

Conceptual Framework of Leadership based Organizational Effectiveness Model

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ABSTRACT

Organizational Effectiveness (OE) is perhaps the most critical dependent variable in all organizational analysis and almost all organizational theories include the notion of effectiveness. Despite its significance, the construct has eluded a clear definition and/or description. Instead, it has emerged as one of the most complex and controversial issues in management. Various models and theoretical approaches have been developed to assess it but nearly none of them are universally applicable. The extant literature drawn on OE indicates leadership as the pivotal force or distinguishing factor behind the organizational effectiveness or success; and emotional intelligence being the key for effective leadership. This article in its effort to identify the constituents of OE, presents obvious theoretical and empirical evidences of its direct relatedness with leadership, emotional intelligence and motivation, and introduces a new 'leadership based organizational effectiveness model'. It includes the conceptual framework of the ongoing pilot study designed to appraise the validity and applicability of the proposed model in improving OE. The sample of the pilot study consisted of leaders (N=500) and their direct reports (N=1500) belonging to various Indian based IT and Manufacturing organizations.

Keywords: Emotional intelligence, leadership, motivation, organizational effectiveness, ESCI, Self-Motivation, motivating others, OE model

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INTRODUCTION

Organizational effectiveness is a term that is complicated, controversial, and difficult to conceptualize (Chelladurai, 1987); various models and theoretical approaches have been developed to assess it. Different models with their relating criteria reflect

different values and preferences of schools of thought concerning effectiveness (Walton & Dawson, 2001). In spite of the extensive academic interest in the topic, there still remains confusion and controversy about what constitutes organizational effectiveness and how it should be measured (Forbes, 1998; Shilbury & Moore, 2006). Discovering distinguishing features between effective and ineffective organizations is the major challenge for organizational evaluation and the issue is as old as organizational research itself (Cameron, 1980; Kalliath, Bluedorn, & Gillespie, 1999; Shilbury & Moore, 2006). Hence, further research in this area is imperative.

RATIONALE BEHIND THE STUDY

Over the few years, the impact of leadership on company success continues to grow in importance. One of the primary areas of research in the area of leadership involves examining the leaders of successful companies to determine what sets them apart from their peers, as leadership effectiveness is believed to have a direct relationship to business performance (Collins, 2001; George, 2003; Bossidy & Chara, 2002). However, the theories of what constitutes leadership effectiveness are varied, and sometimes conflicting (Kroeck *et al.*, 2004). Goleman (2001) believes that emotional intelligence may be the long-sought missing link that will unite the ability and motivational or dispositional determinants of job performance.

As companies endeavor to do more with less, seeming soft skills, based on

emotions, are associated with leadership effectiveness and organizational success (Brooks *et al.*, 2003). Research during the last twenty five years has consistently pointed to a set of competencies - some purely cognitive but on some emotional aspects such as self confidence, initiative and teamwork as making a significant difference in the performance of individuals. These competencies represent what is called emotional intelligence and are believed to be predictive of superior performance in work roles (Goleman, 2001). Increasing attention has been given to the role of leader emotional intelligence in organizational effectiveness (Goleman, 2001).

Goleman (1998b) considered emotional intelligence to be imperative for effective leadership: IQ and technical skills do matter, but mainly as threshold capabilities. Recent research showed that emotional intelligence was the *sin qua non* of leadership (Goleman, 1998b). Without it, a person could have had the best training in the world, an incisive, analytical mind, and an endless supply of smart ideas, but still would not make a good leader (Goleman, 1998a; 1992).

A person with high emotional intelligence has the ability to understand themselves and others and adapt behaviors to a given context. Individuals with high emotional intelligence and thus demonstrable personal and social competence may be oriented towards a transformational leadership style with emphasis on motivating and influencing others (Barling, Slater & Kelloway, 2000; Gardner & Stough, 2002). Research shows that an organization that was characterized

by emotional intelligence had increased cooperation, motivation, and productivity and increased profits, an association also reflected in transformational leadership literature (Bass, 1990).

George and Brief (1992) assert: "Leaders who feel excited, enthusiastic, and energetic themselves are likely to similarly energize their followers, as are leaders who feel distressed and hostile likely to negatively activate their followers". This idea features prominently in the transformational leadership literature. Transformational leaders apply emotion in motivating employees in respect of the organizational vision (Conger & Kanungo, 1998; Kanungo & Mendonca, 1996).

The link between emotions and motivation has been explicitly stated in a broad range of research by Frijda (1994); Zurbriggen & Sturman (2002). Mayer and Salovey (1997) assert that motivation covaries but is not a part of the emotional intelligence construct. On the other hand, if Goleman's (2001) conceptualization of emotional intelligence is supported, one would expect to find that motivation forms a sub-component of emotional intelligence.

Lussier and Achua (2010) assert that, motivation is anything that affects behavior in pursuing a certain outcome. If organizational objectives have to be achieved, leader does have to motivate one-self and others. Thus, the ability to motivate oneself and others is critical to the success of a leader. Effective leaders influence followers to think not only of their own interests but the interest of the

organization. Leadership occurs when followers are influenced to do what is ethical and beneficial for the organization and themselves.

Emotional intelligence and motivation have been shown to have a strong link with Transformational Leadership. However, according to Palmer, Walls, Burgess and Stough (2001), the amount which emotional intelligence contributes to effective leadership is unknown, despite much interest in this relationship.

CONCEPTUAL FRAMEWORK

To sum up, leadership may be regarded as the single most important factor in organizational success or failure (Bass, 1990) and from much research that has been devoted to identify the determinants of effective leadership (Yukl, 1998), it is very evident that emotional intelligence and motivation are strongly connected to leader's success and effectiveness. And, subsumption of motivation in emotional intelligence construct can play a crucial role in enhancing leadership effectiveness for achieving overall organizational effectiveness and success.

In order to endorse the conceptual framework outlined above, a novel theoretical model was developed and a corresponding pilot study to validate the efficacy of the model was designed. Fig.1 presents 'leadership based organizational effectiveness model'..

The pilot study aims at examining the inter-relationship between leadership emotional Intelligence, self-motivation and

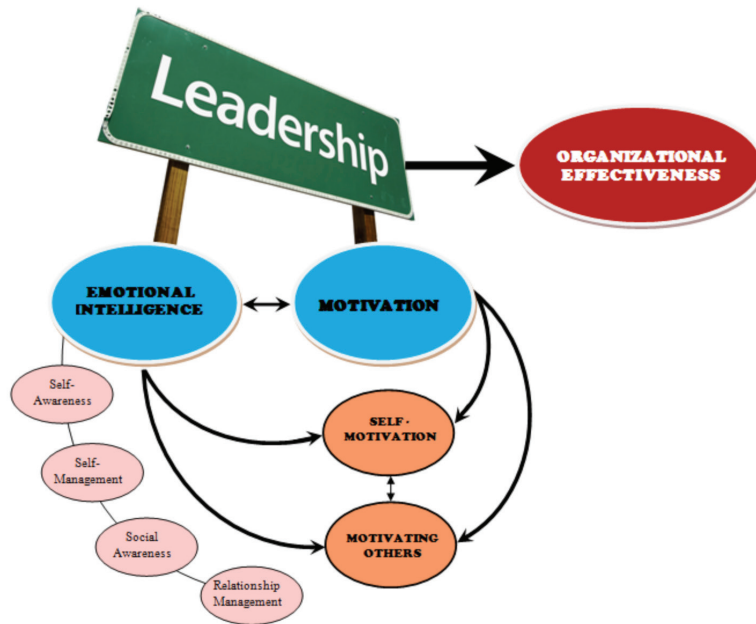


Fig.1: 'Leadership Based Organization Effectiveness Model'

the leader's ability to motivate his followers by making use of Goleman's (1995; 1998), mixed model construct of emotional intelligence which encompasses social and emotional competencies that include aspects of social skills and personality. Further, this study investigates the direct and joint influence of EI & motivation on organizational effectiveness. In addition, this novel model will be tested on the leaders of two huge organization sectors namely IT and manufacturing in Indian context.

METHODOLOGY

Research design

The extant theoretical and empirical evidences made way for designing pilot study which tests the relation and effects of three popular constructs namely emotional

intelligence, motivation and organizational effectiveness. The study is designed in three parts. Firstly, to investigate the inter-relationship between leadership emotional intelligence and motivation (Self and others); secondly, to test the one-one and joint influence of emotional intelligence and motivation on organizational effectiveness; thirdly, it tests the moderation effects of demographic variables on all the three variables.

Population and Sample

The population for this study includes leaders who have direct reports working in various IT and manufacturing companies. The organizations chosen for the study are public companies who are the market leaders in India's private business sector having

nationwide network and global presence. These organizations are employing over 10,000 to 40,000 people. The sample of around 500 leaders and their 1500 direct reports are chosen from the branch offices of these organizations located in the vicinity of Bangalore and Mysore, the southern part of India.

- **Inclusion criteria:** The population of 'leader' in this study includes all those who are handling various leadership or managerial roles at all levels of the organization namely top management, middle management and entry level or lower management.
- **Exclusion criteria:** The sample doesn't include leaders who have less than three direct reports.

Variables and Measures

Operational Definition: The variables chosen for the study have been operationally defined as follows.

1. Emotional intelligence: "A capacity for recognizing our own feelings and those of others, for motivating ourselves" and others, "and for managing emotions both within ourselves and in our relationships" (a modified version of Goleman's definition (1998). Emotional competence: "a learned capability based on emotional intelligence that, results in outstanding performance at work" (Goleman, 1998b).
2. Motivation: Motivation is "an internal state or condition (sometimes described

as a need, desire, or want) that serves to activate or energize behavior and give it direction" (Kleinginna & Kleinginna, 1981a).

- Leader's self-motivation: Self-motivation is "the ability of the leader(s) to satisfy his desire(s) or expectation(s), to keep his actions goal-directed without being influenced by external stimuli; being able to delay gratification and working in a careful and consistent manner without giving up".
- Motivating others: Motivating others is conceptualized in this study as "the ability of the leader(s) to understand and influence the behavior of the subordinates and to create environment of intrinsic motivation. It is also the ability to release and channelize the untapped potential energy of the team (self-directed) towards accomplishing the personal and organizational goals".

3. Organizational effectiveness: Organizational effectiveness has been conceptualized as "the ability of an organization to deal with organizational difficulties or concerns (identified in this study as Capabilities and Ownership, Operational Effectiveness, Strategy and Leadership, Trust and Motivation) and achieve the outcomes that it intends to.

Measures: To empirically investigate the proposed conceptual relation and impact of the Independent variables, Mediator

variables on Dependent variables, the following standardized psychometric measures have been identified.

To examine the self & others perceptions in emotional intelligence, the most recent model of EI namely the Emotional and Social Competence Inventory 3.0 (ESCI 3.0) developed by Daniel Goleman, Richard Boyatzis and Hay Group (Boyatzis, 2007) as a re-conceptualization of emotional competency inventory (hereafter referred as ECI 2.0) has been identified. This tool was developed with the help of the findings from a pilot study to achieve a higher psychometric standard with the ECI. The ESCI (3.0) model contains 12 competencies organized into four clusters: self-awareness, self-management, social awareness, and relationship management.

To assess leader's self-motivation and their ability to motivate their direct reports the researcher identifies two separate tools from the set of 'Leadership Motivation Assessment Tools (LMAT)' designed by Mind Tools Ltd., in 2008 for the purpose of coaching and mentoring the leaders to improve their motivating potential in order to build high performance teams.

- How motivated are you to lead? (LMAT1): This self-assessment tool was designed to assess the leaders' motivation or desire to lead, which consists of 14 self-report questions.
- How good are your motivating skills?(LMAT2): This tool consists of 15 questions framed around 4 major areas of motivation namely, providing productive and challenging work,

setting effective goals, understanding individual differences in motivation and providing rewards and recognition multi-rater feedback.

The main purpose of this study is to find an alternate measure to evaluate organizational effectiveness based on leadership. Hence the prerequisites of the measure to be identified for this study demanded to measure leadership factors in it. The only suitable measure available for the researcher was the Organizational Effectiveness Self-Diagnostic Tool (OESDT), developed by the Metrus Group Inc. in 2002. Metrus Group is an industry leader in strategic performance and organizational assessment established in 1982. The powerful organizational diagnostic tools grounded in People Equity principles have helped over 40 leading industries across the globe to improve strategy execution and business results – yielding a distinct high performance culture.

This scale was specifically designed to measure the organizational effectiveness levels within groups and to identify the areas of concern/improvement. The scale consists of 16 questions which are grouped into 4 areas of organizational difficulties namely, capabilities and ownership, operational effectiveness, strategy and leadership and trust and motivation.

Data collection Plan

The primary data for the study will be gathered from the psychometric tools pretested for reliability and validity. The secondary data will be gathered through

direct sources such as face-to-face interviews and group discussions with the respondents, overall performance report of the leaders and the organization; Indirect sources will include industrial survey data based on previous field work, online organizational reviews, online employee feedback to mention a few. ‘Purposive sampling method’ and ‘simple convenience random sampling method’ will be applied to choose the leaders and direct reports respectively.

Respondent leaders identified for the study will be administered self version of ESCI 3.0, LMAT1 and OESDT; similarly the direct reports will be administered ESCI 360⁰ version of ESCI 3.0, LMAT2 and OESDT with clear instructions to indicate their level of agreement to the items of the questionnaire honestly on a likert scale.

Statistical analysis

The data collected will be edited and scored and analyzed using SPSS (Statistical Package of Social Sciences) version 17. Various techniques such as Descriptive statistics, Correlation Analysis, t-Test, Factor Analysis, Reliability test, Regression Analysis (Simple Regression, Multiple Regression and Hierarchical Regression), ANOVA etc. will be used selectively for analyzing the datasets.

RESEARCH QUESTION AND HYPOTHESIS

The research question and hypotheses are based on the following research model as depicted in Fig.2.

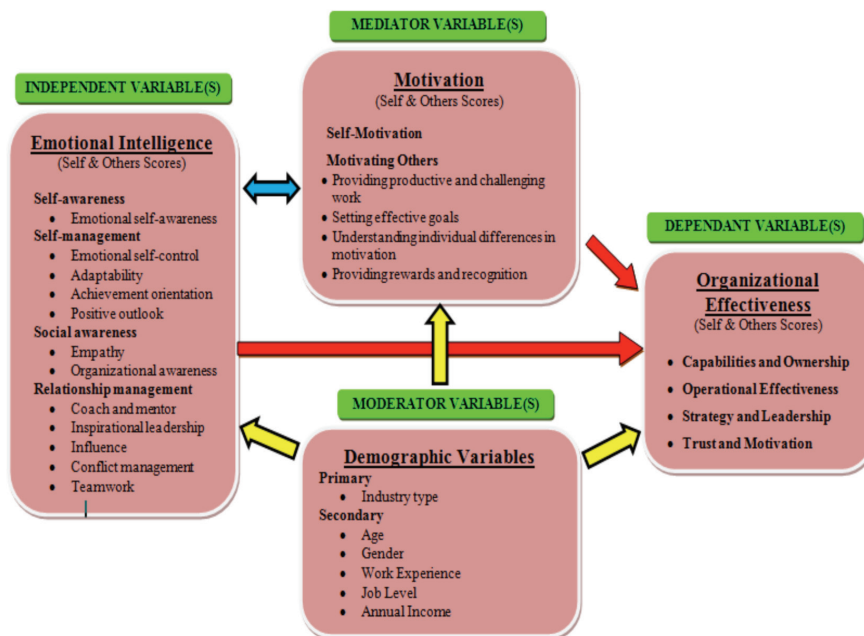


Fig.2: Theoretical Framework of the Research model

Research questions

1. Is there any relation between leadership emotional intelligence and motivation?
2. Do emotional intelligence and motivation have any impact on organizational effectiveness?
3. Are demographic variables having any moderation effects on emotional intelligence, motivation and organizational effectiveness?
4. Do IT organizations differ with manufacturing organizations in leadership emotional intelligence, motivation and organizational effectiveness?
5. Significant differences exist between emotional intelligence competencies of leaders in relation to their age, gender, experience level, designation and industry type.
6. Significant differences exist between leader's motivation in relation to their age, gender, marital status, experience, designation, industry type and compensation.
7. Significant differences exist between the effectiveness of IT organizations and manufacturing organizations.

Hypotheses of the study

In order to thoroughly investigate the research questions formulated for this study with the backing of solid literature evidences, the following hypotheses will be tested.

1. Significant relationship exists between emotional intelligence competencies of leaders and leader's motivation (self & others).
2. Emotional intelligence competencies of leaders significantly influence organizational effectiveness.
3. Leader's motivation (self and others) has significant influence on organizational effectiveness.
4. Leader's emotional intelligence and motivation jointly influence organizational effectiveness significantly.

CONCLUSION

The study offers a theoretical model based on the extant literature and develops a leadership based organizational effectiveness model towards empirically investigating the positive or negative impact of the strong or weak leadership on organizational effectiveness by way of comparing two industry sectors in India. Although EI has been measured in two-way relationships with motivation & organizational effectiveness earlier, there is no research that has attempted to examine organizational effectiveness by way of proposed conceptual framework thereby opening new avenues of evaluating organizational effectiveness on a leadership context.

Also, the contemporary measure used in the study to measure EI signifies the novelty and importance of this study. In order to obtain the recent updated version of Goleman's EI measure (see Boyatzis, 2007) i.e. ESCI (3.0), the researcher had to submit a research proposal to an international

research committee for review prior to the granting of permission to use the measure for research purpose. A feather in cap, the significance of the study was endorsed when the proposal was accepted and permission was granted.

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