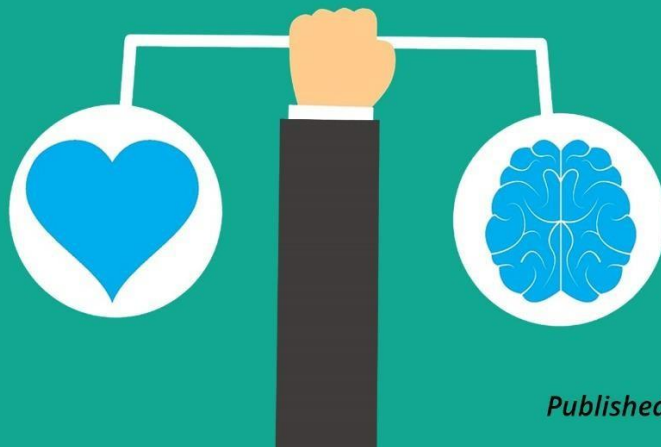




GROWTHSQAPES
Capability Building for Business Impact

EI Leadership and Performance

*A study of the relationship of Emotionally Intelligent (EI) leadership
and employee & organisational performance in a business organisation*



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Executive summary

The primary goal of any business organization is to make profits by sustaining its competitive advantage. Organizations that are effective achieve profits on a consistent basis. Organizational effectiveness is about achieving the intended organizational results via organizational performance. Leadership and employee capabilities are central to an organization's ability to achieve results by striking a balance between the expectations of the internal stakeholders (employees) and external stakeholders (customers). However, notably it's the leaders who drive the results. Whereas, mission, vision and strategies are identified and formulated to map what the organization should do, it's the leader with their knowledge, skills, attitudes, put through the processes within the organizations' boundaries, authorities, roles, tasks, their energies and resources that makes the recipe for the sustainable results. Studies pertaining to leadership in the far past have demonstrated that an appropriate leadership style can influence the performance of the employees as well as the organization. But more recently Emotional Intelligence (EI) has captured tremendous interest of scholars and organization development (OD) practitioners in understanding employee and organization performance because it explores and explains variations in leadership behaviour from the point of view of psychology and neuroscience. Although EI has drawn criticism on its conceptual overlapping with personality and cognitive intelligence, evidences are available establishing EI as a unique construct, which leads to specific leadership behaviours, that is responsible for both employee and organization performance.

Objectives of the study: A quantitative and qualitative (empirical) study:

- To understand the effectiveness of various styles of EI leadership.
- To study the outcomes of different EI leadership styles.
- To examine the impact of EI leadership styles on employee performance.
- To analyze the impact of EI leadership styles on organizational performance.

Introduction

Metaphorically speaking, in business organizations leadership styles are like fire, which can be a good servant but a bad master. Similar to a double -edged sword. This is because, as a human resource management competence, leadership styles have both constructive as well as disruptive dimensions in the workplace. Depending on the situational suitability, while leadership style can act as a motivator in building a performance orientation and culture in the organization, it can also act as a deterrent to the same.

As per more recent (starting early nineties till date) studies and research done by organizational behavioural (OB) scholars and OD practitioners in understanding employee and organization performance and the subsequent validation by eminent business leaders, the fact that comes to the fore is that within the realm of leadership, today it is the emotional quotient of business leaders that impacts the behaviour and performance of employees and organization. The review of literature written by eminent thought leaders also points to the same direction. Therefore, the overall objective of this paper is to explain the effects of EI leadership styles on employee and organizational performance.

As per Daniel Goleman, who is widely recognised as the guru of EI, “EI is the capability of individuals to recognize their own emotions and those of others, discern between different feelings and label them appropriately, use emotional information to guide thinking and behaviour”. As per various thinkers and writers in the same field, emotional intelligence of leaders plays a vital role in ensuring organization performance and consequently organizational effectiveness.

The main areas of emotional intelligence factors contributing to organizational effectiveness are described briefly as below:

- **Self-Awareness:** Knowing one’s strengths and weaknesses and having a strong sense of identity and self-worth. Being aware of one’s emotions and using this awareness to guide one’s thoughts and behaviour and to express oneself openly.
- **Self-Management:** Managing one’s emotions so that they work for and not against One.
- **Self-Motivation:** Having an optimistic approach to life despite obstacles and setbacks.
- **Setting and pursuing goals.** Getting the best out of oneself and of life in general.
- **Social Awareness:** Being aware of and respecting others’ emotions, feelings and needs.
- **Social Skills:** Creating rapport. Bringing out the best in others. Being a good team member.

The indices used to evaluate the organizational performance are:

- **Sales Efficiency:** the capability of the sales team to generate the targeted results.
- **Financial Efficiency:** the capability of the organization to translate its financial resources into its goal related activities.
- **Customer Centricity:** is the ability of the organization in building relationships and maximizing its product offerings to create a positive customer experience.
- **Innovation Focus:** is the ability of the organization to emphasize on imagining and/or creating novel product offerings to the customer.
- **Quality & Turnover of Employees:** the quality of the human resources and their

attrition.

Hypothesis of the study

H0 (null hypothesis): There exists no significant relationship between EI leadership style and employee performance.

H0 (null hypothesis): There exists no significant relationship between EI leadership style and organizational performance.

Methodology of the study

- The study was conducted by collecting the relevant data from both the primary and secondary data sources.
- The primary data was collected with the help of a formal structured questionnaire that was filled after interaction with the employees of business organizations in Mumbai and Delhi NCR. Random sampling method was used. The services of a renowned market research agency were undertaken. The time consumed was 3 months.
- The secondary data was collected after reviewing relevant literature from books and research articles.
- The sample size was 400 employees (200 in each location) from the level of executives to managers working in Indian organizations and MNCs in the industries of manufacturing, BFSI, pharma, hospitality and ITES.
- The data was analyzed and interpreted after applying statistical tools such as Mean and Regression Analysis on the SPSS software.

Study of secondary data

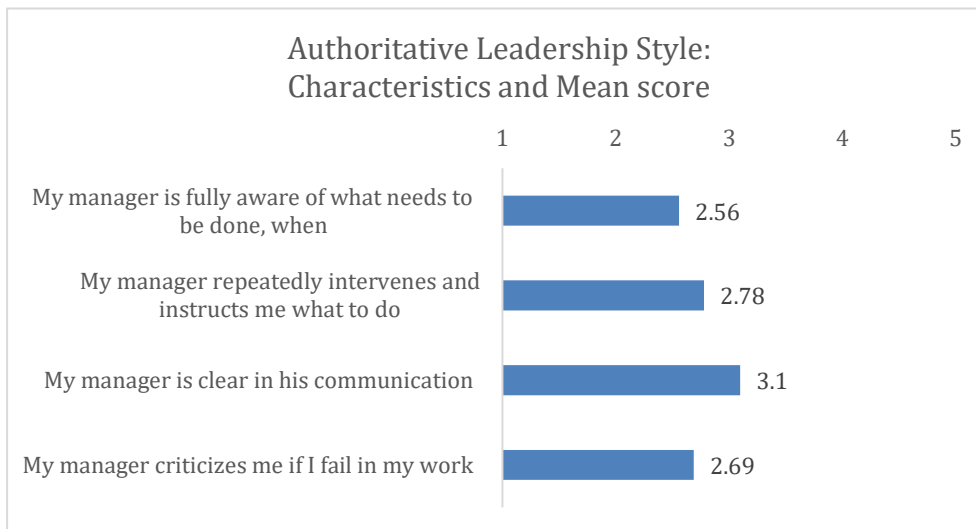
Review of Literature on Leadership has drawn great attention from scholars in various fields in the recent years. The following presents the review of the existing literature that has explored the relationship between the leadership style, employee performance and organizational performance.

- Daniel Goleman (2017) in his book “The Emotionally Intelligent Leader” says that research has shown that the most successful leaders have strengths in the following emotional intelligence competencies: self-awareness, self-regulation, motivation, empathy, and social skill.
- Travis Bradberry and Jean Greaves (2009) in their book “Emotional Intelligence 2.0” talk about the fact that EQ is more important than IQ in life success; we are all wired to feel emotions first and logic second, you can’t cut out emotions from good decision making, higher EQ will make for a happier and more fulfilling life.

- Daniel Goleman (1995) in his book “Emotional Intelligence” says that EI is a much bigger predictor (80%) of success than IQ (20%). EI is composed of self-awareness; emotional management; self-motivation; empathy; managing other’s emotions. Unlike IQ, emotional intelligence skills can be taught and improved
- Peter Salovey and John Mayer (1990) first introduced the concept of emotional intelligence. EI has been defined as “the ability to monitor one’s own and others’ feelings and emotions, to discriminate among them and to use this information to guide one’s thinking and actions”.
- Bryman (1992) presented that there is a positive relation between the leadership style and the organizational performance.
- Jim Collins (1995) published an article in the Harvard Business Review about leadership. In that article, titled: Good to Great he says, “the most powerfully transforming executives possess a paradoxical mixture of personal humility and professional will...they are timid and ferocious. They are focused on empowerment rather than control for the development of employees’ performance.”

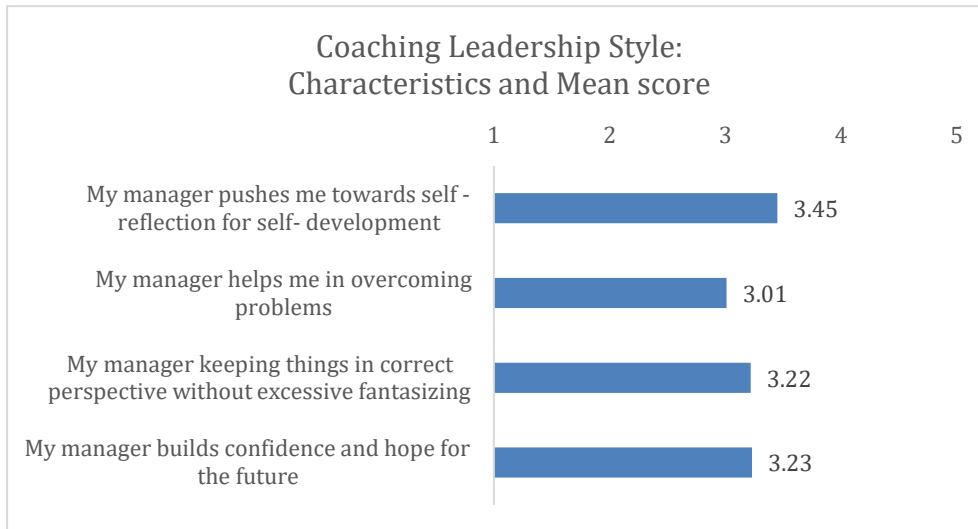
Primary data analysis and interpretation of results

Chart 1: Analysis of Authoritative Leadership style



The Authoritative Leadership style is characterized by articulating a shared dream and making people move towards that dream by enhancing pride, seeking commitment and tasking towards the bigger picture. From the above scores it can be interpreted that most of the respondents said that they have been shown a vision, but they don’t have enough authority to make decisions to reach that vision. Also, their manager frequently intervenes and instructs in their work.

Chart 2: Analysis of Coaching Leadership Style



The Coaching Leadership style is characterized by a focus on driving performance by overcoming problems and building capabilities for a better future. From the above scores it can be interpreted that most of the respondents said that their manager created an atmosphere of optimism and objectively helped them in overcoming problems.

Chart 3: Analysis of Affiliative Leadership Style



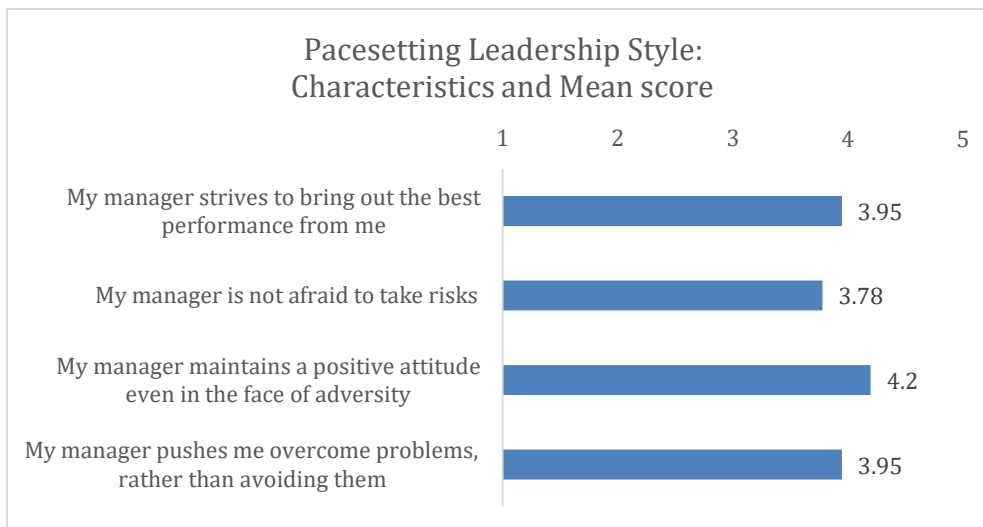
The Affiliative Leadership style is one that involves cultivating personal relationships to engage and drive performance. From the above scores it can be interpreted that most of the respondents said that their manager created an atmosphere which encouraged engagement and humility.

Chart 4: Analysis of Democratic Leadership Style



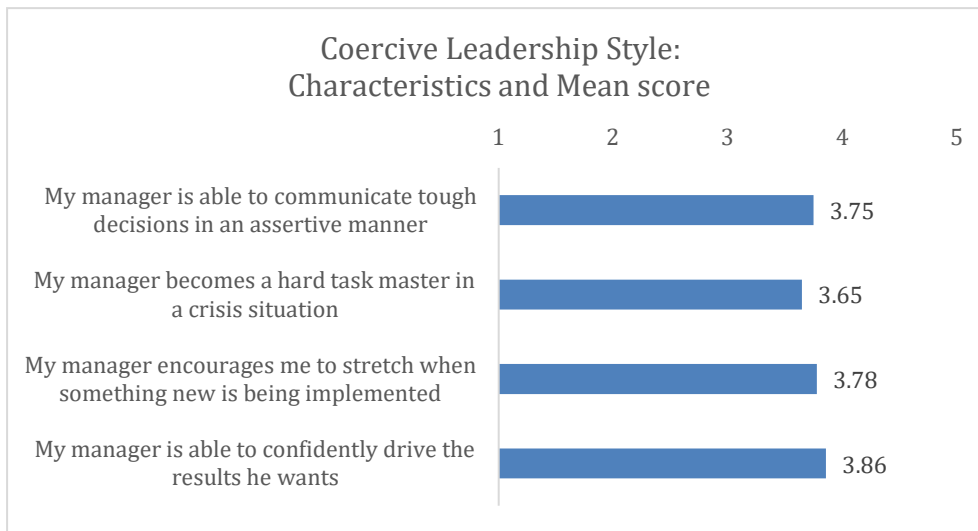
The Democratic Leadership style is characterized by the philosophy of sharing and consensus. Decisions are made within teams, with each member having equal inputs. Ideas are discussed openly, and independent actions are encouraged with no interference from the manager. From the above scores it can be interpreted that most of the respondents said that their manager created an atmosphere of joint decision making and joint problem solving

Chart 5: Analysis of Pacesetting Leadership Style



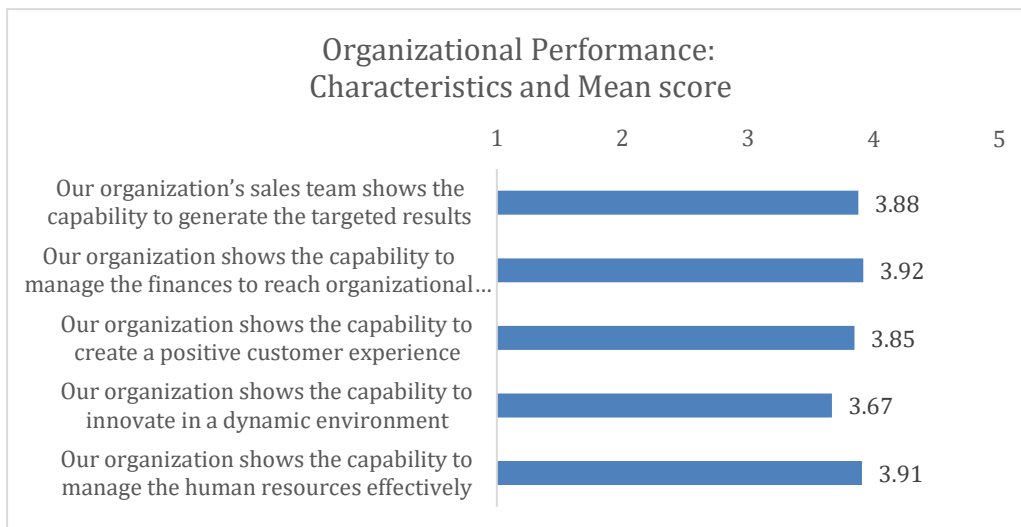
The Pacesetting Leadership style is characterized by setting challenging goals, driving high performance standards and chasing excellence. From the above scores it can be interpreted that most of the respondents said that their manager helps them in meeting challenging goals within a time frame by keeping them positive.

Chart6: Analysis of Coercive Leadership Style



The Coercive Leadership style is characterized by a fair amount of assertion to drive performance and achievement of results in a challenging situation. From the above scores it can be interpreted that most of the respondents said that their manager was confident and gave clear directions to drive change.

Chart7: Analysis of Organizational Performance



Organizational performance is characterized by five indices as mentioned above. From the above scores it can be interpreted that most of the respondents expressed confidence in the organization's ability to generate business results by keeping the internal and external stake holders satisfied.

Relationship of EI leadership style and employee performance

H0 (null hypothesis): There exists no significant relationship between EI leadership style and employee performance.

H1 (alternate hypothesis): There exists a significant relationship between EI leadership style and employee performance.

Chart 8

Independent variable	EI leadership style
Dependent variable	Employee performance
F value	0.690
P value	0.672
R square	0.053
Adjusted R square	0.004

***Note: Alpha = 0.05**

EI Leadership styles are reflected in the attitudes and behaviours of leaders. However, the attitudes and behaviours are the outcome of complex interactions between the way the leaders think and feel as individuals. It is observed that emotionally intelligent leaders provide necessary direction, implement strategies, inspire and motivate employees to bring out the best in them. Hence, the behaviour of a leader consequent upon the EI leadership style adopted can have an effect on employee's way of doing tasks and their outcomes. The above regression analysis shows that there exists a significant relationship between EI leadership style and employee performance indicating that the leader plays a significant role in persuading employees to perform their tasks effectively. The null hypothesis thus can be rejected.

Relationship of EI leadership style and organizational performance

H0 (null hypothesis): There exists no significant relationship between EI leadership style and organizational performance.

H1: (alternate hypothesis): There exists a significant relationship between EI Leadership style and organizational performance.

Chart 9

Independent variable	EI leadership style
Dependent variable	Organizational performance
F value	1.379
P value	0.258
R square	0.137
Adjusted R square	0.039

***Note: Alpha = 0.05**

Organizations are a body of people (employees). EI Leadership is an influential process and hence, it also influences that body to move towards a common or shared goal. The goal of an organization is not only to survive but also to sustain its existence by improving its performance. It has been widely accepted that effective organizations require effective leadership and that organizational performance will suffer in direct proportion if this is neglected.

The above regression analysis shows that there exists a significant relationship between EI leadership style and organizational performance indicating that the effectiveness of any body of people is largely dependent on the quality of its leadership. The null hypothesis that there exists no significant relationship between EI leadership style and organizational performance can thus be rejected

Conclusion

EI Leadership styles have a compelling positive impact on employee and organizational performance. However different situations demand different EI styles and there is no one size fits all formula. The following table suggests the indicative ideal EI Leadership style in a particular situation(s)

El Leadership style	Situation(s)
Authoritative	when a new vision needs to be articulated
	when change needs to be driven
	when directions need to be given
Coaching	when reflection needs to be encouraged
	when capability needs to be built
	when confidence needs to be built
Affiliative	when engagement needs to be increased
	when stress needs to be reduced
	when relations need to be developed
Democratic	when inputs from everyone is needed
	when consensus is needed
	when interdependence needs to be encouraged
Pacesetting	when steep growth targets are to be chased
	when excellence needs to be encouraged
	when risk taking needs to be encouraged
Coercive	when faced with a business crisis
	when rapid change needs to be driven fast
	when dealing with current or potential troublemakers

References:

- *Daniel Goleman: book, The Emotionally Intelligent Leader, HBR press, 2017*
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This Whitepaper has been authored by the Leadership Practice team of GrowthSqapes under the guidance of Baalmki Bhattacharyya, Partner& COO - GrowthSqapes.