

THE INFLUENCE OF EMOTIONAL INTELLIGENCE ON TRANSFORMATIONAL LEADERSHIP WITH RESPECT TO SERVICE SECTOR

A. Poornima* and S. Sujatha**

Abstract: This article investigates the effect of Emotional Intelligence (EI) and Transformational Leadership. Data was collected from 250 respondents from different organizations in the services sector of Tirupathi, i.e. banking, Electricity board, Railways, BSNL and Insurance companies. Transformational leadership was measured through 20-item MLQ, multifactor leadership questionnaire, emotional intelligence was measured through Emotional Competency Inventory. Social skills, motivation, and empathy (emotional intelligence components) of supervisors are positively associated with transformational leadership, furthermore this study is limited by the fact that EQ components (Self-awareness, self management, Self regulation) apart from social skills and motivation were not investigated in relation to supervisor transformational leadership (Panagiotis V. Polychroniou, 2015). Thus, this study addresses this gap by investigating other components of Emotional intelligence (Self-awareness, self-management and relationship management) on Transformational leadership and little is known Transformational leadership could be influenced by emotional intelligence in service sector.

Keywords: transformational leadership, emotional intelligence, service sector.

INTRODUCTION

Nowadays service sector employees are looking for individual consideration, intellectual stimulation, empathy etc. from the top management. In that sense, one cannot deny the importance of emotional skills in service sector. In a broader view, emotional intelligence encompassing awareness of one's own emotions and their impact on others as well as how to manage and restrain those emotions in an effective manner. Anyone can become angry that is easy. But to be angry with the right person, to the right degree, at the right time, for the right purpose, and in the right way-this is not easy (Aristotle). In the present scenario, emotionally intelligent leaders are the need of the hour for organizations to survive. In the modern world, the importance of leadership has grown manifold, compared to past. The role of the leader has become very challenging in different ways, especially in the business world. With sharp growth, especially from a technological perspective, organizations have evolved where leaders have a considerable impact on the success and progress of organizations (Ogbonna, Harris 2000), and in this regard the service sector must take full advantage and efficient leadership practices to enhance their effort and

* Research Scholar, VIT Business School, VIT University, Vellore. Email: poornima.samhita@yahoo.com

** Associate Professor, VIT Business Schools, VIT University, Vellore

commitment. Transformational leaders have an emotional impact on subordinates by providing them with a vision of the future, communicating that vision to them and motivating them (Polychroniou 2009). Bass (2002) noted that emotional intelligence is of key importance for leaders with a transformational leadership style. Transformational leadership refers to a leadership type in which leaders possess charisma and provide intellectual stimulation, individualized consideration and inspirational motivation to followers (Pawar, Eastman 1997). Transformational leaders are known for their effective use of emotions while communicating their vision to their followers (Ashkanasy, Tse 2000; Lewis 2000), enabling them to perform beyond expectations (Bass, 1985).

Goleman (1998) defined emotional intelligence as “the capacity for organizing our own feelings and those of others, for motivating ourselves and in our relationships”. Emotional intelligence is one’s ability to be aware of oneself, the feeling of others, and being able to use the ability in guiding one’s own behavior (Salovey, Mayer 1994). These definitions explain the importance of emotions in leadership.

Importance of Emotional Intelligence in Organizations

Nowadays, in every organization emotional intelligence is essential for managers as they have to deal with work force from different cultural backgrounds and ethics. Managers who possess high levels of emotional intelligence know the importance of giving a patient ear to every individual in his organizations and treat them with respect (Sivaraman, 2012). Emotional intelligence can play a vital role in facilitating the managers and employees to cope up with the dynamic changes of business environment (Jorfi, 2010). It has been argued that managers who underestimate their leadership abilities succeed in their respective field, because their leadership effectiveness is influenced by their emotional intelligence level. Due to this, emotional intelligence should be considered as a potential selection and development tool for the improvement of leadership performance (Bratoon, 2011). Developing a framework for emotional and social skills is essential in order to describe their role in effective leadership (Riggio and Richard, 2008). Emotional intelligence can contribute to successful leadership at some level and positively related to various dimensions of transformational leadership and contingent rewards behaviours (Harms and Crede, 2010). The empathy aspects of emotional intelligence enables cognitive process by providing an idea regarding the team member emotions and needs (Wolff, 2002). Managers having high self-awareness can act as transformational leaders successfully and instill their subordinates a feeling of self-confidence in order to face the new challenges of work environment, which

in turn lead to increasing managerial performance (Sosik and Megerian, 1999). In service sector, employees performance can be influenced by manager's leadership approach, which will create a culture in the organization (Dolatabadi and Safa, 2010). Transformational leadership is found to have a strong relationship with positive organizational outcomes. Researchers tried to find out the factors predicting transformational leadership behaviors (Rost, J., 1991). The literature suggests that emotional intelligence potentially affects transformational leadership (Sosik and megerian,1999, Barling J, 2000). Transformational leaders modify behavior of their followers to attain the organizational interests and successful leaders display more emotional intelligence, they express and perceive emotions by incorporating them into thought, understand and control emotions of others and themselves (Mayer, J.d., P. Salovey and D.R. Caruso, 2000)

LITERATURE AND HYPOTHESIS

It was mentioned many scholars and writers in management are starting to stress the possible explanation of importance of EI on transformational leadership (Sternberg, 1985; Bass and Avolino,1993; Bernet, 1996; Megerian and Sosik, 2006; Goleman, 1998, 2001; Bass, 2002, Rahim et. al., 2002, 2006). In general transformational leaders with Emotional Intelligence are likely to exhibit behaviours associated with effectiveness and positive outcomes on teamwork (Rahim et. al., 2002, 2006). In several literatures use the word EQ which include self-awareness, accurate self-assessment, self-confidence, adaptability and so on (Goleman 1998; Bar-On and Parker, 2000). Also, studies reported that self-awareness is an essential ability for enhancing managerial effectiveness. Emotional intelligence cluster Relationship management, social awareness and self- management were found to be positively and significantly impact on Transformational leadership ((Md. Sahidar Rahman, Shameena Ferdausy and Md. Aftab Uddain, 2012; Afsheen Fatima, Rabia Imran and Sajid Hussian Awan, 2011; Sayeed, Omir Bin, 2009; Cheah yeh hung, 2010). Moreover EQ is associated with Social skills, empathy and motivation to transformational leadership (Rahim, 2002). Emotional intelligence abilities that are utilized may assist individuals in employing effective leadership skills, and others have found a significant predictive relationship between transformational leadership and emotional intelligence (Go leman, 1998; Zulauf, 2000'; Mandell & Pherwani, 2003; Barling et. al., 2000; Gardner & Stough, 2002). Bass (1990) established that there is a positive correlation between leadership and self-confidence, self-control and stress. Goleman (1995) identified motivation as a characteristic possessed by all effective leaders. In addition others confirmed empathy, self-awareness and self confidence as transformational leadership traits (Burns, 1978; Ross and

Offer man, 1997). Many have reported that self-awareness leads to greater leader performance (Barling et. al., 2000; Church, 1997). Goleman says these qualities are sub components of emotional intelligence. Social skills and emotional skills can be targeted for assessment and development and can be an important component of leadership development. Research evidence suggests that emotional and social skills are both related to leader effectiveness (Ronald E. Riggio and Rebecca J. Reichard, 2008). Emotional Intelligence was associated with three aspects of transformational leadership – idealize influence, inspirational motivation and individual consideration (Barling et. al., 2000). Overall emotional intelligence and the ability to understand emotions (Self-awareness) were found to relate significantly with the inspirational motivation component of transformational leadership. Giesecke (2007) notes that emotional intelligence and self-awareness are key skills of “transformational leaders.”

OBJECTIVES OF THE STUDY

The main purpose of this study was to examine the influence of emotional intelligence and its facets on transformational leadership.

Hypothesis: Based on the literature reviewed and objectives of the study following hypothesis are Formulated

H1: Emotional intelligence has a significant influence on transformational leadership style among leaders in Service sector

H1a: There is significant influence of Self-awareness on Transformational Leadership style among leaders in Service sector

H1b: There is significant impact of Self-management on Transformational Leadership style among leaders in Service sector

H1c: There is significant impact of Social awareness on transformational Leadership style among leaders in Service sector

H1d: There is significant impact of Relationship management on transformational leadership Style among leaders in Service sector.

Research Design

Sample: A sample of 250 middle level managers includes (Directors, Development officers, HR Executives, Engineers, JEO’s) from the service industry in Tirupathi was selected for the study.

The ECI is a self, subordinate, peer and supervisory report, a 360-degree measurement tool designed to estimate individual emotional competencies. The respondents use 5 point scale to score on each competence. The instrument contains

72 items to measure the 16 competencies in four categories – Self Awareness, Self Management, Social Awareness, and Relationship Management. The scale reliabilities for the Self assessment range from .618 to .866 (Goleman, 2002 Boyatzis Richard and Fabio Sala, 2000 and Boyatzis Richard E Daniel Goleman and Kenneth Rhee, 2000). The scale considers all four elements of emotional intelligence and reliability of the measurement of each element of EI is above acceptance level in the study. The Cronbach alpha is 0.74 for self-awareness, 0.88 to self-management, 0.84 to Social-awareness and 0,88 to Relationship management. For details and accurate data analysis software like SPSS 22.0 and AMOS 22.0 were used. CFA (Confirmatory factor analysis) was done to check the factor loading. SEM (Structural equation model) was performed to examine the influence of components of EI on dependent variable Transformational leadership.

Transformational Leadership Style (MLQ-5X): The transformational leadership, sub scale of leadership questionnaire MLQ-5 was used to measure transformational leadership style. It was developed by Bass and Avolio (1995) and consisted of 20 items that was rated on five point likert scale ranging from (1) Never to (5) Always. Cronbach's alpha coefficient of the score for the present study sample was .92.

RESULTS AND DISCUSSIONS

Testing the validity and Reliability: Confirmatory factor analysis is a standard tool being used in management sciences to find out the validity of the scale employed. The results of the CFA model are shown in the table below. The statistic depict that the model is appropriate for study.

| | <i>CMIN/DF</i> | <i>GFI</i> | <i>CFI</i> | <i>RMSEA</i> |
|-----------|----------------|------------|------------|--------------|
| CFA MODEL | 2.888 | 0.921 | 0.901 | 0.07 |

The CMIN/DF ratio is 2.888 in this study so this model can be regarded fit for research. The value of Goodness of fit index (GFI) is 0.920, which demonstrates that the appropriateness of model. CFI value is 0.901 confirming the collective fitness of the whole model. The value of Root Mean Square Error of Approximation (RMSEA) is 0.07 should not be greater than 1 in order to consider the observations for the data analysis. Thus, it can be suggested that all the indicators of CFA confirm that the model used is fit for the study. The value of factor loading analysis of every component used in the current study is above cutoff point 0.50. The analysis confirmed that the components used in each scale show a satisfactory value of factor loadings and thus retained in their relevant scale for further analysis.

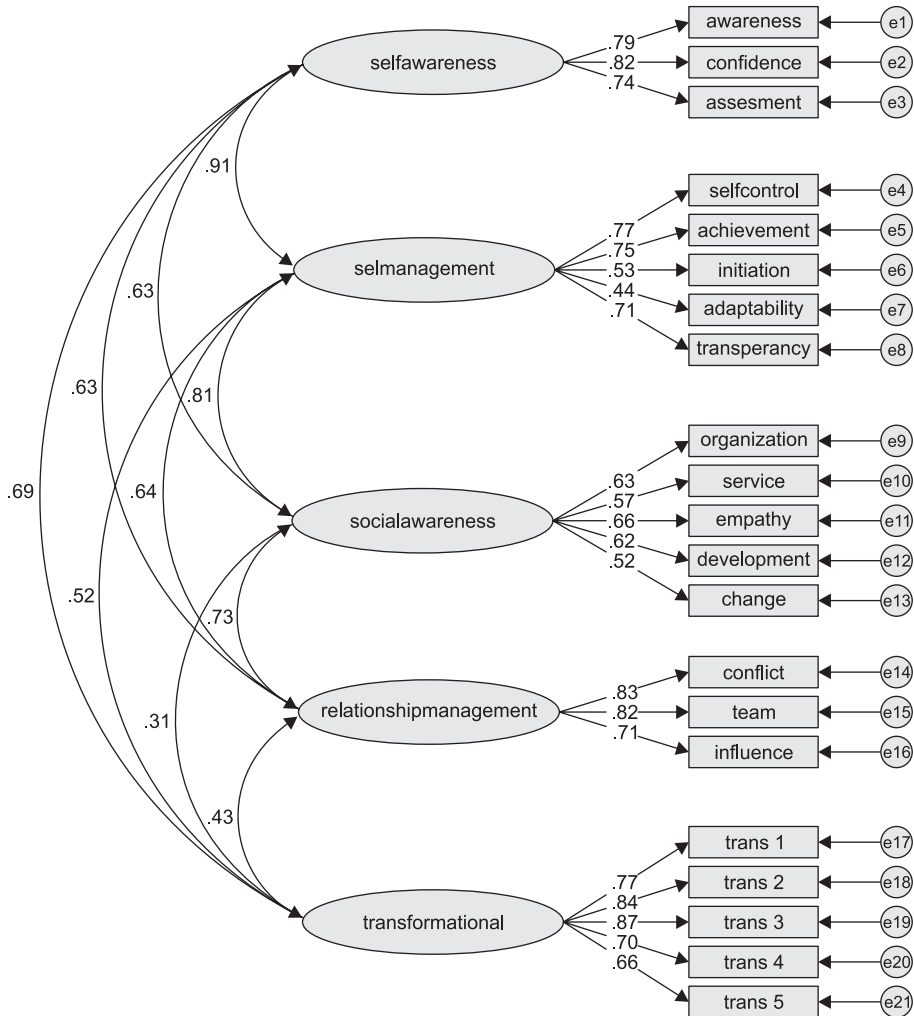


Figure 1: Measurement model of Emotional Intelligence and Transformational Leadership

Structural Equation Modeling for Hypothesized Relationships

The results analysis in Figure 1 which shows that the values indicates met the basic requirement of model fit indices and wee within the recommended range of acceptability. In examining the relationship between components of EI (Self-awareness, Self-management, Social awareness and Relationship management) to transformational leadership, illustrates the correlation matrix of study variables. From the results it is observed that facets of emotional intelligence i.e Self-managment

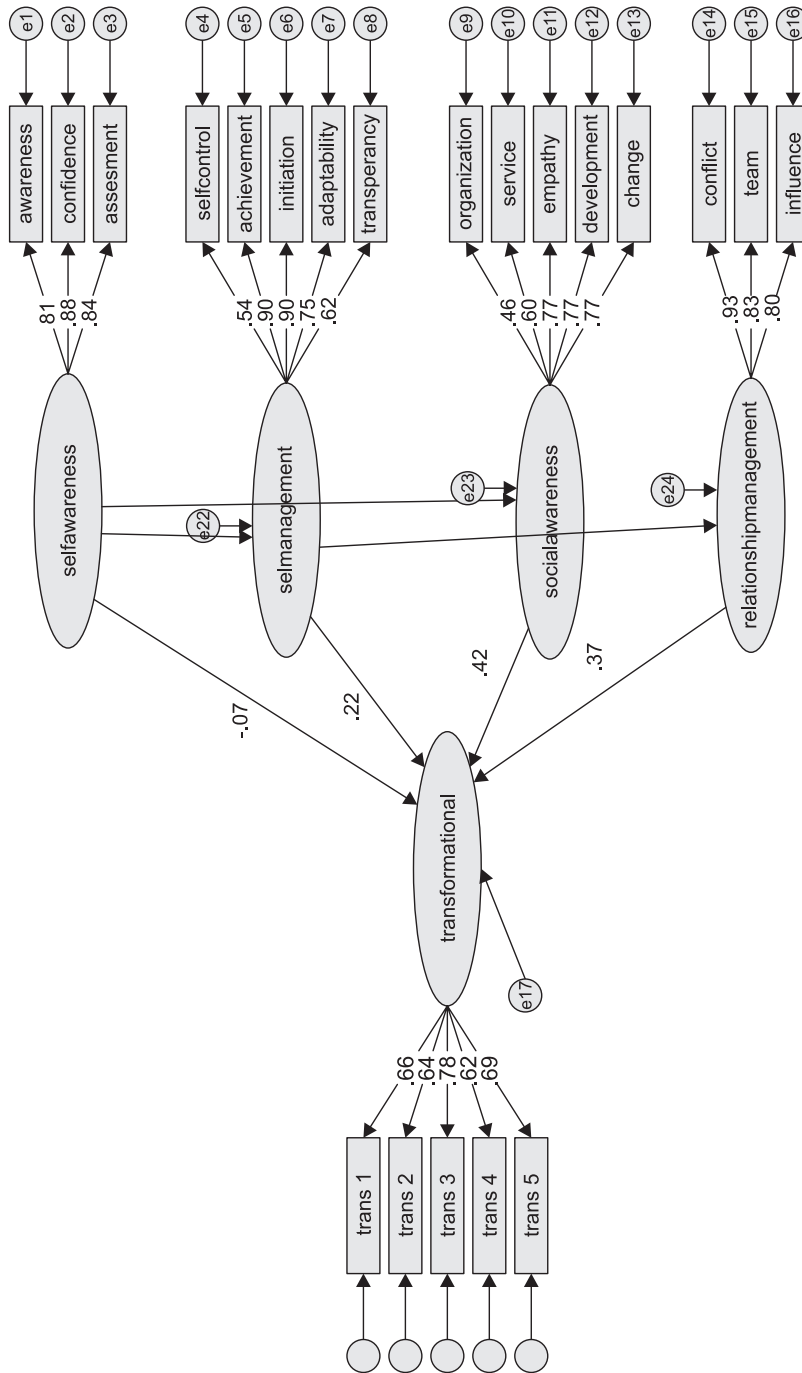


Figure 2: Structural Equation Model for Hypothesized Relationships

($r=0.22, p<0.001$), Social awareness ($r=0.42, p<0.001$), Relationship management ($r=0.37, p<0.001$) correlated significantly with transformational leadership style. Coefficient alpha reliabilities for the scales used in the present study are reported in Table 1. The reliabilities of all scales exceeded 0.70 as recommended by Nunnally (1978). Cronbach's alpha of 0.763 and 0.738 transformational leadership, were considerably high to be used for the further research.

DISCUSSIONS

Current study examines whether more emotionally intelligent people are supposed to exhibit transformational leadership style. Understanding the importance of emotional intelligence is essential for organizations in determining transformational leadership styles, specifically in current dynamic environment where managers are under pressure to convert themselves as leaders and more precisely transformational leaders. The hypothesis shows significant impact of emotional intelligence components on transformational leadership style. This finding of current study is in line with previous research studies (Mandell and Pherwani, 2003; Sivanathan and Fekken, 2002; Downey and C. Stough, 2006, Nural Hudani MD. Nawi, 2016, Ghulam Mustafa Mir and Abdus Sattar Abbasi, 2012). The study was aimed at finding the impact of Emotional intelligence components (Self-awareness, Self-management, Social awareness and Relationship management) on Transformational leadership. Beta values 0.22, 0.42 and 0.37 ($p < 0.01$). Self-management, Social awareness and Relationship management showed that were significantly related with transformational leadership styles.

Limitations and Further Recommendations

The most obvious limitation of current research is that limited by the cost and time. Convenient sampling is another limitation. This study used one-dimensional measure of transformational leadership. In future other than transformational, transactional leadership may also be employed for investigation in future. Demographical variables such as age, experience, qualification in relationship between emotional intelligence and transformational leadership may also be tested in future.

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