

Emotional Intelligence and Leadership Effectiveness: Evidence from Nepalese Commercial Banks

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Abstract

In an increasingly complex and interconnected work environment, emotional intelligence (EI) has gained prominence as a vital factor influencing leadership effectiveness. While global studies have established a strong link between EI and leadership outcomes, limited empirical research exists within the Nepalese context, particularly in the commercial banking sector. This study aims to examine the impact of three core dimensions of emotional intelligence viz. self-management (SM) relationship management (RM), and self-awareness (SA) on leadership effectiveness (LE) among employees of commercial banks in Kathmandu, Nepal. A causal research design was adopted, utilizing 197 valid responses from 250 structured questionnaires distributed to banking professionals. Data were analyzed using descriptive statistics, correlation analysis, and multiple linear regression. The findings revealed that self-awareness emerged as the most significant predictor of leadership effectiveness, followed by relationship management. The findings suggest that emotionally intelligent leadership - particularly anchored in self-awareness and relational competence - is essential for effective leadership within Nepal's commercial banking sector. These insights hold practical implications for leadership development programs, highlighting the need to prioritize self-awareness and relationship-building skills in training initiatives. The study is limited by its sector-specific focus and reliance on a quantitative approach. Future research should incorporate mixed methods to explore the cultural and contextual nuances of EI in leadership. The novelty of this study lies in its contribution to the limited body of empirical research in Nepal, offering valuable insights into the EI dimensions that most significantly influence leadership effectiveness in emerging economies.

Keywords: Emotional Intelligence, Leadership Effectiveness, Self-Awareness, Relationship Management, Nepalese Banking Sector.

Introduction

Leadership is a dynamic, relational, and emotional process through which individuals influence, guide, and inspire others toward shared organizational goals (Humphrey, 2002). As Goleman (1995) argued, truly impactful leaders are those who can go beyond conventional managerial practices to engage people meaningfully, fostering a shared vision that aligns with the organization's broader objectives. Leadership involves more than strategic planning or operational expertise; it encompasses mentoring, supporting, and communicating effectively with others to foster collective achievement (Au-Yong-Oliveira et al., 2018; Hogan et al, 1994; Howard, 2005). In the evolving global context marked by rapid change, disruption, and uncertainty, leadership has become increasingly complex, hence leaders are expected not only to manage operations but also to deal with uncertainty, inspire people, and create an environment conducive to innovation and resilience (Goleman, 1998).

Among these competencies, emotional intelligence (Salovey & Mayer, 1990) has emerged as a critical factor as it refers to the ability to perceive, understand, manage, and use emotions effectively in oneself and in relationships with others. It includes essential dimensions such as

self-awareness, self-regulation, empathy, social skills, and motivation (Goleman, 1998; Aimee, 2024; Bhandari et al., 2024). Leaders with high emotional intelligence (EI) are better positioned to respond to stress, manage conflict, build trust, and create positive work environments. These capabilities enhance communication, decision-making, and team engagement—key pillars of successful leadership (Boyatzis, 2001; Ghorse, 2025; Gerhardt et al., 2025).

The relationship between emotional intelligence and leadership effectiveness has gained considerable scholarly attention over the past two decades. Research consistently shows that emotionally intelligent leaders are more likely to succeed in navigating interpersonal complexities and leading during times of uncertainty (Dasborough et al., 2022; Drigas et al., 2023; Tan et al., 2022). Emotional leadership models have expanded the field, emphasizing empathy, emotional regulation, and relational sensitivity as fundamental to leadership performance (Dinh et al., 2014; Zhang et al., 2023). However, despite growing interest, the literature remains fragmented due to inconsistent definitions, conceptualizations, and measurements of emotional intelligence (Dasborough et al., 2022). Moreover, many studies focus on specific leadership models or sectors, limiting broader applicability (Kim & Kim, 2017; Paul & Barari, 2022). This lack of coherence leaves a gap in understanding the full range of how EI contributes to leadership across diverse organizational contexts.

In the Nepalese context, where leadership capacity remains an ongoing challenge, the importance of emotional intelligence in effective leadership has yet to be fully explored (Bhandari et al, 2024). Nepal's banking sector, undergoing rapid modernization amidst economic shifts and globalization, presents a vital space to examine leadership from a behavioral and emotional lens. Yet, few empirical studies have specifically investigated the influence of emotional intelligence on leadership effectiveness in Nepalese organizations. This limits the availability of evidence-based strategies for leadership development in one of the country's most vital industries.

Given these gaps, understanding the impact of emotional intelligence on leadership within Nepalese commercial banks holds significant importance. As EI is a skill that can be cultivated (Mattingly & Kraiger, 2019), uncovering its relationship to leadership performance has practical implications for leadership training, employee development, and organizational performance. The rising pressures of global competition, digitalization, and workforce expectations demand emotionally competent leaders capable of adapting and thriving under stress (Courtright et al., 2014).

Therefore, this study aims to examine the relationship between emotional intelligence and leadership effectiveness in the commercial banking sector of Kathmandu, Nepal. Specifically, it investigates how the components of EI - self-management, relationship management, and self-awareness - contribute to leadership outcomes. By addressing contextual gaps in the literature, this research seeks to offer insights that can inform leadership development programs and organizational policy in emerging economies.

Literature Review

Fiedler (1964) formulated the Contingency Theory of Leadership as a response to the shortcomings of earlier leadership frameworks, which predominantly emphasized trait and

behavioral paradigms (Vroom & Jago, 2007). This theory posits that leadership effectiveness is contingent upon the congruence between a leader's intrinsic style and the favorableness of the situational context. The situational favorableness is determined by variables including leader-member relations, task structure, and positional power. Optimal leadership outcomes are achieved when there is alignment between the leader's style and these contextual factors, whereas a misalignment often results in diminished effectiveness. Consequently, a leader who is effective in one context may prove ineffective in another.

The theory underscores the criticality of self-awareness and adaptability, advocating that leaders must evaluate each situation impartially to deploy the most appropriate leadership style. The Least Preferred Coworker (LPC) Scale serves as a diagnostic instrument to classify leaders as either task-oriented (indicated by a low LPC score) or relationship-oriented (indicated by a high LPC score), thereby influencing leadership efficacy across varying conditions (Waters, 2013). Fiedler (1964) further contended that task-oriented leaders exhibit superior performance in contexts characterized by either high favorability or significant adversity, whereas relationship-oriented leaders excel in moderately favorable environments. Subsequent expansions of the model, such as by Hernandez et al. (2011), incorporated subordinate satisfaction as an additional criterion for evaluating leadership effectiveness.

Despite its theoretical contributions, the Contingency Theory has faced criticism regarding its limited explicatory power in detailing the mechanisms through which LPC scores and situational control predict performance outcomes (Verkerk, 1990). In response, Fiedler (1987) advanced the Cognitive Resource Model, which emphasizes the influence of leaders' intellectual capabilities and experiential knowledge in directing group processes, particularly under conditions of stress.

Operationalization and Hypothesis Development

Leadership

Leadership is a process of social interaction where a leader's abilities and skills influence the behavior of team members, significantly impacting performance outcomes (Humphrey, 2002). It involves guiding, teaching, and supporting others in any way possible (Au-Yong-Oliveira et al, 2018). Leadership also requires persuading individuals to temporarily set aside personal interests to work toward a shared goal that benefits the group's responsibilities and well-being (Hogan et al, 1994). It can be argued that leadership extends beyond a combination of skills, knowledge, and behaviors, with an essential missing element being the leader's inherent qualities.

Self-Management and Leadership Effectiveness

Self-management refers to the ability to control one's emotions, manage impulses, act responsibly, maintain commitments, and adapt effectively to changing situations (Decker & Cangemi, 2018; Alsalminya & Omrane, 2023). In today's fast-evolving corporate environment, self-management—the ability to regulate one's own emotions—is a vital component of Emotional Intelligence (EI) that enhances leadership effectiveness (Aimee, 2024; Mualla, 2024; Bhandari et al., 2024). Empirical studies support this link, demonstrating that maturity and self-regulation positively influence leadership outcomes (Lone & Lone, 2018; Gorgens-

Ekermans & Roux, 2021). But, Bandari et al. (2024) found a weak positive but statistically insignificant relationship between self-management and leadership effectiveness. Leaders with strong self-management skills are better prepared to maintain composure and make strategic decisions under pressure, contributing to organizational success.

H₁: Self-management has positive and statistically significant effect on leadership effectiveness.

Relationship Management and Leadership Effectiveness

Relationship management is a vital skill for effective leaders, especially in cultures that emphasize interpersonal behaviors (Engle & Nehrt, 2011). It involves building and maintaining professional relationships—even with those one may not personally favor—since leaders set the standard for workplace interactions. This skill includes clear communication, inspiring and influencing others, teamwork, and conflict resolution (Alsalminya & Omrane, 2023). According to Goleman (1995), key competencies of relationship management include developing others, inspirational leadership, driving change, influencing, managing conflict, and fostering collaboration. Effective relationship management, which includes empathy, social skills, and the capacity to influence others' emotions, is essential for fostering a positive work environment and enhancing leadership effectiveness (Aimee, 2024; Bhandari et al., 2024; Ghorse, 2025). Research confirms that empathy significantly contributes to leadership competencies (Al-Zubi, 2015) and that managing emotions correlates positively with transformational leadership (Chan et al., 2018). Emotionally intelligent leaders excel in communication, conflict resolution, and motivation, which are critical for team cohesion and performance (Aimee, 2024; Kanuto, 2024; Nkup et al., 2024).

H₂: Relationship management has positive and statistically significant effect on leadership effectiveness.

Self-Awareness and Leadership Effectiveness

Self-awareness involves a deep understanding of one's emotions, strengths, weaknesses, needs, and desires, essentially knowing oneself at a profound level before understanding others (Hinds, 2017). Those with strong self-awareness can recognize how their emotions affect their performance, reflect on their experiences and limitations, and make confident decisions (Serrat, 2017). Cherniss and Goleman (1998) highlighted self-awareness as a vital emotional and social skill when integrating emotional intelligence into organizations. Self-awareness, the ability to recognize and understand one's own emotions, is foundational to effective leadership. It enables leaders to align their actions with organizational goals and adapt to complex challenges (Aimee, 2024; Gerhardt et al., 2025). Empirical findings indicate a significant positive relationship between self-awareness and leadership effectiveness (Al-Zubi, 2015; Gorgens-Ekermans & Roux, 2021). Leaders with high self-awareness tend to demonstrate greater empathy and better emotional understanding, which facilitates enhanced strategic decision-making and fosters a positive organizational climate (Aimee, 2024; Kanuto, 2024).

H₃: Self-awareness has positive and statistically significant effect on leadership effectiveness.

Methodology

This study adopted a causal research design, also known as explanatory design, to examine the cause-and-effect relationship of emotional intelligence (EI) and leadership effectiveness among employees working in commercial banks within Kathmandu. Quantitative methods were selected as they allow for the collection of objective, numerical data from a large sample in a time-efficient manner, especially when the study is conducted within a limited period (Zikmund et al, 2009). This allowed for a more precise understanding of whether various dimensions of emotional intelligence contribute to leadership outcomes in a professional setting.

The study's population consisted of employees from commercial banks operating within Kathmandu, which represents a significant concentration of Nepal's banking infrastructure. As of mid-January 2025, Nepal had a total of 5,044 commercial bank branches, with 1,841 located in the Bagmati Province. Out of these, 936 branches (50.84%) were situated in Kathmandu. In terms of workforce, Kathmandu accounted for 6,204 (28.72%) out of Nepal's total 21,600 banking employees, and this number was used as the target population. To determine the appropriate sample size, Yamane's (1967) formula was used with a 95% confidence level and 7% margin of error, yielding a sample size of 191. A purposive sampling technique was used to select respondents from thirteen different commercial bank branches in Kathmandu to ensure diversity in organizational context and employee experience. A total of 250 structured questionnaires were distributed during the third and fourth weeks of January 2025. Out of these, 204 were returned. However, seven responses were excluded due to incomplete or inconsistent data, resulting in 197 valid responses used for analysis. During data collection, participants were observed to be somewhat reluctant to respond, likely due to work pressure and time constraints, which contributed to a few unusable entries.

Primary data was collected using structured self-administered questionnaires consisting of items measured on a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). As shown in Table 1, the questionnaire items were adapted from existing, validated instruments in prior research with minimal language modifications to suit the study context. The emotional intelligence components included self-management, measured through three items adopted from Bar-On (1997); relationship management, evaluated with three items from Goleman (1998); and self-awareness, measured using four items from Zaki et al, (2012). Leadership effectiveness was assessed using three items from Ejimabo (2015) and one item from Aquino et al, (2021). The instruments were chosen based on their relevance, reliability, and previous use in studies focusing on emotional intelligence and leadership constructs.

After the data collection, responses were first entered into Microsoft Excel for initial sorting and screening. Subsequently, the data was transferred to the Statistical Package for the Social Sciences (SPSS) for further processing and statistical analysis. Descriptive statistics such as means, standard deviations, percentage, and frequencies were computed to summarize the characteristics of the dataset. Inferential statistics, including Pearson correlation and multiple regression analysis, were used to test the relationships between emotional intelligence dimensions and leadership effectiveness. This analytic strategy allowed the researcher to

explore both the strength and direction of these associations and to determine the predictive power of emotional intelligence components on leadership effectiveness in the workplace.

Table 1: Source of Variables

Variables	Source
Self-management	Zaki et al, (2012); Ansari & Kumar (2022); and Gorgens-Ekerman & Roux (2021)
Relationship management	Gorgens-Ekerman & Roux (2021); and Zaki et al, (2012)
Self-awareness	Ansari & Kumar (2022); Gorgens-Ekerman & Roux (2021)
Leadership effectiveness	Al-Zubi (2015)

Regression Model

In this study, multiple regression analysis was used to investigate how three components of emotional intelligence - self-management, relationship management, and self-awareness - predict leadership effectiveness among employees in the commercial banking sector of Kathmandu because a multiple regression model is a statistical method used to examine the relationship between a single dependent variable and two or more independent variables (Hair et al., 2010). The multiple regression model developed for this study has been expressed as:

$$LE = a + b_1SM + b_2RM + b_3SA + e$$

Where the dependent variable is LE = Leadership Effectiveness; and independent variables are SE = Self-management, RM= Relationship management and SA= Self-awareness; a = Intercept (the value of Y when all X variables are zero); b₁, b₂, b₃ = Regression coefficients representing the expected change in leadership effectiveness for a one-unit change in each respective independent variable, holding others constant, and e = Error term accounting for unmeasured influences.

Reliability

Cronbach's alpha is employed to ensure that the results are reliable and free from significant bias. This coefficient ranges from 0 to 1, with values above 0.9 indicating excellent or very high internal consistency. Scores between 0.7 and 0.9 are considered good, while values below 0.5 are regarded as unacceptable (Nunnally & Bernstein, 1994).

Table 2. Test of Reliability

Variables	Cronbach's Alpha	Observation	Mean	Std. Dev.
SM	.752	197	3.4848	0.68168
RM	.693	197	3.3553	0.75071
SA	.776	197	3.3638	0.74777
LE	.683	197	3.3769	0.76749
Overall	.899			

Table 2 shows the reliability analysis of the measurement scales used in this study demonstrates acceptable internal consistency across all variables, with Cronbach's Alpha values ranging

from 0.683 to 0.776. Specifically, self-management (SM) recorded an alpha of 0.752, indicating good reliability, while relationship management (RM) had a slightly lower alpha of 0.693, which is still within the acceptable threshold (≥ 0.60) for empirical research (Hair et al., 2010). Notably, the overall scale reliability was high, with a Cronbach's Alpha of 0.899, indicating excellent consistency among the items in the questionnaire. The means for all variables hovered around the midpoint (ranging from 3.35 to 3.48 on a 5-point Likert scale), suggesting moderate agreement among respondents, while the standard deviations (ranging from 0.68 to 0.77) indicate moderate variability in perceptions. These results collectively affirm that the survey instrument used in the study is reliable and suitable for further statistical analysis, such as correlation and regression, to examine the relationship between emotional intelligence components and leadership effectiveness.

Results and Analysis

Descriptive Statistics

Table 3 exhibits the demographic profile of the participants offers insights into the composition of the study sample. Out of 197 respondents, 56.3% were male and 43.7% were female, indicating a relatively balanced gender distribution. In terms of age, the majority of participants were over 25 years old, with 45.2% falling within the 25–30 age group and 47.2% being above 30, while only 7.6% were between 20–25 years.

Table 3. Demographic profile of the Respondents

Demographic variable	Classification	Frequency	Percentage
Gender	Male	111	56.3
	Female	86	43.7
	Total	197	100
Age Group	20-25 years	15	7.6
	25-30 years	89	45.2
	Above 30	93	47.2
	Total	197	100.0
Education Level	High School	43	21.8
	Bachelor	138	70.1
	Master	16	8.1
	Total	197	100.0
Experience	Below 2 years	150	76.1
	3-5 years	37	18.8
	Above 5 years	10	5.1
	Total	197	100.0

Regarding educational background, a significant portion (70.1%) had completed a bachelor's degree, followed by 21.8% who had finished high school, and 8.1% holding a master's degree. Concerning work experience, most respondents (76.1%) had less than two years of professional experience, 18.8% had between three to five years, and only 5.1% had more than five years of

experience. These statistics reflect a young and academically qualified workforce, predominantly in the early stages of their careers.

Correlation analysis

Table 4. Correlation among the Study Variables

Variables	LE	SM	RM	SA
LE	1			
SM	.478** (0.000)	1		
RM	.649** (0.000)	.587** (0.00)	1	
SA	.727** (0.000)	.627** (0.000)	.725** (0.000)	1

** Correlation is significant at the 0.05 level (2-tailed).

The correlation analysis reveals the strength and direction of the relationships among the study variables—Leadership Effectiveness (LE), Self-Management (SM), Relationship Management (RM), and Self-Awareness (SA). As per Table 4, all variables exhibit statistically significant positive correlations at the 0.05 level, suggesting strong associations. Specifically, Self-Awareness shows the strongest correlation with Leadership Effectiveness ($r = .727$, $p < .01$), indicating that as self-awareness increases, leadership effectiveness tends to improve significantly. Relationship Management also correlates strongly with Leadership Effectiveness ($r = .649$, $p < .01$), followed by Self-Management ($r = .478$, $p < .01$). Furthermore, there are notable interrelationships among the independent variables themselves, with Self-Awareness showing high correlations with both Relationship Management ($r = .725$, $p < .01$) and Self-Management ($r = .627$, $p < .01$). These findings suggest that the emotional intelligence components—particularly self-awareness and relationship management—are closely linked to effective leadership and to one another.

Regression analysis

The regression analysis aimed to determine the impact of emotional intelligence components—Self-Awareness (SA), Self-Management (SM), and Relationship Management (RM)—on Leadership Effectiveness (LEF).

Table 5. Model Summary of Regression Analysis

Mode	R	R Square	Adj. R Square	SEE
1	.748	0.560	0.553	.455

a. Predictors: (Constant), SA, SM, RM

b. Dependent Variable: Leadership Effectiveness

The model summary in Table 5 indicates a multiple correlation coefficient (R) of 0.748, demonstrating a strong relationship between the predictors and the dependent variable. The R Square value of 0.560 reveals that approximately 56% of the variance in leadership effectiveness can be explained by the combined influence of self-awareness, self-management, and relationship management. The adjusted R Square, which accounts for the number of

predictors, stands at 0.553, further supporting the model's robustness. The Standard Error of the Estimate (SEE) is 0.455, indicating a moderate level of variability in the predicted values around the regression line.

Table 6. Regression Coefficients

Model	Unstandardized Coefficient		Standardized Coefficient Beta	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
(Constant)	1.093	.170		6.448	.000		
SM	-.018	.057	-.020	-.313	.754	.570	1.753
RM	.239	.065	.262	3.665	.000	.445	2.245
SA	.488	.066	.549	7.391	.000	.412	2.426

a Dependent Variable: Leadership Effectiveness

Looking at the coefficients in Table 6, the unstandardized and standardized coefficients provide insight into the individual contribution of each independent variable. Self-Awareness (SA) emerged as the strongest predictor of leadership effectiveness, with a standardized Beta coefficient of 0.549 and a highly significant p-value ($p = 0.000$). This indicates that higher self-awareness significantly enhances leadership outcomes. Relationship Management (RM) also showed a significant positive effect on leadership (Beta = 0.262, $p = 0.000$), suggesting that leaders who effectively manage interpersonal relationships tend to be more effective. In contrast, Self-Management (SM) had a negative and statistically insignificant impact on leadership effectiveness (Beta = -0.020, $p = 0.754$), indicating that within this model, SM does not substantially contribute to leadership outcomes in this context.

The collinearity statistics (Tolerance and VIF) confirm that multicollinearity is not a concern in this model. All Tolerance values are above 0.1, and all VIF values are below 5, indicating acceptable levels of interdependence among the predictors (Ahmed et al, 2021). Thus, the model is statistically sound and supports the conclusion that self-awareness and relationship management are critical emotional intelligence components driving leadership effectiveness, while self-management has a negligible impact in this particular study sample.

Table 7. ANOVA Table

Model	Sum of Squares	Df	Mean Square	F	Sig
Regression	51.026	3	17.009	81.958	.000
Residual	40.053	193	.208		
Total	91.079	196			

a. Dependent Variable: Leadership Effectiveness

b. Predictors: (Constant), SA, SM, RM

The ANOVA Table 7 reinforces the model's statistical significance. The F-value of 81.958 and the associated p-value of 0.000 confirm that the regression model is highly significant, and the combination of the independent variables reliably predicts leadership effectiveness. This suggests that the model is fit for interpretation and that the emotional intelligence dimensions included in the analysis meaningfully contribute to leadership performance.

Table 7. Hypothesis Testing Results

Hypothesis	Result
H ₁ : Self-management has positive and statistically significant effect on leadership effectiveness.	Not Accepted
H ₂ : Relationship management has positive and statistically significant effect on leadership effectiveness.	Accepted
H ₃ : Self-awareness has positive and statistically significant effect on leadership effectiveness.	Accepted

Discussion

The findings of this study offer critical insights into the nuanced relationship between emotional intelligence (EI) components and leadership effectiveness in the context of Nepalese commercial banks. Grounded in both empirical data and an extensive literature base, the discussion that follows unpacks the implications of self-awareness, self-management, and relationship management on leadership outcomes, with attention to contextual and theoretical underpinnings. The analysis revealed that Self-Awareness (SA) emerged as the most powerful predictor of leadership effectiveness. This strong statistical association affirms the central role of self-awareness in shaping effective leadership, particularly in environments characterized by complexity, change, and human interdependence—attributes defining the current landscape of Nepalese banking. Self-awareness, as highlighted by Goleman (1995); and Cherniss and Goleman (1998), involves a deep understanding of one's own emotional states, values, and behavior patterns. Leaders with high self-awareness are more attuned to their internal drivers and how these affect interactions with others, enabling more grounded, ethical, and consistent decision-making (Hinds, 2017; Aimee, 2024). Theoretically, this finding also resonates with Fiedler's Contingency Theory (1964), which emphasizes the necessity for leaders to recognize their own leadership style and adapt it to situational demands. In essence, self-awareness serves as a diagnostic tool that allows leaders to evaluate their compatibility with context and strategically align their actions, thereby enhancing leadership effectiveness.

Furthermore, the study found that Relationship Management (RM) also had a statistically significant and positive effect on leadership effectiveness. This supports a large body of research suggesting that emotionally intelligent leaders excel not only in understanding emotions but also in leveraging them to build trust, resolve conflict, inspire others, and sustain high-quality interpersonal connections (Goleman, 1998; Bhandari et al., 2024). In collectivist cultures such as Nepal's, where social harmony and relational obligations are valued, the ability to maintain effective relationships is not merely a leadership skill but a leadership necessity (Engle & Nehrt, 2011; Ghorse, 2025). Relationship management competencies—including communication, empathy, influence, and collaboration—are indispensable for navigating team dynamics, customer interactions, and change management processes in banking institutions. This finding further aligns with Fiedler's assertion that relationship-oriented leaders thrive in moderately favorable contexts, a category into which Nepal's developing banking industry may fall.

Conversely, Self-Management (SM) showed a negative and statistically insignificant relationship with leadership effectiveness, contradicting several earlier studies that underscore the importance of self-regulation, adaptability, and emotional control in effective leadership (Decker & Cangemi, 2018; Mualla, 2024). The finding of the result is consistent with (Bandari et al., 2024) in terms of statistically insignificant relationship between self-management and leadership effectiveness. While SM is theoretically vital - enabling leaders to remain composed, resilient, and ethically consistent in times of stress - the current findings suggest that in this specific context, self-management may not be as visibly impactful as other EI dimensions. This discrepancy could reflect cultural or perceptual factors: for example, traits associated with SM such as emotional restraint or behavioral discipline may be viewed as personal attributes rather than observable leadership behaviors in Nepalese organizations. Alternatively, it may suggest that internal regulation (SM), while important, is overshadowed in observable leadership effectiveness by more interpersonal and self-reflective competencies such as RM and SA.

From a theoretical standpoint, the results suggest a need to reassess the weight attributed to individual EI components in different cultural and organizational settings. While global research often treats EI dimensions as equally important (Goleman, 1998; Salovey & Mayer, 1990), this study supports a more context-sensitive view: leadership effectiveness in Nepal's banking sector appears to be driven more by a leader's ability to understand self and relate to others, rather than by their internal emotion regulation alone. The limited role of self-management may also reflect the evolving leadership expectations in Nepal, where organizations are transitioning from authority-based models to relational and participatory leadership paradigms (Bhandari et al, 2024).

The findings also offer practical implications. Leadership development initiatives in Nepalese banks should place greater emphasis on enhancing self-awareness and relationship management through structured training programs, reflective practice, feedback systems, and coaching. Tools such as 360-degree feedback, EI assessments, and scenario-based learning could help future leaders cultivate these competencies. Meanwhile, the role of self-management should not be discounted entirely; rather, it calls for deeper investigation into how this dimension is taught, measured, and manifested in workplace leadership.

Finally, the insights contribute meaningfully to the theoretical discourse on emotional intelligence and leadership. The results not only validate the utility of EI in leadership effectiveness but also help address the fragmentation in existing research by contextualizing the salience of each EI component. They also complement Fiedler's contingency-based framework, by underscoring the need for leader-context alignment, particularly in emotional and relational competencies.

Conclusion

This study confirms that emotional intelligence plays a critical role in leadership effectiveness within the Nepalese banking sector. Among its components, self-awareness emerged as the strongest predictor, followed by relationship management, while self-management showed no significant impact. These findings highlight the importance of emotionally attuned and

interpersonally competent leadership in the service-driven, relationally oriented context of Nepalese organizations.

Implications include the need for banks to prioritize self-awareness and relationship-building skills in leadership training and talent development. Limitations of the study include its sectoral focus and reliance on quantitative methods, which may not capture deeper cultural or perceptual nuances. Future research could explore these variables across other industries and integrate qualitative approaches to better understand how emotional intelligence is enacted and valued in diverse organizational settings. In summary, leadership in Nepal's banking sector is best strengthened through the cultivation of emotional clarity and interpersonal effectiveness, offering a meaningful direction for both scholarly inquiry and practical leadership development.

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