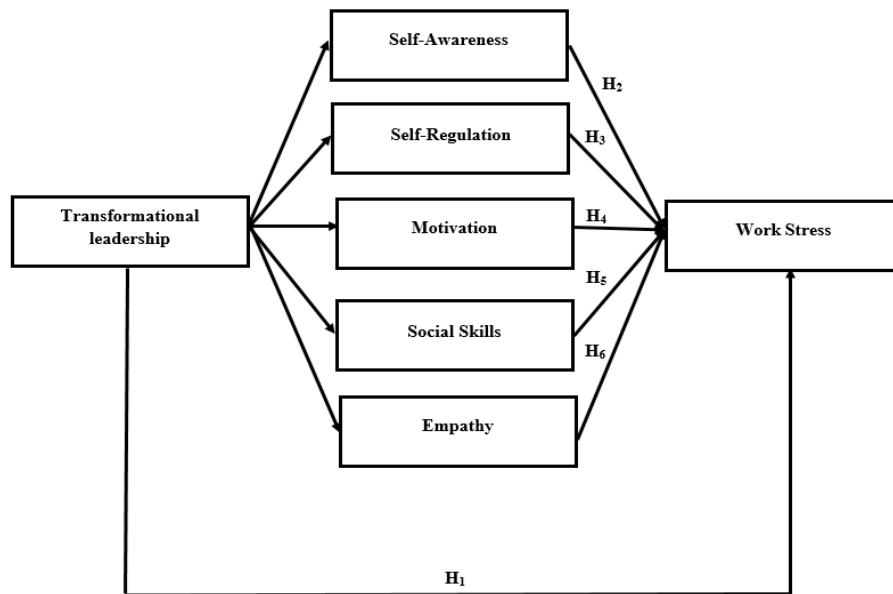
2.8 Mediation of Motivation

The complex relationship between work stress, motivation, and transformational leadership has been better understood in recent research, which has also revealed the mediating function that motivation plays in determining how transformational leadership affects employee well-being. Positive effects on employee outcomes have been extensively explored in transformational leadership, which is defined by inspirational motivation, intellectual stimulation,

and individualized consideration (Bass & Riggio, 2006; Hannah et al., 2020). Building on these findings, other studies have clarified motivation's moderating function in the setting of work-related stress. Understanding how transformational leadership affects work stress requires an understanding of motivation, which is described as the internal drive that steers and sustains people's behavior toward reaching goals (Ahmed, 2019). Research, such as that conducted by Wang and Zhang (2018), suggests that transformational leadership's positive attributes might lessen the effects of work-related stress in part by way of motivation. Through their inspirational and empowering actions, transformational leaders can create a motivating environment that influences employees' intrinsic motivation and engagement, protecting them from the damaging impacts of workplace pressures. This sophisticated view highlights the importance of motivation as a mediating factor in the complex relationship between transformative leadership and job stress as the literature continues to develop.

H4: Motivation mediates the relationship between Transformational Leadership and Work Stress.

Figure No 1: Conceptual Framework



2.9 Mediation of Social Skills

Recent research on workplace dynamics has focused on the mediating function of social skills in the connection between transformational leadership and work stress. Transformational leadership has attracted a lot of attention due to its impact on organizational outcomes and employee well-being. It is typified by traits including charisma, inspirational motivation, and individual consideration (Bass & Riggio, 2006; Obmerga et al., 2024). Continuing this

investigation, researchers have focused on the interpersonal aspect by investigating the mediation role of social skills.

A key component of effective leadership is the development of social skills, which are described as the capacity to communicate and negotiate social situations (Grant & Mayer, 2009). Research suggests that social skills serve as a mediating mechanism via which transformational leadership may influence work stress. This includes a recent study by Schreyer (2021). Because of their engaging and relationship-focused actions, transformational leaders have the potential to develop social skills in their workforce, which in turn creates a more upbeat and encouraging work atmosphere. Workers who possess improved social skills may also be less stressed at work since they connect with others more successfully and solve problems as a team. As more research is conducted, it becomes clearer how crucial it is to take social skills into account as a mediating component when figuring out how transformational leadership affects job stress in modern organizational contexts.

H₅: Social skills mediate the relationship between Transformational Leadership and Work Stress.

2.10 Mediation of Empathy

Recent research on leadership and workplace well-being has highlighted the mediation function of empathy in the connection between transformative leadership and work stress. The favorable impact of transformational leadership on employee results has long been recognized. It is typified by intellectual stimulation, customized consideration, and inspirational motivation (Bass & Riggio, 2006; Hannah et al., 2020). Following up on this investigation, researchers have looked into how empathy a vital interpersonal competency mediates the effect of transformational leadership on workplace stress. According to Murray et al. (2018), empathy is the capacity to comprehend and experience the emotions of others. It is essential for establishing a supportive work environment and promoting strong leader-follower relationships. According to recent research, such as that done by Park et al. (2022), transformational leaders may lessen the detrimental impacts of job stress by encouraging emotionally intelligent conduct in their workforce. When faced with obstacles at work, employees who believe their leaders are compassionate are likely to feel more supported, understood, and bonded, which lowers stress levels. As research on this triadic relationship progresses, it becomes increasingly clear how crucial empathy is as a moderating element in comprehending how transformational leadership affects employees' experiences with job stress.

H₆: Empathy mediates the relationship between Transformational Leadership and Work Stress.

3. Methodology

3.1 Research Design

Selecting the optimal research design is imperative for conducting a comprehensive and distinguished investigation. A research design encompasses a set of methodologies utilized to acquire and scrutinize data. In this particular study, a quantitative design will be utilized to explore the mediating influence of emotional intelligence on the correlation between transformational leaders and work stress in the banking industry in Karachi. This method will help provide a more

comprehensive understanding of workplace dynamics, and employee motivation, and improve organizational effectiveness, providing evidence-based strategies to foster an environment that is supportive and productive for employee well-being and performance.

3.2 Research Approach

The two research approaches are deductive and inductive. This investigation explores the constructed hypotheses using a deductive approach. The constructed variables are supported by social exchange theory, which helps to provide a more robust explanation of the proposed hypotheses.

3.3 Sampling Technique and Time Horizon

Given that the study centers on cross-sectional techniques, conducting multiple data collections is unfeasible. Convenience sampling was employed in the study, which is a non-probability sampling technique utilized by researchers in situations where reaching out to respondents is challenging and time constraints are a factor.

3.4 Data Collection and Instrumentation

The data collection process involved a sample size of 380, determined using Raosoft. The questionnaire was administered to employees from different banks, covering seven variables. These variables included one independent variable, one dependent variable, and five mediating variables. The Likert scale, ranging from 1 (strongly agree) to 5 (strongly disagree), was utilized to measure the responses.

3.5 Statistical Model

The tool we have used in this research is SMART-PLS4 which is widely used to examine the relation of the variables. This tool helps to check the reliability of the designed questionnaire which helps in gathering the data for the research.

3.6 Questionnaire Development

All of the study's constructs came from earlier investigations. Table 1 lists the sources of each and items of constructs in the build. An appendix contains the whole questionnaire.

Table No 1: Summary of Questionnaire

Constructs	Items	Adopted/Adapted	Sources
Transformational Leadership	20	Adopted	(Bass, 1985)
Self-Awareness	18	Adopted	(Naqvi & Siddiqui, 2023)
Self-Regulation	15	Adopted	(Naqvi & Siddiqui, 2023)
Motivation	6	Adopted	(Naqvi & Siddiqui, 2023)
Social Skills	9	Adopted	(Naqvi & Siddiqui, 2023)
Empathy	16	Adopted	(Naqvi & Siddiqui, 2023)
Work Stress	9	Adopted	(Irawanto et al., 2021; Smith et al., 2018)

4. Results and Findings

Table No 2: Construct and validity

Constructs	Indicators	Factor Loadings	CR	RhoA	AVE
Transformational Leadership	TL1	0.782	0.957	0.960	0.531
	TL2	0.725			
	TL3	0.719			
	TL4	0.733			
	TL4	0.921			
	TL5	0.735			
	TL6	0.774			
	TL7	0.722			
	TL8	0.891			
	TL9	0.744			
	TL10	0.803			
	TL11	0.873			
	TL12	0.703			
	TL13	0.851			
	TL14	0.793			
	TL15	0.876			
	TL16	0.761			
	TL17	0.756			
	TL18	0.829			
	TL19	0.799			
	TL20	0.838			
Self-Awareness	SA1	0.751	0.947	0.960	0.505
	SA2	0.729			
	SA3	0.708			
	SA4	0.892			
	SA5	0.761			
	SA6	0.714			
	SA7	0.895			
	SA8	0.709			
	SA9	0.733			
	SA10	0.921			
	SA11	0.917			
	SA12	0.836			
	SA13	0.824			
	SA14	0.865			
	SA15	0.791			
	SA16	0.814			
	SA17	0.772			
	SA18	0.832			
	SR1	0.873	0.965	0.967	0.652
	SR2	0.873			

Self-Regulation	SR3	0.898			
	SR4	0.898			
	SR5	0.729			
	SR6	0.864			
	SR7	0.943			
	SR8	0.878			
	SR9	0.933			
	SR10	0.944			
	SR11	0.921			
	SR12	0.789			
	SR13	0.721			
	SR14	0.790			
	SR15	0.899			
Motivation	MO1	0.902	0.795	0.726	0.575
	MO2	0.751			
	MO3	0.786			
	MO4	0.777			
	MO5	0.782			
	MO6	0.828			
Social Skills	SS1	0.721	0.859	0.882	0.683
	SS2	0.783			
	SS3	0.828			
	SS4	0.891			
	SS5	0.880			
	SS6	0.701			
	SS7	0.705			
	SS8	0.880			
	SS9	0.644			
Empathy	EM1	0.724	0.782	0.806	0.577
	EM2	0.749			
	EM3	0.823			
	EM4	0.864			
	EM5	0.782			
	EM6	0.711			
	EM7	0.795			
	EM8	0.861			
	EM9	0.774			
	EM10	0.875			
	EM11	0.939			
	EM12	0.864			
	EM13	0.729			
	EM14	0.931			
	EM15	0.843			
	EM16	0.792			
	WS1	0.771	0.910	0.900	0.535
	WS2	0.810			

Work Stress	WS3	0.844
	WS4	0.821
	WS5	0.821
	WS6	0.793
	WS7	0.767
	WS8	0.741
	WS9	0.782

Table No 3 (A): Discriminant Validity (HTMT) and Fornell-Larcker Criterion

A. HETEROTRAIT-MONOTRAIT MATRIX						
EM	EM	MO	SA	SR	TL	WS
MO						
SA	0.746					
SR	0.740	0.815				
SS	0.714	0.669	0.769			
TL	0.743	0.579	0.803	0.829		
WS	0.831	0.735	0.746	0.748	0.781	

Table No 3 (B):FORNELL-LARCKER CRITERION

EM	EM	MO	SA	SR	TL	WS
MO	0.789					
SA	0.721	0.648				
SR	0.736	0.776	0.711			
SS	0.781	0.769	0.821	0.808		
TL	0.824	0.823	0.711	0.797	0.775	
WS	0.740	0.759	0.741	0.804	0.817	0.729

Table No 4: Structural Analysis

Structural Analysis – Direct Hypothesis				
Path Coefficient	Beta	T Stats	P Values	Results
TL -> WS (H ₁)	-0.331	2.438	0.015	Accepted
Structural Analysis – Mediation Hypothesis				
TL -> SA -> WS (H ₂)	-0.814	8.282	0.000	Accepted
TL-> SR-> WS (H ₃)	-0.217	2.167	0.030	Accepted
TL-> MO -> WS (H ₄)	0.349	6.710	0.000	Accepted
TL-> SS -> WS (H ₅)	-0.066	1.540	0.124	Rejected
TL-> EM -> WS (H ₆)	0.416	4.652	0.000	Accepted

4.1 Measurement Model

The study initially assessed the convergent validity of the measurement model, utilizing various measures such as Composite Reliability (CR), Rhoa, Average Variance Extracted (AVE),

and factor loadings. As per the recommendations of Chin et al. (2008), Table 2 demonstrates that all item loadings surpassed the threshold of 0.6. Furthermore, Hair et al. (2013) found that the composite reliability values, which show how well the indicators of the framework represent the underlying concept, were higher than the suggested value of 0.7. Moreover, the average variance extracted, which measures the extent to which the indicators explain the variation in the concept, exceeded the recommended threshold of 0.5.

The subsequent phase involved evaluating the discriminant validity, which quantifies the extent to which variables influence one another. Limited associations were observed between the measure of concern and the measures associated with other components. As stated by Fornell and Larcker (1981), Table 3 illustrates that the square root of the AVE (diagonal values) for each construct surpasses the respective correlation coefficient, thereby confirming satisfactory discriminant validity.

Heseler et al. (2015) criticized the criteria proposed by Fornell & Larcker (1981), suggesting that these criteria may not effectively identify cases where research is compromised due to lack of discriminant validity. Henseler et al. (2015) introduced an alternative method for assessing discriminant validity, using the heterotrait-monotrait (HTMT) ratio of correlations within the multitrait-multimethod matrix. The results of this assessment are summarized in Table 3. According to Kline's (2011) first criterion, discriminant validity is considered problematic if the HTMT value exceeds the threshold of 0.85. The results in Table 3 show that all HTMT values are below the threshold of 0.85.

4.2 Direct Analysis

To evaluate the structural model, Hair et al. (2013) proposed employing a bootstrapping method with a resample size of 5000. This approach involves examining the beta values, P-values, and corresponding t-values. The investigation started by examining the associations within the constructs Table 4 demonstrates that Transformational Leadership influence positively on work stress as evidenced by the significant path coefficient ($\beta = -0.331$; T-value = 2.438; and P-value = 0.015).

Transformative leaders can positively impact work stress in the banking industry. This is accomplished through the establishment of a supportive and motivating work environment, encouraging employee engagement, helping them to create work-life balance, and cultivating a strong sense of shared purpose and aligning it with organizational goals.

4.3 Mediation analysis

Emotional intelligence plays a crucial role in promoting mental resilience among employees, especially in high-pressure industries such as the banking sector. Table 4 presents the findings that illustrate the mediating role of emotional intelligence factors in the relationship between transformational leadership and work stress. The identified factors include self-awareness, self-regulation, Motivation, and empathy, with corresponding significant values ($\beta = -$

0.814, -0.217, 0.349, 0.416; T-value = 8.282, 2.167, 6.710, 4.652; and P-value = 0.000, 0.030, 0.000, 0.000) respectively. These results indicate that these factors serve as positive mediators in the association between transformational leaders and work stress. However, the mediating effect of social skills on the association was found to be insignificant, as indicated by the results ($\beta = -0.066$, T-value = 1.540, and P-value = 0.124).

The findings offer valuable insights for the banking industry to prioritize the development of employees' emotional intelligence. This is crucial for improving their mental well-being and enabling them to effectively handle their emotions. By strengthening self-awareness and interpersonal skills, employees will be better prepared to manage their emotions, thereby mitigating the adverse effects of stress.

5. Discussion and Conclusion

The findings of the hypotheses (H_1) in Table 4 indicate that transformational leadership has a positive impact on work stress. This is supported by prior research where Khan et al. (2020) identified a positive impact of transformational leadership on work stress. However, there is research that shows a negative correlation between the variables. A study by Lin et al. (2020) finds a significant negative relationship between transformational leadership and job stress. To lower employee work stress in the banking industry, management should adopt a transformational leadership approach, as it helps to foster employee motivation, align them with goals and vision, and promote creativity, team collaboration, and employee development. Improving employee morale makes them more enthusiastic about their work, ultimately improving job satisfaction and reducing work stress.

Moreover, the findings of the results regarding the mediating role of emotional intelligence in the relationship between transformational leadership and work stress were observed to have a diversified impact of each characteristic of emotional intelligence on the specified association. Self-awareness, self-regulation, motivation, and empathy (H_2 , H_3 , H_4 , and H_6) were observed to have a positive mediating impact on the relationship. This is in contrast to prior research (Alwali & Alwali, 2022; Pulido-Martos et al., 2023). However, social skills (H_5) do not mediate the relation according to the results in Table 4. This contradicts prior research by Lee et al. (2023) which states that social skills are essential for effective communication and collaboration in an organization. An individual with strong social skills can experience low work stress as compared to an individual having weak social skills. In the banking industry, combining emotional intelligence with strong transformational leadership can lessen work stress. The leader's inspiring behavior, empathy, coordination with peers, and trust within the team can help develop individual's morale, create a positive and supportive environment for them to feel valued, and allow them to share openly about their problems, thereby reducing workplace stress.

5.1 Managerial Implications

Employers can see a significant decrease in workplace stress by implementing transformational leadership styles, which will increase workers' general well-being and output. Since emotional intelligence skills are essential for mitigating workplace stressors, managers ought to give priority to training initiatives that develop these competencies. It is possible to promote a healthy work environment and lessen stress-related problems by establishing an environment of transparency, feedback, and support networks. Employee morale can be further raised and stress levels lowered by praising and thanking them for their efforts. Further ways to improve productivity and resilience to work-related stress are to support work-life balance efforts and provide flexible scheduling. Work stress issues can be successfully addressed and a more positive, productive working atmosphere can be established in Karachi's banking industry by putting these managerial implications into practice.

5.2 Recommendations and Limitations

Although this study has provided valuable insights, it is important to recognize certain limitations. Firstly, it is important to note that the findings are only applicable to employees within the banking sector in Karachi, Pakistan, and may not be readily generalizable to other regions or industries. Secondly, the cross-sectional research design employed in this study only offers a momentary portrayal of the impact of transformational leadership on work stress, potentially neglecting long-term patterns or temporal changes. Moreover, the sample size of 380 participants in this study could potentially compromise the generalizability of the obtained results.

To enhance the robustness and generalizability of the findings, future studies could encompass a wider geographic area within Pakistan. Additionally, employing longitudinal research designs would enable researchers to track patterns, trends, and changes in various factors that contribute to job stress among employees. This would provide a more effective and efficient framework for mitigating the issue. Future researchers could also consider increasing the sample size to obtain a better understanding of the diversified impact of factors leading to job stress in the banking industry.

Moreover, in future research, scholars should consider investigating alternative mediator variables, such as team cohesion and role clarity, in addition to emotional intelligence. This approach would provide a more comprehensive understanding of the dynamics of the relationship. Additionally, it would be beneficial to include performance feedback and change management as moderators. These variables are essential aspects of human resource management that contribute to enhanced employee productivity, ultimately leading to organizational success in the banking sector.

6. References

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