Investigating the Relationship between Emotional Intelligence, Transformational Leadership and Team Effectiveness in the banks of Guilan province-Iran

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ABSTRACT

As the technology develops and the organizational activities get complicated, it can be assertedly claimed that the era of personal operation is over and today's management means supervising the working teams rather than supervising the individuals. The power of creating effective groups and having them coordinated with the effective fulfillment of the role of coordination, group leadership and membership is crucial. Therefore, as the organizations attempt to renovate themselves so as to compete more effectively and productively, they have turned to teamwork so as to benefit from the aptitude and talent of their workers better. The managers have realized that the groups are more flexible as compared to the traditional working structures and more responsive toward a changing environment. This study seeks to conduct an empirical analysis of association between emotional intelligence, transformational leadership and team effectiveness. In the present paper, three hypotheses were proposed regarding the relationship between emotional intelligence, transformational leadership and team effectiveness. The population is consisted of the branches of governmental and private banks in the Guilan province which are 708. The sample size are 250 branches according to the Morgan-Krejcie table, which were selected using simple random sampling. The method of data collection was field study and the tool of data collection was questionnaire. In order to test the hypotheses, Structural Equation Modeling and Lisrel application were used and all the hypotheses were confirmed.

INTRODUCTION

According to Hackman [1] organizations face increasingly unpredictable, dynamic, and complex environments, substantial transformation are taking place in the way in which work is performed, including a growing reliance on work teams. An organization is built and stands on the contribution of its employees, in order to develop an organization. Its employees should work with perfect coordination among themselves. Researchers define teams variously [2, 3]. Team can be dependent to each other because of their common tasks and achieve effective works [4]. Rocine and Irwin [5] suggest that team effectiveness is dependent upon the presence of balanced roles within the team. Researchers have shown that work teams are especially capable of strengthening an organization's problem-solving capabilities, increase productivity, improving work effectiveness; better utilizing resource, lowering costs, and reducing human resources [6]. Organizations now emphasize the need for leaders to take on new roles of facilitating, coordinating, and orchestrating the work behavior of others [7]. According to Bass [8] transformational leaders possess clear vision and have the flair to effectively convey it to their employee. Bass [8] pointed out that transformational leader's exhibit five main characteristics: idealized behavior (i.e., having the ability to promote intelligence, stimulation and problem solving); and individualized consideration (i.e., having the ability to promote individuality among employees). The above characteristics of transformational leadership have had particular success in motivating employees who, in turn, make better decisions and achieve improved performance. Studies by Bass (1990a) and by Lord, De-Vader, and Alliger [9] found that intelligence did contribute to leadership success.

Researchers in the field of emotional intelligence (EI) argue that elements of EI such as empathy, self-confidence, and self-awareness are the core underpinnings of visionary transformational leadership [10]. Over the last few decades the study of leadership has widened to include different forms of intelligence (Hermers,
Emotional Intelligence:

The first use of the term "emotional intelligence" which is attributed to Mayer and Salovey [15] was presented as part of the standard criteria for a new intelligence. Salovey and Mayer [16] define EI as the ability "to monitor one's own and other's feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions". Goleman [17] expand EI to include all competencies other than IQ that are important for success in life: "abilities such as being able to motivate oneself and persist in the face of frustrations; to control impulse and delay gratification; to regulate one's moods and keep distress from swamping the ability to think; to empathize and to hope" (p.34). Research has conceived of EI as either a trait [17-20] or ability [16]. As a trait, EI is considered to be an innate characteristic that enables and promotes well-being. Trait EI has been described as a constellation of emotional self-perceptions at the lower levels of personality hierarchy [21]. As ability, EI is considered to be important for not only comprehending and regulating emotions, but also understanding and integrating them into cognitions. Ashforth and Humphrey [22] argued that emotion is inseparable from the organizational work setting. Coleman [17] suggested EI is more vital to effective leadership than cognitive abilities. In this study we measure EI on the basis of trait.

Transformational Leadership:

Burns [23] introduced a transactional leadership transactional model. Suggesting leaders use a social exchange process with followers to achieve a desired behavior. Bass (1985), transformational leadership incorporates behaviors that inspire and motivate followers toward a common pursuit of organizational goals. Transformational leadership includes five elements: (a) idealized influence-attributed, (b) idealized influence-behavioral, (c) inspirational motivation, (d) intellectual stimulation, and (e) individualized consideration [24]. Bass and Avolio [25] described transformational leadership occurring, when the leader rewards or disciplines the follower with regards to performance. Transformational leaders delegate decision – making responsibility to subordinates and encourage them to accomplish crucial organizational goals [26] transformation leadership share visions and values as well as mutual trust and respect [25], this implies that transformational leaders believed in sharing of formalized power and more often practice the use of personal power.

Team effectiveness:

In today's changing market place, teams have become the main unit of organization for service delivery. As teams can better provide a directed and collaborative effort to address complex task concerns, organization around the world have significantly increased their dependency on teams [27, 28]. Harris and Harris [29] stated that successful management actively not only promotes a team spirit, but also installs team mechanisms and the means to develop in team skills team is a community formed with many people who complete the abilities of each other, responsible to each other and trying to achieve the aim with group effectiveness objective [30]. Effectiveness can be defined as a way to reach the level of organization aim [31]. In effectiveness personal and social criteria such as commitment, member satisfaction; also many different criteria as such as error rate and productively are seen [32].

Tannenbaum, Salas and Cannon- Bowers [33] define effectiveness as a combination of team performance in terms of outputs and the team's ability to grow and regenerate itself.

Emotional intelligence and transformational leadership:

On the basis of constantly changing business environment, leadership positions often require more than just task competencies or technical know – how [34]. Transformational leaders must possess multiple types of intelligence and that social and emotional intelligence are critical clues these are important to the leaders ability to inspire employees and build relationships [35]. Most effective leaders are alike in they all have a high degree of emotional intelligence [36]. Studies by Downey et al. [37]; Duckett and Macfarlane [38] have shown
correlational link between trait EI (i.e., EI that is rated via self-report measures) and transformational leadership, arguing that aspects of EI, such as self-awareness and empathy, are necessary for inspirational, visionary, and transformational leadership. Harms and Crede [39] found a strong and significant relationship between trait EI and transformational leadership in a recent meta-analysis of 106 published and stemmed from different raters. Emotions are central to leadership as they provide the connection between leader and follower [40].

Transformational leadership is largely viewed as the most effective form of leadership, a style in which leaders are closely engaged with follower beyond conventional transactional exchanges and is predictive of positive individual and organizational outcomes [41]. Leaders to engage in transformational behaviors they must be confident in their ability to manage their own emotions and the emotions of others. Bar-On [42] proposes that individuals with higher levels of emotional intelligence have the ability to handle stressful situations without losing control and are able to maintain a calm composure when relating with others even while experiencing intense emotions.

**Transformational leadership and team effectiveness:**

Bass and Avolio [43] defined transformational leadership as leadership that occurs when the leader stimulates the interest among colleagues and followers to view their work from a new perspective. Empirical research shows that, leaders do make a significant difference and that with the wrong leader “teams lose, armies are defeated, economies dwindle, and nations fail” [44]. Leaders influence team member's attitudes, behaviors and social processes [45]. Stewart and Manz [46] argued that leadership, or a lack of it, is a major cause of failures to implement successful team based work systems in many organizations. Researchers have begun to isolate some of the specific attributes and behaviors that are believed to make charismatic and transformational leaders particularly effective at achieving superior individual or group performance [43, 47-50].

**Emotional intelligence and team effectiveness:**

Research shows that EI is important for individual performance [51]. Team performance [52]. According to Tróth (2004), EI and more particularly, the ability to deal with one's own emotions, allowed team members to be more inclined to listen to alternative view points and to look for superior solution: without feeling threatened by the possibility of being wrong. Developing effective team, Druskat and Wolff [53] argued that EI does not guarantee team performance but enables teams to establish norms for group maintenance behaviors, which involve building trust, group identity, and group efficacy. Researches have shown that employee's team effectiveness can be achieved when they hold certain abilities such as the EI abilities [54-58] argue that emotional factors can have a long term effect on team performance, but are not necessarily apparent. Hellriegel et al [59] stated that transformation leader has the capacity to motivate subordinates to do more than normally expected. Transformational leaders raise subordinates consciousness about new outcomes and motivate them to transcend their own interests for the sake of the team. The true transformational leader often does not fit within a traditional organization and may lead a social movement rather than a formal organization. Supervisions emotional intelligence are positively association with transformational leadership increasing team effectiveness with subordinate [60].

**Hypotheses:**

Having in mind the issues raised here and the literature, some hypotheses were put forward as follows:

There is a positive relationship between Emotional Intelligence and Transformational Leadership.

There is a positive relationship between Transformational Leadership and Team Effectiveness.

There is a positive relationship between Emotional Intelligence and Team Effectiveness.

**MATERIALS AND METHODS**

This research is practical in terms of objectives, and in terms of data collection, it is descriptive. In order to collect the data, this study uses library studies and, as well, a field study carried out on the banks from Guilan province, Iran. The statistical society of this research includes all the 708 branches of banks from Guilan province. A sample size of 250 is studied. Seven questionnaires were distributed n each branch; and since the analysis unit is bank branch, the study calculates average scores, and each branch has a rating of studied variables. In order for sampling, three regions (east region, west region, and the center-and-south region) were selected regarding the distribution of branches at the provincial level. The share of each region was determined by cluster sampling; and then the branches of each region were selected using random sampling. For data collection in this field study, questionnaires were used with a 5-point likert scale ranging as follows:

<table>
<thead>
<tr>
<th>The overall range</th>
<th>Completely disagree</th>
<th>disagree</th>
<th>No idea</th>
<th>Agree</th>
<th>Completely agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerical values</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
Table 2: Qualitative traits and numerical values of the Transformational Leadership questionnaire.

<table>
<thead>
<tr>
<th>The overall range</th>
<th>Never</th>
<th>Occasionally</th>
<th>Sometimes</th>
<th>Often</th>
<th>Usually</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerical values</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

The used questionnaires include 84 closed questions altogether to measure the variables of the study. Questionnaires used in the study are: Goldman's Emotional Intelligence questionnaire [61], which was used by Nwokah & Ahiauzu (2009), and the Transformational Leadership questionnaire [62] which was used by Barnett et al., as well as the Team Effectiveness questionnaire designed by Bateman et al. [63]. Each variable is assessed using questions outlined in the following table.

Table 3: Distribution of questions in the questionnaire

<table>
<thead>
<tr>
<th>Row</th>
<th>Variable</th>
<th>Factor</th>
<th>Number of questions</th>
<th>Sum of questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Emotional Intelligence</td>
<td>Self-awareness</td>
<td>1-5</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Self-management</td>
<td>6-11</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social awareness</td>
<td>12-15</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Relationship management</td>
<td>16-20</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Transformational</td>
<td>Ideализed influence (behavior)</td>
<td>66, 71, 76, 83</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>leadership</td>
<td>Idealized influence (adjective)</td>
<td>69, 73, 75, 77</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Intellectual stimulation</td>
<td>65, 67, 80, 82</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Individualized consideration</td>
<td>72, 74, 79, 81</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inspirational motivation</td>
<td>68, 70, 78, 84</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Team Effectiveness</td>
<td>Team synergy</td>
<td>21-30</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Performance objectives</td>
<td>31-36</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Skills</td>
<td>37-44</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Use of resource</td>
<td>45-50</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Innovation</td>
<td>51-56</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quality</td>
<td>57-64</td>
<td></td>
</tr>
</tbody>
</table>

RESULTS AND DISCUSSIONS

In order to determine the validity of this study, the researcher used content validity. Also in order to determine the internal reliability, a Cronbach’s alpha test was performed and the results are set out in the table below:

Table 4: Reliability of the questions for each variable

<table>
<thead>
<tr>
<th>Row</th>
<th>Variable</th>
<th>Cronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Emotional Intelligence</td>
<td>0.877</td>
</tr>
<tr>
<td>2</td>
<td>Transformational</td>
<td>0.745</td>
</tr>
<tr>
<td></td>
<td>leadership</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Team Effectiveness</td>
<td>0.885</td>
</tr>
</tbody>
</table>

The present study analyzes data using descriptive and interpretive statistics. Each variable is described in tables and statistical indices, and then the data were fed into the Liz Earle software for analysis, for testing the hypotheses, and for generalizing the findings into the statistical society using a structural equation modeling approach.

Table 5: Descriptive statistics of the variables

<table>
<thead>
<tr>
<th>Variance</th>
<th>Std. Deviation</th>
<th>Mean</th>
<th>Maximum</th>
<th>Minimum</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.364</td>
<td>0.60315</td>
<td>3.885</td>
<td>5.00</td>
<td>2.60</td>
<td>250</td>
</tr>
<tr>
<td>0.370</td>
<td>0.60816</td>
<td>3.729</td>
<td>4.58</td>
<td>2.60</td>
<td>250</td>
</tr>
<tr>
<td>0.304</td>
<td>0.55163</td>
<td>3.874</td>
<td>4.77</td>
<td>2.57</td>
<td>250</td>
</tr>
</tbody>
</table>

Table 6: Results of the structural model

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Standard estimate</th>
<th>T-value</th>
<th>Test results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1. There is a positive relationship between Emotional Intelligence and Transformational Leadership</td>
<td>0.80</td>
<td>7.52</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Hypothesis 2. There is a positive relationship between Transformational Leadership and Team Effectiveness</td>
<td>0.64</td>
<td>3.74</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Hypothesis 2. There is a positive relationship between Emotional Intelligence and Team Effectiveness</td>
<td>0.33</td>
<td>2.34</td>
<td>Confirmed</td>
</tr>
</tbody>
</table>
Diagram 1: Basic Model (Standard Mode).

<table>
<thead>
<tr>
<th>Fit indices</th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square</td>
<td>209.89</td>
</tr>
<tr>
<td>Degrees of freedom</td>
<td>87</td>
</tr>
<tr>
<td>Chi-square degrees of freedom</td>
<td>2.41</td>
</tr>
<tr>
<td>The root mean square error of approximation (RMSEA)</td>
<td>0.075</td>
</tr>
<tr>
<td>Goodness of fit index (GFI)</td>
<td>0.90</td>
</tr>
<tr>
<td>Adjusted goodness of fit index (AGFI)</td>
<td>0.86</td>
</tr>
<tr>
<td>Comparative fit index (CFI)</td>
<td>0.89</td>
</tr>
<tr>
<td>Normed fit index (NFI)</td>
<td>0.83</td>
</tr>
</tbody>
</table>

According to the Model Diagram in the significant status, t-value in the first hypothesis equals 7.52, which is greater than 1.96. Thus we can accept the significance of relations. According to the studied model in the standard mode, the effect of Emotional Intelligence on Transformational Leadership equals 0.80. According to the Model Diagram in the significant status, t-value in the second hypothesis equals 3.74, which is greater than 1.96. Thus we can accept the significance of relations. According to the studied model in the standard mode, the effect of Transformational Leadership on Team Effectiveness equals 0.64. According to the Model Diagram in the significant status, t-value in the third hypothesis equals 2.34, which is greater than 1.96. Thus we can accept the significance of relations. According to the studied model in the standard mode, the effect of Emotional Intelligence on Team Effectiveness equals 0.33.

Diagram 2: Structural model to test hypotheses (T-value).

Discussion:
The effects of Emotional Intelligence’s four dimensions on measuring emotional intelligence are described below. The first dimension or Self-awareness assesses 52%, the second dimension or Self-management assesses 79%, the third dimension or Social Awareness assesses 28%, and the fourth dimension or Relationship Management assesses 63% of the spatial definition of the Emotional Intelligence variable. In order of
importance, these variables include Self-management, Relationship Management, Self-awareness, and Social Awareness. The five dimensions of Transformational Leadership are significantly influential in measuring this variable. The dimensions include: an Idealized Influence (behavior) equal to 0.54, an Idealized Influence (adjective) equal to 0.77, an Intellectual Stimulation equal to 0.67, an Individualized Consideration equal to 0.70, and an Inspirational Motivation equal to 0.67. In order of importance and priority, these variables include Idealized Influence (adjective) at the top, followed by Individualized Consideration, Intellectual Stimulation, Inspirational Motivation and Idealized Influence (behavior). The six dimensions of Team Effectiveness are significantly influential in measuring and analyzing this variable. The degree of influence by each dimension is: 0.42 for Team Synergy, 0.64 for Performance Objectives, 0.71 for Skills, 0.65 for Use of Resource, 0.31 for Innovation, and 0.37 for Quality. In order of importance and priority, these variables include Skills at the top, followed by Use of Resource, Performance Objectives, Team Synergy, Quality, and Innovation.

**Conclusion:**

The Emotional Intelligence variable has a positively direct and significant influence of 0.80 on Transformational Leadership. The results of this hypothesis are in accordance with those of Polychroniou [60], Dact et al. (2003), Gardner et al. (2002), Barling et al. (2000), and Corina, M.A. (2010) and exhibit a strong relationship between Emotional Intelligence and Transformational Leadership. Regarding the average scores of each variable concerning the influential dimensions on the one hand, and regarding the finding of a study carried out by Wong et al. (2002) that emotional intelligence is not genetically fixed and is possible to be taught and learned on the other hand, the researcher suggests that leaders teach Emotional Intelligence. On the basis of the findings of this study, the researcher suggests that banks employ managers of a high social awareness so that they can coordinate the wide spectrum of emotional signs, discover vital social networks, and understand key relationships. Managers must be strengthened to communicate with the staff of different working backgrounds in order to carefully supervise the staff to fulfill customers’ needs and to ascertain client satisfaction. Leadership theories influenced by classical theories were also of the same opinion that leaders must think logically and free of emotions, and then plan. Recent researchers, however, introduce charismatic and transformational leaders as individuals who, by expressing their emotions, convince and make responsible the subordinate individuals to accept organizational aims and values and to show efforts beyond expectation. This method causes leaders to have an emotional dependence with subordinate individuals; and therefore, it results in the quality improvement of relations, team effectiveness and organization.

The Emotional Intelligence variable has a positively direct and significant influence of 0.33 on the Team Effectiveness of the statistical society. The results of this hypothesis are in accordance with those of Polychroniou [60], Kabir Othman et al. (2009) and Aslan et al. (2008). Regarding the average scores of each variable concerning the dimensions of Transformational Leadership on the one hand, and regarding the finding of a study carried out by McColl-Kennedy & Anderson (2002) that transformational leadership style is possible to be taught and learned on the other hand, the researcher primarily suggests that managers be taught. On the basis of the findings of this study, the researcher suggests that banks employ managers of the following features or teach them gain such features: managers who carefully analyze recommendations and guidelines by the staff, who help them develop abilities, who emphasize the importance of cooperation and synergy, who themselves offer new insights into the working procedures, who attend the moral and ethical implications of their decisions, and who always nurture hope for achieving the goals. Over the past two decades, vast changes in job design resulted in the team-oriented reorganization of organizational work processes expecting a higher performance. Understanding the essence of team work and, more important than that, the factors which are related to team effectiveness or which support it, can help us achieve such expected functions. One important aspect of individual differences which affects team effectiveness is the concept of Emotional Intelligence. The Transformational Leadership variable has a positively direct and significant influence of 0.64 on the Team Effectiveness of the statistical society. The results of this hypothesis are also in accordance with those of Polychronious [60] from the University of Greece, and Eric McKeen (2011). Bass [62] and Kahai et al. (2000) also found similar results regarding the direct, regulating influence of transformational leadership on team performance.

The existing literature supports the effect of the supervisor’s different dimensions of Emotional Intelligence on the supervisor’s Transformational Leadership, on working efficiency of employees, and on job performance. A transformational leader has the ability to motivate the staff in order to achieve a performance beyond expectation. Motivating them not for his or her own personal benefits but for the team’s sake, a transformational leader also informs his or her staff of new results and output.

**Limitations and directions for future research:**

Regarding the analyses carried out in this research, the researcher came to this conclusion that there has not been an agreement, among scientists of different fields, on the concept of Emotional Intelligence and its constituents; and there is no one, comprehensive definition or model in the field to be agreed on by most
scientists. Even different models and definitions proposed by different scientists are used as the bases for studies carried out in the field. Thus, the results of this study are not comparable to those of all similar studies, and there cannot be any one, overall conclusion. Another limitation is that the present study focuses on banks; and thus, the results cannot be generalized to other organizations, institutions, or companies which feature a different competitive structure. The researcher also suggests that similar studies be carried out focusing on organizations and companies other than banks.

REFERENCES


