CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Effective leadership is essential for an organization’s success, and therefore, the ability to identify and define effective leadership is crucial. Technical expertise, superior performance, and established experience are no longer only criterion of effective leadership. Today effective leaders are defined by inspiring and motivating others, promoting a positive work environment, understanding and managing emotions, building bonds, communications, influence, and so forth.

Emotional Intelligence (EI) has an emerging track record of being linked to leadership performance [1]. Emotional intelligence connects a leader’s cognitive abilities with their emotional state [2]. The ability for leaders to recognize the impact of their own emotions on their decision making is paramount if a leader is to make sound decisions based on the best interests of the organization. A leader must be able to read emotions in his/her peers and employees in order to be as effective as possible. Stogdill originated this notion with linkages of leader personality and control over emotions to employee perception of leader effectiveness [3].

Due to the complexity of organizational change and the role emotions play in changes such as global expansion, job eliminations, leadership changes, and the stressors of day to day work, the EI of managers and how they manage their associates is an element that leadership needs to consider while moving their organizations forward. Emotional intelligence abilities, capacities and skills are becoming significant and inevitable almost in all works of life ranging from effective leadership, building teams, social skills, developing human potential and performance, and economic and political life [4].

The rules have changed. Companies are flattening out their structure and reducing the number of second and third level management. Organizations are entering other national boundaries.
Decisions are being pushed down the chain of command and solutions needed to be identified sooner. Employees are being asked to do more than ever before. There has been a paradigm shift and a new kind of leader is needed [5]. These changing organizational structures provide more opportunities for efficiency and effectiveness, challenging and rewarding work, and achievement of goals. New processes and procedures are being developed to cope with rising complexity and the need for speed [6].

To be an effective leader, manager or professional, a person needs to understand and skillfully manage his emotions appropriately based on each person or situation and understand the emotional cues of others in order to effectively interact with others [7]. Organizations everywhere need now to realize the benefits of primal leadership by cultivating leaders who generate the emotional resonance that lets people flourish [8]. Research findings so far indicate that attention to emotion-related aspects of working and learning environments, and a focus on bolstering the EI skills of individuals within these contexts, can contribute to more productive, supportive, and healthy professional and academic experiences [9].

1.2 NEED FOR THE STUDY

In today’s global economy where outsourcing, downsizing and acquisitions are common, companies must compete to find, attract, develop, and retain the best talent. Since personnel turnover can directly impact a corporation’s bottom line, it has now become an important concern of organizational leaders. Strong leadership is essential for an organization. Leaders in organizations create the vision, support the strategies, and are the catalysts for developing & retaining the workforce to move the organization forward. Therefore developing leaders to their full potential remains one of the great challenges for organizations today [10].

The priority placed on leadership is evidenced by the billions of dollars spent on leadership development each year [11] [12] [13]. Goleman et al. [8] posited that leaders use emotional intelligence develop relationships that are in-sync with their organization by forming “emotional bonds that help them stay focused even amid profound change and uncertainty.” Boyatzis concluded that emotional, social and cognitive intelligence competencies predict effectiveness in professional, skilled, management and leadership roles in different sectors of society [14].
Research has also shown a positive correlation between EI and transformational leadership
beta, which indicates that developing a leader’s emotional intelligence competencies
could be a predictor of that leader’s ability to engage in transformational leadership
behaviours. In the past decade, many studies of emotional intelligence and leadership have been conducted using different constructs of emotional intelligence and of leadership effectiveness. The review of literature gives a mix of findings of relationship between EI and leadership effectiveness and between EI & leadership styles. Majority of the researchers have found significant positive relationships between these variables. And other researchers are doubtful about the predicting ability of emotional intelligence construct.

Despite widespread application, there are a few published studies of the empirical link between emotional & social competencies and performance. In India, a few studies have been conducted using the variables of emotional intelligence, leadership styles and leadership effectiveness. Mishra & Mohaptra, recommended carrying out studies in various Indian organizations in India, using EI measure and performance appraisal instrument of high technical standards and also using “others” feedback. In India, existing studies have been conducted using self-report measures of emotional intelligence and no study has been conducted using others feedback in measuring emotional intelligence. As concluded by Srivastav et al., it will be premature to draw any conclusion about emotional intelligence research in India. It requires many more researches to be conducted in India in various industries to reach to any specific conclusions.

1.3 OBJECTIVES OF THE STUDY

The main objective of the study is to examine the relationship between EI, leadership styles
and leadership effectiveness in Indian software industry. The four objectives of the study are:

1. To study the relationship between Emotional Intelligence of leaders and their Leadership Effectiveness.

2. To study the relationship between Emotional Intelligence of leaders and their Transformational Leadership Style.

3. To study the relationship between Emotional Intelligence of leaders and their Transactional Leadership Style.
4. To study the relationship between Emotional Intelligence of leaders and their Passive Avoidant Leadership Style.

1.4 RESEARCH HYPOTHESIS

Based on the purpose of the current study and a comprehensive review of literature, the following hypotheses are proposed:

H1: There is a positive significant relationship between emotional intelligence and leadership effectiveness.

H2: There is a positive significant relationship between emotional intelligence and transformational leadership style.

H3: There is a positive significant relationship between emotional intelligence and transactional leadership style.

H4: There is a negative significant relationship between emotional intelligence and passive avoidant leadership style.

1.5 RESEARCH METHODOLOGY

Based on literature and discussions, two research instruments were identified and obtained from the publishers. The Emotional and Social Competence Inventory (ESCI) rating version was used for measuring the manager’s emotional intelligence [22]. The Multifactor Leadership Questionnaire (MLQ) 5x (Rater Form) was used for measuring the manager’s leadership styles and leadership effectiveness [23]. Paper-pencil versions of ESCI and MLQ 5x were used in the study. The population for the study is organizational managers who are employed at different software organizations in national capital region, India. The sample consisted of managers who have employees reporting directly to them. A list of software organizations from National Association of Software and Services Companies (NASSCOM) directory was used for inviting the software organizations for participating in the research.

The population is stated in vague terms to honor the request and to protect the confidentiality of the organizations participating in the study. From the NASSCOM List, E-mails were sent to the software organizations, which were employing minimum 100 employees, purposely so
that sufficient & appropriate groups of managers and their subordinates are available to participate in the research.

ESCI (rating version) and MLQ 5x (Rater Form) requires at least two subordinates to rate the manager. These subordinates and manager must have been working together for at least six months. Participants in the study were not limited by gender, age, ethnicity or religion. In each participating organization managers who volunteered for participating in the study were given the demographic questionnaire and their nominated subordinates were given questionnaires for rating their supervisors/ managers. The final sample for the study was 156 managers and 312 subordinates from ten software organizations in national capital region of India. Confirmatory factor analysis (CFA), and structural equation modelling (SEM) were used to analyze the data and to test the study hypotheses.

A conceptual model of research has been proposed which incorporates the dimensions of emotional intelligence, leadership styles, leadership effectiveness and relationship between EI and leadership styles and between EI and leadership effectiveness. Conceptual model of research is shown in Figure 1.1.

1.6 SIGNIFICANCE OF THE STUDY

The study is significant to two fields of study, EI and leadership. The study provided an opportunity to add new knowledge to the emotional intelligence concept as it applies to organizational leadership. Development of effective leaders is a high priority for business organizations. The issue of leadership effectiveness is core to the field of human resource development. The understanding may be of use for organizational leadership development practitioners to integrate EI with transformational/ transactional behaviors in the design and development of their leadership development programs.

EI is an important entity for effective leadership, having an understanding of the behaviors in which EI leaders engage may help leadership development practitioners refine and perfect their leadership development programs [1].

In addition to leadership development benefits, the study may also add important knowledge to the continued emergence of the EI construct in academic, psychology, and business applications. The significance of the study to leadership is that it might provide a baseline for
linking emotional intelligence to transactional leadership behaviors, which may complement the existing knowledge concerning emotional intelligence and transformational leadership behaviors. The role that emotional intelligence plays in the transformational and transactional leadership paradigm might be better understood.

Information gained from this study may provide impetus for further research by utilizing the findings then conducting future training and then repeating the study after training to ascertain any differences. Moreover, information gained may also provide interest for further studies to examine the impact of emotional intelligence and leadership practices on various organizational measurements such as employee retention, engagement, and organizational climate.

Figure 1.1: Conceptual Model
1.7 CONTRIBUTION OF THE STUDY

The current study contributes significantly to the study of relationship between emotional intelligence and leadership styles, and leadership effectiveness. This is the first study in India in which emotional intelligence competencies are measured by “others feedback”. As in this study emotional intelligence competencies of supervisors are measured by their respective subordinates. The “others observations” are demonstrated behaviours of managers as seen by their subordinates [24] and this behavioural level of EI is most likely to relate to job performance and outcomes [25] [26]. Thus, the study provides better understanding of relationship between EI and leadership effectiveness and leadership styles.

This study provides more accurate estimates of the relationships between EI and leadership effectiveness and leadership styles because in this study, I have used Structural Equation Modeling (SEM) for correcting the measurement error. As SEM can take measurement error into account in order to provide more accurate estimates of the relationship between constructs [27].

1.8 SCOPE AND LIMITATIONS OF THE STUDY

In the current study, data were collected from software organizations from national capital region of India. Sample from different software hubs of India may be taken to further investigate the relationship between emotional intelligence, leadership effectiveness and leadership styles. The analysis also suffers from small sample size, which could be increased by collecting data from other software hubs of India. While collecting data for emotional intelligence and leadership effectiveness and styles, responses from subordinates were collected and responses from supervisors and peers of participating managers were not collected. Although study has been done with some limitations but it used rigorous and technically sound data collection instruments, and advanced techniques and tools of data analyses were used in the study.

1.9 ORGANIZATION OF THE THESIS

Research presented in this thesis studies the role of emotional intelligence, leadership styles and leadership effectiveness. The results obtained from this study are encouraging. The study has been organized in 5 chapters. A brief outline of each chapter is as follows:
Chapter 1 is an introduction of the thesis. It establishes the opening discussion of changing business environment and its impact on the organizations. It also discusses the changing role of leaders in this changed scenario. It underlines the need and objectives of the study along with a brief of research methodology used in the study. The chapter throws light on various research objectives and hypotheses that have been addressed in this thesis. The chapter also described the significance and contribution of the study. It also highlights the scope and limitations of the study.

Chapter 2 is enriched with an exhaustive and comprehensive literature review. The chapter gives historical evolution of emotional intelligence and background of leadership. Different models of emotional intelligence are reviewed along with various measurement instruments. Different theories and models of leadership along with leadership measurement instruments are discussed. Studies on emotional intelligence and its relation with leadership styles, leadership effectiveness, and performance are discussed. Studies related to the topic in Indian context are also reviewed. The review of literature allows understanding the gaps in previous researches and opportunities and motivations for adding into the existing literature.

Chapter 3 describes the methodology used to carry the current study. The chapter gives details of the population and the sampling used for the study. It also explains the sample and different demographics used in the study. The research instruments used in the study are explained in details. Procedures used for data collection and data analyses are also discussed in this chapter.

Chapter 4 gives in details the findings and analyses of the study. It starts with demographic analysis of the participants. Reliability and validity of the research tools is presented in the chapter. Then, it presents the means and standard deviations of the various scales of the research instruments used. Confirmatory factor analysis of emotional intelligence clusters, leadership styles, and leadership effectiveness is done with AMOS 18.0. Confirmatory factor analysis is run among emotional intelligence clusters and leadership effectiveness clusters. Confirmatory factor analysis is also run among emotional intelligence clusters and three leadership styles separately. Each hypothesis was tested using two steps Structural Equation Modeling technique. First hypothesis is tested between emotional intelligence and leadership effectiveness. Second hypothesis is tested between emotional intelligence and transformational leadership style. Third hypothesis is tested between emotional intelligence
and transactional leadership style. Fourth hypothesis is tested between emotional intelligence and passive avoidant leadership style.

Chapter 5 is devoted to conclusions and implications of the study. This chapter also discusses the limitations and scope for future research in the area of emotional intelligence and leadership.