Impact of Leadership Style on Organizational Excellence: Moderating Effect of Emotional Intelligence

Subramania Siva*1, Dr. A.W.Unas2

*1Ph.D. Scholar, Bharathiyar University, Coimbatore, Tamil Nadu (India)
2H.O.D. of Business Management, Govt Arts College, Attur, Salem, Tamil Nadu (India)

ABSTRACT

In this competitive scenario, today Business Organizations need committed personnel’s so that they can contribute to the survival of the organization. Organizational commitment can bealienated into three apparatus namely affective, normative and continuation commitment. There are several parameters that affect personnel’s commitment. These parameters can be grouped into four groups; (1) organizational variables which include culture, leadership, structure and processes; (2) individual variables which include emotional quotient, personality traits, spiritual quotient and intellectual quotient; (3) job related factors, including remuneration system and job characteristics; and (4) environmental factors including physical environment and social relationships. This paper aims to discuss on the impact of the most leading organizational variables; leadership styles, on personnel’s organizational commitment by intent on the impact of leaders’ emotional intelligence.

INTRODUCTION

Organizational commitment is a general incident which has been broadly addressed by numerous researchers global because of its importance to the organization (Angle & Perry, 1981; Kim, 2001; Lio & Nyhan, 1994; Lo, Ramayah, & Min, 2009). Organizational commitment has been associated to the recital of organizational components, their loyalty, organizational behavior, counterproductive behavior, job satisfaction, personnel’s aggression, and other individual as well as group constructs. Committed and loyal employees are anticipated to perform at a superior level than their unattached counterparts (Paunonen, Meyer, Goffin, Gellatly, & Jackson, 1989). Employees are willing to work for extra hours when their job requires them to perform. They are also expecting to promote the organization as a complimentary place to work at. Because of its varied accrued advantages to the organization, some researchers have stanch their effort to examine the background of organizational commitment (Bateman & Strasser, 1984; Meyer, Allen & Smith, 1993 Lok and Crawford, 2004). These factors can be grouped into four categories; (1) organizational variables which include culture, leadership, structure and processes; (2) individual variables which include emotional quotient, personality traits, spiritual quotient and intellectual quotient; (3) job related factors, including remuneration system and job characteristics; and (4) environmental factors including physical environment and social relationships. This paper aims to discuss on the impact of the most leading organizational variables; leadership styles, on personnel’s organizational commitment by intent on the impact of leaders’ emotional intelligence.

Leadership style is one of the most common factors that affect personnel’s attitudes & behaviors including organizational obligation. Leaders or managers have accepted different styles when they supervise their subordinates in the organization (Cox, 2001; Brown, 2003; Cheong, 2008; Jones, 2009; Chiang & Wang, 2012). Some of them are using democratic (people or relationship) centered approach and others prefer autocratic approach, production method with a view to reach a similar goal that is organizational effectiveness. The preference of a style is conditional on various factors such as personality characters of leaders, followers’ acceptance, readiness, task complexity and the norms and values clinched by the organizational people. Thus, leaders must hold individual ability to identify the organizational situation, precisely recognize the conditional factors and then make a strong decision in leading the organizational success. At this time, emotional intelligence ability offers immense help to direct a leader in selecting the accurate leadership styles. According to Mayer & Salovey (1997), Emotional Intelligence is kinds of abilities to precisely evaluate the emotions of self and others, control the emotions to attain the preferred state and use the emotions towards attaining the anticipated recital. Emotional intelligence has been defined by different authors differently but the purpose of having this intelligence is same; to attain the preferred emotional state in order that the employees are able to reach their expected recital. Leaders (Managers) with high emotional intelligence are capable of scanning organization environment correctly, ponder the potential consequences of their actions and choose the appropriate leadership styles suitable to the subordinates or followers. This paper aims to emphasize the significant role of emotional intelligence in affecting the choice of leadership styles and its relationship with employees’ organizational commitment, which includes affective, normative, and continuance commitment.
ORGANIZATIONAL COMMITMENT

Morris & Steers (1993) have mentioned that the common definition of commitment does not actually exist since different authors give different definitions for the construct. Commitment is the relative strength of an individual’s recognition with an organization and participation in the organization (Mowday, Porter and Steers, 1982). Peeters & Meijer (1995) have said that in few cases dissimilarity is made between organizational commitment and task commitment. Organizational Commitment refers to the acceptance of organizational values and the willingness to stay (Gallie and White, 1993). On the other hand, task commitment, shows the effort one puts into his or her work. Porter, Steers, Mowday, & Boulian (1974); Steers and Porter (1979) defined organizational commitment as a sound belief in the organization and eagerness to exercise important effort towards the organization. Commitment to organization is allied to significant work-related variables such as employee turnover, employee absenteeism and employee job performance (Mowday, Porter and Dubin, 1974; Mowday, Steers and Porter, 1979; Romzek, 1990; Ward and Davis, 1995). According to Allen & Meyer, (1990 & 1996) organizational commitment is categorized into three components; namely affective, continuance and normative. Affective commitment is related to the employees’ emotional attachment, recognition with and attachment in the organization. Affective commitment involves three components: (1) the structure of an emotional relation to an organization, (2) recognition with an organization (3) and the desire to sustain and become loyal with organization. As per Mowday, et al., (1979) affective commitment exists when an employee identifies with an organization and its objectives. Employees retain to be members of the organization and try to increase their productivity (Allen & Meyer, 1997). While on the other hand, continuance commitment refers to employees’ evaluation of whether the costs of leaving the organization are greater than the costs of staying with organization. Employees of any organization who believe that the costs of leaving the organization are greater than the costs of staying will remain. As compare to the other two components of organizational commitment, continuance commitment is not related to emotion. It generally relates to the investments the employees make in an organization such as job effort, time and development with work friendships, skills and political deals (Jaros, Jermier, Koehler, & Sincich, 1993). Continuance commitment is a form of psychological attachment to an employing organization that reflects the degree to which an individual experiences a sense of being locked in place because of high cost of leaving (Allen & Meyer, 1990).

Normative commitment concerns with employees’ feelings of liability to the organization. Employees of any organization with high levels of normative commitment stay longer with the organization because they feel that they have to. Meyer and Allen (1991) argued that affective, continuance, and normative commitment was components rather than types because employees could have unstable degrees of all three. Normative commitment is an employees’ moral commitment that is present when an organization provides moral value and financial support for its employees’ development and requirement (Randall & O'driscoll, 1997).

TYPES OF LEADERSHIP STYLES

According to Northous (2015) leadership style is an approach which provides direction, implementing planning, and motivating employees. Leaders (managers) should discover the suitable leadership style to manage their employees in the organization. Harry S. Truman, 33rd President of the United States once said, “A leader is a man who can persuade people to do what they do not want to do, or do what they are too lazy to do”. It is a process, involves power, occurs within a peer contact, and also involves goal achievement. Therefore, leadership is defined as a process where an individual affects a group of other individuals to reach a common goal. In other words, the leader is the source of inspiration and director of the action. Leader is the person in the group that holds the combination of both personality and skills that make others to follow direction of him or her. In business enterprise, leadership is stoutly linked to recital. Effective or efficient leaders are those who are capable of building their organization’s bottom lines. Leadership is most significant in order to manage and control people in the organizations. The appropriateness of leadership styles to be used in an organization is based on the field of business in which they are operating. Effective or efficient leaders are those who know how to inspire and relate to followers, know how to build the personnel’s motivation and make them loyal to the organization.

The most common leadership styles are transactional, transformational and laissez-faire. These three types of leadership styles are mostly applied in the diverse organizations today. Transactional leadership style is concerns with power to perform definite tasks and reward or penalize according to employees’ recital. Employees will be rewarded with their better performance, but if their performance is not as per the expectation of management or leader then they can be penalized. In transformational leadership style, leaders explain the value of workers engaged on what benefits their work team can attain rather than on individual interests, they know how to motivate people, how to read them and how to manage them. In laissez-faire leadership, leader has minimum participation in decision making process. In this style of leadership leaders allow employees to participate in decision making but leaders are still responsible for the results. It works best when employees are capable and motivated in decision making and giving appropriate opinions.

TRANSFORMATIONAL V/S. TRANSACTIONAL LEADERSHIP STYLES

Past researchers’ studies have found that transformational leadership is more suitable for employees in organizations. Transformational leadership connects the power of a position to respond to the requirements of the subordinates. In this style of leadership, the vision of the leader must be passed on to the subordinates. Sometimes, the vision of leader requires organizational changes. This style is becoming more and more vital due to the demand for the organization to change in recent era of globalization. It is vital for transformational leaders to motivate the subordinates regarding their vision (Burns, 1978). Transformational leaders motivate their subordinates to be good in many ways (Avolio & Bass, 1988; Burns, 1978). The leaders focus on teamwork rather than individual interests.
Transformational leadership style clearly defines the roles of the leader and their subordinates or followers but also make them responsible to take part in the leadership process. Effective leadership needs leading others to think ingeniously and promoting the constant unearthing of solutions to the problems that they come across. Making people to work toward a universal goal is not easy. Previous research study suggests that leaders required having qualities that assist subordinates or followers to transform from one situation to another and they are transformational (Shamir, House, & Arthur, 1993; Yukl, 1999). Transformational Style of leadership can motivate people to go beyond their own self interest and attain goals and promote employees to become increasingly productive. This type of leadership encourages subordinates or followers to achieve more than what would usually be expected from them and they are motivated to give up their own interest for the betterment of employees or organization (Bass & Avolio, 1997; Barnett, McCormick, & Conners, 2001; Northouse, 2015).

Transformational leadership style can also be defined in terms of how the leader influences subordinates or followers, who are anticipated to trust, admire and respect the leader (Bass & Steidlmeier, 1998). But for laissez-faire style of leadership, the participation of leaders in decision making is low and thus allows employees to make their own decisions, however the leaders are ultimate responsible for the results. The transactional style of leadership was first described by Max Weber in 1947, and again it was defined by Bernard M. Bass in 1985. Transformational leadership style is the one end of leadership gamut and at opposite end transactional leadership style (Bass, 1985; 1997; 1998). However, the concentration of leadership has moved from transactional styles of leadership to new type of leadership practices by highlighting on transformational leadership (Bass, 1985). Transformational leadership styles can be categorized into four factors:

1. **Idealized Influence**

   Idealized influence is the behavior that persuades the subordinates or followers to use their leaders as role models. These leaders have high honorable or moral and ethical values and are able to give their subordinates with a sense of vision and mission of the organization. In most cases, subordinates or followers to a great extent respect their idealized influence leader (Northouse, 2001).

2. **Individualized Consideration**

   Individualized consideration is exposed by the transformational leader by forming a supportive environment, listening to their followers or employees, and acts as a coach which the leaders show consideration for their employees’ requirements. Leaders pay more concentration to individual differences and treat their employees in appropriate way. Leaders also help individual employees to attain goals and personal development. These leaders also use delegation to get their employee to grow through personal challenges (Northouse, 2015).

3. **Inspirational Motivation**

   Inspirational motivation is concern with increasing the awareness of the employees by motivating and inspiring them to show commitment towards the organization. The inspirational motivational leaders connect in clearly communicating high expectations to subordinates or followers and raise team spirit and enthusiasm (Northouse, 2015).

4. **Intellectual Inspiration**

   Intellectual inspiration is established by the leaders when they hold up their employees to be innovative and creative and to attempt new approaches and challenge their own thinking and values. These types of leaders encourage problem solving to discover creative solutions (Northouse, 2015).

On the other hand, transactional style of leadership concerns with the authority to perform certain errands and reward or punish for employees’ performance (Burns, 1978). It provides an opportunity to leaders to lead their subordinates or employees and they agree to follow their leaders to achieve the objectives. Power lies with the leaders to train, evaluate, and correct and manage the people when efficiency is below the expectation and reward aptly when the expected result is attained. Although, conclusion of the previous studies on transactional leadership demonstrate mixed results. Reward leadership has been found in numerous cases to be extremely correlated to transformational leadership (Avolio, Bass & Jung, 1999). Commonly, active leadership is found most effective than passive leadership. If the predominant style of the leader is to take remedial action, such behavior is anticipated to have a negative influence on subordinates’ or followers’ performance (Howell & Avolio, 1993). Transactional leadership style consisting of three factors which are:

1. **Contingent Reward:**

   Managers who use the contingent reward leadership demonstrates the standards, and encourages their followers to perform well because the leaders will let their followers know the rewards they will receive if their recital level is high. Subordinates are rewarded for good performance but if the performance is below expectations then punishment (Bass, 1985; Avolio, et al., 1999).

2. **Management by Exception (MBE Active):**

   Management-by-Exception (MBE active) occurs when leaders make remedial criticisms or if they use negative reinforcement. This leadership behavior supervises subordinates closely with a view to detect mistakes and errors. Leaders with MBE with ‘active’ behaviors are described as monitoring followers’ or subordinates’ performances and taking curative action if deviations from the set standards occur. These leaders implement rules to avoid mistakes and errors.

3. **Management by Exception (MBE passive):**

   In this type of leadership style, leaders’ use (MBE passive), only interfere when objectives have not been met or any problem arises. The MBE leader with a ‘passive’ behavior would not get concerned until problems become solemn. MBE (passive) leader waits to take action until mistakes are brought to their notice. Laissez-faire styles of behaviors usually involve the deferment of decisions and culpitation of responsibility.

**The Relationship Between Transformational Leadership Styles and Organizational Commitment**

Previous studies have committed a great deal of attention to the relationship between leadership styles’ behavior and people commitment. Numerous studies established a positive relationship between the two variables (Kent & Chelladurai, 2001; Pearce & Herik, 2004; Leach, 2005). Employees’ commitment shows the quality of the leadership styles used in
the organization (Stum, 1999). Hence, it is rational to think that leadership style would have a noteworthy relationship with personnel’s commitment. Past studies suggest a positive direct relationship between leadership styles and employees commitment. Morris and Steers (1993) Ananthi and Subramaniam (2011) have found the connection between leadership style or behavior and employees’ commitment. Brief, Aldag and Wallden, (1976), examined police officers’ commitment and established positive relationship between respect for their supervisor officers and organizational structuring level. Mowday, et al. (1982), Hill, Seo, Kang. and Taylor (2012), Den Hartog and Belschak (2012) and also establish that there was a positive relationship between behavior of leader and employees’ commitment. Transformational leadership significantly correlates with employees’ commitment with the sample of professionals in Singapore (Lee, 2008). In contrast, Hayward, Goss and Tolmay (2004) found that transformational leadership style has moderate positive relationship with emotional commitment. In addition, they also found that there is a lower relationship between transformational leadership style, normative style and continuance commitment.

According to Billingsley and Cross (1992) there is a positive correlation between leaders’ support and commitment. In their three different studies, Mayseless, Popper and Castelnovo (2000) originated facts supporting a positive relationship between transformational leadership style and attachment. In their study MacKenzie, Podsakoff and Bommer (1996) have established that leadership behaviors explained 47 percent of the deviation in organizational commitment. Individualized consideration has positive relationship with both affective and normative commitment. There is a positive relationship between intellectual stimulation and affective and normative commitment (Kent & Chelladurai, 2001).

Transformational leaders are able to influence followers’ organizational commitment by promoting higher levels of intrinsic value associated with goal accomplishment, emphasizing the linkages between followers’ effort and goal achievement, and by creating a higher level of personal commitment on the part of the leader and followers to a common vision, mission and organizational goals (Shamir, House & Arthur, 1993 and Shamir, Zakay, Breinin & Popper, 1998). Transformational leaders persuade followers’ or subordinates’ organizational commitment by promoting them to think perilously by using new approaches, involving subordinates in decision making processes and encouraging loyalty whereas recognizing and appreciating the diverse needs of each subordinate to develop his or her personal potential (Yammarino, Spangler & Bass, 1993; Bass & Avolio, 1994; 1997). By motivating subordinates to find new ways to come up to problems and challenges and identifying with subordinates’ needs, transformational leaders are capable of motivating their subordinates to get more involved in their work, ensuing in higher organizational commitment (Walumbwa & Lawler, 2003).

EMOTIONAL INTELLIGENCE (EI) AND LEADERSHIP STYLES

According to Boyatzis (1982) there is a significant relationship between emotional intelligence competencies and individual performance. Emotionally intelligent leaders or managers have been discovered to add to increased individual and organizational performance (Parasuraman & Nachman, 1987; Wong & Law, 2002; Nikolaou & Tsouasis, 2002; Carmeli, 2003; Weinberger, 2003). As per Cherniss & Goleman (2001) emotional intelligence has been connected to higher organizational effectiveness across a broad range of areas. The leaders or managers with high emotional intelligence are more likely to be effective leaders (Goleman, 2000). Goleman, Boyatzis and McKee (2002) have established a clear connection between emotional intelligence, leadership style and organizational performance. The significance of the leadership style has been studied and discussed extensively, including the linkage between leadership style and emotional intelligence (Mandell & Pherwani, 2003; Turner & Müller, 2005; Turner & Lloyd-Walker, 2008). Mandell and Pherwani (2003) have found an important relationship between transformational leadership and emotional intelligence of leaders. Prati, et al. (2003) formed a model connecting emotional intelligence, team process, leadership, and outcomes. Further he claimed that emotional intelligence capabilities are significant for effective leadership and successful group outcomes.

EMOTIONAL INTELLIGENCE AND TRANSFORMATIONAL LEADERSHIP STYLE

According to Leban & Zulauf (2004) emotional Intelligence holds up the development of a transformational leadership, and the combination of transformational leadership and emotional intelligence capabilities have the potential to advance project outcome. Butler and Chinowsky (2006) have studied the relationship between emotional intelligence and transformational style of leadership of project managers in the construction industry. In their study, they found that interpersonal skills and empathy are major emotional intelligence behaviors needed by construction industry project managers if the industry is to attain more successful project results in future. Barbuto & Burbach (2006) have established the positive relationship between emotional intelligence and transformational style of leadership. Goleman, et al. (2002) brought in the concept that emotional intelligence is not only enhancing power, but also a vital constituent of successful leadership. Goleman, et al.’s (2002) emotional intelligence model has identifies four important components, which are broken down into 18 competencies. The model shows that the leadership skills which add to leader success entail the insertion of emotional intelligence capabilities. Leader traits include a variety of interpersonal skills are closely connected to emotional intelligence abilities like awareness, listening and empathy (Greenleaf, 2003); affecting skills, developing, training and nurturing (Maccoby, 2000) developing plans, setting objectives and demonstrating strong emotional self management (Humphrey, 2002) and self control (Goleman, et al., 2002).

EMOTIONAL INTELLIGENCE AND TRANSACTIONAL LEADERSHIP STYLE

Emotional Intelligence supports certain transactional leadership style when the managers or leaders use the conditional reward quality with a view to encourage and motivate employees to perform well. Bass (1985) and Bass & Avolio (1997) have said that transactional leadership style can be demonstrated in terms of two features: the use of contingent reward systems and management by exception (MBE). They dictated contingent
reward as the reward that the managers or leader will present to their subordinates once the latter has attained goals that were decided earlier. Therefore, Contingent reward is the exchange of rewards for meeting pre decided goals. By mingling the transactional leadership style and emotional intelligence, the followers or subordinates will be highly committed to their work and boost their job performance. With emotional intelligence capabilities, transactional style of leaders are more able to make and execute promises by gratifying employees properly and relate the reward with the employees’ performance. Bass (1985) argued that by providing the contingent rewards, a transactional style of leader might encourage a reasonable degree of participation, commitment, loyalty and performance from followers. Transactional leaders may also depend on active management by exception (MBE Active) which occurs when the leaders monitor followers to guarantee mistakes are not made, but or else, allows the status quo to exist without being addressed (Bass & Avolio, 1995). In passive management by exception (MBE Passive), the leaders interfere only when things go erroneous. Together with emotional intelligence capabilities, transactional styles of leaders are able to make superior decisions as to when and how to arbitrate, to what extent and with whom the involvement should be exercised. It is due to the leader becomes more sensible to the state of affairs and requires readiness of the subordinates.

CONCLUSION

The previous studies have on leadership found that all components of transformational leadership styles are idealized influence, inspirational motivation, intellectual inspiration and individualized consideration, are considerably associated with employees’ organizational commitment dimensions include affective, normative and continuance. Transactional style of leadership that consist of contingent reward, management by exception (MBE passive) and management by exception (MBE active) are feebly related to the three dimensions of organizational commitment. Conversely, leader with high emotional intelligence is assumed to increase the relationship between transformational leadership and organizational commitment and transform the way the relationship between transactional leadership and organizational commitment of personnel in the organization.

Leadership styles are vastly contingent on the organizational situation, hence, depicting none of the leadership style as better than the other. The emotional intelligent abilities of the leaders are critical to guarantee that the leadership styles selected by the leaders can be executed efficiently to improve the workers’ organizational commitment. Emotional intelligence of leaders can be steadily developed during individual philosophical exercises where the leaders evaluate their emotional states in consequence of a variety of emotional stimulating incidents.

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Business and Management Studies Vol. 2, No. 1; 2016 33


