1. INTRODUCTION

1.1. Overview

In today’s highly competitive workplace, maintaining a highly motivated workforce is the most challenging task (Rathod, 2009). Many people have found themselves unsatisfied and under performing in a job at some point in their career, despite a fair salary and benefits package. Many organizational and management experts reveal that, salaries and benefits are no longer enough to motivate and attract employees and keep them satisfied. Although traditional extrinsic rewards do work, the effects are temporary. The question for many organizations is “what turns on motivation in people?”

Goleman (1999) infers that, motivation stems from internal mechanisms rather than external sources. Although motivation comes from within, a leader can help to create an environment of intrinsic motivation that encourages high energy (Taggart, 1989) in organizational team members who are self-directed and motivated to accomplish goals for the good of the organization.

Rathod (2009) asserts that, motivation is a powerful tool in the hands of leaders or managers. It can persuade, convince and propel people to act. Within each person is the often-untapped potential for energy and enthusiasm that produces the high job performance critical to a successful project. Effective leaders are able to release individuals’ potential energy and build teams that are motivated and ready to take on the task at hand because the leaders have the power to influence motivation (Bass, 1990; Yukl, 2002; Dasborough & Ashkanas, 2002).

Every employee contributes to organizational effectiveness (OE). Taking into account skills, experience, motivation, and rank, some play a bigger role than others. Motivated employees are more productive. And a more productive team means a more profitable company. The art of motivation starts by learning how to influence the
behavior of the individual. Employees have their own particular motivational requirements for job satisfaction—such as recognition, a sense of purpose, and work/life balance—which, when met, lead to higher productivity (Squire, 2010). Successful and positive employee motivation involves the understanding of individual differences in motivation and combining good motivational practices with meaningful work, the setting of performance goals, and use of an effective reward system by the leaders. This understanding helps to achieve both, the individual as well as organizational objectives. By doing so, the leader’s can foster high employee morale and productivity resulting in overall organizational effectiveness.

Effectiveness of an organization can be judged from the way it deals with the issues of leadership, interpersonal relations, communication and relations with other organizations. As companies endeavor to do more with less, seeming soft skills, based on emotions, are associated with leadership effectiveness and organizational success (Brooks & Burrow, 2003). Research during the last twenty five years has consistently pointed to a set of competencies - some purely cognitive but most emotional - such as self confidence, initiative and teamwork as making a significant difference in the performance of individuals. These competencies represent what is called emotional intelligence (EI) and are believed to be predictive of superior performance in work roles. Increasing attention has been given to the role of leader emotional intelligence in organizational effectiveness (Goleman, 2001).

Goleman (1998) considered emotional intelligence to be imperative for effective leadership: IQ and technical skills do matter, but mainly as threshold capabilities. Recent research showed that emotional intelligence was the sin qua non of leadership. Without it, a person could have had the best training in the world, an incisive, analytical mind, and an endless supply of smart ideas, but still would not make a good leader.
A leader with high emotional intelligence has the ability to understand themselves and others and adapt behaviors to a given context. Leaders with high emotional intelligence and thus demonstrable personal and social competence may be oriented towards a transformational leadership style with emphasis on motivating and influencing others (Barling, Slater & Kelloway, 2000; Gardner & Stough, 2002). Research shows that an organization that was characterized by emotional intelligence had increased cooperation, motivation, and productivity and increased profits, an association also reflected in transformational leadership literature (Bass, 1990).

In the contemporary perspective, employees can help or impede the success and effectiveness of managers and organization is profoundly influenced by the perception and relationship they have with their managers (Mcfayden, 2008). Also, the level of emotional intelligence of the leaders in handling and motivating its human factors is going to be the deciding factor of the effectiveness of any organization. As the emotional intelligence of the mentor, boss, leader, or manager will influence the potential of a relationship with that person for helping organizational members develop and use the talent that is crucial for organizational effectiveness (Cherniss, 2001).

1.2. Background of the Study

1.2.1. Organizational Effectiveness

Effectiveness is a term that is complicated, controversial, and difficult to conceptualize (Chelladurai, 1987). There appears to be no universal agreement on precisely what organizational effectiveness means, as organizational effectiveness means different things to different people. Relevant literature in the area of organizational effectiveness shows that successful organizations had efficient leaders who were highly emotionally intelligent (Goleman, 1995; 1998; 2001; Cherniss, 2001; Haygroup, 2005) and they were great motivators of their subordinates or team members (e.g., Bass, 1990;
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Saxe, 2011; Boyatzis, Goleman, & Rhee, 1999; Rosenbach & Sashkin, 2001; Sashkin & Sashkin, 2003; Conger & Kanungo, 1988). The extant literature points out at ‘leadership’ as the sole driving force or predictor of all the organizational outcomes (Yukl, 1994; Bass, 1990) as the organizations cannot exist without leadership. Goleman (2001) infers that emotional intelligence may be the long-sought missing link that will unite the ability and motivational or dispositional determinants of job performance for the effectiveness and overall success of the organization.

1.2.2. Motivation and Emotion

The link between emotions and motivation has been explicitly stated in a broad range of research (Kuhl, 1986; Frijda, 1994; Zurbiggen & Sturman, 2002). For instance, Oatley (1992) who reports that, there are obvious links between emotion and motivation, because situational evaluations largely determine action priorities: liking implies affinity or attraction and disliking repulsion. In other words, emotions are often precursors of motivational phenomena; they signal our inclinations to act in particular ways towards specified portions of the environment. Correspondingly, if our efforts lead us to attain an intended goal we tend to evaluate this outcome positively, and if our actions are thwarted the resulting emotion tends to be negative (cf. Carver & Scheier, 1990). Emotions may thus serve partly as rewards or punishments for motivated behaviour (e.g., Thayer, Newman, & McClain, 1994). On the other hand, emotion (an indefinite subjective sensation experienced as a state of arousal) is different from motivation in that there is not necessarily a goal orientation affiliated with it (Huitt, 2003). Emotions occur as a result of an interaction between perception of environmental stimuli, neural/hormonal responses to these perceptions (often labeled feelings), and subjective cognitive labeling of these feelings (Kleinginna and Kleinginna, 1981).
Similarly, prominent theorists in the area of emotional intelligence have established links between EI and motivation. Based on Goleman's (1995; 1998) mixed model argument, motivation forms a subset of emotional intelligence. Their agreement is that, emotional intelligence consists of a number of social and emotional competencies including self-motivation. The latter models of emotional intelligence outlined by Goleman (2002; 2005; 2007), have a framework of four ability clusters comprising of EI competencies where ‘motivation’ is subsumed in the self-management cluster in all the latter models.

On the contrary, other emotional intelligence researchers reject this notion, arguing that EI and motivation are related, yet separate, constructs. They maintain that, emotional intelligence abilities are restricted to abilities that directly link emotions to cognition (Mayer & Salovey, 1997). This latter view does not include motivation as a factor, but acknowledges it as a separate, related function. Exclusive research on these two different conceptualizations by Jordan et al. (2003) and Christie et al. (2007) find that, motivation is not a factor of emotional intelligence. In conclusion to the study, Christie et al. (2007) report that, their study is not the definitive test of the link between emotional intelligence and motivation hence additional research using different measures of EI and motivation is beneficial to assess the definitive claims of conceptualizations.

In the light of the above, the current study intends to examine the interrelationship between emotional intelligence competencies and motivation (in terms of self-motivation & motivating-others) among leaders by making use of Goleman’s (2001), mixed model construct of emotional intelligence which encompasses social and emotional competencies that include aspects of social skills and personality using Emotional and Social Competency Inventory (ESCI).
1.3. Rationale

Over the last few years, the impact of leadership on company success has grown in importance. The extant literature drawn on organizational outcomes indicate effective leadership as the pivotal force or distinguishing factor behind the organization’s success (Avolio & Bass, 1991) and from much research that has been devoted to identify the determinants of effective leadership (Yukl, 1998), it is very evident that emotional intelligence and motivation are the keys for effective leadership and success. On the other hand, ineffective leadership in any organization seems to be the major cause of diminishing the organization's productivity and downward positioning (Yukl, 1994). The links between leadership, emotional intelligence and motivation have been stated in transformational leadership literature for establishing positive organizational outcomes. Hence, it is assumed that, emotional intelligence not only makes the leaders to be self-directed and self-motivated but also, it helps the leaders to understand the motivational needs of the organizational teams thereby building highly effective and motivated teams to accomplish organization goals to achieve organizational effectiveness and success.

Although, there is broad agreement by researchers that emotional intelligence is a crystallized intelligence (Davies, Stankov, & Roberts 1998; Mayer & Salovey, 1997) because it draws on and develops with life experience, two main schools of thought have emerged within the paradigm (Mayer, Salovey & Caruso 2000). Specifically, Mayer et al. (2000) in an attempt to clarify the plethora of definitions of emotional intelligence suggest that there are mixed models and mental ability models. Mixed models encompass social and emotional competencies that include aspects of social skills and personality (Goleman 1995; 1998), while mental ability models explore the interaction between emotion and cognition and identify the abilities that make individuals more emotionally adaptable across life and work contexts. These divergent conceptualizations of the
emotional intelligence construct mean researchers differ not only in terms of what they believe constitutes its components, but also in terms of what it predicts.

In examining emotional intelligence, it is worth noting that the construct itself (and particularly the measurement of the construct) is in the early stages of development. The debate continues regarding the usefulness of mixed models of emotional intelligence versus the abilities model, hence, more empirical evidence is required (Christie et al., 2007). This study aims to measure the emotional intelligence of leaders by making use of emotional and social competency inventory (ESCI) of Goleman et al. (2007) on Indian population thereby adding value to the existing research on mixed model theory.

The key to effective motivation is the ability of a leader to identify the true needs of the employee’s in the absence of preconceived assumptions, and act upon those needs appropriately to the general satisfaction of the workforce in order to effectively accomplish organizational objectives. Though many scholars of mental ability do not agree upon the mixed model theory proposed by Goleman (1995; 1998) or the inclusion of motivation as a competency related to emotional intelligence in the EI construct, many researches like those of Lanser (2000) have showed a relationship between emotional intelligence and motivation. They reiterated that through the positive and negative aspects of working life we can comprehend motivation which is an essential factor of emotional intelligence. Also, Dijk and Freedman proved the relationship between emotional intelligence and motivation in a study which concluded that those who require extrinsic support for motivation are always helpless without the consent or reward system of other (Dijk & Freedman, 2007).

Some of the studies by Frijda (1994), Zurbriggen and Sturman (2002), Ellis and Ashbrook (1989), Fatt and Howe (2003), Goleman (1995), Mayer and Salovey (1993), Pekrun et al. (2002), have dealt with emotional intelligence and have examined the
role that emotional intelligence play in motivation, self regulation and variety of achievement behaviors. Most of these studies showed a relationship between emotional intelligence and motivation. Still, there are no sufficient scientific and scholarly evidences to support the inter-relation between emotional intelligence and motivation.

At the same time, ‘self-motivation’ was used by Goleman (1995, 1998) as one of the emotional intelligence capability, which was proven to be the predictor of one’s success at workplace, has been subsumed in the self-management cluster. And, emotional intelligence as an ability to ‘motivate-others’ was not considered as a part of emotional intelligence construct. Specially, how emotional intelligence of leaders influences or creates motivated workforce. On the contrary, there are no adequate studies to conclude whether ‘motivation’ should form a component of emotional intelligence construct or not. Hence, further research in this area is imperative.

1.4. Significance of the Study

The major contribution of this study is that it is the first empirical study to evaluate organizational effectiveness based on leadership emotional intelligence and motivation approach. Although, EI has been measured in two-way relationships with motivation and various organizational outcomes, there is no research that has attempted to examine the mediating influence of leader’s motivation in terms of self-motivation and motivating-others on the relationship between leader’s emotional intelligence and organizational effectiveness.

The development of 360-degree multi-rater EI assessment scales that have been designed specifically as developmental tools (e.g., Bar-On EQ-360; Emotional Competency Inventory) have proven to be one of the most valuable methods of measuring leaders EI in the workplace (Palmer et al., 2005). Critics of the multi-rater method for measuring EI have argued that multi-rater measures may never provide a
“true” index of one’s actual EI ability (Mayer, Salovery, & Caruso, 2000) rather they provide an indication of their beliefs and perceptions about their EI, rather than their actual capacity (Palmer et al., 2005). Indeed research with multi-rater assessment instruments has shown that different rater groups often report different (and sometimes incongruent) perceptions of subjects’ performance and/or behaviour at work (Becton & Schraeder, 2004); but, while evaluating leader behaviour, self-subordinate ratings are the best indicator of performance compared to superiors and peer ratings (Bass, 1990; House et al., 1991; Atwater & Yammarino, 1992; Halverson et al., 2002; Morgeson et al., 2005; Robbins, 2005; Atwater et al., 2006). Hence, the current study is designed to evaluate leadership effectiveness based on emotional intelligence by way of upward feedback method obtained from multiple direct reports of the leaders.

The contemporary measure used in the study to measure emotional intelligence signifies the novelty and importance of this study. In order to obtain the recent re-conceptualized version of Goleman’s EI measure namely Emotional Social Competency Inventory (ESCI) developed by Goleman, Boyatzis and Haygroup (2007), the researcher had to submit the research proposal to an international research committee for review to obtain the ESCI measure to use in the research. A feather in cap, the significance of the study was endorsed when the proposal was accepted and a free copy of the ESCI was granted with a permission to use it for research purpose.

Another significant factor of this research is the large data sets of leaders and their raters (estimated to be around 2000) belonging to two of the highest revenue generating industry sectors of India namely IT/ITES (Information Technology Enabled Services) and Manufacturing sector. The organizations chosen for the study are market leaders having global presence. Evaluating and comparing the EI and motivation based leadership effectiveness of IT/ITES organizations with Manufacturing organizations would yield
great results and lend great help in validating the results between the cultures of two different industry sectors.

The major significance of this study is its uniqueness and all-in-one nature. The researcher tries to address most of the debatable questions in a single study thereby making it easier to compare and validate the outcomes as required and infer reasoning for further research. The study complexly examines four models in a single study, i.e. the inter-relationship between leader’s emotional intelligence and leader’s motivation in terms of self-motivation and motivating-others; further, it tests the independent and joint influence of leadership EI and motivation tested for inter-relationship on the dependent variable; next, it tests the influence of demographic factors on independent and mediator variables; and, finally the study validates the entire model by comparing the leadership EI and motivation based Organizational Effectiveness between IT/ITES and Manufacturing industry sector.

1.5. Key Assumptions

1.5.1. Motivation is Driven by Emotion

Emotion and motivation come from the same Latin root meaning, "to move". When you want to move people to take action, engage their emotions. An act of leadership motivation is an act of emotion. In any strategic management endeavor, you must make sure that the people have a strong emotional commitment to realizing the end result (Filson, 2004). Most researchers agree that motivation is important in work organizations; and that individual employees attempt to satisfy many needs through their work and through their relationship with an organization (Li, 2006). It could be argued that the ability to motivate is one of the most important qualities a great leader should have. Indeed, if the members of a group are not motivated by their leader, the success of the group will be unlikely. The challenge of the leader is to create an environment where
their followers can be motivated to succeed (Exforsys, 2006). Therefore, it is assumed that, to motivate the followers, the leader must first avoid any behaviors that de-motivate them. In other words, he must be high in his emotional intelligence in order to effectively motivating oneself and others.

1.5.2. Measuring Organizational Effectiveness

Organizational effectiveness is ambiguous in conceptualization and difficult to measure, due to the fact that it involves multiple dimensions, for example goals, processes, and resources (Chelladurai & Haggerty, 1991). The element “people” is central to the effectiveness of an organization, and therefore a key factor in many effectiveness models. In numerous studies, Bass and Avolio (2004) examined the impact of leadership style on effectiveness. They stated that in a transformational style of leadership, the leader enhances the motivation, morale, and performance of his followers which in-turn improves many factors of organization resulting in increased effectiveness. Therefore, it is assumed that, leadership and motivation are very important for organizational effectiveness. Organizational effectiveness can be measured by the organizations ability to handle the issues pertaining to leadership/management and motivation (where the leaders and the followers are highly intrinsically motivated) to achieve the organizational outcomes.

1.5.3. Managers as Leaders

Managerial abilities and leadership skills are needed by managers and leaders in different proportion to control, direct and lead others. Leadership and managerial roles are usually determined by the position and not person's specification (Wickramasinghe, 2007). In the past management roles were inseparable because there was no need for separation. Workforce diversity, globalization, competition and information technology development have necessitated the distinction between management and leadership.
Recent theories in management have shown that though there are great similarities in leadership and management, there are also a lot of remarkable differences (Oyedele, 2009). However, a manager is needed for most middle and junior level jobs to work with junior workers, unskilled laborers and skilled workers; a leader is needed to guide managers and work with skilled workers and professionals. Most multinationals have leaders in the helm of affairs while small organizations may have managers in the helm of affairs (Oyedele, 2009). However, it is assumed that, the title of a leader and manager are used interchangeably in Indian organizations and both leaders and managers exercise power.

With this background, the present study investigated the relationship between leader’s emotional intelligence and motivation and their independent and joint influence on organizational effectiveness of IT/ITES and manufacturing organizations.