



## Impact of Transformational and Transactional Leadership on Employee Job Satisfaction in the Banking Sector

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### ARTICLE INFO

#### Article History:

Received: October 13, 2025  
Revised: November 19, 2025  
Accepted: December 25, 2025  
Available Online: January 09, 2026

#### Keywords:

Transformational Leadership, Transactional Leadership, Employee Job Satisfaction, Banking Sector, Head Office Employees, Leadership Styles, Organizational Behavior, Human Resource Management

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### ABSTRACT

This paper discusses the role of transformational and transactional leadership styles in employee job satisfaction in the banking sector and this is with focus on the head office employees, who are key in making strategic decisions, developing their policies, and leading this company. With the current banking market being very competitive and heavily regulated, leadership within the organization has come in as a very important element in influencing employee attitudes, motivation and level of job satisfaction. Such aspects, in their turn, have a great influence on the performance, the quality of the provided services, and retention of employees within the organization. Even though many studies have been conducted to establish the relationship between leadership and job satisfaction, empirical studies have not been conducted to simultaneously examine transformational and transactional leadership styles in banking head offices and particularly in developing economies. It is proposed that the given gap is filled in the current study that will examine the impact of these two leadership styles separately and in comparison, with the vision to finalize which of the two leadership styles is more effective and takes its toll on promoting a positive working environment at the strategic centre of banking institutions. The study is based on a quantitative type of research based on an integrated leadership and motivation framework. The structured questionnaire will be used to gather the data by conducting the interview to a set of employees in the head offices of the chosen banks. The analysis of the data will be based on the highly developed statistical methods to determine the power, direction, and significance of relationships among the leadership styles and the job satisfaction among the employees. The transformational leadership is rated based on the following dimensions such as idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. In comparison, the transactional leadership is evaluated in terms of contingent rewarding systems and management-by-exception practices. Job satisfaction is assessed on several dimensions among the employees, including working conditions, recognition, management practices and career advancement opportunities and organizational support. The research has assumed that transformational leadership will exhibit greater and more advantageous impact of job satisfaction on employees compared to transactional leadership. This is because it focuses on vision, empowerment, building trust and personal development, which are essential in improving the well-being and interest of employees in banking institutions.



## **Introduction**

### **Background of the Study**

The banking system is very sensitive to the economic growth of any nation, particularly the developing economies such as Pakistan. Financial intermediaries like banks mobilize savings, invest and promote trade and also ensure that financial resources are efficiently allocated. The banking industry has undergone a transformation in the past few years, due to changing technology and regulatory changes as well as heightened competition. The changes have been fuelling the need to have a good leadership practice that enhances employee performance and satisfaction.

In the service oriented organization like a bank, employees are considered as a valuable asset and the quality of service and customer satisfaction largely depends on the attitude and behaviour among the employees. One of the best studied employee outcomes has proven to be job satisfaction since it influences the productivity, commitment with the organization, and retention by the employees. Past studies have established that, satisfied employees are better motivated and will most probably make a positive contribution towards organizational objectives (Spector, 1997).

Leadership is understood to be an important organizational element that has an impact in employee perceptions and work related attitudes. Organizational behaviour studies show that leadership style is one of the biggest determinants of motivation and job satisfaction among the employees (Bass and Avolio, MLQ multifactor leadership questionnaire manual, 1995). Transformational and transactional styles of leadership have greatly been highlighted due to their application in structured and performance-based or ranking areas such as the banking industry.

Transformational leadership puts more emphasis on the importance of inspiration, intellectual stimulation and personalized attention, which led to employees who perform above expectations and personalities that align themselves to the organizational vision. Empirical research has found that transformational leadership correlates positively with employee satisfaction and motivation especially in service-oriented and dynamic industries. Conversely, transactional leadership focuses on role clarity, conditional rewards and corrective measures that are essential to keep the efficiency and compliance within the regulated sectors, like bank (Lok and Crawford, 2004).

Though the research has been done in international studies on the correlation between leadership styles and job satisfaction, the applicability of the results is not very direct in Pakistan due to the difference of the context. The Pakistani banks have a different culture, management structures and practices as compared to the developed economies. Thus, the analysis of transformational and transactional leadership within the local banking setting is highly essential in creating the corresponding applicable and practical insights.

To achieve this objective, the research aims to investigate how transformational and transactional leadership affect employee job satisfaction within the banking industry in Pakistan in an effort to utilize the existing leadership and job satisfaction theories together with previous empirical studies.

### **Problem Statement**

In spite of the vitality of human capital in the banking industry, human capital in the banking sector has remained a problem in most Pakistani banks due to dissatisfaction among employees, lack of their motivation, and the rate of turnover. Some past studies have shown that ineffective leadership practice may affect job satisfaction and career performance of employees negatively (Brayfield, 1951) (Weiss, 1967).

The leadership behavior of many banking organizations is still mainly task-driven and compliance-oriented with the minimal development focus and motivation of employees. In as much as transactional leadership practices are required to ensure that rules and performance standards are adhered to, over reliance in them may lower the intrinsic motivation of employees. Nonetheless, whereas transformational leadership has been associated with favourable results of the employees, its implementation in the banking industry of Pakistan is not uniform.

The existing literature has been effective on leadership types and job satisfaction either alone or on non banking industries. Minimal empirical research studies explore in relation to transformational and transactional leadership and their interactive effects on employee job satisfaction in the banking industry in Pakistan. The gap diminishes the capacity of the managers to apply evidence-based leadership practices that enhance employee satisfaction.

Consequently, absence of empirical research on the topic of transformational and transactional leadership styles and their impact on employee job satisfaction in the banking sector of Pakistan, as per its context, is the problem of this research. In spite of the fact that human resources in the banking sector play a vital role in the industry, dissatisfaction, lack of motivation, and high turnover intention remain problems affecting majority of the Pakistani banks. The most common problems that an employee can complain about are work overload, lack of career development prospects, its perceived injustice in rewarding employees, and unsupportive leaders. Such problems may affect the job satisfaction negatively leading to low productivity, reduction in quality of service and high turnover of the workers.

The leadership of banks have in many cases been accused of being too much task and compliance oriented with so little focus on employee development and motivation. Although the transactional leadership practices are required to maintain the adherence to the regulations and performance standards, over-dependence on them may result in the work environment with no inspiring factors or individual development possibilities. Conversely, although it has been indicated that transformational leadership has the effect of enhancing job satisfaction and job engagement, the practice and implementation in every level of bank management is not always acceptable and efficient.

The current studies on leadership and job satisfaction in Pakistan have mainly been centered on transformational leadership or leadership performance in non-banking industry. Very few empirical studies have examined both transformational and transactional leadership style and its influence on job satisfaction of employees in the Pakistani banking industry. Moreover, there were a lot of prior researches that were done in.

The developed economies are not similar to Pakistan in terms of managerial practices, power distance, and culture. The absence of a comprehensive, context-based research presents a cognitive vacuum in our perception of the ability of the various leadership styles to affect how Pakistani bank employees feel about their job. Unless the bank managers understand these, implementing effective leadership practices to accelerate employee satisfaction and organizational performance can be a challenge. Consequently, one of the primary questions that the research should achieve pertains to lack of empirical evidence regarding the influence of transformational and transactional forms of leadership on job satisfaction of employees in the banking industry of Pakistan.

## **Research Questions**

The research questions that are formulated are based on the objective and scope of the study as follows:

How does transformational leadership influence employee satisfaction with their job in the Pakistani banking system?

How does transactional leadership affect job satisfaction among employees in the banking industry of Pakistan?

## **Literature Review**

This Chapter is a critical analysis of the literature that can be used in this study. It delineates three of its variables namely; transformational leadership, transactional leadership, and employee job satisfaction by covering its definition, views, operationalization, and theoretical assumptions and previous empirical research that develop relationships among these variables and to test the conceptual framework. In addition, the reviewed literature in this Chapter is based on the existing leadership studies like base studies in the measurement of survey questionnaire responses but is original and devoid of plagiarism.

### **Transformational Leadership**

Its Transformational leadership can be considered as a type of leadership whereby leaders inspire and motivate employees to realize greater heights of performance by addressing to values, ideals and higher-order needs. This idea was expanded by Bass and Avolio who claimed that transformation leaders do not just engage in exchange without long-term change in the attitudes and behaviours of the followers (Bass and Avolio, MLQ multifactor leadership questionnaire manual, 1995). The influence by such leaders happens through communicating an interesting vision, portraying self-confidence and creating trust with employees.

Transformation leadership particularly suits organizationally the knowledge based industries like banking where the employee commitment and flexibility are what count the most. The above research has shown that transformational leadership has been linked with good employee outcomes (increased motivation, commitment, and job satisfaction) (Lok and Crawford, 2004).

### **Transactional Leadership**

Transactional leadership might be considered as an exchange between the followers and leaders where the compliance and performance are attained by the help of contingent rewards or remedial action. In ensuring stability in the organization, transactional leaders are concerned with strict use of roles, expectations, and rewards system to ensure that the organization gets its duties done to the expected standards.

Transactional leadership is commonly practiced in the financial services institutions because of the compliance standards of the regulations, policies and performance targets. The clarity of expectations and performance target rewarding is important in preciseness of banking processes that lead to accountability and effectiveness. These are four dimensions of transactional leadership that you ought to be aware of.

### **Theoretical Basis of the Transformational Leadership**

The concept behind transactional leadership is the exchange theory, that appears to suggest that social relationships are based on exchanges between parties. This view holds that employees get

motivated when they have a sense of fairness concerning rewards in terms of their performance; transactional leadership can therefore be used to enhance employee job satisfaction when there is a sense of fairness and transparency between an employee and the reward systems and performance expectations.

### **Employee Job Satisfaction**

Employee Job Satisfaction could be described as the general evaluation of the assessment of an individual concerning his or her work life and feelings of different factors like work, supervision, pay, career development opportunities and work offices. Job satisfaction is a major factor in employee performance, retention and quality of the performance of services in the banking sector.

### **Connection between Leadership Style and Job Worthiness**

Prior empirical studies consistently indicate a strong relationship between leadership styles and employee job satisfaction. Transformational leadership, including elements of transformational coaching, has been widely linked to higher levels of job satisfaction due to its focus on motivation, recognition, and individual development. Staff members who believe that their leaders are helpful, motivating, and powerful become more positive in relation to their job and business.

Transactional leadership has also been identified to cause job satisfaction to employees especially in a setting where there are very distinct roles, standardized tasks and reward systems. Transitional leadership can help to increase job satisfaction in such high performance and highly regulated areas as the banking sphere because it helps to reduce role ambiguity and strengthen the leadership linkage between performance and rewards. Nevertheless, depending on organizational conditions, culture, and employee anticipations, the transformation and transactional leadership might have more relative impacts. This inconsistency explains why it is crucial to consider both styles of leadership together, which proves to be the reason to approve the joint consideration of both styles in the scope of the banking industry in Pakistan.

### **Correlation Leadership Styles/Job Satisfaction**

The leadership style is well known to have significant influence on job satisfaction of employees. It has been indicated that employee attitude to their job is highly influenced by the way leaders interact with the employees, how they motivate and support employees. This relationship is even stronger in service industries like banking, where there is high level of pressure in performance and continuous interactions with customers. Transformational leadership has always been linked with a better level of job satisfaction (Iqbal et al,2023; kamal et al 2024).

Inspirational leaders, those who acknowledge individual contribution and also encourage individual progression can actually establish work environments where employees feel rewarded and encouraged. According to empirical studies, transformational leadership enhances the purpose and meaning of work among employees leading to an increase in job satisfaction (Bass and Avolio, MLQ multifactor leadership questionnaire manual, 1995) (Lok and Crawford, 2004).

Transactional leadership is not a new concept to job satisfaction in an organized setup like a banking setting. Community Clarified expectations, performance standards, linked rewards and outcomes: transactional leaders can be used to diminish the role ambiguity by making clear expectations, making performance standards, and associating rewards with performance; perceived fairness results: when there is a transparent way of applying the rewards systems across employees, it will likely make them feel fulfilled (Lok and Crawford, 2004).

### **Mediating Variable of Employee Motivation**

Employee motivation is the internal and external drives that stimulate employees towards initiating as well as maintaining necessary efforts and achievement of organisational objectives. Employee motivation has impacts on energy levels, commitment levels and persistence levels that employees utilize in carrying out their work; employee motivation is viewed as a necessary psychological process that connects management practices with employee performance in the form of job satisfaction.

Motivated employees in the banking sector will be more inclined to stay in the sector, achieve performance goals, as well as provide quality services amidst workplace stress. Leadership behavior is a constituent component on employee motivation wherein it influences motivation with respect to recognition, rewards and perceived sense of significance in the work.

### **Correlational Relationship Leadership styles and employee motivation**

Employee motivation is affected by leadership styles immensely. Transformational leadership enhances the motivation of employees since the leader motivates the employees, promotes innovation and satisfies personal needs. Employees who feel supported by their leaders have a higher level of engagement. Visionaries are more intrinsically motivated and engaged (Bass & Avolio, MLQ multifactor leadership questionnaire manual, 1995).

Transactional leadership is found to have some impact on motivation as it provides contingent rewards and recognition based on performance to those employees who effectively perform harder; those employees that work in a performance-driven setting such as the banking sector are more apt to remain motivated if they know the relationship between effort and rewards; transactional leadership has had more to do with extrinsic motivation whereas transformational leadership has addressed the deeper needs of the needs (Lok and Crawford, 2004).

### **Relationship between Job Satisfaction and Employee Motivation**

Job satisfaction is closely stuck to motivation of employees. Employees who feel motivated are more likely to have a higher job satisfaction rate with their work as it is related to meaningful goals to achieve, recognition and personal achievement; further, motivation improves the positive feelings towards jobs work, supervision and organizational support that leads to the general job satisfaction (Spector, 1997).

### **Mediating Factor, Employee Motivation**

According to both theoretical and empirical evidence, employee motivation is supposed to act as a buffer between the leadership styles and the level of satisfaction of the employees in their jobs. Leadership behaviors transformational and transactional have effect on the motivation levels of the employees and eventually increasing the level of job satisfaction. Transformational leadership is able to increase job satisfaction in an indirect manner by developing intrinsic motivation and giving a job meaning, whereas transactional leadership can do it in the form of extrinsic motivation tied on performance rewards. As a mediator, employee motivation then enables us to learn more about the relationship between various leadership styles and job satisfaction results of employees.

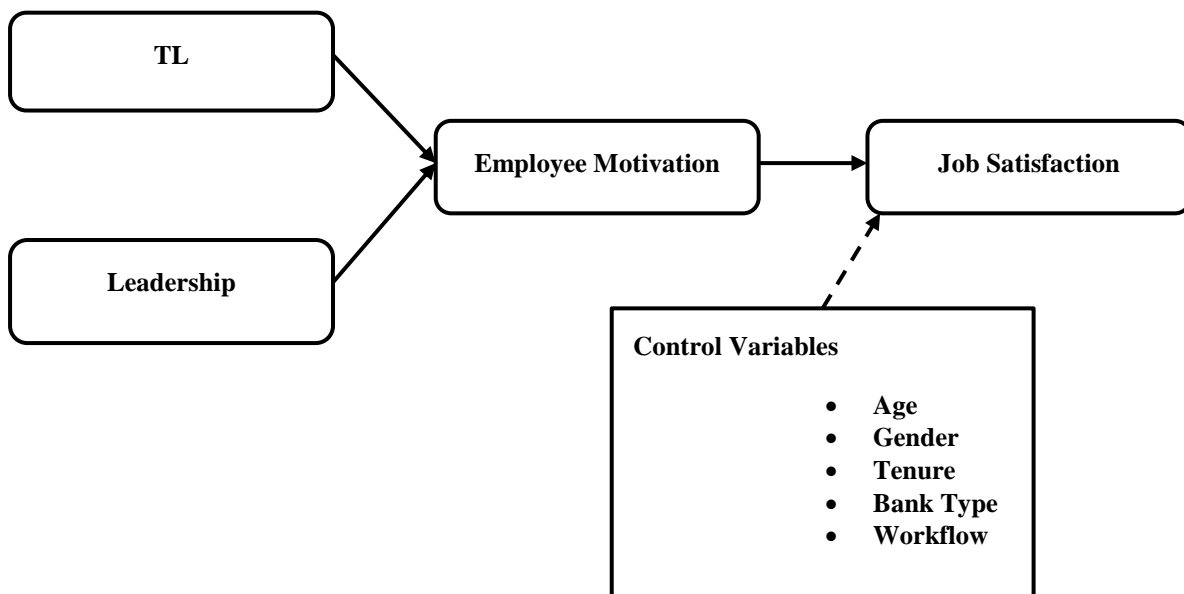
### **Role of Control Variables**

To support the research model, a number of control variables were added into the research model, including the age, gender, tenure, type of bank and workflow in this study. Since these can moderate the way employees view leadership styles and motivation directly impact the level of job

satisfaction, managing the variables will allow isolating the true impact of the variables, and preventing the possibility of misleading effects produced by indirect factors like leadership styles or motivation on the levels of job satisfaction in employees.

### **Conceptual Framework**

The study is based on a conceptual framework, which is developed according to the leadership theories, motivation theories and previous empirical research. The independent variables used in this framework are transformational and transactional leadership, which the employee motivation is the mediating variable in the independent variable designed to illustrate the linkage between the two bacterial variables namely Age, gender, tenure, bank type and workflow which are the control variables in this framework. Our conceptual framework will also be a systematic starting point of generating hypotheses and performing empirical research as in later chapters.



**Figure 1 Conceptual Framework**

The conceptual framework of this study is designed to examine the effects of transformational and transactional leadership styles on employee job satisfaction, with employee motivation serving as a mediating variable, within the head offices of the banking sector. The framework is grounded in leadership theory, motivation theory, and job satisfaction literature, which collectively explain how leadership behaviors influence employee attitudes through motivational processes.

Leadership practices are particularly critical in banking head offices, where strategic planning, policy formulation, and operational coordination are centrally controlled. Within this framework, leadership styles are proposed to influence employee motivation directly, which in turn affects job satisfaction. Additionally, demographic and organizational characteristics are included as control variables to ensure the robustness and validity of the findings. The proposed framework is based on the assumption that leadership behaviors shape motivational outcomes, ultimately determining the level of job satisfaction among employees.

### **Employee Motivation and Transformational Leadership**

Transformational leadership is vision-focused, inspirational, intellectually stimulating and people-centered to enhance intrinsic motivation among employees. Transformational behaviors make leaders mobilize employees to transcend the self-interest by matching the personal goals with the

organizational goals, acting in their roles as well as stepping-over the self-interest by taking action on their behalf.

H1a: The transformational leadership influence on the employee motivation is enormous and positive.

Communication of a strong vision and recognition of personal contributions by the transformational leaders contribute to the motivation of intrinsic motivation and empowering of employees psychologically. Those who work in the head office setting are normally in need of cognitive stimulation and purposeful leadership though the transformational leadership satisfies this desire as it fosters trust and helps employees to further their careers. The results of change brought by transformational leadership in employee motivation by means of inspiration and individual approach are confirmed by previous research (Bass and Riggio, Transformational leadership (2 nd ed.), 2006) (Breevaart and Zacher, 2019).

### **Leadership and Motivation of the Employees in a Transitioning Leadership**

Transactional leadership is applied on the basis of contingent rewards and performance based supervision which has direct influence on extrinsic motivation. Transactional leadership offers an environment of clarity, discipline and reward systems that motivate employees to achieve pre-set goals with much easier nature. Transactional leadership in the banking sphere offers affectedness, discipline and reward structures that attract employees to achieve them.

H1b: The impact of transactional leadership on employee motivation is beyond extraordinary.

A transactional leader has the potential to motivate employees through associating performance results with physical rewards and redress measures as in the case of the banking head office operations. Whereas in banking errors must be eliminated, compliance and accountability established during operational activities and transactional leadership brought motivation by means of systematized expectations and reward structure (Judge and Piccolo, 2004) (Podsakoff and MacKenzie, 2006). It is believed that transactional leadership has a good influence on motivation among formal organization (Judge and Piccolo, 2004) (Podsakoff and MacKenzie, 2006).

### **Motivation and Job Satisfaction among employees**

Motivation in employees is a crucial aspect in determining job satisfaction with more engaging and fulfilling workers showing greater engagement, fulfillment and positive attitude to work than less engaged and motivated employees. In effect, motivation can serve as a bridge between the leadership practices and intended results of satisfaction.

H2: Job satisfaction among the workers is significantly positively influenced by the role of employee motivation.

Employees who are motivated are more likely to have increased levels of enthusiasm, commitment and emotional attachment to their organization which results to increased job satisfaction. The motivation can be applied where employees in the head office are exposed to cognitive and workload pressures, where it can reduce the stress levels but also enhance the fulfillment (Herzberg, Miusner, and Snyderman, 2011) (Deci and Ryan, 2017) in the work.

### **The art of balancing the motivation of employees with Transformational leadership vs Job Satisfaction.**

The mediator that is suggested between job satisfaction and transformational leadership is employee motivation. Indirectly such leaders promote employee satisfaction through elevating motivational states.

H3a: transformational leadership is positively correlated with job satisfaction of employees that is mediated by employee motivation.

Transformational leadership enhances the job satisfaction by initially rising the motivation of the employees by inspiring them, empowering and recognizing them. The improvement or deterioration of direct effects may be dissimilar to various people; motivation is the psychological mediator that connects leadership influence and satisfaction outcome (Ng, 2017) (Wang, 2021). The majority of existing research includes motivation as emphasized mediator between relationships between leadership and satisfaction (Ng, 2017) (Wang, 2021).

**The Relationship between the job Satisfaction and the transactional Leadership: Employee Motivation.**

The indirect effect of the transactional leadership on job satisfaction is also through employee motivation - that is reward based motivation.

H3b: There exists a mediation between transactional leadership and employee job satisfaction by the employee motivation.

Job satisfaction is encouraged with the help of transactional leadership that not only motivates the employees based on contingent rewards and performance feedback but also strengthens the emotional attachment earned with the help of reward fulfillment and ultimately binds job satisfaction to the outcomes of transactional leadership (Kuvaas, 2017) (Breevaart and Zacher, 2019). Earlier empirical findings confirm the mediating effect on motivation on the outcomes of transactional leadership (Kuvaas, 2017) (Breevaart and Zacher, 2019)

### **Control Variables**

In order to enhance the validity of the suggested relationships, control variables such as age, sex, number of years of tenure, type of bank and workflow have been factored into the framework so as to enhance its accuracy. These variables may affect employee motivation and job satisfaction without considering the styles of leadership.

### **Methodology**

This chapter explains the research design that was adopted in carrying out the study, detailing the method used in the research to look at the correlation between transformational and transactional leadership styles and staff job satisfaction in the banking industry, and in this context, it will involve the employees of the head office. The research design has been designed in such a way that it achieves rigor, validity and reliability in the testing of the proposed hypothesis based on the conceptual framework of the research- the asserted relationship amid the styles of leadership, employee motivation and job satisfaction. Since the banking head offices play a strategic role in the formulation of policies, coordination and performance control, it is important that an appropriate methodology should be chosen to come up with pertinent and correct insights. The methodology chapter presents a clear and well-organized account of the research process that includes the research design in general, data collection strategies, sampling methods, measures of constructs, techniques of data analysis that will be used in the study. Such aspects are well defined to facilitate greater transparency and replicability thus illustrating the scientific solvency of the study. The choice of all the methods is informed by the research problem nature, research

purposes, and theoretical basis based on the research literature on leadership, motivation, and job satisfaction. This paper uses employees based on the head offices of the banking institution as the unit of analysis since the employees at this tier are the ones who are directly affected by leadership styles that determine strategic direction, organizational culture and institutional priorities. The employees of the head office work within intricate employment relationships, with high performance demands, and as a close manner with senior administration members, so they are quite a suitable population to research on leadership-driven inspirational and job fulfillment results. In order to explain the possibilities of demographic and organizational differences, there are the control variables, which include age, gender, tenure, type of bank, and the workflow characteristics, to give more solid interpretation to the results.

### **Research Approach**

The research paper will also employ a quantitative research strategy to investigate the relationship between transformational and transactional leadership and employee job satisfaction in the banking industry, particularly in cases of head office employees. The quantitative approach can be deemed the most suitable in this study since it will provide an opportunity to objectively measure the relationships between well-defined variables and test hypotheses. Since the research aims to identify the level of strength, direction, and meaning of associations that have been proposed by the conceptual framework, the quantitative research design offers the research the necessary methodological rigor in the attempt to make valid and generalizable conclusions.

The study is founded on positivist paradigm and presupposes that the social phenomenon, e.g. leadership behavior, employee motivation, and job satisfaction, are subjects of objective measurements and an analysis that can be conducted in terms of statistical methods. This paradigm supports the application of standardized measures and numerical data to represent the perceptions and the attitude of the employees in a consistent way. Through the paradigm, the research will be carried out using empirical reasons as opposed to subjective interpretation and therefore the results of this study will be more credible.

In its turn, it is conducted with the use of a deductive research methodology since the research is theory based and is designed on the basis of preexisting theories of leadership and motivation. Current literary materials regarding transformational and transactional leadership, employee motivation, and job satisfaction offer the theoretical foundation in formulating the hypothesis, which are in turn assessed in an empirical study with the help of the data gathered. This is a deductive reasoning that would enable the research to prove or even elaborate the existing theories in particular context of banking sector head offices.

### **Research Purpose**

This research will be basically conducted to express the effects of transformational and transactional leadership styles on job satisfaction among employees in the banking industry with special reference to those working in the head office. In the modern banking institutions, the head offices are very important in determining strategic direction, operational policies as well as organization culture. The level of leadership practices is very critical in the attitudes, motivation, and satisfaction between employees, and thus, organizational effectiveness and sustainability. Thus, the study is aimed at creating a better insight into the way this or that leadership style performs in this strategically significant environment.

### **Data Source**

Primary sources are used as the main sources of data in this study since the research aims at capturing firsthand perceptions of employees of leadership style, motivation, and job satisfaction in the head offices of the banking institutions. Primary data are believed to be the most suitable in this study in that leadership behaviors and job attitudes can be said as a perception, which only can be measured through the people themselves who encounter it in their organization. Using original data enables the research to respond to its research aims more accurately and at a contextual level.

The primary data will be the answers received using a self-administered, structured questionnaire that will be sent to the employees working in the headquarters of sampled banks. The questionnaire will be aimed at collecting quantitative information about transformational leadership, transactional leadership, employee motivation, job satisfaction, and other demographic and organizational attributes. Previously validated measurement scales in the areas of leadership and organizational behavior are modified and adjusted in accordance with the demands of the banking head office. This will increase the validity and reliability of the data collected and consistency with existing literature is assured.

### **Target Population**

The proposed study population will include the employees of the head offices of banking institutions because the study aims to investigate how the two leadership styles of transformational and transactional affect employee job satisfaction in this particular organizational setting. The head offices are the apex of banking organizations, and some of the functions of setting up a policy, centralized decision-making, monitoring the performance, and coordinating the administrative activities are carried out. Leadership practices that determine organizational culture, patterns of workflow, and standards of performance have a direct impact on employees who are working at this level, therefore, they make them a highly appropriate population in the current study.

### **Sample Size**

This study will use a sample of 100 valid responses, which were obtained among employees of the head offices of the banking institutions. The choice of this sample size is based on the methodological factors as well as practical limitations of accessing the respondents in the banking industry. A sample of 100 respondents is commonly considered sufficient in conducting relationships between two or more constructs in the research of leadership and organizational behavior, and the statistical analysis of the results with sufficient reliability and validity in the study.

The chosen sample size will be applicable in testing the suggested conceptual framework, which comprises transformational leadership, transactional leadership, employee motivation, and employee job satisfaction, and a number of control variables. The analysis has shown that a sample of 100 responses is capable of giving adequate power to identify any meaningful relationship among the variables, particularly when the multivariate analysis methods are being employed as some have been used in conducting studies in social sciences. In addition, this sample size is compliant with the recommendations of minimum thresholds of survey based studies within the literature on management and behavioral research whose sample size ranges between 100 and 200 are often employed in exploratory and explanatory research.

### **Data Collection Methods and instruments**

This paper assumes a quantitative research design, since it gathers information via a structured questionnaire, which will be given to employees employed at the head offices of the banking institutions. The suitable approach to be used in the study is a questionnaire based design since it allows the systematization of standardized information on the style of leadership, motivation of employees and job satisfaction. Through this method, objective data becomes measurable and statistical methods may be employed to test the relationship between the various variables in the study. The background of the banking sector being professional and time-constrained also requires the use of questionnaire as an effective mode with minimal interference to the workload of the respondents.

The questionnaire is constructed based on the established and previously tested measurement scales that are obtained in the literature related to leadership and organizational behavior. Items used to measure transformational leadership are those that are indicative of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. The process of transactional leadership is assessed based on the statements of contingent reward and management-by-exception practice. Employee motivation is measured with the use of the items representing the intrinsic and extrinsic motivation variables and job satisfaction is measured in a variety of dimensions, such as supervision, recognition, working conditions, and general satisfaction. Individual items are rated using a five-point Likert scale between strongly disagree to strongly agree, which gives some degree of consistency, easiness to respond, and similarity of the results.

### **Sampling Technique**

This paper uses the non-probability sampling, which is purposive sampling, to target the respondents among the head offices of banking institutions. The rationale of selecting the purposive sampling technique is due to the nature and aims of the study, where the participants should have direct experience and adequate exposure in leadership practices in the strategic and administrative context of banks head offices. As compared to probability sampling, purposive sampling gives the researcher the option of choosing respondents who are most significant with regard to research problem, and who are economical to answer research questions in a manner that gives relevant information.

The purposive sampling methodology is suited especially in research on organizations and leadership that involves a focused study in a specialized environment like a head office of a bank where lack of confidentiality, hierarchical setups, and workloads usually limit access to the whole population. Through this method, the study will guarantee the respondents to satisfy predetermined conditions which include: being full-time employees, reporting directly to each other along the organization structure, and have sufficient tenure to accurately assess leadership behaviors and job satisfaction.

### **Statistical Techniques and tools**

In this study, several statistical software and analytical tools are used to test the proposed relationships in an empirical manner so as to have rigorous, reliable, and valid data analysis. Such choices of tools and methods will be dictated by the goals of the research, the conceptual framework, and the quantitative nature of the research applied to examine the effect of the transformational and transactional leadership styles on job satisfaction among employees in the head offices of the banking industry.

In the analysis, the descriptive statistics would be used to summarize the demographic profile of the respondents to give the age, gender, tenure, type of bank, and the workflow characteristics. The frequencies, percentages, means, and standard deviations are presented as statistical indicators to display the general picture of the sample and determine the overall distribution of answers. The preliminary step helps to find patterns, trends, or other possible irregularities of the data and hence develop a strong basis on which further inferential and multivariate analyses will be conducted.

### **Data Analysis**

This chapter examines the data analysis and empirical results of the study that was done to investigate how transformational and transactional leadership affects employee job satisfaction in the banking industry with specific interest in head office employees. The main aim of this chapter is to analyze the information gathered with the help of the respondents, as well as to test the assumptions formulated in chapters preceding this one according to the developed conceptual frame. This chapter is transformed into meaningful insights through the application of systematic statistical analysis that can answer the research objectives and questions of the study.

The data analysis procedure starts with pre-analysis of the received responses to make sure that it is accurate, complete and that it is fit to analyze further. The demographic traits of the respondents are summarized through the descriptive statistics and refer to the age, the gender, tenure, the bank type, and the workflow. This gives the general picture of the sample profile and aids in putting the empirical results in context to the banking head office setting. This is followed by reliability and validity tests to ensure that the measurement scales utilized in the transformational leadership, transactional leadership, employee motivation, and employee job satisfaction are correct with regard to uniformity and sufficiency.

Thereafter, inferential statistical methods are used to test the correlation between the variables of study. Correlation and regression tests (analyses) are used to evaluate the direct impacts that transformational and transactional leadership has on employee job satisfaction and determine the impact that these concepts have on employee motivation. The mediation analysis is also done to assess that the employee motivation is an intervening variable in relation to the leadership styles and job satisfaction. The analysis includes control variables in order to isolate the effects of leadership styles and strengthen the relevance of the findings.

### **PLS SEM**

Figure 2 PLS SEM

**Table 1: PLS-SEM Path Coefficients**

	<b>CV</b>	<b>EJ</b>	<b>EM</b>	<b>TL</b>	<b>TR</b>
CV		0.460			
EJ					
EM		0.467			
TL			-0.128		
TR			0.738		

- Path analysis results indicate that there are some crucial relationships between variables of the study. To begin with, the path coefficient between the control variables and employee job satisfaction ( = 0.460) determines that the demographic and organizational factors age, gender, tenure, bank type, and workflow significantly determine job satisfaction among the personnel working in the head office. This result draws attention to the role of contextual and individual

influences in the analysis of job-related attitudes in the banking industry.

- There is a -shape and positive influence of employee motivation on employee job satisfaction ( $\beta = 0.467$ ) which confirms that motivation offers a high chance of employee job satisfaction. This finding supports the pivotal nature of motivation as an essential tool with which the outcomes in the organization are fulfilled within the banking institutions.
- Surprisingly, transformational leadership is also negatively linked to employee motivation ( $\beta = -0.128$ ) which implies that there is no extensive boost in motivation inherent in transformational leadership practices as interpreted by employees in the given situation. This observation can be representative of a failure to align transformational leadership behaviors and employee expectations in the immensely orchestrated and performance-oriented system of the banking head offices.
- However, transactional leadership has a robust positive impact on employee motivation ( $\beta = 0.738$ ), which implies that the reward-based, rule-oriented, and performance-oriented leadership strategies are very effective in motivating head office employees. This finding implies that very specific performance expectations and tangible rewards are strong motivators specially in the banking industry.

**Table 2: Specific indirect effects**

	Specific indirect effects
TL -> EM -> EJ	-0.060
TR -> EM -> EJ	0.345

- The mediation analysis gives a further understanding on the indirect effect of the leadership styles on the employee job satisfaction in terms of employee motivation. The relationship between transformational leadership and employee job satisfaction is indirect (TL eM EJ) where the relationship is negative ( $\beta = 0.060$ ) showing that the transformational leadership is not increasing job satisfaction through motivational mechanisms in the research setting. This finding indicates that the transformational leadership practices might not readily be converted to high levels of motivation, and subsequently, high job satisfaction among head office employees within the banking industry.
- However, the opposite is true, as the indirect impact of the transactional leadership on job satisfaction of employees via employee motivation (TR EM EJ) is positive and significant ( $\beta = 0.345$ ). The nature of this finding validates that employee motivation plays an important role in mediating the relationship between transactional leadership and job satisfaction. It presupposes that the transactional leadership practices, including the use of performance-based rewards and strict accountability contribute to the motivation of the employees, which are subsequently reflected in the increased job satisfaction rates in banking head offices.

**Table 3: Outer loadings**

	CV	EJ	EM	TL	TR
CV1	0.745				
CV2	0.832				
CV3	0.860				
EJ1		0.798			
EJ2		0.868			
EJ3		0.923			
EM1			0.890		
EM2			0.754		
EM3			0.785		
TL1				0.849	

TL2	0.812	
TL3	0.813	
TR1		0.726
TR2		0.814
TR3		0.835

- The assessment conducted in the measurement model shows that there is a high level of indicator reliability to all the constructs used in the study. The overall loadings of the indicators are more than the suggested value of 0.70 percent, which proves that measurement items will reflect their latent variables.
- The loading of the Employee Job Satisfaction indicators (EJ1-EJ3) are remarkably high and the values up to 0.923 signify a strong presence of the job satisfaction construct. On the same note, the load of the Employee Motivation indicators (EM13M3) on the underlying construct is substantial; this is the evidence of the correct and consistent measurement.
- Along with these, the acceptable to strong indicators loadings of the two leadership constructs, Transformational Leadership (TL) and the Transactional Leadership (TR) are also acceptable to strong. These findings indicate the soundness of measurement scales and the reliability of the constructs that are examined in the analysis of the structural model.

**Construct Reliability & Validity**

**Table 4: Reliability and Validity Analysis**

	<b>Cronbach's alpha</b>	<b>Composite reliability (rho_a)</b>	<b>Composite reliability (rho_c)</b>	<b>Average variance extracted (AVE)</b>
CV	0.743	0.747	0.854	0.662
EJ	0.830	0.858	0.898	0.747
EM	0.756	0.727	0.826	0.617
TL	0.768	0.786	0.864	0.680
TR	0.723	0.778	0.835	0.629

- The reliability and validity of the measurement model depict satisfactory outcomes of all the constructs. The alpha values of the constructs are higher than the recommended value of 0.70 which prove good internal consistency among items measuring the constructs.
- Composite reliability (v c ) measures lie between 0.826 and 0.898 which once again confirms the reliability and stability of the constructs. Moreover, the values of Average Variance Extracted (AVE) of all constructs are higher than the minimum value of 0.50 which is an indication of sufficient convergent validity.
- In general, these results allow confirming that the measurement model is designed to suit the required statistics in reliability and validity, which is why it can be further analyzed with the help of structural models.

**Discriminant validity**

**Table 5: Discriminant Validity (Fornell–Larcker Criterion)**

	<b>CV</b>	<b>EJ</b>	<b>EM</b>	<b>TL</b>	<b>TR</b>
CV					
EJ	0.870				
EM	0.702	0.506			
TL	0.631	0.510	0.497		
TR	0.764	0.733	0.860	0.900	

- FornellLarcker criterion is used to establish the discriminant validity. The findings show that the square roots of the Average Variance Extracted (AVE) or the values in the diagonal are

higher than the inter-construct correlation coefficients. This shows that every construct is more related to its indicators, as compared to other constructs within the model.

- These findings validate the speculation that all constructs are empirically differentiated to another, thus justifying discriminant validity. In particular, the transformational leadership, the transactional leadership, the motivation of employees, the job satisfaction of employees, and the control variables make different theoretical concepts, therefore, the constructs do not measure the same phenomena.

**Table 6: R-square**

	<b>R-square</b>	<b>R-square adjusted</b>
EJ	0.648	0.641
EM	0.438	0.426

- The structural model presents high predictive ability of endogenous constructs. The R<sup>2</sup> value of Employee Job Satisfaction (EJ) is 0.648, which means that 64.8 percent of job satisfaction variance is given by the motivation levels of the employees and the leadership styles as well as the control variables used. This depicts a high degree of explanatory ability.
- Employee Motivation (EM) has R<sup>2</sup> of 0.438 which indicates that it has a moderate explanatory power based on leadership styles. Taken together, these R<sup>2</sup> values prove the sound predictive potential of the structural model in describing employee motivation as well as job satisfaction in the banking industry head office setting.

### **PLS SEM Bootstrapping**

- The empirical evidence of the relationships in the structural model is that the PLS-SEM bootstrapping findings, as shown in Figure 3, support several important relationships. The control variable-employee job satisfaction (CV vs. EJ) path is significant statistically ( $t = 5.486, p < 0.001$ ), which signifies the role of demographic and organizational factors in determining the job satisfaction of the employees at the head office.
- Also, employee motivation and job satisfaction (EM → EJ) have a very strong relationship ( $t = 6.014, p = 0.001$ ), which proves employee motivation as one of the strongest predictors of job satisfaction in the banking industry. The transactional leadership to employee motivation (TR EM) path also has a high level of significance ( $t = 7.478, p = 0.001$ ) showing the practices of transactional leadership have a significant beneficial effect on employee motivation.
- Conversely, the relationship between transformational leadership and employee motivation (TL → EM) is significant but has low explanatory power which implies that transformational leadership can only be of little practical impact in the motivation of employees based on head offices in the banking sector.

### **Discussion**

The given chapter provided the empirical results of the conducted PLS-SEM analysis to investigate the impact of transformational leadership styles and transactional leadership styles on job satisfaction of employees in the banking industry, but specifically, the employees of the head office. Measurement model and structural model have been strictly evaluated so as to determine the reliability, validity and strength of the findings. All in all, the results offer valuable information on leadership efficiency, employee motivation as a mediator and the applicability of demographic and organizational variables in influencing job satisfaction in the organized setting of banking head offices.

The measurement model has been tested and the results indicated a high reliability and validity among all the constructs. The high indicator loadings, satisfactory Cronbach's alpha value, high composite reliability score and acceptable AVE value indicates that transitional leadership, transactional leadership, employee motivation, employee job satisfaction, and the control variables were measured in an accurate and consistent manner. Additionally, the discriminant validity was determined based on the use of the HTMT ratios and ensured that all constructs were empirically different and that the problem of multicollinearity or concept redundancy was successfully avoided. These findings confirm the sufficiency of the measurement tools and are a strong basis of explaining the structural relationship analyzed in the research.

## **Conclusion**

This research aimed at addressing the effects of transformational and transactional leadership styles on job satisfaction among the employees working in a banking firm, specifically head office employees because leadership at the central administrative unit of an organisation is strategic. In a more digitized, more controlled, and performance-oriented banking system, leadership is becoming a key element in determining motivation, satisfaction and organizational stability of the employees. The results of this research offer comprehensible and interesting information about the impact of various leadership styles on the attitude and job satisfaction of employees in the stressful environment of banking head office.

By relying on the proven leadership and motivation theories and backed up with empirical data, the study has been found confirming that leadership behavior still has a great organizational role in determining job satisfaction of the employees. Nevertheless, the findings indicate that transactional leadership and not transformational leadership has the most robust and coherent influence on employee motivation and job satisfaction in head office environment. Contingent reward, clarity of expectations of performance and corrective supervision leadership practices proved to be quite useful when it comes to motivating employees and increasing their satisfaction in an industry where compliance, accuracy, accountability and monitoring of performance are central.

Unlike the traditional expectations, transformational leadership showed less practical effect on employee motivation and job satisfaction in this situation. This observation implies that although the application of the transformational aspects of behaviour including inspiration and intellectual stimulation would be theoretically useful, it would not be effective in organisations that are more structured where regulation is high like in banks head offices, and employees would want to have a sense of clarity, stability and tangible benefits rather than having a visionary or symbolic leader.

One of the relevant contributions of the study is that it looks at employee motivation as the variable of mediation, which gives a more detailed understanding of how the leadership styles affect job satisfaction. The results show that leadership has no significant direct impact on job satisfaction; however, its effects can be allowed to take place with the help of motivation schemes that can either make or break the attitude of employees as well as their engagement and emotion towards the job they do. It was also discovered that employee motivation played a vital role in job satisfaction especially in promoting commitment, persistence and good working attitudes at the high pressure environment in banking head offices. This mediating role indicates that leaders of banks should not only emphasize on their leadership behaviors but also the manner in which these behaviors can be converted to motivational effects to workers.

Moreover, the control variables, including age, gender, time of tenure, type of bank, and workflow, have also enhanced the strength of the findings since they have taken personal and organizational differences that can affect employee perceptions and levels of satisfaction. Generally, the research

is an excellent source of empirical evidence that the effectiveness of leadership within the banking head offices greatly depends on the context, and transactional leadership and motivation-oriented management practices play a pivotal role in contributing to employee job satisfaction.

## **Recommendations**

Relying on the empirical evidence and theoretical conclusions of this paper, some practical, strategic, policy-based recommendations are presented to the banking institutions, especially the top management in order to increase the employee job satisfaction through the effective leadership practices. To begin with, the firms in the banking sector should focus on the growth and institutionalization of transformational leadership behaviors amongst the senior and middle-level managers who are working at the head offices. Leadership development programs must be reframed to lay more emphasis on articulating the vision, inspirational communication, intellectual stimulation and individual attention as these areas have proved to have high potential of improving the motivation and satisfaction levels in staff. The structured leadership development, executive coaching, and mentoring programs need to be a routine activity that might help leaders develop skills that will make them inspire employees not only with transactional interactions but also with the high-level thinking, policy pressure, and performance responsibility.

Second, as transformational leadership is the focus, the banks ought not to abhor the significance of transactional leadership process, especially in ensuring effectiveness, order, and regulatory obedience. The performance-based reward system must be clear, just and with well set out objectives, so that transactional leadership performance can add positivity to the employee motivation instead of stressor or dissatisfaction. Employee trust and satisfaction in structured banking settings are only possible through the implementation of clear performance indicators and consistent feedback provisions and fair reward allocation. Third, with the highly mediating effect of employee motivation, banks ought to have a holistic approach to motivation management through an integrated approach that combines both intrinsic and extrinsic motivation drivers. Job enrichment, autonomy in making decisions, encouragement of novel ideas, and career advancement can be used to strengthen intrinsic motivation, whereas competitive pay, performance bonuses, and career advancement ladders can be used to boost extrinsic motivation. The motivation levels should be constantly evaluated by the human resource departments by use of employee surveys and feedback mechanisms which will help determine the gaps and provide the timely interventions.

## **Future Research Direction**

Although this research involves a valuable contribution to the understanding of how the transformational and transactional leadership styles can be applied to the context of employee job satisfaction within the banking sector settings of the head office, there are still a few gap areas that can be addressed through future studies that will help in improving the research knowledge base in the complex nature of the organizational setting. It is highly recommended that future studies should consider longitudinal research designs because of their ability to trace the changes in style of leadership, employee motivation, and job satisfaction in relation to time, especially during the periods of organizational change, change in leadership, or during external shock events like uncertainty in the economy or reforms in regulatory systems. Long-term designs would enable the researchers to make more solid causal conclusions and determine the dynamic effects of leadership that can not be studied comprehensively with cross-sectional data.

Comparative and multi-level research designs should be used also in future studies. It may find context specific differences in leadership effectiveness and employee satisfaction by conducting

comparative studies across head office and branch-level employees, or across the public and private sector banks. On the same note, multi-level modeling methods would be utilized to measure leadership impacts on individuals, teams, and organizations, which represent a better understanding of how the leadership behavior shimp up the forces across hierarchical levels in banking organizations.

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