

## Examining the Relationship between Emotional Intelligence with Leadership Styles and Effectiveness among Managers in Indian Banking Sectors

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**[Abstract]** It has been hypothesized that in today's organization, managers who are emotionally intelligent have a higher leadership quality and tend to share mutual interest with their subordinates to achieve organizational goals. The study has attempted to examine the relationship between emotional intelligence and its dimensions or constructs with leadership styles and effectiveness among managers in banking sectors in India. Convenience and snowball sampling techniques were followed to collect data, and a total of 114 responses were received from the managers. The study highlights the positive correlation of overall emotional intelligence with leadership. All the constructs of emotional intelligence i.e., self-awareness, self-management, social awareness, and social skills are significantly related to leadership, which suggested that managers across all these four dimensions have higher leadership towards their employees or subordinates.

**[Keywords]** emotional intelligence, leadership, banking sectors

### Introduction

Today's organizations need to experience accelerated change to retain their competitive advantage and must endeavor to manage their resources. This rapid change demands an organization that has human resources that are adaptive, work efficiently and effectively, consistently improve systems, are customer focused, and who share the common need to generate a profit. The continuous environment of turmoil and change has been coined as the "permanent white waters" of modern life (Vaill, 1996). Hence, leadership is an indispensable element in driving and managing these "white waters." Effective leaders are those that provide achievements within time frames and have contemplated them as appropriate for their industries and stakeholders (Goleman, 2000). Nevertheless, the keystone of much research conducted are the leaders who instill a sense of enthusiasm and trust in their followers toward accomplishing the stated goals. Examples include Tesla, Inc. and their recovery under Elon Musk, Tata Consultancy Services under the leadership of Ratan Tata, and Microsoft during the years of Bill Gates.

"Great leaders move us. They ignite our passion and inspire the best in us. When we try to explain why they are so effective, we speak of strategy, vision, or powerful ideas. But the reality is much more primal: Great leadership works through the emotions" (Goleman, Boyatzis, McKee, 2002, p. 3).

Emotional intelligence has been highlighted as the most widely recognized and crucial component of effective leadership. According to Goleman (1998, p. 94), "the most effective leaders are alike in one crucial way; they all have a high degree of what has come to be known as emotional intelligence." It has also been observed that emotionally intelligent leaders tend to be more optimistic, loyal, and more dedicated to their organizations (Abraham, 2000), desire to attain effective success (Miller, 1999), and leverage the emotions to anticipate critical improvements of the organization (George, 2000).

In relation to this notion, research on emotional intelligence and its association with leadership has intrigued the attention of researchers recently. Eventually, the aim of this research is to investigate the relationship between emotional intelligence and leadership styles among managers in banking sectors in the state of Delhi, India.

Literature Review

**Emotional Intelligence**

Thorndike's research on social intelligence in the 1920s gave rise to emotional intelligence. In 1990, psychologists Peter Salovey and John Mayer appear to have coined the phrase emotional intelligence. However, it was after the publication of the book *Emotional Intelligence – Why It Can Matter More Than IQ*, by Daniel Goleman in 1995 that has popularized the term. Goleman developed a mixed model that focuses on EI as a broad set of talents and skills that promote leadership effectiveness. This model specifies five primary EI dimensions or competences: self-awareness, self-regulation, social skills, empathy, and motivation. Goleman defined emotional intelligence as “the capacity for recognizing our own feelings and those of others, for motivating ourselves and for managing emotions well in ourselves and in our relationships” (Goleman, 1998). In 1999, Boyatzis et al. refined Goleman’s five-dimensional mixed model to four dimensions or constructs (self-awareness, self-management, social awareness, and social skills) to encompass the complete range of emotional competencies. It has since become a widely accepted paradigm of emotional intelligence.

**Self-awareness** entails knowing one’s internal states, strengths, weaknesses, preferences, resources, and intuitions and, also, as recognizing their influence on others while employing gut feelings to guide decisions. This dimension contains the competencies of emotional awareness, self-assessment, and confidence.

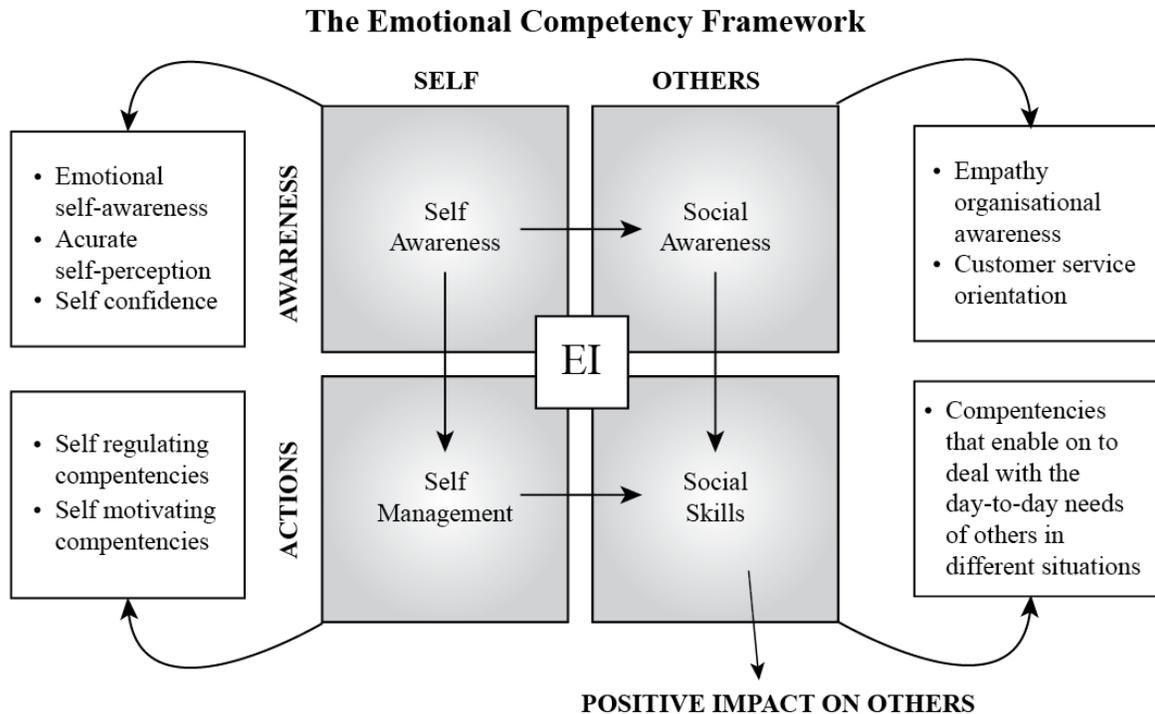
**Self-management** comprises the management of one’s disruptive emotions, impulses, and resources to in order to achieve one's objective.

**Social awareness** refers to being apprehensive of others’ emotions, feelings, needs, and anxieties.

**Social skills** are the basic skills in interpersonal relationship. They necessitate dexterity in eliciting desired responses from others.

Figure 1

The Emotional Competency Framework explaining the four dimensions of Emotional Intelligence created by author (Source: Adopted from Emotional Competence Inventory by Boyatzis et.al., 1999l)



### **Leadership**

"One of the most universal cravings of our time is a hunger for compelling and creative leadership" (Burns, 1978, p.1). Leadership has been acknowledged as the most crucial component, playing an indispensable role in human growth and bringing about substantial changes across an organization and its membership, with a strong focus on driving an organization toward its common goals and objectives. Some of the more popular recent works in the domains of leadership and organizational performance should be examined, such as *Good to Great* (Collins, J., 2001) and *Results Based Leadership* (Ulrich, Zenger & Smallwood, 1999), which discuss the importance of essential components for leaders and the link between leadership skills and actual business outcomes. "These business texts corroborate the idea that leadership ranks among the most researched and debated topics in the organizational sciences" (George, 2000, p. 1028). The study has led to the development of several models, one of which distinguishes three types of leadership styles: transformational, transactional, and laissez-faire leadership (Bass, 1997), as well as leadership effectiveness (Bass & Avolio, 2000).

**Transformational leadership** refers to the leader who modifies the needs, values, preferences, and aspirations of followers beyond immediate self-interests through idealized influence (charisma), inspiration, intellectual stimulation, or individualized consideration.

Based on the work of Burns (1978), Bass (1990) transformational leadership has four components:

- *Idealized influence*: This component can be known as charisma (Bass & Riggio, 2006). Leaders demonstrate conviction, build trust, take stances on difficult issues, communicate their core beliefs, and underline the significance of purpose, dedication, and the ethical ramifications of actions. Such leaders are recognized for instilling pride, honesty, confidence, and alignment around a common goal as role models.

- *Inspirational motivation*: Leaders present a compelling future vision, motivating followers with high expectations, speaking positively, arousing passion, and providing motivation and meaning for what has to be done.

- *Intellectual stimulation*: Leaders challenge old assumptions, traditions, and beliefs, foster unique approaches and methods of doing things, and urge followers to express themselves via creativity and innovation.

- *Individualized consideration*: Leaders treat people as individuals, taking into account their unique needs, feelings, talents, and goals, listening intently, advancing their development, advising, teaching, and coaching them.

**Transactional leadership** refers to the leader who manages the followers through rewards and punishment to achieve optimal job performance. It is a type of managerial leadership in which the leader's primary goal is to explain duties and responsibilities while also keeping followers engaged in the short term. Transactional leadership contains three components usually characterized as instrumental in followers' goal attainment" (Bass, 1997).

-*Contingent reward*: The performance of subordinates is associated to contingent incentives or an exchange relationship.

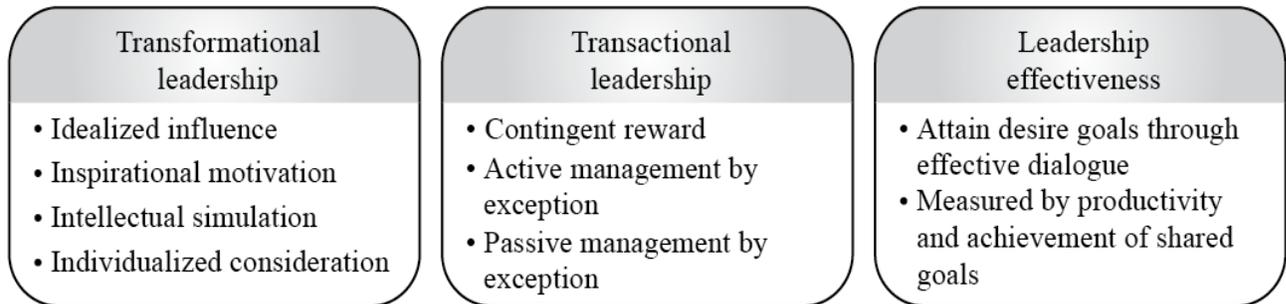
-*Active Management by exception*: leaders evaluate their followers' performance and take corrective action if deviations arise to achieve favorable outcomes.

-*Passive Management by exception*: Leaders wait until things become severe before intervening (Bass, 1997).

-*Leadership effectiveness* refers to the leader who interacts with subordinates and colleagues to influence them to attain the desired goal and ways of achieving it through effective dialogue (Louw, Muriithi & Radloff, 2017). Leadership effectiveness is measured by productivity and achievement of shared goals (Bass & Stogdill, 1990).

Figure 2

Leadership styles and leadership effectiveness created by the author (adopted from Multifactor Leadership Questionnaire (MLQ5x) developed by Bass and Avolio (2000)).



**Managers’ Emotional Intelligence and Leadership Effectiveness**

Since the 1980s, numerous leadership theories have stressed the role of emotions as a source of power (Yukl, 1998). The emotional dimensions of leadership are thought to have an impact on the outcomes of groups and organizations. With the realization of the role of emotion in leadership, much of this study focused on the traits and impacts of charismatic and transformative leadership (Bass, 1985; Kanungo, 1998; Tichy & Devanna, 1990). “Leadership theory and research have not adequately considered how leader’s moods and emotions influence their effectiveness” (George, 2000, p.1028). A broad range of leadership techniques have been proposed, including examining what leaders are like, what they do, how they inspire their followers, how their styles interact with situational factors, and how they may achieve significant changes in their organizations, to mention a few (Yukl, 1998; Yukl & Van Fleet, 1992). However, researchers are still trying to figure out how and why leaders have (or don't have) positive impacts on their followers (George, 2000). People's assessments and attributions for success and failure have been demonstrated to be influenced by their feelings and emotions. As a result, it's likely that sentiments play an important part in leadership. Emotional intelligence has addressed these emotion and mood qualities.

**Literature Review Matrix**

Table 1

*Association between Emotional Intelligence and Leadership*

Paper	Contributions
Palmer et al., (2001)	They explored the association between emotional intelligence and leadership effectiveness. Emotional intelligence was shown to be linked to several aspects of transformative leadership, suggesting that it might be an essential component of effective leadership.
Gardner and Stough, (2002)	They intended to see if emotional intelligence might predict transformative, transactional, or laissez-faire leadership styles. Emotional intelligence was shown to be significantly connected with all aspects of transformational leadership, but laissez-faire leadership was found to have a negative association with emotional intelligence.
Leban and Zulauf (2004)	They proposed that emotional intelligence skills and transformative leadership styles are correlated. There are a variety of connections between transformational leadership styles and emotional intelligence capacity, according to the study.

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Weinberger (2004)	He aimed to investigate the link between emotional intelligence, leadership style, and effectiveness of leadership. There was no correlation between managers' various characteristics of emotional intelligence and their leadership style as perceived by subordinates, according to the findings.
Sayeed and Shanker (2009)	They wanted to see if there were any multivariate correlations between emotional intelligence and transformational leadership aspects in western Indian enterprises. The study employed a canonical correlation approach, which revealed a favorable association between emotional intelligence and transformational leadership.
Punia (2013)	The influence of emotional intelligence on the leadership behavior of Indian business executives was investigated by the author. According to the conclusions drawn, leaders with a higher level of emotional intelligence are expected to be more effective and competitive.
Chan et al., (2018)	They investigated the relationship between emotional intelligence and transformational leadership qualities among managers in Malaysia's Batu Pahat. The findings demonstrated that EI and TL abilities had a good association.

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In the past few decades, interest in emotional intelligence and leadership style has grown significantly. While there has been much prior research on emotional intelligence and leadership style in the west, there have been very few studies on these characteristics in India. As a result, this research aims to get a better understanding of leadership styles, emotional intelligence levels, and their aspects in the Indian setting.

### Objectives of the Study

1. To study the relationship between emotional intelligence of managers and their leadership styles and leadership effectiveness.
- 2a. To study the relationship between self-awareness of managers and their leadership styles and leadership effectiveness.
- 2b. To study the relationship between self-management of managers and their leadership styles and leadership effectiveness.
- 2c. To study the relationship between social awareness of managers and their leadership styles and leadership effectiveness.
- 2d. To study the relationship between social skills of managers and their leadership styles and leadership effectiveness.

### Hypotheses

- H<sub>01</sub>**: There is no relationship between emotional intelligence of managers and their leadership styles and leadership effectiveness.
- H<sub>02a</sub>**: There is no relationship between self-awareness of managers and their leadership styles and leadership effectiveness.
- H<sub>02b</sub>**: There is no relationship between of self-management of managers and their leadership.
- H<sub>02c</sub>**: There is no relationship between social awareness of managers and their leadership styles and leadership effectiveness.
- H<sub>02d</sub>**: There is no relationship between social skills of managers and their leadership styles and leadership effectiveness.

### Research Methodology

#### *Measures*

**Emotional Intelligence**-- In order to determine the emotional intelligence of managers, the Emotional

Competence Inventory (ECI) devised by Boyatzis et al., (1999) has been used. This inventory consisted of 80 items segregated into four dimensions: self-awareness, self-management, social awareness, and social skills. Forty items were chosen considering their relevance for the study. The reliability of the instrument was ascertained using Cronbach's Alpha, which was found to be high ( $\alpha = 0.946$ ). The managers responded on a five-point Likert scale ranging from "Strongly Disagree" (1) to "Strongly Agree" (5).

**Leadership**-- the Multifactor Leadership Questionnaire (MLQ5x) developed by Bass & Avolio, (2000) was administered to evaluate the leadership style of managers. Twenty-three items were found to be most appropriate for the study and were selected and administered. The reliability of the scale using Cronbach's Alpha value came out to be high ( $\alpha = 0.870$ ). The responses were collected on a five-point Likert ranging from "Strongly Disagree" (1) to "Strongly Agree" (5).

### **Sample and Data Collection**

Nine public and private sector banks, along with their different branches based in Delhi NCR (India) were selected for this study. A cross-sectional survey was conducted using a self-administered questionnaire as a tool for data collection. The questionnaires were distributed and collected using the offline mode and the online mode. The convenience sampling and snowball sampling techniques were followed; a total of 114 responses were collected from the managers working in banking sectors operating in Delhi, India. These managers included assistant managers, managers, senior managers, and managers across all functions of the organizations.

### **Data Analysis**

Depending upon the objectives and hypothesis testing, the data was analyzed through the tests of correlation. For the objectives 1, 2a, 2b, 2c, 2d, i.e., to explore the relationship between the emotional between the variables, Karl Person's coefficient of correlation was applied.

## **Result and Analysis**

Table 2

*Pearson Correlation*

	Emotional Intelligence	Self-Awareness	Self-Management	Social Awareness	Social Skills
Leadership Styles & Effectiveness Correlation coefficient	.658**	.479**	.621**	.618**	.590**
Sig. (2-tailed)	.000	.000	.000	.000	.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Hypothesis 1 proposes that emotional intelligence is significantly related to leadership. As shown in Table 1, the EI score was found to be significant and highly correlated with leadership ( $r = 0.658$ ,  $p < 0.01$ ), which indicates that managers who possess higher emotional intelligence possess greater leadership towards their subordinates. The result is consistent with earlier studies in which it was inferred that leaders who are high on emotional intelligence may instill in their organizations a sense of enthusiasm, excitement, and optimism, as well as an atmosphere of cooperation and trust, through their high-quality interpersonal relationships with their followers (George, 2000).

Hypotheses 2a, 2b, 2c and 2d suggested that four dimensions of emotional intelligence (self-awareness, self-management, social awareness, and social skills) are significantly related to leadership. As shown in

Table 1, these four dimensions are positively correlated with leadership, which suggests that managers with all these dimensions have higher leadership towards their employees. The findings support the claim of positive impact of emotional intelligence on leadership (Sehrawat & Sharma, 2014). It can be found out from correlation analysis that higher emotional intelligence is associated with higher leadership effectiveness (Rosete 2007). The reason behind significant correlation between emotional intelligence and leadership can be the high perception skills of emotions by the managers who know what their subordinates feel, read them accurately, are good at recognizing their own feelings, and express their feelings appropriately. These skills may be of great value, as they allow a manager to accurately capture important social data around them. These results have significant implications on how an organization should select and develop executives.

### Conclusion

“One of the most significant tasks of successful leaders is to transform their followers into future leaders” (Taylor, 2003). The study ascertains that emotional intelligence and leadership as significant contributors to managers and their organizations’ success. The positive correlation between emotional intelligence and leadership infers that managers who are high on emotional intelligence elevate their leadership effectiveness towards their employees.

The study asserts that there exists positive correlation between overall emotional intelligence and leadership. All the four sub-scales of emotional intelligence are positively correlated with leadership. This infers that managers who are highly emotionally intelligent possess greater leadership attributes, and they may instill a sense of empathy, enthusiasm, and excitement through their interpersonal relationships with their subordinates. Current research would have substantial implications for both the selection and training of managers. This research supports the idea that managers can be trained to use emotional intelligence and leadership styles and effectiveness.

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