Does Managers’ Emotional Intelligence Impact Employees’ Performance?
Assessing Mediating Role of Transformational Leadership

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ABSTRACT

Managers’ emotional intelligence and leadership styles play an important role in the success of an organization. The current research investigates the mediating role of transformational leadership on the relationship between four dimensions of emotional intelligence (perceiving emotions, understanding emotions, facilitating thoughts and managing emotions) and three types of organizational outcomes (leader effectiveness, team effectiveness and service climate). Data has been collected from employees of public service sector organizations in Pakistan. Structural equation modeling has been used to test the proposed hypotheses in the conceptual model. All the dimensions of emotional intelligence except facilitating thoughts are found to have indirect effect (through transformational leadership) on the organizational outcomes. The paper concludes with the discussion on results and implications for the academicians and manager. This paper also contributes in the literature review by focusing on emotional intelligence dimensions.

KEYWORDS: Emotional intelligence, leadership styles, leadership effectiveness, team effectiveness, service climate

INTRODUCTION

Dynamic business environment is making organizations to be adaptive to change to attain and sustain competitive edge. Adopting new management approaches has therefore become an imperative for the organizations to meet ever changing demands of customers and competitive environment [1], [2]. The consistent development and better quality are the prerequisites of business particularly, when environment is under asymmetrical change. To meet changes, organizations need to have leaders who have ability to get followers adapt to change, to improve and to be led. Transformational leadership values its associates by motivating and satisfying the followers. It creates worth working climate in organization and makes team work effectively [3]. Given the significance of transformational leadership, attention also develops to other issues, for instance, how it develops and how it links with other variables [4]–[6]. Emotional intelligence has now become a popular area of interest for scholars and practitioners. Despite the importance of this construct, there is little empirical evidence that substantiates the relationship of emotional intelligence with other variables. In today’s turbulent environment, organizations need leaders who are not only emotionally intelligent but those who have ability to imbibe such values in their followers that are helpful both for service climate and followers themselves. The leaders who often engage in transformational leadership behaviors, including idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, have a direct effect on their subordinates’ attitudes and behavior. Literature reports positive relationship between emotional intelligence and transformational leadership [7], [8].

There exists a well evident gap in literature with respect to an appropriate framework that links transformational leadership with its causes and consequences. There is a need to understand the mechanisms through which transformational leadership affects the work related behaviors and organization itself. This study attempts to fill this gap by developing a framework that associates transformational leadership with dimensions of emotional intelligence on one hand and on the other hand it links transformational leadership with leadership effectiveness, service climate and team effectiveness. The purpose of this study is twofold. First, to set out process through which transformational leadership is predicted by dimensions of emotional intelligence. Second, to identify the effect of transformational leadership on leadership effectiveness, service climate and team effectiveness. A theoretical framework has been presented in which managers’ emotional intelligence is posited to influence their transformational leadership which in turn impacts leadership effectiveness, team effectiveness and service climate.
A path model will be constructing to show the relationship between variables. Structure equation modeling technique is used to interpret the result of this study.

**Transformational leadership and Organizational outcomes (Team effectiveness, leaders’ effectiveness, service climate)**

A study [9] define that “A team is composed of several mutual-favoring people to achieve the common goal and fulfill the common responsibility”. Many researchers revealed in their studies that there are some influential factors for the improvement of team effectiveness, such as team formation [10], leadership [11], team member’s characteristic [12], and team structure [13]. Among all these influential factors leadership is the most important factor that impact on team effectiveness [14]. The positive effects of transformational leadership on performance and leader effectiveness have been found at the organizational, group and individual level [15], [16].

In meta-analysis of the relationship between effectiveness and transformational leader behavior comparatively few of the studies [16] showed the effect of transformational leadership on team performance. Finally, transformational leaders see problems from a new perspective and motivate team members’ intellects by encouraging them. Such type of findings provides strongest and significant indication to date of the impact of transformational leadership on team performance measures and reinforcement of transformational leadership as a predictor of team- effectiveness and leaders’ effectiveness [17]. One of the outcomes of organization is service climate that refers to “employee perceptions of the practices, procedures, and behaviors that get rewarded, supported, and expected with regard to customer service and customer service quality” [18]. The employees that work in positive service climate they shows extra-role behavior and the behavior of that employees towards customers is positive that increase customers satisfaction [19]. Next, this study can suggest that a positive and effective service climate might be act as a “situational enhancer” [20]. Therefore, a positive service climate presented the particular goals for transformational leadership. One study is relevant in supporting our proposition that there is a relation between transformational leadership and service climate [19].

**Emotional intelligence and Transformational Leadership**

Emotional intelligence is a mental recognition process that refers to managing and understanding emotions of other’s and own that help out in problem solving and control emotional state [21]. This study defined emotional intelligence with reference to four dimensions: “(1) Perceiving emotions (the ability to understand one’s own deep emotions and the ability to express these emotions naturally); (2) understanding emotions (the ability to perceive and understand the emotions of people who surround one); (3) facilitating thoughts (the ability to regulate one’s emotions, which enables a more rapid recovery from psychological distress); and (4) managing emotions (the ability to make use of one’s emotions by directing them towards constructive activities and personal performance)” [22]. In numerous studies findings reveal that all dimensions of emotional intelligence is intrinsically linked with transformational leadership [23]–[25]. It has been [7] found that behavior of transformational leadership is highly dependable on elements of emotional intelligence [26]. This study suggests direct association between all four dimensions of emotional intelligence (EI) and transformational leadership (TL). Following sections elaborated the relationship between dimensions of Emotional intelligence and transformational leadership.

**Perceiving emotions and transformational leadership**

Perceiving emotions is ability to understand one’s own emotions. Transformational leaders understand their emotions very well and they know how to deal in the particular situation and it is an important capability of emotional intelligence that is linked with transformational leadership. It has been [27] reported that emotional intelligence becomes an essential competency of transformational leader that encourages effective leadership abilities for understanding other’s and self-emotions. It is also found that the two essential capabilities of effective leadership abilities to monitor emotions in others and one’s self. It supported the strong association between perceiving emotions and transformational leadership. High correlation of perceiving emotions found with all elements of transformational leadership in study conducted by [28].

On the basis of above literature following hypothesis developed:

**Hypothesis H1:** Transformational leadership mediates the relationship between perceiving emotions and leadership effectiveness

**Hypothesis H2:** Transformational leadership mediates the relationship between perceiving emotions and team effectiveness

**Hypothesis H3:** Transformational leadership mediates the relationship between perceiving emotions and service climate
Understanding emotions and transformational leadership

It is the ability to understand emotions of other people. If leader has not an ability to understand the emotions of their employees at work place then they can’t be transformational leaders. As transformational leaders can easily understand the emotional needs and emotional states of each employee [29]. They believe that they are self-motivated and can influence on their working climate [30]. That’s the reason emotional intelligence is considered to be an important component for leaders that increase the motivation level of employees and attention towards their work related task [31].

On the basis of above literature following hypothesis developed:

**Hypothesis H4:** Transformational leadership mediates the relationship between understanding emotions and leadership effectiveness

**Hypothesis H5:** Transformational leadership mediates the relationship between understanding emotions and team effectiveness

**Hypothesis H6:** Transformational leadership mediates the relationship between understanding emotions and service climate

Facilitating Thoughts and transformational leadership

Facilitating thoughts refers to controlling one’s emotions in working environment. It is essential to have control on emotions and react in a positive way by understanding self and others emotions. It effects on team effectiveness and leader effectiveness. It also has an impact on service climate. Service climate will be positive when leaders control and understand their own emotions in a positive way. It has been [27] established significant correlations between various factors of transformational leadership and emotional intelligence dimensions. They also found strong association between controlling and regulating own emotions and transformational leadership. On the basis of above literature following hypothesis developed:

**Hypothesis H7:** Transformational leadership mediates the relationship between facilitating thoughts and leadership effectiveness

**Hypothesis H8:** Transformational leadership mediates the relationship between facilitating thoughts and team effectiveness

**Hypothesis H9:** Transformational leadership mediates the relationship between facilitating thoughts and service climate

Managing emotions and transformational leadership

It is an ability to make use of one’s emotions by directing them towards constructive activities and personal performance. Leaders who can easily recognized their emotional feelings and emotional states and then relate to others at workplace and utilized their emotional abilities in problem solving considered to be transformational leaders. The study [23] concluded that managing emotions is linked with transformational leadership. A study [32] revealed that leader with high level of managing own emotions are more efficient and transformational.

On the basis of above literature following hypothesis developed:

**Hypothesis H10:** Transformational leadership mediates the relationship between managing emotions and leadership effectiveness

**Hypothesis H11:** Transformational leadership mediates the relationship between managing emotions and team effectiveness

**Hypothesis H12:** Transformational leadership mediates the relationship between managing emotions and service climate

CONCEPTUAL MODEL

On the basis of above literature review we developed a conceptual model. In this model all dimensions of emotional intelligence (perceiving emotions, facilitating thoughts, understanding emotions, managing emotions) are posited to influence transformational leadership which in turn affects organizational outcomes (leader effectiveness, team effectiveness and service climate).
The data were collected from employees of multiple public service sector organizations in Lahore, Pakistan. To measure four dimensions of emotional intelligence, a 16-item WLEIS [33] scale is used and is assessed on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Transformational leadership and leader effectiveness are measured using 24 and 4 items each adapted from the Multifactor Leadership Questionnaire (MLQ) [34]. All items of Transformational leadership and leader effectiveness are rated on a 5-point scale, ranging from 1 (not at all) to 5 (frequently, if not always). Eight-item Global service climate scale developed by [18] is used to measure Service Climate on a 5-point rating scale, ranging from 1 (poor) to 5 (excellent). To measure team effectiveness, eight items have been used that were adapted from [35], [36], and [37]. These items were scored on a 5-point scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Researchers distributed 550 questionnaires, 345 filled questionnaires were returned with a response rate of 63%. Further 16 questionnaires were discarded in the preliminary screening of the data and 329 were used for the final analysis. Total 23 public service sector organizations are taken.

RESULTS

To examine the measurement properties of the scale and to test the hypotheses, structural equation modeling (SEM), with AMOS 18, has been used. The acceptance criteria for model fit were: the value of normed-chi square less than 3; the values of GFI and AGFI, and of CFI and TLI greater than 0.90; and the value of RMSEA to be below 0.08. The result of this study shows measurement model fit indices (Chi-Square=562.924 with DF=294, CMIN/df=1.915, GFI=0.891, AGFI=0.860, CFI=0.939, TLI=0.927, and RMSEA=0.053) meet the minimum acceptance levels suggesting that the measurement model fits adequately with the data. Now in the next step this study assessed reliability, convergent validity, and discriminant validity. The study used Structural equation modeling, so reliability of the scale has been measured in terms of composite reliability (rho > 0.7). Table 1 shows the values for composite reliability for each construct in the measurement model. The values for composite reliability should be greater than 0.7 [38]. Table 1 shows that values for composite reliability are above 0.7. Hence, it meets the minimum acceptance criteria and it confirms the composite reliability of the scale. Further, this study find out the values for average variance extracted for each construct in Table 1. It shows that values found to be above 0.5 which confirms the convergent validity of the scale [39]. Next step is to measure the discriminant validity of the scale. In order to measure it, the average variance extracted for each construct has been compared with shared variances between the constructs in Table 1 [39] and this study find that the average variance extracted for each construct is greater than shared variance between the constructs which confirmed the discriminant validity.
As all the effects are significant, we have \(p\).

In this study we take four dimensions of emotional intelligence (i.e. perceiving emotions, understanding emotions, facilitating thoughts and managing emotions), that have impact on team effectiveness, service climate and leader effectiveness and transformational leadership play role as mediator. Result of this study shows that mediational prove for H1, H2, H3, H4, H5, H6, H10, H11, and H12. It shows that transformational leadership play role as mediator between perceiving emotions, understanding emotions, managing emotions and organizational outcomes. Hypotheses for facilitating thoughts has not supported. Thus hypotheses are H7, H8 and H9. It shows that facilitating thoughts have no impact of mediator for organizational outcomes.

In order to assess the causal relationships in the conceptual model structural model has been used. In order to measure direct and indirect effects bootstrapping with maximum likelihood estimation has been used. In this study the values for fit indices of the structural model (Chi-Square = 586.511, DF=297, CMIN/df=1.975, GFI=0.888, AGFI=0.857, CFI=0.934, TLI=0.922 and RMSEA=0.055) shows an acceptable model fit. Table 2 presents unstandardized path coefficients for each mediated path along with bias corrected confidence intervals for all the indirect effects hypothesized in the conceptual model.

### Table 1: Construct reliability and Validity

<table>
<thead>
<tr>
<th>CR</th>
<th>Constructs</th>
<th>PE</th>
<th>FT</th>
<th>UE</th>
<th>ME</th>
<th>LE</th>
<th>SC</th>
<th>TE</th>
<th>TL</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.819</td>
<td>Perceiving emotions (PE)</td>
<td>0.602</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.813</td>
<td>Facilitating thoughts (FT)</td>
<td>0.013</td>
<td>0.593</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.859</td>
<td>Understanding emotions (UE)</td>
<td>0.004</td>
<td>0.242</td>
<td>0.670</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.879</td>
<td>Managing emotions (ME)</td>
<td>0.000</td>
<td>0.176</td>
<td>0.050</td>
<td>0.708</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.855</td>
<td>Leader effectiveness (LE)</td>
<td>0.023</td>
<td>0.139</td>
<td>0.110</td>
<td>0.073</td>
<td>0.662</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.860</td>
<td>Service climate (SC)</td>
<td>0.000</td>
<td>0.051</td>
<td>0.076</td>
<td>0.035</td>
<td>0.128</td>
<td>0.672</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.848</td>
<td>Team effectiveness (TE)</td>
<td>0.012</td>
<td>0.190</td>
<td>0.132</td>
<td>0.077</td>
<td>0.050</td>
<td>0.101</td>
<td>0.655</td>
<td></td>
</tr>
<tr>
<td>0.710</td>
<td>Transformational leadership (TL)</td>
<td>0.057</td>
<td>0.228</td>
<td>0.301</td>
<td>0.147</td>
<td>0.411</td>
<td>0.083</td>
<td>0.320</td>
<td>0.551</td>
</tr>
</tbody>
</table>

Note: CR: Composite reliability, Diagonal values are the average variance extracted and off-diagonal values are the shared variances.

### Table 2: Results of Mediation Analysis

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Mediated Path</th>
<th>Non standardized coefficients</th>
<th>BCCI</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>PE(\rightarrow)TL(\rightarrow)LE</td>
<td>0.170*</td>
<td>0.061</td>
<td>0.300</td>
</tr>
<tr>
<td>H2</td>
<td>PE(\rightarrow)TL(\rightarrow)TE</td>
<td>0.091**</td>
<td>0.030</td>
<td>0.185</td>
</tr>
<tr>
<td>H3</td>
<td>PE(\rightarrow)TL(\rightarrow)SC</td>
<td>0.075*</td>
<td>0.017</td>
<td>0.178</td>
</tr>
<tr>
<td>H4</td>
<td>UE(\rightarrow)TL(\rightarrow)LE</td>
<td>0.363**</td>
<td>0.198</td>
<td>0.634</td>
</tr>
<tr>
<td>H5</td>
<td>UE(\rightarrow)TL(\rightarrow)TE</td>
<td>0.194**</td>
<td>0.079</td>
<td>0.370</td>
</tr>
<tr>
<td>H6</td>
<td>UE(\rightarrow)TL(\rightarrow)SC</td>
<td>0.161*</td>
<td>0.046</td>
<td>0.377</td>
</tr>
<tr>
<td>H7</td>
<td>FT(\rightarrow)TL(\rightarrow)LE</td>
<td>0.083*</td>
<td>-0.040</td>
<td>0.270</td>
</tr>
<tr>
<td>H8</td>
<td>FT(\rightarrow)TL(\rightarrow)TE</td>
<td>0.044*</td>
<td>-0.012</td>
<td>0.177</td>
</tr>
<tr>
<td>H9</td>
<td>FT(\rightarrow)TL(\rightarrow)SC</td>
<td>0.037*</td>
<td>-0.016</td>
<td>0.152</td>
</tr>
<tr>
<td>H10</td>
<td>ME(\rightarrow)TL(\rightarrow)LE</td>
<td>0.15*</td>
<td>0.062</td>
<td>0.281</td>
</tr>
<tr>
<td>H11</td>
<td>ME(\rightarrow)TL(\rightarrow)TE</td>
<td>0.08*</td>
<td>0.024</td>
<td>0.188</td>
</tr>
<tr>
<td>H12</td>
<td>ME(\rightarrow)TL(\rightarrow)SC</td>
<td>0.066*</td>
<td>0.016</td>
<td>0.161</td>
</tr>
</tbody>
</table>

*\(p<0.05\), **\(p<0.01\), ns: not significant, BCCI: Bias Corrected Confidence Intervals.

From Table 2 we see that non-standardized coefficients of indirect effects for H1, H2 and H3 are (\(\beta=0.170\), \(p<0.05\), (\(\beta=0.091\), \(p<0.01\)) and (\(\beta=0.075\), \(p<0.01\)) respectively. As all the effects are significant, therefore, H1, H2 and H3 are supported. In H4, H5 and H6 we have hypothesized that the relationship between understanding emotions and organizational outcomes is mediated by transformational leadership. As all the indirect effects of understanding emotions on organizational outcomes are significant Table 2. This shows that H4, H5 and H6 are supported. For the hypotheses H7, H8 and H9, we have argued that the relationship between facilitating thoughts and organizational outcomes is mediated by transformational leadership style [40]. None of the indirect effects of between facilitating thoughts on organizational outcomes through transformational leadership style is significant Table 2. Thus H7, H8 and H9 are not supported. For last independent variable managing emotions, we have hypothesized that the relationship between managing emotions and organizational outcomes is mediated by transformational leadership style. As all the indirect effects of managing emotions on organizational outcomes are significant Table 2. This shows that H10, H11 and H12 are also supported.

**CONCLUSION**

In this study we take four dimensions of emotional intelligence (i.e. perceiving emotions, understanding emotions, facilitating thoughts and managing emotions), that have impact on team effectiveness, service climate and leader effectiveness and transformational leadership play role as mediator. Result of this study shows that mediational prove for H1, H2, H3, H4, H5, H6, H10, H11, and H12. It shows that transformational leadership play role as mediator between perceiving emotions, understanding emotions, managing emotions and organizational outcomes. Hypotheses for facilitating thoughts has not supported. Thus hypotheses are H7, H8 and H9. It shows that facilitating thoughts have no impact of mediator for organizational outcomes.
DISCUSSION

Hence Transformational leadership style mediates the relationship among most of the dimensions of emotional intelligence (perceiving emotions, understanding emotions and managing emotions) and organizational outcomes (leader effectiveness, team effectiveness and service climate). However, we don’t find evidence of mediated effects of transformational leadership style on the relationship between facilitating thoughts and organizational outcomes. The current research focuses on emotional intelligence dimensions. Previous studies have focused on emotional intelligence and have not taken into consideration the dimensions separately to find out the effect of emotional intelligence on organizational outcomes (leader effectiveness, team effectiveness and service climate). It’s essential to measure the dimension wise effect on these outcomes and role of transformational leadership as mediator between dimensions of emotional intelligence and organizational outcomes. Each dimension may have different impact and relationship with transformational leadership and organizational outcomes. Thus, current study contributes to the literature by analyzing emotional intelligence dimensions separately with transformational leadership and these outcomes. The result of this study shows that perceiving emotions have a significant impact on organizational outcomes through transformational leadership mediator. Hence result for our hypothesis H1, H2 and H3 are consistent with previous study [28]. Now for second dimension of emotional intelligence i.e. understanding emotions researchers developed three hypotheses based on of literature review. From analyses of this study it shows that all of three hypotheses are proved significantly and their results are consistent with previous study conducted by [30], [31]. The result of this study for facilitating thoughts shows values for non-standardized coefficient are not significant and not consistent with [41], [42]. For last dimension of emotional intelligence that is managing emotions the result for hypothesis H10, H11 and H12 showed significant relationship with transformational leadership and also consistent with previous studies [23], [43]. Hence, the result of this study shows that our all findings are consistent with literature review expect for H7, H8 and H9.

REFERENCES


emotional intelligence, moral reasoning and transformational leadership.

This page contains a list of references in APA style, covering various topics related to emotional intelligence, leadership, and organizational behavior. The references are cited in the text, indicating the sources of information and data used in the research. The list includes articles, books, and other scholarly works that have contributed to the understanding of the topics discussed in the text. The references are organized chronologically, with earlier works listed first and later works listed last. The page also includes page numbers, indicating the specific sections of the text where the referenced works are cited. The references are formatted according to the APA citation style, with author names, publication years, titles, and other relevant details provided for each entry. The page is a resource for further reading and research on the topics covered in the text, providing a comprehensive overview of the scholarly literature on emotional intelligence, leadership, and organizational behavior.