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How Transformational Leadership is related to Organizational Citizenship Behavior? The Mediating Role of Emotional Intelligence

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Abstract
Managers’ emotional intelligence (EI), organizational citizenship behavior (OCB) and leadership styles play an imperative role in the organizational success. The current research investigates the mediating role of EI on the relationship between OCB and transformational leadership (TL). Data has been collected from employees of banking service sector of Pakistan. SPSS and Amos have been used to test the hypotheses of study in the conceptual model. Total sample size for this study is N=300. The value for Cronbach alpha is 0.907. The results provide an evidence for the mediating effect of EI on the relationship between TL and OCB. The paper concludes with the discussion on results and implications for the academicians and manager.

Keywords: emotional intelligence, transformational leadership, organizational citizenship behavior

1. Introduction
Dynamic business environment is making organizations to be adaptive to change to attain and sustain competitive edge. Adopting new management approaches has therefore become an imperative for the organizations to meet the demands of customers and competitive environment. The consistent development and better quality are the prerequisites of business particularly, when environment is under asymmetrical change. To meet changes, organizations need to have leaders who have ability to get followers adapt to improve, to be led and to be changed. TL values its associates by motivating and satisfying the followers. It creates worth working climate in organization and makes team work effectively. Given the significance of TL, attention also directed to other issues, for instance, how it develops and how it links with other variables (Cavazotte, Moreno, & Hickmann, 2012). According to (Kark, Shamir, & Chen, 2003), EI is a construct that distinguishes a transformational leader from an average leader. EI has now become a prevalent area of concentration for scholars and practitioners. Despite the importance of
this construct, there is little empirical evidence that substantiates the relationship of EI with other variables. In today’s turbulent environment, organizations need leaders who are not only emotionally intelligent but those who have ability to imbibe such values in their followers that are helpful both for service climate and followers themselves. There are number of studies that suggested leaders who involved in transformational leadership behaviors, it includes inspirational motivation, idealized influence, individualized consideration and intellectual stimulation, have a direct influence on their employees’ behavior and attitudes. For example, a study by Jha, (2014) establish that leaders who show transformational leadership behavior are connected with greater levels of job involvement, job satisfaction, and performance by their employees’. In addition, study by Cavazotte et al., (2012; Johnson-George & Swap, (1982) validated that transformational leaders are directly associated to employees’ performance of OCB.

A research by Organ, (1988) demarcated OCB as “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization”. OCB linked with extra role performance and beyond the job requirements of employees in an organization. Employee shows more extra role behavior and attitude if they show OCB. The origin of OCB is in line with organizational psychology. People are more satisfied with their jobs if they show extra role performance. It is positively related with job satisfaction of employees, also performance of workers increased through OCB. In the scenario of OCB, employee’s shows cooperative attitude and they are always willing to help their colleagues in a better way, they give extra time to their work in order to increase performance (Organ, Podsakoff, & MacKenzie, 2006). OCB defined as extra role performance and beyond the job requirements of employees. But this concepts contradicts with many theories because extra role behavior are mostly those task that linked with their job nature, and people think that these tasks are not too much important but when person shows OCB, they did that tasks and they consider it as extra role behavior. A study by Morrison, (1994) defines that 18 of 20 items of OCB are linked with in-role performance. It shows that OCB is not defined well because it varies from individual to individual relationship. Employees show different OCB behavior towards their managers and colleagues.

The objectives of this study are two. First this study extends previous studies by investigating the association between TL and OCB. EI plays role as mediator between their associations. Further, this study will investigate the effects of TL on EI. This study will also examine the impact of TL on OCB. Second, a theoretical framework will be presented in which it shows the relationship between TL, EI. Further it links to OCB. SPSS and Amos will be used to present the results.

2. Review of Literature

2.1 Transformational Leadership

There are many theories of leadership, but TL has been most broadly area of research in last three decades. A research by Bass, (1985) did lot of work on TL and it developed and popularized this theory, that was founded by Bryman, (2004). A study by Bass & Avolio, (1994); Bass, (1985) found that leadership have four dimensions, namely intellectual stimulation, idealized influence, individualized consideration and inspirational motivation. Idealized influence provide when transformational leaders show their
behavior and attitude as role model that impact on their followers performance. Employees lead their leaders and considered themselves as role model for the success of an organization. It may include ethical behavior at work place, concerned with organization effectiveness goals than their own goals, willing to work with employees in a healthy environment. They provide confidence in their followers that create respect and trust in their followers and they did proud on their leaders and show more hard work and dedication for their work (Bass & Avolio, 1994). Intellectual stimulation states that leaders arouse, encourage and inspire creativity in their teams by developing and nurturing innovative and independent thoughts (Bass & Avolio, 1994). TL encourage and inspire their supporters and create a healthy environment at work place by encouraging employees to ask questions, think about their job and work, find out solutions to problem at work place, create different opportunities for learning and encourage and appreciate innovative ideas (Jhu, 2014). Inspirational motivation relates with sense of purpose and responsibility in leaders for their job and leaders are more concerned with goal-orientation, they create positive energy for their followers that supports in achieving their goals (Bass, 1985). They do this by creating a new vision, setting clear strategies and ways for achievement of those goals, mobilizing commitment to that vision, generating optimism amongst their followers and communicating these goals noticeably and accurately to followers (Avolio, Zhu, Koh, & Bhatia, 2004). Individualized consideration defines the degree to which leaders inspire their followers and appreciate them (Judge & Piccolo, 2004). Preceding researchers have found a strong association between TL and trust in the leader (Piccolo, Greenbaum, Hartog, & Folger, 2010; Pillai, Schriesheim, & Williams, 1999; Podsakoff, MacKenzie, Moorman, & Fetter, 1990; Yoon & Suh, 2003).

2.2 Emotional Intelligence

EI is important in leadership because EI can impact on leadership styles and decision making. Researchers are interested in emotionality in employees at work place, because in stressful situation employees can handle well if they are emotionally intelligence, but in other case these types of situations can create negative affectivity at work place. In leadership along with emotionally intelligence it is also important to prove that in negative situations in their team. The critical situation is when leaders have to perform well in stressful situation with high EI (Chemers, Hays, Rhodewalt, & Wysocki, 1985). EI is leading factor in the leadership area as leaders have to influence their employees by stimulating them, its only possible when leaders themselves feel enthusiastic and zealous (J M George & Brief, 1992). Team members can affect their perform if their leader shows negative emotions, as it impact negatively on employees (Jennifer M. George, 2000).

In literature review of TL, EI is an important factor, where leaders stimulate feelings in their team by managing their emotions well at work place (Bass, 1985; Conger & Kanungo, 1988). Managing emotions and expressiveness of emotions is an important emotional skill for leaders that become their leaders successful in the organization (Riggio & Reichard, 2008). Emotional expressiveness is behavior or a capability to express them, they leads towards the success of leaders and enhance effectiveness. A number of studies (Barbuto & Burbach, 2006; Rosete & Ciarrochi, 2005a; Sy, Tram, & O’Hara, 2006; Wong & Law, 2002) empirically test the positive association between leadership and EI, which generally supported the view that EI is an essential determinant for managerial effectiveness and performance. A study by Rosete & Ciarrochi, (2005b)
found leadership effectiveness to be positively related with EI. A research by Sy et al., (2006) found in their study that EI of managers is positively linked with job satisfaction of employees’. A study by Wong & Law, (2002) showed that leaders EI effect on their extra role behavior and satisfaction, while EI of employees effect job satisfaction and job performance. A study by Côté, Lopes, Salovey, & Miners, (2010) found that overall EI and ability to perceive and understanding emotions is strongly linked with TL, as for TL it is an important capability of a leader.. These findings were measured and observed through ability test for managers. However, EI refer to significant discrepancy with TL (Barbuto & Burbach, 2006; Daus & Ashkanasy, 2005). Yet, there are numerous researches that have failed to find any significant relationship between TL and EI (Brown & Keeping, 2005; Sosik & Megerian, 1999).

A research by Abraham, (2004) has revealed that EI is the mutual component that impact people in different ways in their lives, social skills, jobs, in handling stress, control and manage their emotions. A person with high level of EI is more successful than person with low level of EI (López-Domínguez, Enache, Sallan, & Simo, 2013). Different people deal with another in different ways, EI is considered essential part for leaders in the organization to enhance effectiveness and performance in their teams. A study by Tsui, Pearce, Porter, & Tripoli, (1997) stated that EI is important factor that contributes in both personal and professional lives.

2.3 Organization Citizenship Behavior

Leadership behaviors are linked with high performance ratings (Liden, Wayne, & Stilwell, 1993), overall satisfaction and commitment (Graen, Novak, & Sommerkamp, 1982; Nystrom, 1990), better objective performance (Vecchio & Gobbel, 1984) and satisfaction with supervisor (Duchon, Green, & Taber, 1986). OCB related with those tasks that are not part of job performance but they are highly required by the organizations (Schnake, 1991). OCB includes providing suggestions for improvements in an organization, extend their time to perform the job and complete their task, willing to take part for extra work, avoiding such behaviors as degenerative time, quarrelling with colleagues, complaining and slacking on work (Organ, 1988). A study by Organ, (1988) proposed model of OCB behaviors that is used in many studies, model consists of five factors of OCB, namely; courtesy, conscientiousness, sportsmanship, altruism, and civic virtue. “Conscientiousness is described as the extent to which employees carry out work-related tasks beyond the minimum requirements of the job. Courtesy refers to respectful interactions with others, which help to prevent difficulties with work associates. Altruism suggests that employees provide help and assistance to others. Sportsmanship is defined as a willingness to accept personal inconveniences in an effort to accomplish work related tasks and civic virtue refers to constructive involvement in issues relating to the political life of the organization”. Previous research by Podsakoff, MacKenzie, Paine, & Bachrach, (2000) has reported a positive relationship between OCB and leader behavior, their findings indicates that employees linked job performance with OCB and therefore they believe on their leader and all rewards that are linked with their task performance and OCB. On the basis of social exchange theory, employees form social exchange or economic relationships with their employers (Blau, 1964) often result in higher employee job satisfaction, commitment with organization, and more citizenship behaviors (Liao & Chuang, 2007). When employees sense that they are cured impartially on job place they demonstrate extra role behaviors as in-role (Bachrach & Jex, 2000). Also number of
studies by Liao & Chuang, (2007; Lind & Tyler, (1988); Mossholder, Bennett, & Martin, (1998); Naumann & Bennett, (2000) argued that when employees feel they are cured impartially and are in progressive moods, they become more inventive, more helpful toward their co-workers and more motivated to perform their job at a high level and respond more positively (e.g., commitment, OCB, and higher job satisfaction) to the extent that the measures linked with the outcomes are viewed as fair. Many studies conducted over the last two decades that focus on examining the employees' citizenship behaviors causes and consequences. They identified several factors of OCB, such as task and organization characteristics, individual differences, and leader behaviors (Podsakoff et al., 2000). A study by Organ et al., (2006) empirically found that practically all researchers observed the association between leadership behaviors and OCB.

On the basis of all above literature review the hypotheses of this study are:

- $H_1$: The TL is positively related to EI.
- $H_2$: EI is positively related to OCB.
- $H_3$: The TL is positively related to OCB.
- $H_4$: EI mediates the relationship between TL and OCB.

3. Conceptual Model

On the basis of above literature review we developed a conceptual model. In this model TL are posited to influence EI which in turn affects OCB.

![Conceptual Model](image)

4. Materials and Methods

4.1 Scale

To measure EI 16 item WLEIS (Wong & Law, 2002) scale is used and is assessed on “5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree)”’. To measure TL, the study has used Multifactor Leadership Questionnaire (MLQ). MLQ was developed by Bass & Avolio, (1994). Questionnaire comprises of two dimensions of TL include: Charisma and Intellectual Stimulation. No of items for intellectual stimulation and charisma are 4 and 12 respectively. Items were rated on a “5-point scale, ranging from 1 (not at all) to 5 (frequently, if not always)”. To measure OCB, 12 item scale developed by Hoy & DiPaola, (2007) has been used. It was developed for schools but we modify it according to our study. All items were scored on a “5-point rating scale, ranging from 1 (strongly disagree) to 5 (strongly agree)”.

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4.2 Sample
The study focuses on private service sector of Pakistan. We take banking sector of Lahore Pakistan. In this study we use convenient sampling technique. The data has been collected from employees of multiple private service sector organizations in Lahore, Pakistan. Researchers distributed 550 questionnaires, 345 filled questionnaires were returned with a response rate of 63%. Further 45 questionnaires were discarded in the preliminary screening of the data and 300 were used for the final analysis. Total 23 service sector organizations are taken.

5. Results and Discussion
Table 1 shows values for descriptive statistics for this study.

<table>
<thead>
<tr>
<th></th>
<th>M</th>
<th>SD</th>
<th>TL</th>
<th>EI</th>
<th>OCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>3.56</td>
<td>0.517</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>3.82</td>
<td>0.414</td>
<td>(0.774)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emotional Intelligence</td>
<td>3.50</td>
<td>0.547</td>
<td>0.435**</td>
<td>(0.841)</td>
<td></td>
</tr>
<tr>
<td>Organization citizenship behavior</td>
<td>3.78</td>
<td>0.568</td>
<td>0.262**</td>
<td>0.318**</td>
<td>(0.865)</td>
</tr>
</tbody>
</table>

* N=300. Internal consistency reliabilities are in parentheses along the diagonal. The correlations were measured for factors.

b The levels of education of team were coded: 1 = matric and above, 2=intermediate, 3=Bachelors, 4=Master & above.

** p<0.01.

In Table 1 this study shows the values for mean, standard deviation, correlation and reliability analysis of variables. We see that mean value for education is 3.56 which show that majority in our sample is well educated and they can understand the organizational matters easily. In this study males are 69.3% and females are 30.7%. Correlation values show the relationship between factors. This study shows that all values for correlation are signification at level p<0.01. Table 1 shows all factors have relationship with each other. The value of correlation is high for EI and TL; it shows strong relationship with each other. While value for relationship between TL and OCB is not too much strong but still it’s significant for this study. For reliability of this study we conduct reliability analysis, it shows value of Cronbach’s alpha for this study is excellent i.e. 0.907. Similarly value for Cronbach’s alpha for EI, TL and organizational citizenship behavior are 0.841, 0.774 and 0.865 respectively and meeting the standard for reliability.

5.1 Hypothesis Testing
To examine the fit model of different paths SEM, with Amos 18, has been used. The acceptance criteria for model fit was: “the value of normed-chi square less than 3; the values of GFI and AGFI, and of CFI and TLI greater than 0.90; and the value of RMSEA to be below 0.08”. The result of this study shows measurement model fit indices (Chi-Square=2.34 with DF=1, CMIN/df=2.34, GFI=0.986, AGFI=0.918, CFI=0.946, TLI=0.837, and RMSEA=0.07) meet the minimum acceptance levels suggesting that the
measurement model fits adequately with the data.

Now in the next step this study assessed reliability, discriminant validity and convergent validity. This study used SEM, so reliability of the scale has been measured in terms of composite reliability (rho > 0.7). Table 2 demonstrates the values for composite reliability for each variable in the measurement model. The values for composite reliability should be larger than 0.7 (Kline, 2011). Table 2 shows that values for composite reliability are above 0.7. Hence, it meets the minimum acceptance criteria and it confirms the composite reliability of the scale. Further, this study find out the values for average variance extracted for each construct in Table 2. It shows that values establish to be above 0.5 which confirms the convergent validity of the scale. Next step is to measure the discriminant validity of the scale. In order to measure it, the average variance extracted for each construct has been compared with shared variances between the constructs in Table 2 and this study find that the average variance extracted for each construct is greater than shared variance between the constructs which confirmed the discriminant validity.

Table 2: Construct reliability and Validity

<table>
<thead>
<tr>
<th>CR</th>
<th>Constructs</th>
<th>TL</th>
<th>EI</th>
<th>OCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.774</td>
<td>Transformational Leadership (TL)</td>
<td>0.602</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.841</td>
<td>Emotional Intelligence (EI)</td>
<td>0.013</td>
<td>0.593</td>
<td></td>
</tr>
<tr>
<td>0.865</td>
<td>Organizational Citizenship behavior (OCB)</td>
<td>0.004</td>
<td>0.242</td>
<td>0.670</td>
</tr>
</tbody>
</table>

Note: CR: Composite reliability. Diagonal values are the average variance extracted and off-diagonal values are the shared variances.

In order to test the proposed hypothesis (Baron & Kenny, 1986) method used, they cited lines refer to three tests: “A variable functions as a mediator when it meets the following conditions: (a) variations in levels of the independent variable significantly account for variations in the presumed mediator (i.e., Path a), (b) variations in the mediator significantly account for variations in the dependent variable (i.e., Path b), and (c) when Paths a and b are controlled, a previously significant relations between the independent and dependent variables is no longer significant, with the strongest demonstration of mediation occurring when Path c is zero.”

Table 3: Coefficients (Dependent variable: OCB)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td></td>
<td>2.415</td>
<td>.295</td>
<td></td>
</tr>
<tr>
<td>TL</td>
<td></td>
<td>.360</td>
<td>.077</td>
<td>.262</td>
</tr>
</tbody>
</table>
**Table 4: Coefficients (Dependent variable: OCB)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>EI</td>
<td>.330</td>
<td>.057</td>
<td>.318</td>
</tr>
</tbody>
</table>

**Table 5: Coefficients (Dependent variable: OCB)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>EI</td>
<td>.262</td>
<td>.063</td>
<td>.252</td>
</tr>
<tr>
<td>3</td>
<td>TL</td>
<td>.209</td>
<td>.083</td>
<td>.152</td>
</tr>
</tbody>
</table>

In this path EI plays role as mediator. While TL directly impact on EI and indirectly effects on OCB. In order to prove the indirect relation this study used regression analysis. In table 3 we see that when regression is run between dependent (organizational citizenship behavior) and independent variable (TL), the value of Beta is \( \beta=0.262 \) with a level of significance of \( p=0.000 \). It shows the path c. Table 4 shows path b when regression is run between mediator (EI) and dependent variable (organizational citizenship behavior). Beta value for path b is \( \beta=0.318 \) with a level of significance is \( p=0.000 \). Table 5 shows path a when regression is run between independent (TL) and mediator (EI) with controlled dependent variable (organizational citizenship behavior). The value for Beta for path a is \( \beta=0.152 \) with a level of significance of \( p=0.012 \). We clearly see the difference between direct and indirect path. In table 1 when we run regression without the impact of mediator (EI) the value of Beta is \( \beta=0.262 \), while with mediator (EI) in table 5 we see that value for Beta is \( \beta=0.152 \). So there is difference of (\( .262-.152=.11 \)) which proves mediation. This result shows that with mediator (i.e. EI), TL reduces its impact on OCB. Hence, result of analysis of path 1 shows that all hypotheses \( H_1, H_2, H_3, H_4 \) are well supported.

This study is conducted on a relationship between EI and TL which further impact on OCB, EI plays role as mediator. The result of this study shows that all of our hypotheses \( H_1, H_2, H_3, H_4 \) are supported for this study. EI has impact on TL and OCB relationship which proves mediation. It shows that both direct and indirect paths are significant in this study. This study focuses on TL that directly linked with EI.
Understanding specifically how EI linked with effective leadership and OCB has managerial and practical implications, particularly in the areas of management development and selection of leader. Current study supports this idea that organizations should focus on those people who are transformational leaders and have high level of EI traits. The results of this study also support that EI is an important variable for predicting and understanding transformational leadership behavior.

6. Conclusion

- The results of the study show that TL has significant relation with OCB. But it is not too much strong relation; there exist a mediator between them.
- EI plays role as mediator between TL and OCB. The mediation proves for these variables. It shows that due to EI factor employees OCB increases.
- Our all hypothesis for this study are well supported.
- This study contributes in literature review with EI because EI is used as mediator in this study.

7. Limitations and Future Research Directions

Although theoretical and practical managerial implications and empirical findings from this study, it has some limitations as all studies have limitations. This study was a cross-Sectional design and non-experimental; therefore, interconnection may not be necessary even though we used path analysis to scrutinize the hypothetically causal relations among variables. There are number of limitations in this study that should be noticed and there are much strength and few weaknesses in its methodology and data collection. First, current study has taken into consideration single sector which may confine the generalizability of results to this particular sector. Second, data of study was collected only from Lahore. Third, according to previous studies, all factors did not support our study. Therefore, the factors associated to cultural issues can also be considered. Fourth, the demographic profiles also effect on overall research. Further, the research conducted in Pakistan may differ from different countries with different cultural environment. So cross culture biasness may occur. Team leaders rating may be biased because it did not gather qualitative data nor longitudinal (Ostroff, Atwater, & Feinberg, 2004). There are many facets of measuring EI but this study considers few of them. Also there are many styles of leadership but this study only take TL style. There is a limitation of measuring EI ability (Côté et al., 2010). The study results based upon employees perceptions at that particular point in time when data was collected. The study includes only those predictors of TL which are in the scope of this study.

8. Managerial Implications

In organization mostly employees are not aware about effect of EI that leads toward job performance. This research will help understand this missing link. Further, it will be useful for academicians and corporate managers; they will be able to use the finding to understand employees’ behaviors towards organization and involvement in in-role and extra-role performances.
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