Emotional Intelligence as Mediator between Leadership Styles and Leadership Effectiveness: A Theoretical Framework

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ABSTRACT

The study intentionally focused on the relationship between leadership styles and leadership effectiveness where emotional intelligence is drawn on as mediator of the relationship. Until recently, there is little or no research related to the intended study. Hence, an initiative to conduct the study has been made to assess their relationships. The theoretical framework is built on the bases of literature. The study centers on an oil and gas multinational in Malaysia, which has extensively expanded with the increase of the volume of supply and demand in that particular market. Is there any significant relationship between the variables? Or, are there any other factors that are excluded that influence the relationship? These questions might be answered when actual study is to take place deploying the respective theoretical framework.

Keywords: Leadership Styles, Emotional Intelligence, Leadership Effectiveness

JEL Classifications: J29, L22

1. INTRODUCTION

The uncertainties of economic climate in recent times have much impacted the stability of many business organizations. The issues of psychological contracts, leadership and trust, performance management, information and communication technology have added up to the complexity of effectively managing these organizations. Leading people in the organization would be the major challenge, where Benton (2005) described leadership as the accomplishment of task in the organization through the skill of persuading the people. Humphrey (2002) defined leadership as the elements of social interaction process which could inspire the performance outcomes of their people through the leaders’ capability in influencing their behavior. Northouse (2010) defined leadership as a process in achieving a common goal which started from an individual who influence a group of individuals in doing so. Leadership should draw upon the creative potential that is spread throughout an organization, across functions and formal levels of leadership (Johannessen and Skålsvik, 2013).

The key concept derived from these definitions of leadership are process, influence and achieving goals. Thus, leadership is all about how an individual can influence a group of other people in order to achieve something that is meaningful to them. In the organizational context, leadership would be the act of a leader in persuading the behavior of the employees in achieving the organizational goals.

An effective leader influences followers in desired way to achieve desired goals. Cooper (1997) pointed out that multiple organizational contingencies and various personal and interpersonal behaviors have influenced the complexity of the concept of leadership effectiveness and its definitions. Various leadership styles may affect organizational effectiveness or performance (Nahavandi, 2002). One of the studies in leadership focuses on the situational approach that has significant effect on leadership styles (Silverthorne, 2000). The performance of leadership is fundamental to how people work together in teams; and is reported to be the most researched aspect of human behavior (Dulewicz and Higgs, 2005). Moreover, leadership as pointed...
out by Humphrey (2002), is an intrinsic and emotional process, in which, the leaders attempt to conjure the emotions of the followers in order for them to understand their emotional states and eventually, for that reason, lead them. Although leadership has been the subject of a great deal of research in the management of organization literature, its role in contributing to organizational success or failure continues to instigate debate.

According to Nixon et al. (2012), leadership is a crucial feature in effective organizational management. High emphasis on the development of leaders is considerably essential. Acquiring appropriate leadership styles and adopting effective leadership styles would be among the major factors for the leaders to achieve. Without effective leadership, organizations are highly likely to fail. A study done by Jantti and Greenhalgh (2012, p. 121), found that “identification of required competencies has provided improved goal clarity, insight on how to become skilled in a given competency and a reference point for evaluation” which led to improved performance of leaders. According to Kerr et al. (2006), leadership performance can also be linked to emotional intelligence (EI). EI, as described by Salovey and Mayer (1990) is how a person could effectively deals his/her and other person’s emotions with regards to a set of his/her abilities. Performance can be intensely predisposed by emotional climate which is created by the capability of the leaders (Humphrey, 2002). There is arguably a strong linkage between EI and leadership effectiveness and performance as pointed out by Salovey and Mayer (1990) and Humphrey (2002). George (2000) suggested effective leadership in organizations could be achieved through careful control of EI.

Taking these elements together (leadership styles, EI and leadership effectiveness), it is crucial to explore further their relations in order to gain substantial extended body of knowledge on the understanding of the area of leadership in the organization. The study is intentionally derived to examine EI as mediator on the relations of leadership styles and leadership effectiveness in business organizations.

1.1. Research Gap
In the past, many studies have been conducted using different concepts of EI and leadership styles. Burns’s (1978) emphasized the transformational leadership styles in his work which include laissez-faire, transactional, and transformational leadership (Bass and Riggio, 2005). The review of literature gives a combination of findings of relations between EI and leadership effectiveness and between EI and leadership styles. Some researchers have found significant positive relations between these variables. Batool (2013) concluded that sensible implementation of EI in any organization plays a vital role to leadership effectiveness. Anand and Udasuriyan (2010) discovered that leadership practices of executives are significantly related to EI. Based on Singh et al. (2012), motivation, a dimension in EI, has extensive relations on leadership effectiveness. The number of research of EI as mediator between leadership styles and leadership effectiveness is still considerably limited and requires further validation of its application that substantiate the need to conduct this research.

1.2. Research Questions
1. Is there any relationship between leadership styles and leadership effectiveness?
2. Is there significant link between leadership styles and EI?
3. Is there any relationship between EI and leadership effectiveness?
4. Does EI significantly mediate the relationship between leadership styles and leadership effectiveness?

2. LITERATURE REVIEW

2.1. Leadership Styles and Leadership Effectiveness
Burns (1978) developed the concepts of transformational and transactional leadership. He explained transformational leadership as a process where morality and motivation could be elevated by the mutual efforts of leaders and followers. It involve “a stream of evolving interrelationships in which leaders are continuously evoking motivational responses from followers and modifying their behavior as they meet responsiveness or resistance, in a ceaseless process of flow and counterflow” (Burns, 1978, p. 440). Avolio and Bass (1991) describe transformational leaders provide better satisfaction to their followers and more effective, in which transactional leaders behave the other way around. Employee commitment to the organization is one of the connections to transformational leadership (Barling et al., 1996). According to Podsakoff et al. (1996), transformational leadership also has meaningful link between lower levels of job stress and organizational commitment.

Bass (1985) improved the transformational and transactional leadership model where the scope of the constructs was further developed. Consequently, transformational leaders intellectually stimulate, motivate and inspire the followers to rise above their expectations and individual interest for better collective purpose. The improvement of the theory, as emphasized by Bass and Avolio (1997), saw the development of the five dimensions of transformational leadership which are idealized influence (attributed), idealized influence (behavioral), individual consideration, inspirational motivation, and intellectual stimulation. Bass (1998) pointed out that followers’ performance, loyalty, involvement and commitment could be augmented by transformational leadership. Reducing stress among the followers is also the result of transformational leadership as opposed to transactional leadership that generates more stress (Bass, 1998). Few other aspects, as argued by Bass (1998), which could affect the utility of both transformational and transactional leaderships, are relationships, goals, task, organization and possible occurrence in the environment. Williams (1994) demonstrated that citizenship behaviors such as altruism, conscientiousness, sportsmanship, courtesy, and desirable quality, are displayed by transformational leaders and at the same time instill their subordinates these same values as well. In transactional leadership, exchange of rewards is the key element between the leaders and followers, whereas in transformational leadership such phenomenon is not in existence. Burns (1978) argued that inspiration from transformational leader is the major aspect in obtaining high performance from the followers whereas transactional leaders motivate subordinates to perform as expected.
2.2. Leadership Styles and EI

“EI is an array of non-cognitive capabilities, competencies, and skills that influence one’s ability to succeed in coping with environmental demands and pressures” (Bar-On, 2000. p. 65). In other words, EI is how to manage one’s emotions and the emotions of others in productive and positive styles, where it requires the ability to proactively recognize, articulate, comprehend and deal with accordingly (Anand and Udasuriyan, 2010). Another definition of EI is how one could think logically about emotions, and rationalize emotions to augment judgment (Mayer et al., 2004). Young and Dulewicz (2008) suggested that EI is important in leadership when explaining the concept of management in organization. Siegling et al. (2014) further established the strong relationship between self-efficacy (an element of EI) and leadership and management positions in the organization. They found that high EI is required for leaders and could become a differentiating factor between leaders and non-leaders. Other researchers (Barbuto and Burbach, 2006; Gardner and Stough, 2002; Sivanathan and Fekken, 2002) also found the relationship between EI and leadership, in which, EI is considerably significant in the circumstance of organization.

The construct of EI as being reviewed based on its nature and definitions clearly focuses on individual traits, values and behavior (Dulewicz and Higgs, 2000). These elements are basically associated to the concept of competency. Boyatzis (1982. p. 45) defined the concept of job competency as “an underlying characteristics of a person in that it may be a motive, trait, skill, aspect of one’s self-image or social role, or a body of knowledge which he or she uses.” Salovey and Mayer (1990. p. 67) initiated the EI concept as “the ability to monitor one’s own and other’s emotion to discriminate among them and use the information to guide one’s thinking and action.” Goleman (1997) investigated EI in terms of it progress in an organizational framework, in which, he discovered that the workplace competency embeddedness is a direct result of the EI as competency concept. This has been supported by the work of Fineman (1997), who established the thought of an unambiguous connection between competencies and emotion. It can be argued on whether EI can be developed or it is purely personality traits of individuals that could not be changed. Nevertheless, a concurrence from several researchers indicated that EI as competency or personality traits is expandable (Goleman, 1996; Cooper, 1997; Martinez, 1997). To reinforce this claim, many literatures have explained the kind of processes and methods in developing EI (Martinez, 1997; Farnham, 1996; Harrison, 1997). Salovey and Mayer (1990) established five domains of EI: (i) self-awareness, (ii) self-regulations, (iii) motivation, (iv) empathy, (v) social skills. Based on this foundation, the work on EI has become significant.

2.3. EI and Leadership Effectiveness

Goleman (1998. p. 94) argued that effective leaders possess high degree of EI. Vroom and Jago (2007) described leadership effectiveness as an act of a leader in influencing and guiding others to achieve desired goals. Goleman (2001) indicates that high EI leaders contribute significantly on organizational success where they possess the capability in understanding the feelings of their followers and managing well their own emotions for mutual trust,mediate accordingly when difficulties exist, and have extensive understanding of the social environment within the workplace. This notion is also being discovered by Stodgil (1948) and Bass (1990). Thus, the performance of leaders is very much being influenced by their effectiveness in achieving the organizational goals. As pointed out by Kirkpatrick and Locke (1996) on their meta-analyses applying the trait approach, significant correlation was established between leadership performance and individual’s competence in controlling emotions.

To be effective leaders, individuals must be proven in terms of their emotions as explained by Yukl and Van Fleet (1992). They further describe that these type of individuals are the kind of people who are less self-centered and highly likely to have high concern on others, possess significant amount of self-control, high in openness (accepting criticism), and also less predisposed to mood change and less upsurge in their emotions. According to Hogan et al. (1994), emotionally stable leaders depict characteristics which are calm, composed, self-confident, undisturbed, unruffled and not excessively emotional. At this point, the traits that exist in high emotionally stable individuals were found to be associated with effective leaders and have significant connections to leadership. The works of Wong and Law (2002), Barbuto and Burbach (2006), George (2000) indicate there exist distinction between ineffective leaders and effective leaders from their dominant individual differences.

As George (2000) pointed out, leaders who are emotionally intelligent are capable of interpreting uncertain information which is supplied to them where in the end develops a vision that is creative and acceptable to their followers. The ability of the leaders in understanding the feelings of others (a dimension in EI) enables them to craft a magnitude of trust with the followers and to themselves as well. Making decision and creating the culture of the organization as reiterated by George (2000), are the two further outlooks of leadership effectiveness amplified by individuals who possess high EI. Instantly, high EI leaders may decide to prolong the duration of the work timeline a bit in order for them to improve the level of motivation among the exhausted workforce. Salovey and Mayer (1990) reiterated that less significant issue could be diverted when pressing situation is much needed to be attended first by the support of EI specifically in prioritizing their demands. In other words, leaders with high EI have the ability to decide which of the task need to be performed first.

Leaders are the individuals who communicate the culture of the organization to the followers. They will put emphasize on the importance of the values imparted within the organization. Hollander and Offermann (1990) describe leaders to be the role model in illustrating the values that need to be shared and have important effects to the organization. Since value is very much connected to emotions (Ashforth and Humphrey, 1995), organizational culture could be communicated in an influential and convincing way by the leaders who are capable in extorting the emotions from the organizational principles (George, 2000). She further reaffirmed that conveying and creating the culture of organization is part of leadership effectiveness that have much influenced by EI.
2.4. EI Act as Mediator between Leadership Styles and Leadership Effectiveness

George (2000), described leadership as one of the extensive researched topics in organizational behavior. The complexity in understanding leadership has some influence on the precise definition of it. Fiedler (1971) in Antonakis et al. (2004) mentioned that the number of leadership definitions is as many as that of leadership theories. This is an indicator of how leadership has become one of the most examined phenomena in organizational behavior and social sciences. Nonetheless, various definitions have been highlighted in many leadership literatures. Early theorist such as Stogdill (1948) viewed leadership as a series of traits, identifying lists of personal attributes deemed key to successful leadership. Although such lists have been criticized by authors like Blake and Mouton (1964, p. 78) and McGregor (1960) as being over simplistic in their approach, the majority of recent literature follows the same approach, with academics demonstrating significant agreement as to the key attributes. In order to address the issue of over simplicity, research has become focused on context as an important factor in determining competencies of successful leaders with authors such as Fiedler et al. (1987. p. 51-67) arguing that different attributes and behaviors are important in different contexts. Much of the literature focuses on either a small number of contexts in isolation (Black et al., 1999; Hayes et al., 2000), or tries to develop a generic theory to make sense of leadership competencies in all contexts (New, 1996; Lindsay and Stuart, 1997).

The process of guiding people’s behavior in achieving a goal is defined as leadership (Certo and Certo, 2014). Guiding here means to enable individuals to behave in a particular manner or to be influenced by the other person who act as a leader. Mobilizing the people and resources in realizing the goal is also considered as leadership (Tomey, 2000). Both explanations on leadership have an identical element which primarily focused on directing individuals towards the achievement of an objective. In a more recent perspective, Antonakis et al. (2004, p. 5) explained that leadership is “purposed driven, resulting in change based on values, ideas, vision, symbols and emotional exchanges.” It still has the element of guiding when it highlighted purposed driven as one of its key elements. However, it is interesting to see other elements like emotional exchanges as one of the bases of the definition. Emotional exchanges here can be interpreted as give-and-take situation between the leaders and their followers. Sensibly, the psychological interactions between human beings could be drawn upon emotional exchanges and it could be measured in terms of EI of the leaders. It could be implied that leadership requires some sort of emotional connections between the leaders and their followers and the magnitude of leaders and members relations could be gauged based on EI of the leaders themselves. This has been confirmed by Anand and Udasuriyan (2010), in which, they discovered the relevancy of leadership practices and EI in the organizations. They further explained that the leadership practices of executives are positively being influenced by EI. George (2000) emphasized that the development of numerous enthralling visions for the individuals in the organization is part of the EI of the leaders. Goleman et al. (2002) postulated that to develop relationships that meet the expectation of the organization, leaders use EI where the emotional bonds is established to help the individuals to be persistent regardless of any changes and uncertainties they have to go through.

2.5. Summary of Literature Review

In summary, leadership constitutes the elements of influencing, directing, guiding, achieving goals and exchanging some emotions between the leaders and the individuals. In other words EI has a strong relationship in the leadership process within an organization. The work of Goleman et al. (2002), Anand and Udasuriyan (2010), George (2000) proved that EI has significant correlations with leadership practices in the organization. Goleman et al. (2002) emphasize established experts in the area of EI argue that the core underpinning of visionary or transformational leadership include self-awareness, empathy, and self-confidence (dimensions of EI).

3. MODEL AND HYPOTHESES

A research framework is critically developed in order to demonstrate the relationships pertaining to the study in which, leadership effectiveness is the dependent variable; leadership styles is the independent variable; and EI act as mediator as depicted in Figure 1.

3.1. Hypotheses

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

H2: There is a significant positive relationship between leadership styles and EI.

H3: There is a significant positive relationship between EI and leadership effectiveness.

H4: EI acts as mediator between leadership styles and leadership effectiveness.

4. CONCLUSION AND LIMITATION

The study is designed to examine EI as mediator between leadership styles and leadership effectiveness in the organization. It is hoped that this study could contribute significant theoretical and practical application in the area of EI and leadership. The perspective of this study in theory aims to offer some insights on the functions of EI as mediator between leadership styles and leadership effectiveness, which consists of task performance and
ability of leaders at the individual level of analysis. The study could expand the body of knowledge in the area of leadership effectiveness which encompasses EI as a mediator and independent variable, which is leadership styles and leadership effectiveness as dependent variable.

Even so, as this study is restricted to only one company in Malaysia, the findings and conclusions will only be representing that particular company only in Malaysian context. Other limitations are several factors like gender influence on leadership styles, organizational culture influence on leadership effectiveness, job commitment on leadership effectiveness which might have effect on the research variables that are excluded in the study.

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