OPTIMIZING MANAGERIAL

EFFECTIVENESS THROUGH

EMOTIONAL INTELLIGENCE

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DISSERTATION

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SUMMARY

The idea that emotional competence is crucial for adaptation in various realms of life has fuelled numerous studies and social learning programs. Nonetheless, leadership research on emotional intelligence is still limited and this particular intelligence construct is controversial on several grounds while many initial empirical studies have lacked rigor in terms of the employed research design. This thesis addresses emotional intelligence in leadership contexts, in pursuit of seeking an answer to the one key research question: Does the emotional intelligence of a manager/leader really matter in work unit settings? The thesis presents first a conceptual literature review and then three separate empirical studies. Below we briefly summarize the results and key contributions of each study.

In Chapter II, we lay out the definition of emotional intelligence, reflecting varying perspectives in terms of conceptualisation and operationalisation. Chapter II also reports how emotional intelligence has been featured in leadership processes. This literature review offers evidence of a positive link between managers' emotional intelligence and their ratings on transformational leadership as well as managerial effectiveness. This chapter ends with challenges to the reviewed empirical studies and with future research directions for expanding our knowledge of the effects of managerial emotional intelligence in conjunction with transformational leadership and team and/or organizational performance. Those directions cover: need of empirical studies that examine managerial emotional intelligence as a predictor of various team/unit-level outcome variables; need for research designs with larger and more diverse samples; mitigating the concerns in self-reported testing of emotional intelligence and in overrelying on perceptual performance measures.

The results from the field study of teams in Chapter III reaffirm the findings of prior studies, but now – for the first time – at the team level: a team leader's degree of emotional intelligence appeared to correlate significantly with his or her degree of display of transformational leadership. Furthermore, we show a mediator role of transformational leadership in the nexus of team leaders' emotional intelligence and team outcomes. Transformational leadership appears to mediate the relationship between the emotional intelligence of team leaders and both followers' perceptions of leader effectiveness and of service climate, as hypothesized.

In Chapter IV, we report on the examined moderated-mediation effects of unit managers' emotional intelligence on the relationship between units' collective affective experience (positive vs. negative) and units' turnover intention, via learning activity: in a sample of 325 comparable branches within a South Korean bank. Results show that bank branches with a high score on positive affect (e.g., excited, pleasant, and enthusiastic) have a higher level of learning activity and fewer employees with an intention to turn over. Similarly, a high level of negative affect appears to be linked to a low level of learning activity and more turnover intention. The central point of this chapter is that, as hypothesized, the negative relationship between positive collective affect on turnover intention through learning activity is significant when branch managers score high on emotional intelligence. These results add to our knowledge and insight on how emotional factors (i.e., employees' affect and managers' emotional competence) within a work unit relate to unit-level outcomes.
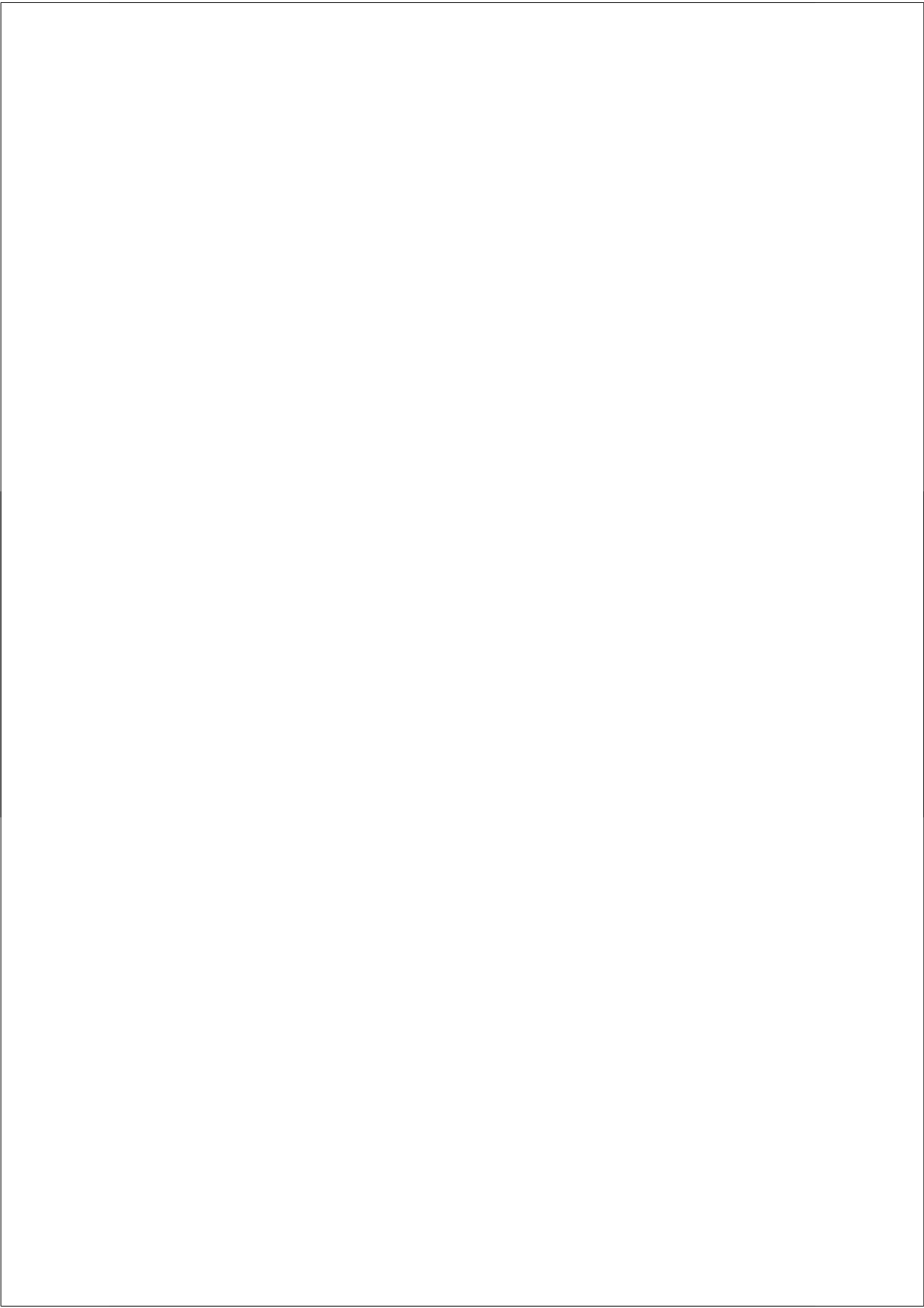
Chapter V shows the role of unit managers' emotional intelligence in shaping cohesive unit climates and its subsequent link to unit employees' job performance. Results indicate that work units with an emotionally intelligent manager display a sense of belonging, warmth, and friendliness and are perceived to demonstrate the highest level of work floor task-related performance. In turn, those units perform better in terms of attaining their monthly sales targets. The findings of the empirical study elicit both researchers' and HR practitioners' attention for work unit managers' individual differences in emotional capability and how they may relate to a unit's bottom-line performance.

This thesis sheds light on the effects of emotionally intelligent team leadership within the field of Organizational Behavior. The three empirical studies held in actual organizations of different sizes and in different industries (i.e., public-sector, banking, and retail sector) have advanced emotional intelligence research at the work-unit level. The methodological strength of the research designs (i.e., controlling for same-source bias; the large sample sizes; high response rates at the unit-level; use of various dependent variables, etc.) optimizes the value of the results. Moreover, in a cultural context, the work in this thesis extends the external validity of emotional intelligence theory to East Asia, and specifically to South Korea: most studies on emotional intelligence have been conducted in the West.

The findings of this thesis lend support to the idea that managers' emotional intelligence does matter in predicting various desirable unit-level outcome variables.

Despite the stated limitations inherent in each of the three empirical studies, the key findings and associated theoretical interpretations deserve to be cross-examined in future research. If the key findings hold up in new similar empirical studies, new modes to optimize managerial effectiveness, centered on training people's latent (or level of) emotional intelligence will emerge, that will contribute, no doubt, to a more efficient and humane organizational use of people, profit and the planet.

NEDERLANDSE SAMENVATTING

Het idee dat emotionele capaciteiten van cruciaal belang zijn voor een individu of manager om zich in positieve zin te onderscheiden, heeft geleid tot een stroom aan onderzoeken en andere leerprogramma's in zowel wetenschappelijke als meer praktijk georienteerde kringen. Toch is er nog maar een beperkte hoeveelheid onderzoek dat zich exclusief richt op de relatie tussen leiderschap of managers en emotionele intelligentie. Emotionele intelligentie is controversieel en daarom is het juist van belang om er meer onderzoek naar te doen. Is het werkelijk iets dat we verder zouden moeten exploreren, en zo ja, hoe dan en waartoe? Dit proefschrift plaatst emotionele intelligentie in een leiderschapscontext en gaat op zoek naar een antwoord op een van de grootste en tot dusverre ononderzochte vragen die er over het onderwerp bestaat: In welke mate maakt de emotionele intelligentie van een manager werkelijk een verschil in groepsverband? In essentie bestaat dit boek uit vier verschillende onderzoeken; begonnen wordt met een puur conceptuele literatuurstudie, gevolgd door drie empirische studies. In de alinea's hieronder worden de resultaten en belangrijkste bevindingen van elk onderzoek kort toegelicht.

In hoofdstuk twee besteden we kort de aandacht aan de definitie van emotionele intelligentie, waarbij getracht wordt de verschillende bestaande perspectieven, in termen van conceptualiseringen en operationaliseringen, in deze definitie terug te laten komen. In het hoofdstuk wordt eveneens aandacht besteed aan hoe emotionele intelligentie wordt getypeerd in leiderschapsprocessen. Het gepresenteerde literatuuroverzicht geeft aanleiding te veronderstellen dat er een positief verband bestaat tussen de emotionele intelligentie van managers en hun score op zowel transformationeel leiderschap als leiderschapseffectiviteit. Dit hoofdstuk eindigt met de wetenschappelijke uitdagingen die er op het gebied van emotionele intelligentie zijn. Mogelijkheden en onderwerpen die tot vernieuwend onderzoek kunnen leiden worden geïdentificeerd, waarbij de nadruk gelegd wordt op de effecten van emotionele intelligentie van (transformationele) managers/leiders en hun performance. Tekortkomingen van eerdere empirische studies waar in toekomstig onderzoek aandacht aan besteed dient te worden, zijn onder meer: de noodzaak van meer empirische studies die zich concentreren op emotionele intelligentie van managers als voorspeller van verschillende uitkomstvariabelen op teamniveau; adequate onderzoeksontwerpen met grotere en meer diverse steekproeven; extra aandacht voor de bezwaren die er zijn omtrent het gebruik van zelfrapportage als

meting voor emotionele intelligentie, en tot slot de te grote afhankelijkheid die er op dit moment is van uitkomstmetingen louter gebaseerd op percepties van respondenten, die enkel door middel van vragenlijsten verkregen zijn.

De empirische resultaten van de veldstudie in het derde hoofdstuk laten zien dat het emotionele intelligentieniveau van een teamleider significant correleert met haar of zijn vertoon van transformationeel leiderschap. Bovendien blijkt transformationeel leiderschap een mediërende variabele in de relatie tussen emotionele intelligentie van managers en verschillende uitkomstvariabelen gemeten op teamniveau, zoals service klimaat en leiderschapseffectiviteit. De empirische resultaten van de onderzochte Zuid-Koreaanse publieke sector organisatie (ter vergelijk: het betreft hier het Openbaar Ministerie van Zuid Korea) tonen aan dat de emotionele intelligentie van teamleiders (de 55 onderzochte managers zijn werkzaam op de laagste hierarchische laag van deze grote organisatie) door middel van transformationeel leiderschapsgedrag invloed heeft op de percepties van hun uitvoerende medewerkers.

Hoofdstuk vier rapporteert over een gehypothetiseerd gemodereerde-mediatie effect: van emotionele intelligentie van bankmanagers op de relatie tussen collectieve affectieve ervaringen van hun afdelingsmedewerkers en hun ontslagintentie, via leerervaringen. Uit de resultaten blijkt dat teams binnen banken met een hoge score op positieve affectiviteit een hoger niveau van leeractiviteiten hebben en een significant lagere ontslagintentie. Eveneens blijkt een hoog niveau van negatieve affectiviteit gerelateerd te zijn aan een laag niveau van leeractiviteiten en een hogere ontslagintentie. Het belangrijkste punt van dit hoofdstuk is dat de significante (negatieve) relatie tussen positieve collectieve affectiviteit en ontslagintentie door leeractiviteiten significant bleek wanneer sectormanagers hoog scoorden op emotionele intelligentie. Deze resultaten dragen bij aan kennis en inzicht met betrekking tot hoe emotionele factoren van zowel bankmanagers als locale banken zelve relateren aan uitkomsten op locaal bankniveau.

Hoofdstuk 5 geeft aandacht aan de rol van emotionele intelligentie van afdelings-hoofden in de vorming van het collectieve afdelingsklimaat en de werkprestaties van afdelingsmedewerkers. Uit de resultaten blijkt dat afdelingen met een uitgesproken emotioneel intelligente manager meer warmte en vriendelijkheid uitstralen, en er op die afdeling een groter gevoel van betrokkenheid ervaren wordt. Bovendien blijkt dat deze afdelingen de hoogste mate van taakgerelateerde performance op de werkvloer laten zien. Die verbeterde performance betreft in deze studie het behalen

van de geplande maandelijkse verkoopdoelstellingen. De uitkomsten van deze empirische studie trachten de aandacht te vestigen op individuele verschillen in de emotionele intelligentie van afdelingshoofden, en hoe aandacht voor deze variabele mogelijkerwijs harde, financiele afdelingsresultaten zouden kunnen genereren.

Kortom, dit proefschrift bevat drie omvangrijke, empirische studies die een aantal van de verwachte effecten van emotioneel-intelligente teamleiders/managers staaft. Teamperformance effecten van emotionele intelligentie in leiderschapsprocessen is iets wat wereldwijd aandacht heeft en tot voortdurende controverses leidt. In dit boek worden nieuwe resultaten aan de dag gelegd die niet zomaar afgedaan kunnen worden als berustend op toeval, hype, geloof of wat dies meer zei. De resultaten van de drie verschillende empirische studies zijn bovendien verkregen binnen drie zeer verschillende niet-westerse organisaties in diverse sectoren, waaronder de publieke, bank- en retail sector. De verkregen resultaten van de drie afzonderlijke empirische studies bevestigen grotendeels de opgestelde hypotheses; zij stellen ons in staat om het relatieve belang aan te geven van de emotionele intelligentie van managers voor hun effectiviteit. Het vertrouwen in de juistheid van de gepresenteerde resultaten wordt bovendien onderstreept door de methodologische robuustheid van de gebruikte onderzoeksontwerpen; waaronder de controle van de zogenaamde same-source bias; de grootte van de gebruikte steekproeven; de hoge respons rate; en het gebruik van zeer uiteenlopende afhankelijke variabelen. De bevindingen in deze dissertatie onderschrijven de notie dat de emotionele intelligentie van managers van belang is in het voorspellen van verschillende gewenste uitkomstvariabelen op groepsniveau. Ondanks een aantal beperkingen inherent aan elk van de drie onderzoeken, verdienen de belangrijkste bevindingen en aanverwante theoretische interpretaties het om in toekomstig onderzoek opnieuw betrokken te worden. Wanneer de in deze dissertatie gepresenteerde bevindingen stand blijken te houden in nieuwe, vergelijkbare empirische studies, zullen er nieuwe methoden en werkwijzen ontstaan die gericht zijn op het optimaliseren van de effectiviteit van managers. Die inzichten zullen hopelijk leiden tot een meer humane benutting van de factor arbeid tijdens het organiseren van de (kost – en kwetsbare) werkende mens.
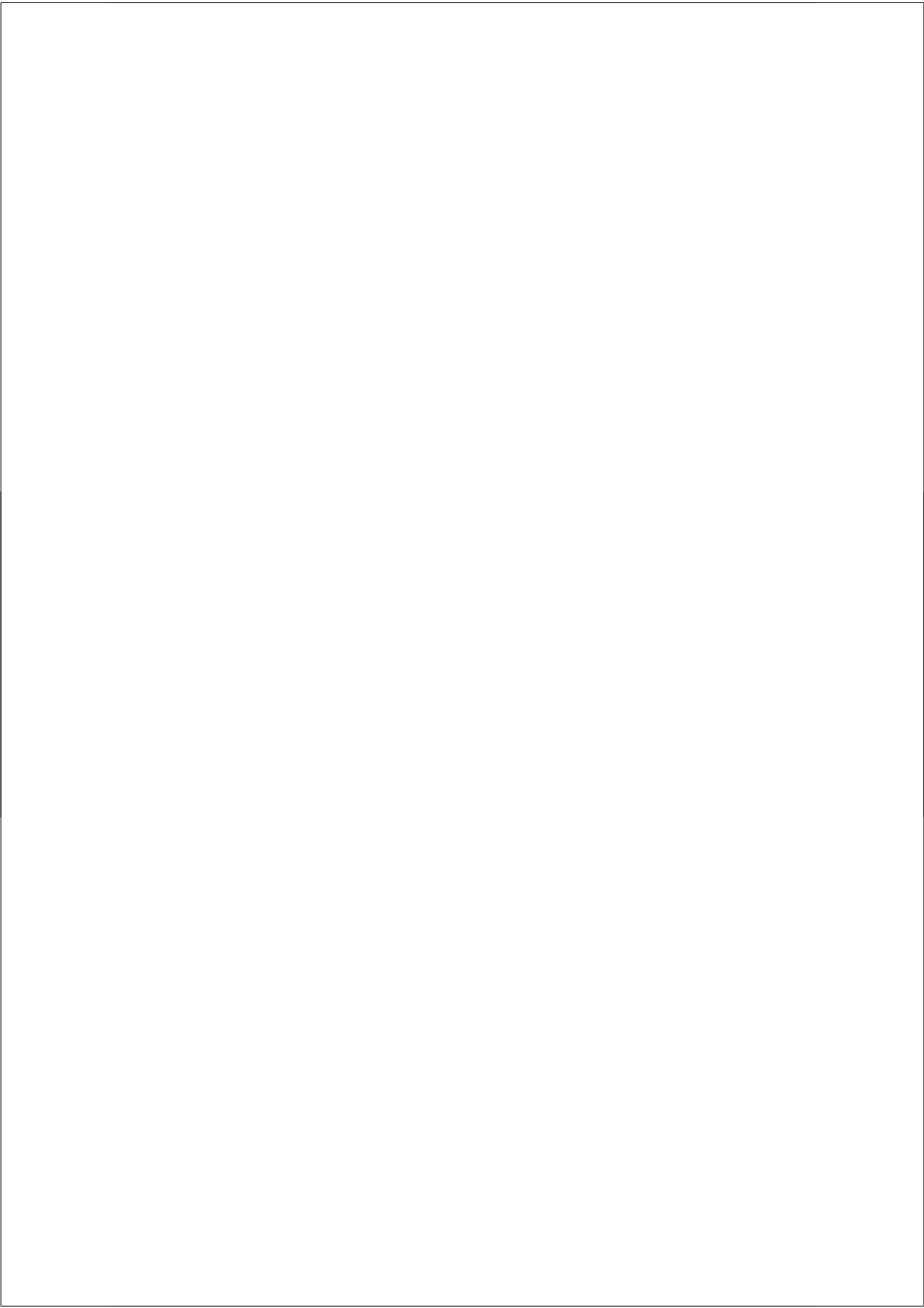
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YoungHee (Sylvia) Hur
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Chapter I

INTRODUCTION AND OVERVIEW

INTRODUCTION

It is becoming commonplace that emotions play a large role in the workplace, including in leadership. The study of emotion in Organizational Behavior has produced thus far two broadly different foci of research. One focus has been on emotional processes and experiences as a reaction to workplace events (e.g., Affective Event Theory: Weiss & Cropanzano, 1996). The other focus is on the control and display of emotions as a job component or requirement of work (i.e., emotional labor: Hochshild, 1983; Humphrey, Pollack, & Hawver, 2008). Each focus has potentially many leadership implications and applications. While emotions are becoming a hot topic in the field of Organizational Behavior and beyond, they are manifested in the increasingly popular concept of emotional intelligence (EI). This concept has generated considerable excitement among both practitioners and academics. Emotional intelligence refers to a general ability to perceive one's own emotions and the emotions of others and to use these emotions in functional and adaptive ways (Salovey & Mayer, 1990). Since the delineation of the concept, emotional intelligence has been touted as vital to leadership effectiveness (e.g., George, 2000; Goleman, 1998; Kerr, Garvin, Heaton, & Boyle, 2006) despite some ongoing controversy (e.g., Antonakis, 2004; Locke, 2005).

Although much has been written recently regarding the potential influence of emotional intelligence and its role in organizational leadership, relatively little empirical work exists on the topic in actual organizational settings. Besides, lack of research rigor has been an issue in some of the published studies: laboratory studies aside, common-method bias has been a problem when performance has been measured (Lopes, Brackett, Nezlek, Schütz, Sellin, & Salovey, 2004). Moreover, the majority of research to date, examining the consequences of leader emotional intelligence, has been focused almost exclusively on predicting leader effectiveness, follower satisfaction, and follower job performance at the individual level (Ashkanasy & Jordan, 2008). And despite an increasing number or organizations structuring work through the use of teams, units or workgroups, we know especially little about how a unit manager's emotional capability relates to variations in unit effectiveness or performance. The dominant frameworks for understanding workgroup effectiveness are the input – process – output model posed by McGrath in 1964 (cited in Kozlowski & Bell, 2004). The model posits that a variety of inputs combine to affect intragroup processes which, in turn, affect workgroup outputs.

Inputs have been grouped into three categories: the characteristics of individual members (e.g., abilities and attributes), task characteristics and interdependencies, and organizational factors (e.g., leadership, training, and resources) (Kozlowski & Bell, 2004). In this study, we focused on organizational inputs, and specifically on a unit manager's emotional capability to explain workgroup performance.

This thesis capitalizes on the limitations of prior studies in the domain of emotional intelligence, and makes a number of important contributions. Three specific research objectives are pursued in this thesis. First, this thesis utilizes a work unit-level approach to substantiate the influence of managerial emotional intelligence on various workgroup outcomes within a fairly rigorous research design. The second objective is to examine much-needed empirical evidence as to whether or not managerial emotional intelligence is predictive of measures of managerial effectiveness in actual organizational settings. And last, this thesis attempts to extend the validity of the notion of emotional intelligence to East Asia, specifically to South Korea.

THESIS STRUCTURE

This thesis is composed of one conceptual literature-review study and three separate empirical studies. Chapter II begins with a consideration of what we currently know about the role of emotional intelligence in the leadership process, and focuses explicitly on transformational leadership style. The literature review continues with the topic of how both variables together may contribute to performance outcomes. This chapter also introduces the variety of definitions and associated measures of emotional intelligence. The key findings from the reviews of empirical studies are incorporated in this chapter and critically discussed. A few lessons learned are utilized in the subsequent, three empirical chapters.

Chapter III is the first empirical study reported in this thesis; it examines the link between the emotional intelligence of team leaders and three outcomes: leader effectiveness, team effectiveness, and service climate. Of these linkages, transformational leadership is hypothesized as a potential mediator in the relationships between the three outcomes and emotional intelligence. The dataset is based on 859 public employees, working in 55 teams, in a South Korean public-sector organization. The hypothesized path model is analyzed at the team level,

controlling for same-source bias: by randomly splitting employee response within each team into three subgroups. Results are discussed in the light of implications for future research, together with the limitations of the study.

Chapter IV reports how employees' collective affective experience (positive vs. negative) within work units might relate to their perceptions of learning activity as well as, indirectly, to their intention to turn over (through learning activity). Moreover, we hypothesized that the degree of emotional intelligence of one's unit manager matters in this regard as well. Specifically, we postulate that the expected magnitude of the indirect effect of collective affect on turnover intention, via learning activity, will depend on the level of emotional intelligence of the work-unit managers. For this purpose, the hypothesized path model is tested at the unit-level through moderated-mediation analyses, after controlling for same-source bias in a sample of 325 branches in a South-Korean bank. Implications of the findings for research and practice are discussed, along with acknowledgement of this study's limitations.

In Chapter V, we examine the relationships between managerial emotional intelligence, cohesive unit climate, unit employees' job performance and, in turn, unit sales performance. Using stores' actual sales data as well as survey data, collected from 1,611 non-managerial employees and 253 managers who operate within a large electronics retail company in South Korea, we test a path model at the store-level with common-method bias removed. Implications of the results for future study and for more effectively managing such retail organizations are discussed.

Chapter VI concludes this thesis by outlining the key findings of each empirical study, research achievements, as well as future research directions in the domain of emotional intelligence and team leadership.

Chapter I

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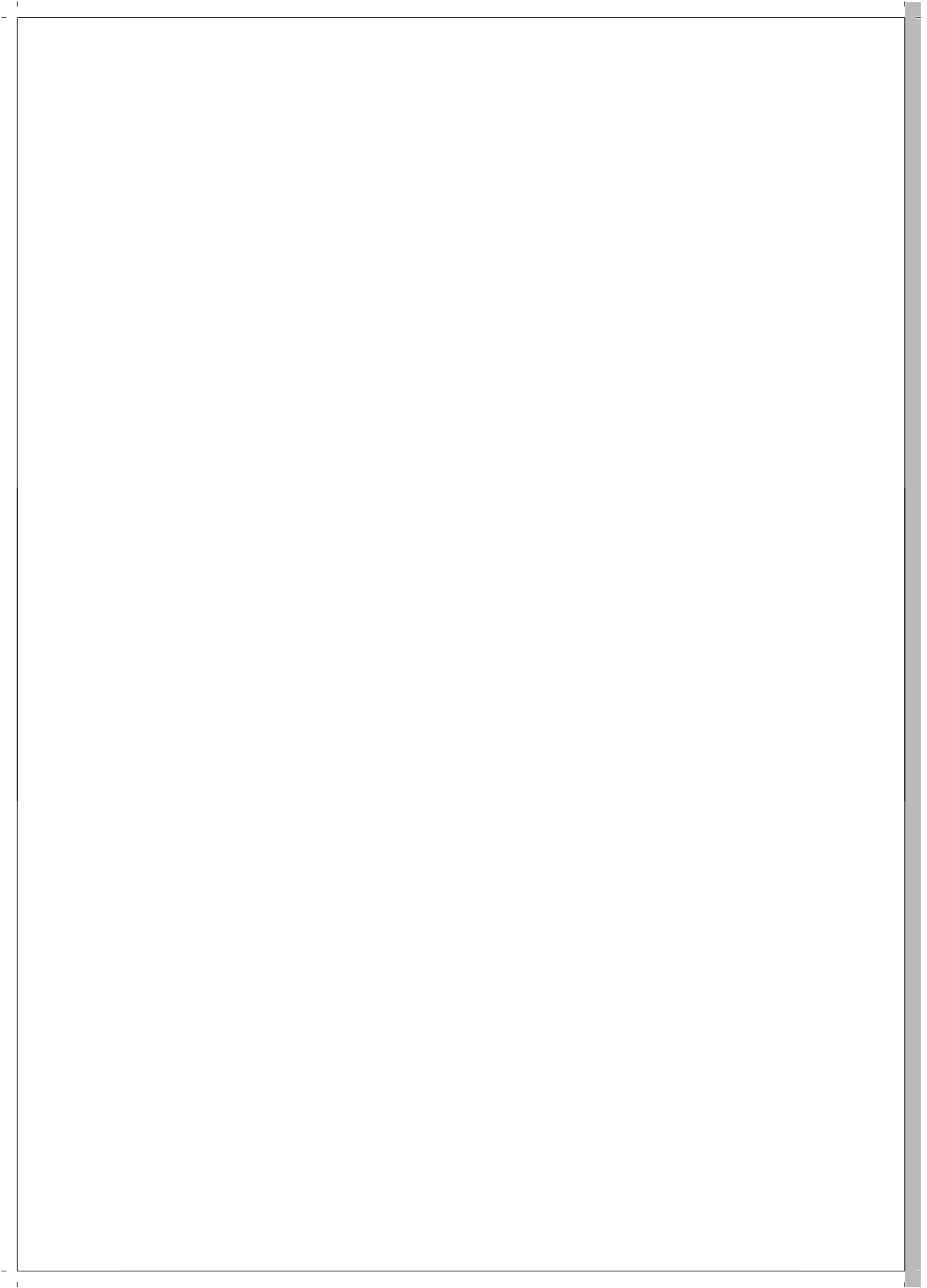
Chapter II

EMOTIONAL INTELLIGENCE, TRANSFORMATIONAL LEADERSHIP AND PERFORMANCE: EVIDENCE AND CHALLENGES REVIEWED[1]

ABSTRACT

This chapter reviews the empirical evidence for the links between emotional intelligence, transformational leadership style, and outcome and performance effects. The review aims to provide future researchers with insights into the links between emotional intelligence, leadership, and performance. Even though most empirical studies in this area appear to have been carried out in service-type work settings, we also incorporate results derived from other settings. We conclude that new analyses of the three core constructs are needed in order to straighten out the conceptual and measurement overlap between emotional and transformational leadership. Also, we call for more research attention and care to be paid to the outcome measures. In terms of sampling, non-service settings, we argue in this paper, might be especially helpful in establishing the objective performance effects of emotional intelligence: we do suggest this despite the widespread assumption that emotional (leadership) labor is merely or especially relevant for service settings.

INTRODUCTION

A variety of approaches to studying leadership have been proposed; from analyzing what leaders are like and how they motivate their followers, to how their styles interact with situational conditions. Of leadership styles that have the potential to enhance work performance, transformational leadership has been shown to predict both individual and unit or organizational high performance across a wide variety of settings and cultures (e.g., Howell & Avolio, 1993; Judge & Piccolo, 2004), including service contexts (Mackenzie, Podsakoff, & Rich, 2001; McColl-Kennedy & Anderson, 2002). Nevertheless, very little is known about the process through which leaders energize their followers and how and under what circumstances a transformational leader/manager is most effective.

When the focal recipients of leadership are front-line service personnel facing the day-to-day demands of satisfying customers, the performance effects of leadership styles may be especially important. Employees in customer service jobs are expected to display cheerful and friendly emotions continuously, regardless of their own feelings, or even in the more difficult situations, regardless of the possible negative or rude emotional displays of their customers, managers, or peers. This 'emotional labor' (Hochschild, 1983) is an important aspect of service effectiveness (Ashforth & Humphrey, 1993). Emotional labor may lead employees to burnout or exhaustion (Grandey, 2000). Subsequently, an exhausted employee oftentimes may behave inappropriately towards his or her customers. Due to the inseparability of the service from its provider, the provision of service quality is inevitably affected by the various moods of the contact employees. We know that the perception of service provider responsiveness affects customers' reports of both satisfaction with service and service quality (Lacobucci, Ostrom, & Grayson, 1995). As a consequence, not only front-line employees but also their managers need to be skilled in assessing and responding to their clients' or employees' emotional states. Service managers are to clarify what is expected of their followers in terms of customer service. In an effort to encourage the proper service behavior of frontline employees, service managers must empower, inspire, reward, and serve as role models so that their followers fully understand how to deliver the best service (Anderson, 2006). On top of this, another task of a service manager is to manage the emotional tone of the members of their group or team (Pescosolido, 2002). It is known that managers use emotional competencies in order to secure cooperation within groups, to motivate followers, and to enhance

communication and performance (Ashkanasy & Tse, 2000; George, 2000). All these managerial aspects are assumed to be important in the literature on high-performing service settings; together they point to the study that in supervisory type work-floor settings, leaders/managers do especially well when they score high on emotional intelligence (Langhorn, 2004).

This chapter systematically reviews the literature that addresses the potentially added value of the 'emotional intelligence' of a manager. Does this elusive intelligence feature add to the established leadership style known as transformational leadership? Or, are other related leadership factors more critical than the mere ability of supervisors to be highly emotionally intelligent, in addition to (or blended with) being seen as 'transformational'? Our literature review will not focus exclusively on the service sector. We assume that, in terms of emotional intelligence, the service sector could potentially learn from research results from non-service settings as well.

Since the conceptualization of emotional intelligence by Salovey and Mayer (1990), emotional aspects of leadership have been reflected in quite a few empirical studies. Such studies have focused on the role of emotional intelligence in the identification of effective leadership in various organizations (e.g., Barbuto & Burbach, 2006; Barling, Slater, & Kelloway, 2000; Gardner & Stough, 2002; Goleman, 1998a, b; Sosick & Megerian, 1999; Wong & Law, 2002). From the correlational studies that report empirical work on the linking of emotional intelligence to effective leadership, this chapter reviews the studies that focus explicitly on the role of emotional intelligence in transformational/transactional leadership and how both variables, together, may have performance outcomes. In what follows now, we first offer an overview of the variety of definitions and associated measures of emotional intelligence. Second, we portray how emotional intelligence may play a role in the leadership process. And third, we focus on the extant literature addressing the performance effects of managers scoring high on emotional intelligence in conjunction with transformational leadership. Fourth, we conclude in the form of a discussion of future research issues and needs in this realm.

EMOTIONAL INTELLIGENCE IN THE LEADERSHIP PROCESS

Emotional Intelligence

The scholarly study of emotional intelligence began in the early 1990's when Salovey and Mayer (1990) initially defined emotional intelligence as "the sub-set of social intelligence that involves the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions" (p. 189). After that, emotional intelligence was stimulated by Daniel Goleman with his publications *Emotional Intelligence: Why It Can Matter More than IQ* in 1995 and his subsequent book *Working with Emotional Intelligence* (Goleman, 1998a).

Since the articulation of emotional intelligence, many emotional intelligence theorists and researchers have brought quite a variety of definitions and associated measures of emotional intelligence to the discussion (e.g., Bar-On, 1997; Boyatiz, Goleman, & Rhee, 2000; Mayer, Salovey, & Caruso, 2002). Ashkanasy and Daus (2005), for instance, classified the field of emotional intelligence into three alternative models and measures: (1) the four-branch ability-based model proposed by Mayer and Salovey (1997) and measured by the Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT: Mayer et al., 2002): (2) self-report and peer-report measures based on Salovey and Mayer's original conceptualization of emotional intelligence (e.g., Jordan, Ashkanasy, Hartel, & Hooper, 2002; Schutte et al., 1998; Wong & Law, 2002): (3) mixed models that incorporate a wide range of personality characteristics and other traits represented by both the Emotion Quotient Inventory (EQ-i: Bar-On, 1997) and the Emotional Competency Inventory (ECI: Boyatiz et al., 2000). These models are broad and include personal and interpersonal competencies and abilities such as the personal competencies of self-consciousness; self-control and self-motivation; and interpersonal competencies, such as empathy and social skills.

An ability model of emotional intelligence, reflected in the Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT: Mayer et al., 2002), assesses four factors: '*Perceiving emotions*' refers to the ability to perceive one's own and others' emotions. '*Assimilating emotions in thought*' is the capability of generating, using, and feeling the emotion necessary in communicating feelings as well as the capability to employ emotions in other cognitive processes. '*Understanding emotions*' refers to understanding emotional information, understanding the combination of emotions and how they progress through relationship transitions, and it includes the ability

to appreciate emotional meanings. '*Managing emotions*' refers to the ability to be receptive to feelings, and to modulate one's own and others' feelings in order to promote personal well-being and understanding and growth.

In the mixed models, emotional intelligence has been defined as "an array of non-cognitive capabilities, competencies and skills that influence one's ability to succeed in coping with environmental demands and pressures" (Bar-On, 1997, p. 14). The Bar-On Emotional Quotient Inventory or EQ-i (Bar-On, 1997) consists of five major scales, each composed of several subscales: '*Intrapersonal*' (encompassing self-regard, emotional self-awareness, assertiveness, independence, and self-actualization); '*Interpersonal*' (covering empathy, social responsibility, and interpersonal relationship); '*Adaptability*' (covering reality testing, flexibility, and problem solving); '*Stress management*' (including tolerance and impulse control); and '*General mood*' (encompassing optimism and happiness).

Goleman's (1998a) operational model for assessing emotional intelligence is known as 'Emotional Competency' (EC). Boyatiz et al. (2000) presented a model with twenty competencies in four separate clusters. '*Self-awareness*' refers to the ability to accurately perceive one's own emotions, be aware of them, and understand their impact on specific situations and people. '*Self-management*' means the ability to stay flexible through being aware of one's emotions and to positively direct behavior, i.e., managing emotional reactions to specific situations and people. '*Social awareness*' is the ability to accurately perceive and react to emotions in other people, People who are socially aware understand what other people are thinking and feeling, even if they conflict with their own feelings. And last, '*Relationship management*' refers to the ability to manage interactions successfully through being aware of one's own emotions and the emotions of others.

Although several different definitions and models of emotional intelligence have been proposed, they obviously seem to have much in common. More fundamentally, each of these models or approaches to emotional intelligence share a two-fold distinction in foci – one's versus others' emotions – as well as a two-fold distinction in operations – awareness and management of emotions. Also, those approaches highlight individual difference in the level of emotional intelligence and the possibility to improve on their level of emotional competence with age and experience (Mayer, Salovey, & Caruso, 2004). The currently available main assessment methods of emotional intelligence are summarized in Table 1. The key components of each measure of emotional intelligence are listed in Table 2.

Table 1. Classification of the Main Measurement Models of Emotional Intelligence

Theoretical Foundation	Measurement of Emotional Intelligence	Measurement Method
Original Four Branch Abilities Model	Multifactor Emotional Intelligence Scale (*MEIS; Mayer et al., 1999*)	Self-report
	Mayer-Salovey-Caruso Emotional Intelligence Test (*MSCEIT; Mayer et al., 2002*)	Self-report
Based on Four Branch Abilities Model	Schutte Self Report Emotional Intelligence Test (*SSEIT; Schutte et al., 1998*)	Self-report
	Wong & Law Emotional Intelligence Scale (*WLEIS; Wong & Law, 2002*)	Self-& peer-report
	Workgroup Emotional Intelligence Profile (*WEIP; Jordan et al., 2002*)	Self-report
Mixed Model	Emotion Quotient Inventory (*EQ-i; Bar-on, 1997*)	Self-& peer-report
	Emotion Quotient Map (*EQ-MAP; Cooper & Sawaf, 1997*)	Self-report
	Emotional Competency Inventory (*ECI; Boyatiz et al., 2000*)	Self-& peer-report
	Emotional Intelligence Quotient (*EIQ; Dulewicz & Higgs, 1999*)	Self-report
	Swinburne University Emotional Intelligence Test (*SUEIT; Palmer & Stough, 2001*)	Self-report

Source: Modified based on Kerr et al. (2005)

The Role of Emotional Intelligence in Leadership

Leadership is based on the interaction between a leader and followers where the leader's ability to influence followers can strongly influence performance outcomes (Humphrey, 2002). According to Affective Events Theory (Weiss & Cropanzano, 1996), the relationship between an event and subsequent attitudes and behaviors depends in part on the formation and appraisal of emotions. If the formation and appraisal of emotions can be influenced by another person such as a supervisory-level manager, then a change in the attitudinal and behavioral consequences of an encounter may be achieved. Consequently, leaders achieve their impact on follower performance by arousing and/or engaging the emotions of followers (Ashkanasy & Tse, 2000). The effects of leadership on follower performance have been shown to be

mediated by the impact on the performance-relevant emotional states of followers: encouraging emotions that are likely to facilitate performance and inhibiting the development of emotions that would undermine it (Bono, Foldes, Vinson, & Muros, 2007; McColl-Kenedy & Anderson, 2002; Sy, Côté, & Saavedra, 2005). In other words, more benefits can be gained if a manager has the competency to be accurately aware of his or her emotions, including the perceptions of the possible faking of emotions of followers, and to manage those emotional states constructively.

The competencies included in the concept of emotional intelligence seem highly relevant to leadership, and, if possessed by managers, they would seem to contribute to their effectiveness (Gardner & Stough, 2002; Kerr, Garvin, Heaton, & Boyle, 2006). Senior executives in an Australian public service organization, for example, scored high on emotional intelligence when they were considered as effective leaders by their followers as well as by their own managers; moreover, they were more likely to achieve the intended business outcomes (Rosete & Ciarrochi, 2005). Besides these findings, the studies of Sosik and Megerian (1999), Newcombe and Ashkanasy (2002), Wong and Law (2002), and Wolff, Pescosolido, and Druskat (2002) all show a significant linkage between specific elements of emotional intelligence, such as self-awareness, emotion recognition ability, empathy, and positive affect to leader perceptions and job satisfaction among followers. Also, the ability of a manager to be aware of followers' feelings and to influence those feelings to make their followers more enthusiastic and optimistic has been shown to help a manager to achieve work floor performance (Humphrey, Weyant, & Sprague, 2003: Langhorn, 2004). In addition, many scholars in the emotional intelligence domain assume that leaders who are able to understand and manage their emotions and display self-control act as role models for followers by enhancing the followers' trust and respect (e.g., Goleman, 1995, 1998a; George, 2000). Leaders who score high on emotional intelligence have also been shown to be better able to manage the impressions they give to others and to use those impressions to guide their followers to achieve effective leadership (Dasborough & Ashkanasy, 2002). Moreover, employees demonstrate extra-role behavior when their leaders possess high levels of emotional intelligence (Wong & Law, 2002). Also noteworthy, in this context is the finding that restaurant managers' emotional intelligence had a more positive correlation with job satisfaction for employees with a low level of emotional intelligence than for those with high emotional intelligence (Sy, Tram, & O'Hara, 2006). Also in terms of navy officer leadership performance, their emotional intelligence appeared

to be correlated with superior appraisals by their line managers (Dulewicz, Higgs, & Slaski, 2003).

Table 2. Key Components of Emotional Intelligence

Measure	Component
Emotion-Quotient Inventory *(EQ-I; Bar-On, 1997)*	Intrapersonal Interpersonal Adaptability Stress management General mood
Schutte Self Report Emotional Intelligence Test *(SSEIT; Schutte et al., 1998)*	Appraisal and expression of emotion Regulation of emotion Utilization of emotion
Emotional Competency Inventory *(ECI; Boyatiz et al., 2000)*	Self-awareness Self-management Social awareness Relationship management
Emotional Intelligence Quotient *(EIQ; Dulewicz & Higgs, 2000)*	Self-awareness Emotional resilience Motivation Interpersonal Influence Intuitiveness Conscientiousness
Swinburne University Emotional Intelligence Test *(SUEIT; Palmer & Stough, 2001)*	Emotional expression Emotional recognition Understanding of emotion Emotional management Emotional control
Mayer Salovey Caruso Emotional Intelligence Test *(MSCEIT; Mayer et al., 2002)*	Perceiving emotions Facilitating thought Understanding emotions Managing emotions
Wong and Law Emotional Intelligence Scale *(WLEIS; Wong & Law, 2002)*	Self emotion appraisal (SEA) Others emotion appraisal (OEA) Use of emotion (UOE) Regulation of emotion (ROE)

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So far, we have reviewed leadership studies that attracted attention in terms of the empirical study of emotions at work: The study of emotions in leadership seems to be concerned with naturally occurring emotions in reaction to work, among both leaders and followers. It includes the regulation of one's own emotions and followers' emotions to reach certain goals. Emotional intelligence has been shown to play a role in various ways in the quality and effectiveness of leadership. All authors who write on leadership and emotion stress that leaders with high emotional intelligence can create highly constructive relationships with followers, and that this motivates their followers to do their jobs well. Furthermore, the emotional intelligence of leaders seems to affect their ability to influence perceptions of transformational behaviors (Ashkanasy & Tse, 2000). In the following sections, we review the empirical evidence on the linkage between emotional intelligence and transformational leadership.

EMPIRICAL STUDIES OF EMOTIONAL INTELLIGENCE AND TRANSFORMATIONAL LEADERSHIP

A true trend contributing to the importance attached to emotions in leadership comes from studies that emphasize transformational as opposed to transactional leadership processes. Transformational leadership has been of particular interest to researchers because transformational leaders focus on followers' emotional states; they study the assumed-to-be evolving emotion-based relationship between leaders and followers (Ashkanasy & Tse, 2000; Bono et al., 2007; Humphrey, 2002). Dasborough and Ashkanasy (2002), for example, even conceived of transformational leadership as a process of social interaction in which leaders and followers are connected through inspirational, motivational and emotional elements.

Originally, Burns (1978) studied political leaders and noted two divergent leadership styles: transformational and transactional. Later, Bass and Avolio (1994) proposed four dimensions of transformational leadership: *Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration. Idealized influence* is the degree to which the leader behaves in admirable ways that cause followers to identify with the leader. *Inspirational motivation* refers to a leader's articulation of a vision that is appealing and inspiring to followers. Leaders with inspirational motivation challenge followers (through high standards) and communicate optimism about future goal attainment. *Intellectual stimulation* is the

degree to which the leader challenges assumptions, task risks, and solicits followers' ideas. *Individualized consideration* is the degree to which the leader attends to each follower's needs, acts as a mentor or coach to the follower, and listens to the follower's concerns and needs (Bass & Avolio, 1994).

Several attempts have been made to examine the assumption that emotional intelligence is predictive of transformational leadership (Barling et al., 2000; Palmer, Walls, Burgess, & Stough, 2001). These correlational studies compare the emotional intelligence scores (as measured by various instruments) against scores on measures of transformational leadership. Most findings from prior studies suggest a general positive link between a leaders' emotional intelligence and their ratings on transformational leadership criteria. Sosik and Mergerian (1999), for instance, studied the relationship between transformational leadership behavior, emotional intelligence (with a trait-based perspective on emotional intelligence) and leadership effectiveness in an IT company. They showed that follower ratings of transformational leadership and performance were positively related to managers' emotional competency (i.e., self-awareness, self-motivation, relationship management, and empathy). In addition, emotionally competent managers were rated as being more effective by both superiors and followers than those lower in emotional competency. Intriguingly, these correlations between emotional competency and transformational leadership behavior differed based on categorization of self-other rating agreement. More specifically, transformational managers who maintained self-follower rating agreement possessed more aspects of emotional competency and were perceived in a positive light by both their superiors and subordinates.

After Sosik and Megerian's study, more empirical studies – carried out in a variety of organizational settings – have focused on the role of emotional intelligence in Bass and Avolio's (1994) transformational/transactional leadership model (e.g., Barbuto & Burbach, 2006; Butler & Chinowsky, 2006; Gardner & Stough, 2002; Leban & Zulauf, 2004; Mandell & Pherwani, 2003; Sivanathan & Fekken, 2002; Weinberger, 2003; Webb, 2005). Table 3 provides a summary that can be used to review where propositions have been tested and empirically supported. The studies listed in Table 3 have been arranged in chronological order.

Table 3. Overview of Empirical Studies Linking Emotional Intelligence to Transformational Leadership

	Source[1]	Author(s) (year)	Context/Sample	EI Scale[2]	Key Findings	Service Context
1	GOM	Sosik & Megerian (1999)	Managers (63), followers (192) and superiors of focal managers (63) in a US-based information services and technology (IT) firm	Composed of various measures	Significant positive relationships between follower ratings of transformational leadership and managers' emotional intelligence. The transformational leaders were rated as more effective by both superiors and followers.	Yes
2	LODJ	Barling et al. (2000)	Managers (49) (from vice president to supervisor levels) and followers (187) in a pulp and paper organization	EQ-i	EI is significantly associated with three aspects of transformational leadership (i.e., idealized influence, inspirational motivation and individualized consideration)	No
3	LODJ	Palmer et al. (2001)	Managers (43) (from all managerial levels) from various organizations	MSCEIT	Transformational leaders are higher in EI than transactional leaders. Significant relationship between EI and idealized influence, inspirational motivation and individualized consideration.	-
4	LODJ	Gardner & Stough (2002)	Senior level managers (110)	SUEIT	Significant positive correlation between EI and transformational leadership. No relationship with transactional leadership, and a negative correlation with laissez-faire leadership. EI correlated significantly with leadership outcomes (extra effort, effectiveness, and satisfaction).	-
5	LODJ	Sivanathan & Fekken (2002)	University residence staff (58), followers (232) and supervisors (12)	EQ-i	Managers' self-reported EI was significantly related to both subordinate ratings and self-ratings of transformational leadership and leadership effectiveness.	Yes

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Table 3. *Continued*

Source[1]	Author(s) (year)	Context/Sample	EI Scale[2]	Key Findings	Service Context
6 Doctoral thesis	Weinberger (2003)	Managers (138) and employees (791) in a US-based manufacturing company	MSCEIT	*No significant* correlations between leader EI and transformational leadership, nor correlation between EI and leadership outcomes.	No
7 JBP	Mandell & Pherwani (2003)	Managers (32) (13 males & 19 females, from middle managers to executives) from a Medical, Educational, Financial, and High-tech. firm	EQ-i	A significant predictive relationship between transformational leadership and EI. Gender differences in EI (female managers score significantly higher than male managers).	Yes
8 LODJ	Leban & Zulauf (2004)	Project managers (24) and team members in six organizations (healthcare, manufacturing, sales services, information technology services, project management services, and training consulting services)	MSCEIT	Emotional intelligence significantly contributes to a project manager's transformational leadership style and subsequent actual project performance.	Yes
9 LODJ	Rosete & Ciarrochi (2005)	Executive level managers (41), their followers and supervisors (141) in an Australian public service Organization	MSCEIT	Higher EI is significantly associated with higher leadership effectiveness (based on the organization's own performance management system). Perceiving emotions emerged as the strongest predictor of leadership effectiveness.	Yes

Table 3. Continued

Source[1]	Author(s) (year)	Context/Sample	EI Scale[2]	Key Findings	Service Context
10 Doctoral thesis	Webb (2006)	Leader-member dyads (216) from diverse organizations (real estate, insurance company, engineering, non-profit organizations)	WLEIS	Self reported EI is significantly related to perceived transformational leadership. Tow moderating effects were found, of leader-member exchange and the tenure of follower, in the link between leader EI and perceived transformational leadership.	Partially Yes
11 JME	Butler & Chinowsky (2006)	Construction executives (130)	EQ-i	Significant link between emotional intelligence and transformational leadership. Interpersonal skills and empathy were key elements in predicting transformational leadership.	No
12 JSP	Barbuto & Burbach (2006)	Elected community leaders (80) and direct-report staff (388) in the Midwest	Carson et al. (2000)'s scale	EI has a significant positive relationship with self-reported transformational leadership but shared little significant variance with follower reports of transformational leadership.	Yes

Note

[1] Key to Journals

GOM	Group & Organization Management
LODJ	Leadership & Organizational Development Journal
JBP	Journal of Business and Psychology
JME	Journal of Management in Engineering
JSP	Journal of Social Psychology

[2] EI Scale

EQ-i	Emotion-Quotient Inventory (Bar-On, 1997)
MSCEIT	Mayer-Salovey-Caruso-Emotional Intelligence Test (Mayer et al., 2002)
SUEIT	Swinburne University Emotional Intelligence Test (Palmer & Stough, 2001)
Carson et al.	Emotional Intelligence Instrument (Carson, Carson, & Birkenmeier, 2000)
WLEIS	Wong and Law Emotional Intelligence Scale (Wong & Law, 2002)

Based on the conceptualization of idealized influence between emotional intelligence and transformational leadership, Barling et al. (2000) conducted an exploratory study on the relationship between the manager's ($N = 49$) emotional intelligence and followers' ($N = 187$) perceptions of leadership style (based also on the transformational/transactional leadership paradigm). The authors concluded that the total score of emotional intelligence (through EQ-i: Bar-On, 1997) is positively related to their three components of transformational leadership (idealized influence, inspirational motivation, and individualized consideration) as well as to contingent reward (a component of transactional leadership).

On the relationship between transformational leadership and emotional intelligence, the results of Palmer et al.'s study (2001) are similar to Barling et al.'s findings (2002). Emotional intelligence has been identified as an underlying attribute that manifests in transformational leadership behavior. Also Gardner and Stough (2002) examined the relationship between transformational leadership and a self-report measure of emotional intelligence, using the Swinburne University Emotional Intelligence Test (SUEIT: Palmer & Stough, 2001). Effective leadership was measured by the Multifactor Leadership Questionnaire of Bass and Avolio (1995). Gardner and Stough (2002) explored the relationships among those variables with data from 110 senior level executives. A strong positive relationship was found between transformational leadership and total emotional intelligence scores. All the components of transformational leadership correlated positively with the five components of emotional intelligence measured by SUEIT (*Emotional recognition and expression; Emotions direct cognition; Understanding of emotions external; Emotional management; Emotional control*). The strongest correlation was found between individual consideration and understanding of emotions external ($r = 0.585$, $p < .01$). However, no relationship between transactional leadership and emotional intelligence was found, although a significant negative correlation between laissez-faire leadership and emotional intelligence was uncovered. Additionally, the presumed outcomes of transformational leadership (extra effort, effectiveness and satisfaction) were all found to correlate significantly with the components of emotional intelligence. Gardner and Stough (2002) noted that the ability to perceive and understand the emotions of others was the best predictor of transformational leadership. They further suggested that leaders' emotional intelligence in identifying and understanding the emotions of followers is important for the purpose of maintaining the enthusiasm and productivity of followers.

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Mandell and Pherwani (2003) also examined the predictive relationship between emotional intelligence and transformational leadership style. In this study, thirty-two managers from various fields (i.e., medical, education, financial and high-tech) assessed their own emotional intelligence and leadership style. Based on hierarchical regression analyses, a significant linear relationship was found between the total emotional intelligence scores and transformational leadership style. In addition to this finding, the authors found gender differences in emotional intelligence scores (i.e., females score significantly higher than males). However, gender did not significantly interact with emotional intelligence while predicting transformational leadership. Consistent with theory and previous research (Mayer et al., 2004; Schutte et al., 1998), this study also reports that female managers have higher emotional intelligence scores than men.

Weinberger (2003) administered a measure of transformational leadership as well as a measure of emotional intelligence (MSECIT: Mayer et al., 2002) to 138 managers and 791 other employees in a manufacturing company. In contrast to most other published studies, no significant relationship was found between these leaders' emotional intelligence and transformational leadership. Neither of the dimensions of emotional intelligence had a significant relationship with any of the various outcome variables (i.e., extra effort, satisfaction, and leadership effectiveness). Four suggestions were derived from these contradictory results for future research: "develop consistently reliable instrumentation; develop a more closely aligned definition of emotional intelligence; determine if the construct of emotional intelligence is a unique measure; explore the construct of emotional intelligence qualitatively" (Weinberger, 2003: 145). The notion of 'emotional display rules' may further explain the results of this study. The effects of emotional intelligence on job outcomes might differ across job categories and job characteristics (Humphrey, 2000; Wong & Law, 2002). A job that involves interaction with customer and/or peers in one's workplace may require a higher level of emotional intelligence than jobs which do not. Some work settings demand minimal interaction with leaders than others for obtaining solid, high job performance.

Taking this one step further, Sivanathan and Fekken (2002) attempted to compare emotional intelligence and moral reasoning (defined as conceptual and analytical ability in this study) in association with transformational leadership. Results showed that leaders reporting greater emotional intelligence were perceived by their followers to display greater transformational leadership behaviors. In addition,

they were perceived to be more effective. However, leaders displaying greater moral reasoning were not found to display transformational leadership behaviors.

In a team context, Leban and Zulauf (2004) addressed twenty-five project managers and their associated project performances in six organizations in varied industries (i.e., healthcare, manufacturing, sales services, project management services, information technology services and training and consulting services). A project manager's ability in terms of emotional intelligence was appeared to contribute to team members' perceptions of project manager's transformational leadership style and subsequent actual project performance.

Webb (2005) found with 216 leader-member dyads that self-reported emotional intelligence (with Wong and Law's Emotional Intelligence Scale) is related to members' perception on idealized influence and inspirational motivation; two key components of transformational leadership. In addition, Webb (2005) found moderating effects of both Leader-Member Exchange relationship and tenure of the follower in the link between emotional intelligence and perceived transformational leadership.

Recently, the positive relationship between emotional intelligence and transformational leadership has been echoed in the domain of the construction industry (Butler & Chinowsky, 2006). Of particular importance is the identification of interpersonal skills and empathy: they were found to be the most important sub-dimensions of emotional intelligence (as measured by Emotional Quotient Inventory test; EQ-i: Bar-On, 1997) in explaining transformational leadership behavior.

Barbuto and Burbach (2006) tested the relationship between emotional intelligence and transformational leadership with 80 elected public officials and 388 direct-report staffers. In an attempt to confirm prior findings by identifying perceptual differences in the relationship between emotional intelligence and transformational leadership, the authors administered both self-reports and follower reports of transformational leadership. The total score of emotional intelligence correlated with self-reported transformational leadership. However, in contrast to prior findings (e.g., Barling et al., 2000; Sivanathan & Fekken, 2002), leader emotional intelligence did not correlate with follower reports of transformational leadership. The authors point to a possible replication of these findings in the private sector in association with different leadership assessments, including leader-member exchange, authentic leadership, servant leadership, and conflict resolution leadership styles.

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In sum, most but not all of the reviewed empirical studies have shown that a leader's emotional capabilities (or components thereof) affect or interact with transformational leadership. An individual who is high on emotional intelligence might be a transformational leader. Ashkanasy and Tse (2000: 232) noted that "the key elements of emotional intelligence bear some resemblance of what is required of a transformational leader." Transformational leaders attract strong feelings of identity and excitement and act to improve their followers' emotional understanding of and dealing with situations. Transformational leaders use emotion to communicate a vision, to elicit responses from their followers, and to ensure that their followers are also emotionally motivated to perform tasks beyond their own expectations (Bono & Ilies, 2006; Küpers & Weibler, 2006). The qualities of empathy, motivation, self-awareness, trust, and emotional stability that are implied to be qualities of a transformational leader are described as components of emotional intelligence by many emotional intelligence theorists (e.g., Bar-On, 1997; Goleman, 1998a; Salovey & Mayer, 1990). Thus, the established empirical relationship between emotional intelligence and transformational leadership could be driven and explained by the conceptual overlap between the four aspects of transformational behaviors, relying heavily on a leader's personal, emotional and social skills.

Based on our review of the published studies listed above, we conclude that emotional intelligence may be an antecedent of transformational leadership: An individual higher in emotional intelligence would understand social contexts and emotional states better than an individual lower in emotional intelligence, and would therefore be more likely to choose behaviors that are consistent with the dimensions of transformational leadership. Empirical studies also show that emotional intelligence may moderate the relationship between transformational leadership and various individual, group, and organizational outcomes. Transformational leadership effectiveness may thus be enhanced by higher levels of emotional intelligence. Studies on leadership style have established transformational style as one of the most effective ways of leading people (Bass & Avolio, 1994; Judge & Piccolo, 2004: Yammarino, Spangler, & Bass, 1993). Thus, a better understanding of the emotional intelligence elements associated with transformational (and charismatic) leadership may have important implications for the selection, training and development of such leaders.

In sum, when the findings are synthesized, there is sufficient ground to further explore the key assumptions underpinning the emotional intelligence –

transformational leadership – performance triangle. In an attempt to blaze a trail forward, some methodological issues in the reviewed studies will now be noted, as well as implications for future research.

DISCUSSION

In our assessment of the studies of the link between emotional intelligence, transformational leadership, and their outcomes, we have refrained thus far from being critical of previously utilized methodologies. This is because, beyond the amount of evidences, we wanted to understand more about how the links among those three (sets of) variables work. The studies' designs and findings covered in the above review provide a number of issues and directions for a future study.

An overriding issue emerging from the empirical studies of the emotional intelligence variable pertains to its conceptual complexity and its variance in terms of its operationalization. A wide variety of definitions of emotional intelligence from many different perspectives, unwillingly results in various interpretations of the findings obtained.

Importantly, despite the potential relationship between emotional intelligence and leadership effectiveness, there has been a striking absence of studies explicitly studying the emotional intelligence of leader's at the departmental or a team level. Specifically, reported links between emotional intelligence and transformational leadership affecting team performance are hard to find. The emotionally intelligent team leader is assumed to provide a transformational effect to the team: through establishing and adhering to team standards, empowering team members, and building up team identity and pride: such a leader is assumed to improve team processes for the collective good (Prati, Douglas, Ferris, Ammeter, & Buckley, 2003). It would be worthwhile to explore how well the reviewed findings – thus far only examined at the individual level (i.e., to predict leader effectiveness) – replicate in the relationship between supervisory emotional intelligence and transformational leadership at the team level. Theoretically, it will be important to build bridges across different levels of attitudes, behaviors and practices: toward a better understanding of the interrelated nature of emotional intelligence and transformational leadership within organizations.

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Furthermore, emotional intelligence research relies heavily on perceptual measures, including perceptual performance measure. That makes it difficult to conduct rigorous analyses of how emotional intelligence through leaders/managers affects employee performance. Also there are very few studies that aim to test leaders' effectiveness with objective indices. Therefore, we propose that we start to examine actual performance indicators, or objective performance as a possible result of emotional intelligence and transformational leadership. In a similar sense, issues arise in regard to self-report tests of emotional intelligence and the way leadership effectiveness has been assessed in most previous studies (e.g., Gardner & Stough, 2001; Mandell & Pherwani, 2003; Parmer et al., 2001). We need to pay heed to the fact that self-reported ability and actual ability are only minimally correlated in the realm of intelligence research (Davies, Stankov, & Roberts, 1998). Thus, there is a need for 360-degree assessments of workplace emotional intelligence to complement the self-report measures of emotional intelligence and leadership effectiveness.

In regard to sampling, we would like to raise some more issues to consider for future research. In most of the empirical studies, relatively small samples have been used to assess emotional intelligence (e.g., Mandell & Pherwani, 2003; Palmer et al., 2001; Rosete & Ciarrochi 2005). Sample sizes of 32, 43, and 41, respectively make it difficult to establish statistical significance. In order to increase the validity of the outcomes of future empirical studies, it would be desirable to have larger and more diverse random samples in which we could examine the relative effectiveness of emotionally intelligent leadership.

A final point pertains to the research design of future emotional intelligence studies in workplace settings. We would argue for more creative designs beyond the small-sample, self-report measure. For instance, if one assumes a predictive relationship between emotional intelligence and transformational leadership, it would be valuable to examine the direction of causality. We might then study, for instance, the question: Would emotional intelligence training result in enhanced leader effectiveness? Moreover, we note a strong need not only to examine team-based performance effects across organizations that actually encourage emotional intelligence (compared to those organizations that do not), but also that such comparisons be stretched out over time. Thus, we are in need of longitudinal research designs to measure the relationship between emotional intelligence and leader performance. Such designs would allow for the testing of the central idea of this subfield, namely, that emotional intelligence is an antecedent to managerial or organizational/team success.

CONCLUSION

It is assumed by many scholars working in the triangle emotional intelligence, leadership and organizational behavior that highly effective leaders/managers are highly emotionally intelligent in terms of being in touch with their own emotions and being able to understand and regulate others' emotions (Dasborough & Ashkanasy, 2002; George, 2000; Humphrey, 2002). The findings from the reviewed emotional intelligence-transformational leadership studies underline that claim but are still far from being an empirical fact. And even though some evidence exists in support of the idea that emotionally intelligent transformational leaders are highly effective leaders, the amount of evidence amassed is still small when considering objective performance linked to emotional intelligence and transformational leadership, especially at the team level. Thus, in spite of the often proclaimed importance of effectively managing employees' emotions for high-quality service performance in service sectors, there is room for further examining the harder, team-level outcomes of intangible, emotional managerial efforts. Future research issues should especially include the various and complex set of available emotional intelligence measurement scales and address better the issues associated with the perceptual nature of most measures of emotional intelligence and leadership (as well as) effectiveness.

Of the emotional intelligence – transformational leadership relationships previously identified, our sense of the work done to date leads us to speculate on the possibility of either an interactive or additive effect between emotional intelligence and transformational leadership. For attaining a more profound understanding of emotions or the emotional component within transformational leadership, future conceptual and empirical leadership research must start to integrate the key aspects of the notion of emotional intelligence with what the transformational paradigm sees as leadership intelligence.

The prospect of the relationship between emotional intelligence; effective leadership; and individual, group and organizational outcomes is sufficiently compelling as well as intuitively clear enough to attract more empirical studies. Emotional intelligence might indeed have various moderating or mediating effects and/or any other type of significant added value to transformational or highly effective leadership. In terms of the priorities for the future emotional intelligence research agenda, we call for more research attention and care in the outcome measures, i.e. high effectiveness, at various levels of managerial functioning.

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We started this review by pinpointing the service sector as the growing sector *par excellence* in which intangible emotions are increasingly seen as a key work force. What we can conclude about the research results in the scholarly emotional intelligence field is that the degree of "serviceness" or intangibility of the empirical research setting may be irrelevant; all types of employees have been shown to be able to rate the emotions of themselves and of others with whom they work. Future sampling of employees from non-service or tangible work settings may help to identify more clearly the effects of (the highly intangible notions of) emotional intelligence and transformational leadership. Hence, despite the widespread assumption that emotional intelligence might be more prevalent or add more value in certain specific organizational settings (e.g., Humphrey, 2000; Wong & Law, 2002), for future research purposes, it might be good to identify first where most of us already believe in the performance function of people's emotions.

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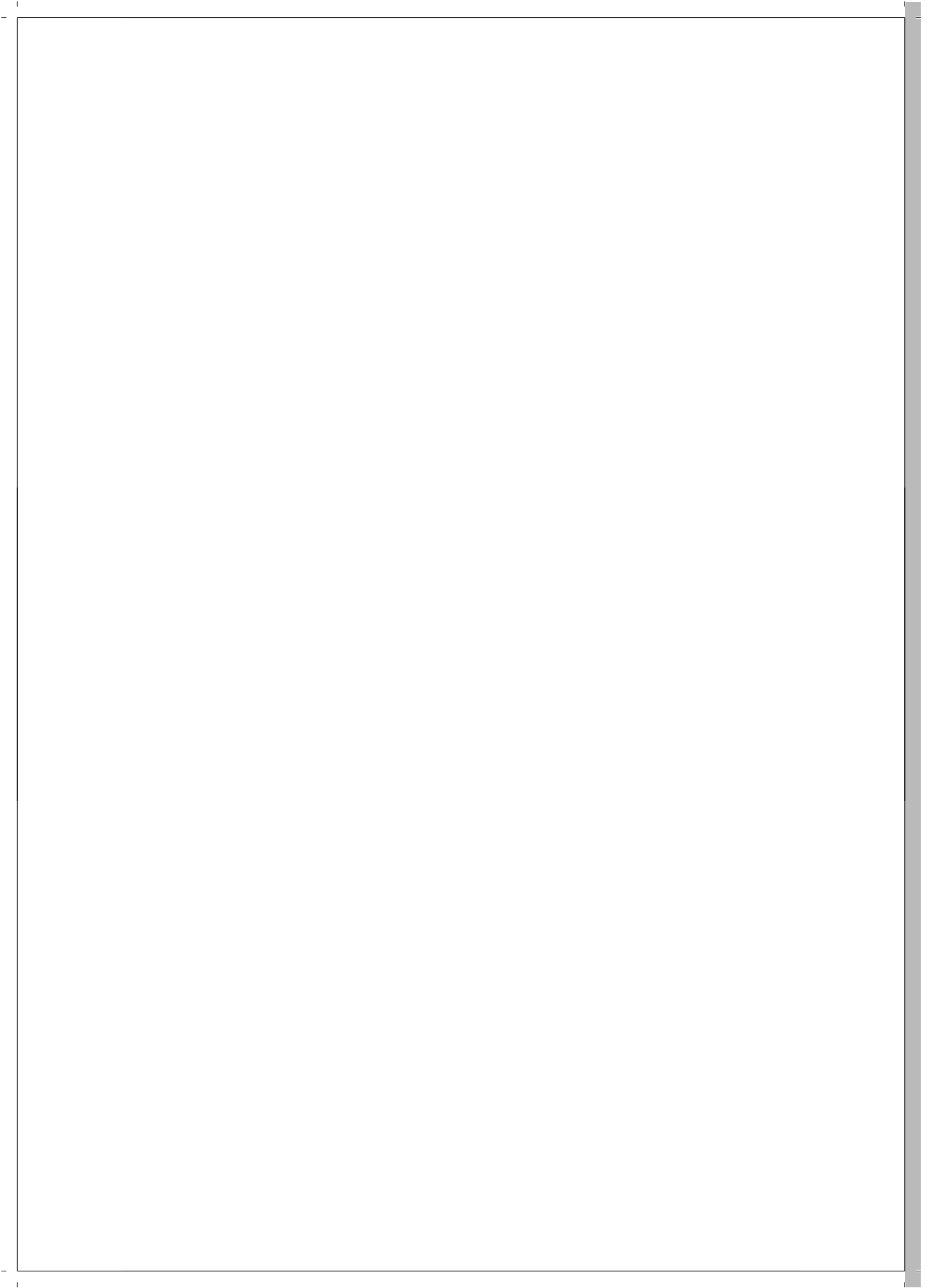
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Chapter III

TRANSFORMATIONAL LEADERSHIP AS A MEDIATOR BETWEEN EMOTIONAL INTELLIGENCE AND TEAM OUTCOMES IN A SOUTH KOREAN PUBLIC-SECTOR ORGANZIATION[2]

[2] See also: Hur, S.Y.H., van den Berg, P., & Wilderom, C.P.M. **Augmented Transformational Leadership as a Mediator between Emotional Intelligence and Team Outcomes in a South Korean Public-Sector Organization**. *Proceedings CD of the 22nd Australian and New Zealand Academy of Management Conference,* Auckland, New Zealand, December 2-5, 2008. Hur, S.Y.H., & Lee, K.H. **Team Leader's Emotional Intelligence and Leadership**. *Prosecutors' Office*, 119: 27-64, 2008 (in Korean). Another version of this paper has been presented at the Invited Symposium "Employee Engagement: Individual and Organizational Consequences" on the 14th European Congress of Work and Organizational Psychology, Santiago de Compostela, Spain, May 13-16, 2009. A next version of this chapter is requested to be resubmitted to *The Leadership Quarterly*.

ABSTRACT

In this chapter we examine whether transformational leadership mediates the link between the emotional intelligence of team leaders and three outcomes as perceived by followers: leader effectiveness, team effectiveness, and service climate. Data were collected from 859 employees, working in 55 teams in a South Korean public-sector organization and results were analyzed at the team level. All variables and their linkage were modelled in a path diagram and tested using hierarchical regression analysis and structural equation modelling. Same-source bias in the findings was controlled for by splitting the sample into three separate groups. The results show that transformational leadership style mediates the relationships between emotional intelligence and leader effectiveness, as well as between emotional intelligence and service climate, although not between emotional intelligence and team effectiveness. Practical implications of the findings are discussed, together with limitations and ideas for future research.

INTRODUCTION

The study of emotions in the workplace has become a key topic of interest among organizational behavioral researchers over the past decade. This is reflected for example in studies on the impact of leaders' emotional expression in the workplace (Bono & Ilies, 2006; George, 1995; Sy, Côté, & Saavedra, 2005), emotional contagion between leaders and followers (Barsade, 2002), as well as in how leadership styles influence the emotional states of employees and their job performance (Bono, Foldes, Vinson, & Muros, 2007; McColl-Kennedy & Anderson, 2002). Popular press and academic interest in the utility of emotional intelligence has not dissipated despite serious attempts to discredit the concept (e.g., Antonakis, 2004; Locke, 2005).

The scholarly study of emotional intelligence (EI) began in the early 1990's when Salovey and Mayer (1990: 189) initially defined emotional intelligence as: "the sub-set of social intelligence that involves the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions." Being emotionally intelligent involves being able to actively identify, understand, process, and influence one's own emotions and those of others to guide feeling, thinking, and subsequent behaviors (Mayer & Salovey, 1997). Of course, emotional intelligence is a broad construct and measures such as the Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT) (Mayer, Salovey, & Caruso, 2002) were not developed expressly for the workplace. Yet measures of emotional intelligence do correlate with important leader and organizational outcomes. A growing body of literature has suggested that leaders' ability to understand and manage their own feelings, moods and emotions, as well as those of their followers contributes to effective leadership in a variety of organizations (Gardner & Stough, 2002; George, 2000; Kerr, Garvin, Heaton, & Boyle, 2006; Rosete & Ciarrochi, 2005). Moreover, researchers have argued that the emotional intelligence of leaders is a critical component in leading a team effectively (e.g., Prati, Douglas, Ferris, Ammeter, & Buckley, 2003).

Amidst this evidence is a key question: how do leaders with high emotional intelligence exert their influence in work related contexts? That is, how do leaders with a better awareness and/or managing of emotions affect organizational outcomes? The purpose of the current cross-sectional study was to advance the research on emotional intelligence and transformational leadership in the following ways: first, we argue that the effect of emotional intelligence on organizational outcomes is

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mediated by a transformational leadership style. Second, we examined the influence of the emotional intelligence of a leader at the group-level of analysis. Third, we conducted our study in South Korea, rather than in the West where most studies on emotional intelligence have been conducted to date. And last, we had a sufficient large database to statistically control for possible common-method bias. A path-analytic model is presented in which emotional intelligence affects transformational leadership; and in which transformational leadership is subsequently linked to three outcome variables, namely leadership effectiveness, team effectiveness, and service climate.

THEORY AND HYPOTHESIS DEVELOPMENT

Emotional Intelligence and Transformational Leadership

A growing body of studies has shown that emotional intelligence seems to be inherently associated with transformational leadership (e.g., Barbuto & Burbach, 2006; Barling, Slater, & Kelloway, 2000; Leban & Zulauf, 2004; Mandell & Pherwani, 2003). Palmer, Walls, Burgess, and Stough (2001) found significant correlations between emotional intelligence and several factors of the transformational leadership model. Specifically, the ability to monitor and manage emotions correlated with the inspirational, motivational and individualized consideration factors of transformational leadership Similarly, Gardner and Stough (2002), and later Barbuto and Burbach (2006), showed that the emotional intelligence of leaders accounted for the majority of the variance in transformational leadership. The qualities of empathy, motivation, self-awareness, trust, and emotional stability, all qualities of a transformational leader, are also considered important by many emotional intelligence theorists (e.g., Bar-On, 1997; Goleman, 1998; Salovey & Mayer, 1990). The findings have shown that emotional intelligence provides the bedrock for identifying transformational leaders across a variety of organizational contexts.

Transformational leadership theory has also highlighted the importance of leaders' influence on followers' emotional states (Ashkanasy & Tse, 2000; Humphrey, 2002) and several studies have provide emotion-type insights into the transformational leadership-follower linkage. McColl-Kennedy & Anderson (2000) showed that transformational leaders who suggested alternative solutions to problems and who

showed individualized consideration to followers were able to redirect follower negative feelings of frustration and helplessness to more constructive ones, which, in turn, led to heightened followers' performance. Conversely, perceptions of minimal transformational leadership behaviors resulted in high levels of follower frustration and low performance levels. Recent studies have also shown that energetic, exciting, and emotionally appealing expressions of charismatic leadership created positive emotions in followers (Bono & Ilies, 2006) and lessened the emotion-related phenomena of burnout and stress in the workplace (Bono et al., 2007). Such results imply that transformational leadership can be interpreted as a process in which leaders use emotions to: communicate a vision to, as well as elicit responses from, follower; and to ensure that followers are emotionally motivate to perform task beyond their own expectations (Ashkanasy & Tse, 2000; Brown & Moshavi, 2005).

Collectively, the findings of previous studies provide evidence that leaders who scored high on emotional intelligence were perceived by followers as exhibiting more transformational leadership behaviors. Based on our review of the literature we propose a direct linkage between emotional intelligence and transformational leadership.

Transformational Leadership and Leader/Team Effectiveness

The positive effects of transformational leadership on leader effectiveness and performance have been found at the individual, group, and organizational level (see Burke, Stagl, Klein, Goodwin, Salas, & Halpin, 2006; Judge & Piccolo, 2004). Transformational leaders induce strong levels of satisfaction (Trottier, Van Wart, & Wang, 2008); citizenship behaviors (Podsakoff, Mackenzie, Moorman, & Fetter, 1990; Wang, Law, Hackett, Wang, & Chen, 2005); and service performance (Liao & Chuang, 2007) in followers. Transformational leaders who showed individual consideration toward individual followers' growth and development by spending time to teach and coach, raised followers' awareness of the significance and worth of specified work outcomes and how their jobs affected organizational performance (Epitropaki & Martin, 2005).

Transformational leaders can dramatically influence a team environment when they change the attitudes and values of their followers in the direction of collective goals (Bass, Avolio, Jung, & Berson, 2003). They often create team atmospheres in which employees become convinced that they can attain higher goals than they initially thought possible which, in turn, has led to positive team performance in both

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subjective (Schaubroeck, Lam, & Cha, 2007) and objective measures of performance (Koene, Vogelaar, & Soeters, 2002; Rowold & Heinitz, 2007). DeGroot, Kiker, and Cross (2000) have written that "an effect size of transformational leadership at the group-level of analysis is double in magnitude relative to the effect size at the individual level" (p. 363).

Transformational leadership has predicted group-level effectiveness/ performance in various organizational settings and in different cultures. Positive findings have been reported in the military (e.g., Bass et al., 2003; Lim & Ployhart, 2004) and in corporate settings (Shin & Zhou, 2003). Howell and Avolio (1993) found that those units in a large financial services firm in which their managers exhibited transformational leadership, demonstrated comparatively better financial performance. Later, Geyer and Steyrer (1998) demonstrated that transformational leaders in Australian bank branches had better long- and short-term performance. Parallel to these findings, Rowold and Heinitz (2007) showed significant effects of transformational leadership on achieving annual performance-goals in public-transport branches. Strong correlations between followers' perceptions of transformational leadership and team effectiveness have been replicated in two very diverse cultural settings, namely, Hong Kong and the U.S.A. (Schaubroeck et al., 2007). Finally, transformational leaders who stimulated team members' intellect by encouraging them to see problems from a new perspective and to use untried approaches were able to improve technical quality in 118 diverse research and development teams (Keller, 2006).

The above findings provide some of the strongest evidence to date of the impact of transformational leadership on hard, as well as soft, team performance measures and reinforce the notion of transformational leadership as a predictor of leader and team effectiveness.

Transformational Leadership and Service Climate

Service climate 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" (Schneider, White, & Paul, 1998: 151). Service climate constitutes the tone and atmosphere in which the employees operate in the workplace. Employees in a positive service climate engage not only in role-described behaviors toward customers, but also in extra-role behaviors beyond the call of duty to promote customer satisfaction (Schneider, Ehrhart, Mayer,

Saltz, & Niles-Jolly, 2005). Favorable service climates have been associated with excellent interdepartmental service (Schneider et al., 1998), better employee service performance (Hui, Chiu, Yu, Cheng, & Tse, 2007; Liao & Chuang, 2007), higher customer satisfaction (Schneider et al., 2005), and increased customer loyalty (Liao & Chuang, 2004; Salanova, Agut, & Peiró, 2005). Service climate thus seems an integral yet intangible part of generating business revenue.

Team leaders serve as a conduit for organizational policy and can affect follower perceptions of service climate. Kozlowski and Doherty (1989: 547) noted that"... an individual's immediate supervisor is the most salient, tangible representative of management actions, policies, and procedures. Thus the nature and quality of interactions with supervisors may be a key filter in the interpretations that provides the basis for subordinates' climate perceptions." Given their day-to-day interactions with a team leader, followers are more likely to depend on information conveyed by the team leader in order to know what the organization expects of them and what they can expect from the organization (Schneider et al., 1998).

Team leaders with a transformational leadership style can influence various types of work unit climate including service climate (e.g., Barling, Loughlin, & Kelloway, 2002; Koene et al., 2002; Richardson & Vandenberg, 2005). Through their verbal and symbolic behaviors, transformational leaders instil enthusiasm and optimism in their followers and create a positive affective climate within the teams they lead (McColl-Kennedy & Anderson, 2002; Pirola-Merlo, Hartel, Mann, & Hirst, 2002). The levels of positive affect experienced by followers in the workplace become powerful motivational forces that enhance service related behaviors (Kelly & Hoffman, 1997). Moreover, a transformational team leader, by emphasizing what is right and wrong with followers in terms of service delivery and by removing the obstacles that hinder and prevent high quality service, serves as a role model through which followers may internalize work values that are consistent with the leader's mission (Anderson, 2006; Bono et al., 2007; Martin & Bush, 2006).

There is empirical support for the notion that transformational leadership can influence service climate. Liao and Chuang (2007) tested a path model in which transformational leadership affected employee service performance, which in turn affected customer relationship outcomes such as intended repeat business. Hairstylists in a Taiwan franchise of 110 salons assessed their store manager's transformational leadership behaviors as well as the service climate of the stores and store managers, in turn, assessed the service performance of each stylist. Customers

were asked nine months later if they would maintain a long term relationship with the stylist who had serviced them on that day. The authors used hierarchical linear model analyses to test their model at the individual employee level as well as at the store level and reported positive findings.

In sum, previous evidence underpins the idea that transformational leadership behaviors of a team leader reflect positively on his or her unit's service climate.

The Mediating Role of Transformational Leadership

Thus far we have reviewed research on the link between emotional intelligence and transformational leadership, and between transformational leadership and three team outcomes. We propose that transformational leadership mediates the relationship between emotional intelligence and team outcomes. A requirement for the formal proposition is that emotional intelligence be related to team outcomes and an extensive range of studies supports this proposition (e.g., Gardner & Stough, 2002; George, 2000; Kerr et al., 2006). Leaders who scored high on emotional intelligence have been shown to affect follower job satisfaction (Sy, Tram, & O'Hara, 2006) and psychological climate (Klem & Schlechter, 2008) as well as to activate various work-related performance factors, such as extra-role behaviors (Wong & Law, 2002), and project team performance (Leban & Zulauf, 2004).

Authors in the domain of emotional intelligence, Bar-On (1997) for instance, have described emotional intelligence as a constellation of personality traits, and that emotional intelligence can be considered as more or less stable. Accordingly, Bar-On (1997) reported a stability coefficient of .73 within a time period of four months and showed that the differences between age groups were small. His findings suggested that emotional intelligence gradually increase from the early childhood at least up until the fifth decade of life. However, transformational leadership behaviors can only be shown by an individual who is in a leading position. This implies that emotional intelligence precedes transformational leadership. In line with this perspective, we see emotional intelligence as a function of individual capabilities possessed and deployed by leaders.

There is empirical and theoretical evidence that the personalities of leaders play a role in promoting team performance and service climate through the behaviors the leaders engage in (Lim & Ployhart, 2004; Salvaggio, Schneider, Nishii, Mayer, Ramesh & Lyon, 2007). Thus far, there is no empirical support reported on a mediator role of transformational leadership between leaders' emotional intelligence

and team outcomes; however, the above studies as well as Zhou and George (2003)'s theoretical study lend logical ground for the idea that the effects of leader's emotional intelligence are realized and translated into employees' perceptions and efforts through transformational leadership which style has been shown to lead to higher performing and more satisfied work groups.

Effective transformational leadership may occur through four types of behaviors that enable followers to transcend self-interest for collective goals: idealized influence, inspirational motivation, intellectual stimulation, and individual consideration. Thus, drawing on the transformational leadership framework, we conceptualize that the emotional intelligence of leaders may reflect through leaders' deliberate behaviors or practices incorporating individualized care-giving acts; being sensitive to employees' emotional needs; encouraging employees by giving positive feedback; offering opportunities for employees' advancement; encouraging employees to voice their concerns; and taking initiatives to create a teamwork environment. Further, within the context of leadership, leaders who engage more frequently in transformational leadership behavior are often found to have high-quality leader-member relationships (Wang et al., 2005). Since leader-follower relationships are critical to followers' perceptions of their leader and work environments (Cogliser & Schriesheim, 2000), followers come to identify the leader's emotional capabilities through transformational leadership.

Given the above research and logic we propose that leaders' emotional intelligence links indirectly to three team outcomes (i.e., leader effectiveness, team effectiveness, and service climate), in that transformational leadership fully mediates these relationships.

Research Hypotheses and Hypothesized Path Model

On the basis of prior studies we present a path analytic model, depicted in Figure 1, in which emotional intelligence affects transformational leadership; and in which this leadership style is subsequently linked to three perceptual outcome variables, namely, leadership effectiveness, team effectiveness, and service climate. Accordingly, the main hypotheses of this study are:

Hypothesis 1: Emotional intelligence of a team leader is positively related to transformational leadership.

Hypothesis 2: Transformational leadership is positively related to (a) leader effectiveness, (b) team effectiveness, and (c) service climate.

Hypothesis 3: Transformational leadership mediates the relationship between emotional intelligence and (a) leader effectiveness, (b) team effectiveness, and (c) service climate.
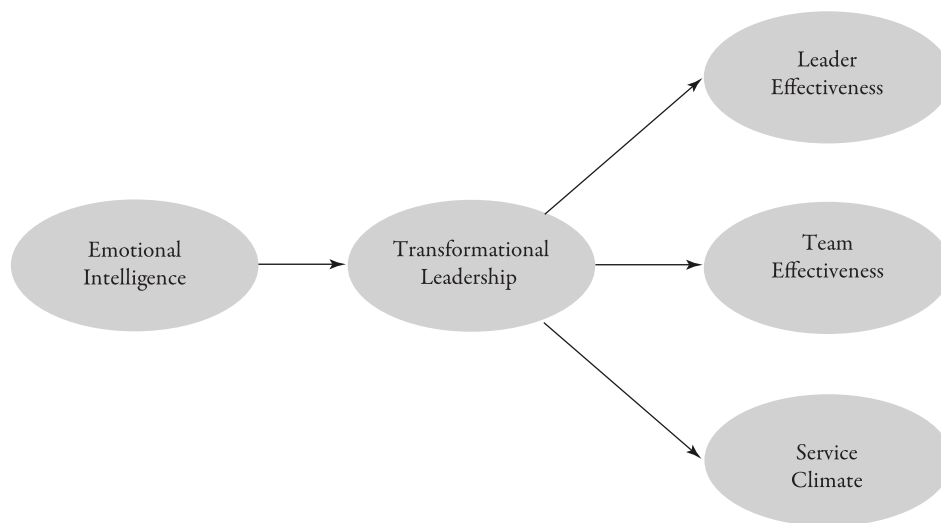
Figure 1. Hypothesized Research Model

METHOD

Participants and Procedures

The data were collected from full-time personnel in a South Korean public-sector organization. We distributed questionnaires to 1411 non-managerial employees who either dealt directly with the public or provided internal support services. Of these, a total of 859 usable surveys (61% response rate) were returned. The employees were located in one of 55 different and geographically separated teams with a range of between 11 and 50 members per team, the average being 32 members. Participants had a mean job tenure of 9.92 years (SD = 7.99) with the organization. On average, participants were 37.18 (SD = 7.46) years old, 71% had a bachelor's degree, and 74% were male.

Questionnaires were emailed to participants via the organization's internal electronic mail system and included an introductory letter from the authors as well as a personal endorsement from the organization's director. The confidentiality and anonymity of the answers were guaranteed and it was emphasized that the organization would receive only aggregated results. Participants completed the questionnaire on the job and reminder notices were emailed one week later. Each questionnaire was assigned to one of the 55 teams through the use of an automatic coding scheme so as to avoid data input errors.

The Korean government has been introducing major reforms since 2002 to maximize citizen satisfaction through high quality public service. The government employees involved in this study provided legal services to Korean citizens across 18 separate districts in the county. Employees who interact with the public as well as internal support staff received extensive customer service training and were recognized and rewarded when they did well. Telephone and on-site customer satisfaction surveys were conducted by an independent survey company twice a year. Hence team leaders were expected to manage the work of their teams effectively as well as to pay attention to their service quality: because the 18 districts were rank ordered from high to low based on the survey results.

Each of the 18 districts had an office consisting of three functionally different departments: case, enforcement, and administration, thus yielding 54 teams. The office in Seoul had one additional enforcement department, hence a total of 55 teams. Each district office was led by a director who in turn reported to one of five regional offices. The function of the each case department was to provide intake services for citizen complaints, suits, filing charges, and controversies regarding criminal matters with the ultimate goal of being able to prosecute cases when necessary. The case department also updated the press and citizenry on the status of impending investigations. The function of the enforcement departments was to impose and collect monetary penalties. The administration department provided internal administrative support to all the other departments within a district including aforementioned two departments, such as: human resource management support involving selecting employees and manager their pension accounts; office and building security; accounting and budget operations; as well as purchasing.

The questionnaire was originally prepared in English and was translated using the standard backward translation method (Brislin, 1980). The final Korean version was then pretested with eight human resource employees who worked at headquarters

and who were not members of the 55 focal teams. Although they were asked to comment on items that were ambiguous or difficult to understand only minimal changes were made to the final version

Measures
Emotional intelligence
Emotional intelligence was measured using the 16 items from the Wong and Law Emotional Intelligence Scale (WLEIS: Wong & Law, 2002). Whereas most of the currently available measures of emotional intelligence have been developed in Western countries, the WLEIS was developed expressly for Asian norms and is consistent with Mayer and Salovey's (1997) conceptualization of emotional intelligence. Similar to Wong and Law (2002) comments about how Chinese fail to display overt emotions in the workplace, Koreans also tend to suppress their emotions when compared to more expressive Westerners (Choi & Kim, 2006). A non-reactive, quiet response, when faced with an unreasonable situation, may be regarded as a highly emotional response in Korean culture whereas it would be less so in Western cultures (Choi & Kim, 2005; Renjun & Zigang, 2005). And whereas the original Mayer-Salovey-Caruso Emotional Intelligence Test scale (Mayer et al., 2002) consists of 141 items and requires approximately one hour to complete by non-English respondents, the WLEIS has only 16 short items and is therefore more practical for survey purposes. The WLEIS has demonstrated high internal consistency, convergent and discriminant validity (Law, Wong, & Song, 2004; Sy et al., 2006; Wong & Law, 2002).

The WLEIS consists of four dimensions, namely, *Self Emotion Appraisal, Others' Emotion Appraisal, Regulation of Emotion (of the self)*, and *Uses of Emotion to Facilitate Performance*. The *Self Emotion Appraisal* (SEA) dimension measures the ability to understand and express one's own emotions (e.g., "Has a good understanding of his/her own emotions"). The *Others' Emotion Appraisal* (OEA) measures an individual's ability to perceive and understand the emotions of others (e.g., "Is a good observer of others' emotions"). The *Use of Emotion* (UOE) refers to one's ability to channel one's emotions toward constructive activities that facilitate performance (e.g., "Always sets goals for himself/herself and then tries his/her best to achieve them). And lastly, the *Regulation of Emotion* (ROE) dimension measures the ability to regulate one's emotions (e.g., "Is able to control his/her temper and handle difficulties rationally"). Four items were added to the Use of Emotion dimension. Two items were taken

from the Wong, Law, and Wong (2004) scale (e.g., "Motivates himself/herself to face failure positively"), and the other two items came from the Emotional Competency Inventory (Sala, 2002) (e.g., "Spots potential conflicts and brings disagreements into the open and helps deescalate"). Factor analysis on these 8 items at the individual level indicated a single factor which explained 69.5% of the variance. Participants responded to each item using a 5-point Likert scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). In the current study, the overall Cronbach's alpha of emotional intelligence was .97 and the alphas for the four dimensions were SEA (.94), OEA (.92), UOE (.82), and ROE (.97), they are quite similar to the reliability estimates reported by Wong and Law (2002).

Transformational leadership

The Multifactor Leadership Questionnaire (MLQ-Form 5X-Short; Bass & Avolio, 2000) was used to assess the transformational leadership style of team leaders. The questionnaire instructed followers to rate how often team leaders displayed each of 20 different transformational leadership behaviors along a 5-point rating scale ranging from 1 (*not at all*) to 5 (*frequently, if not always*). Sample items for each of the five dimensions of transformational leadership include: (a) *Idealized Influence (Attributed),* "Displays a sense of power and confidence"; *(b) Idealized Influence (Behavior),* "Emphasizes the importance of having a collective sense of mission"; *(c) Inspirational Motivation,* "Articulates a compelling vision of the future"; *(d) Intellectual Stimulation*, "Suggests new ways of looking at how to complete assignments"; and *(e) Individual Consideration*, "Spends time teaching and coaching." Judge and Piccolo (2004), in a recent meta-analysis, reported that these dimensions of transformational leadership exhibited high reliability as well as validity. Results of a factor analysis at the team-level confirmed a one-factor solution with an eigenvalue of 4.47 and a factor loading that explained 91.33 of total item variance. Cronbach's alpha for this overall transformational leadership measure was .97.

Leader effectiveness

Four items from the Multifactor Leadership Questionnaire (Bass & Avolio, 2000) were used to measure perceived leader effectiveness (e.g., "Leads a group that is effective"). Items were rated on a 5-point scale, ranging from 1 *(not at all)* to 5 (*frequently, if not always*) and Cronbach's alpha was .94.

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Table 1. Factor Analysis on Leadership Measures

Transformational Leadership Scales	Standardized Loadings
Idealized Influence Attributed	.96
Idealized Influence Behavior	.96
Inspirational Motivation	.96
Intellectual Stimulation	.95
Individual Consideration	.95
Eigenvalue	4.47
Percent Variance Explained	91.33

Service climate

Service climate was assessed using an eight-item scale developed by Schneider and his associates (1998), called the Global Service Climate Scale. All items were scored on a 5-point rating scale, ranging from 1 (*poor*) to 5 (*excellent*). An example is: "How would you rate the overall climate for service in your division?" Cronbach's alpha for this scale was .90.

Team effectiveness

In order to capture the full range of team effectiveness, we selected eight items from among three extant effectiveness scales: three items were taken from a scale originally developed by Hackman (1987) which was further validated by De Dreu (2007); three items were adopted from Schaubroeck et al. (2007); and two items came from Tsui, Pearce, Porter, and Tripoli (1997). The phrasing of the latter two items was changed slightly in an effort to fit the particular South Korean public-sector organizational setting and to highlight the innovative aspects of team functioning. Items were scored on a 5-point scale, ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). Sample items include: "The employees of our team are good in coming up with ways to complete their tasks" and "The employees of our team get their work done very effectively." Cronbach's alpha for the index was .80.

Control variables

In addition to the substantive measures described above, we included several control measures using data from the organization's human resource records. Because demographics might account for variance in emotional intelligence (Mayer, Salovey, & Caruso, 2004), we controlled for age and education level of the focal 55 team

leaders. Actual team size (M = 32, range = 11-50) was included as a team-level control variable. Coding for the categorical control variables is shown in Table 2.

Analytical Procedures

Because the data were based on perceptions of followers, we wanted to mitigate same-source contamination concerns. As suggested by Ostroff, Kinicki, and Clark (2002), we randomly split followers' responses within each team into three subgroups. More specifically, all measures involving emotional intelligence variable were calculated using responses from subgroup one (N = 287), those concerning transformational leadership used responses from subgroup two (N = 286), and lastly, those concerning outcome variables (e.g., leader effectiveness, team effectiveness, and service climate) were based on data from subgroup three (N = 286).

Although most of the scales in this study have been validated in previous studies, one may question whether they were empirically distinct in our study. Therefore, we conducted LISREL confirmatory factor analyses to verify the fit of the hypothesized five-factor model (see Figure 1). These tests were conducted at the individual level (N = 859) and results showed that the hypothesized five-factor model fit the data reasonably well. The chi-square and fit indexes were χ^2 = 14595, df = 1700; the root-mean square error of approximation (RMSEA) = .09; comparative fit index (CFI) = .83; and standardized root mean square residual (SRMR) = 0.10. These results supported the discriminant validity of the key measures in this study.

Ratings of team leaders were aggregated at the team level as we were interested in the collective perceptions of leader behaviors and leader emotional intelligence. Aggregating emotional intelligence and transformational leadership scores was deemed justifiable in this study because of significant intra-class correlations (ICC1 and ICC2) as well as within-group agreement indexes (r_{WG}). The ICC1 and ICC2 values for emotional intelligence were .17 (p < .01), and .80, respectively. Transformational leadership showed an ICC1 value of .16 (p < .01) and an ICC2 value of .76. Bliese (2000) has stated that ICC1 values close to .20 indicate that group-level analyses are appropriate. Ostroff and Schmitt (1993) have suggested that ICC2 values of .60 or above indicate that group means are reliable and that subsequent analyses are warranted. In addition, the average $r_{WG(J)}$ of emotional intelligence and transformational leadership across the 55 teams was .80 and .85, respectively. Generally, an $r_{WG(J)}$ greater than .70 is desirable and higher values of $r_{WG(J)}$ reflect stronger within-group agreement (James, Demaree, & Wolf, 1984).

Ratings of leader effectiveness, team effectiveness, and service climate were also aggregated across participants within each of the 55 teams. According to Chan's (1998) referent-shift consensus model, aggregating individual perceptions can be justified when survey items have been written in such a way that they refer to the team as a whole, instead of to individuals. Kozlowski and Klein (2000) have argued that this is consistent with the conceptual underpinnings of unit-level constructs such as climate and group-wide efficacy.

To justify further the aggregation of ratings for all variables in the model, we calculated inter-rater agreement by computing James et al.'s $r_{WG(J)}$. The mean $r_{WG(J)}$ values for leader effectiveness was .80 whereas the values for team effectiveness and service climate were .84 and .83, respectively. We then conducted one-way analyses of variance (ANOVA) to examine between-group variances for the variables of leader- and team-effectiveness, and service climate. All of the ANOVAs had significant between-team effects ($p < .01$). The respective ICC1 and ICC2 values obtained from these analyses were as follows: leader effectiveness, .17 and .79; team effectiveness, .18 and .83; and service climate, .15 and .80. Thus, data aggregation was adequately justified for testing the hypotheses. Methods of testing the hypotheses included hierarchical regression analyses and structural equation modeling (SEM) approach (Brown, 1997).

RESULTS

Descriptive Statistics
Table 2 presents the means, standard deviations, and group-level zero-order correlations of all variables and shows that most of variables in our model were significantly and positively correlated. Consistent with our hypotheses, emotional intelligence was positively related to transformational leadership ($r = .46, p < .001$). In addition, transformational leadership was correlated significantly with leader effectiveness and service climate ($r = .66, p < .001$ and .38, $p < .01$, respectively), but not with team effectiveness ($r = .25, p = $ ns). These results provide preliminary evidence supporting Hypotheses 1 and 2, and were unaffected by common rater bias.

Hypotheses Testing
Hypothesis 1 predicted that the emotional intelligence of team leaders would be positively related to transformational leadership style and as shown in Table 2, this

was indeed the case. Emotional intelligence was positively related to transformational leadership ($r = .46$, $p < .001$). Even after controlling for age, level of education of team leaders, and team size, emotional intelligence still accounted for a significant amount of variance in transformational leadership; $\beta = .43$, $p < .01$, $\Delta R^2 = .19$; ΔF $(1, 50) = 12.95$, $p < .001$.

Table 2. Means, Standard Deviations, and Correlations[a]

	M	SD	1	2	3	4	5	6	7	8
1. Age	53.11	4.73	–							
2. Education[b]	1.71	.46	-.36**	–						
3. Team Size	25.65	7.68	.01	-.19	–					
4. Emotional Intelligence	3.41	.49	-.02	-.10	-.01	(.97)				
5. Transformational Leadership	3.44	.53	.07	-.27*	.06	.46***	(.97)			
6. Leader Effectiveness	3.58	.51	.05	-.17	-.09	.35**	.66***	(.94)		
7. Team Effectiveness	3.81	.27	-.27	.07	.04	.14	.25	.48***	(.80)	
8. Service Climate	3.63	.31	-.11	-.01	-.11	.31*	.38**	.64***	.73***	(.90)

Note. [a] $N = 55$. Internal consistency reliabilities are in parentheses along the diagonal. The correlations were derived from the split samples.
[b] The levels of education of team leaders were coded: 1 = high school, or college school, 2 = Bachelor degree, or above
* $p < .05$; ** $p < .01$; *** $p < .001$.

Hypothesis 2 predicted that transformational leadership would be positively associated with leader effectiveness (2a), team effectiveness (2b), and service climate (2c). Again we controlled for age, education of team leaders, and team size. In addition, we also controlled for emotional intelligence. The results presented in Table 3 show that both hypotheses 2a and 2c were supported. Transformational leadership significantly predicted leader effectiveness (2a) ($\beta = .64$, $p < .001$), $\Delta R^2 = .30$; $\Delta F (1, 49) = 26.63$, $p < .001$ and service climate (2c) ($\beta = .33$, $p < .05$), $\Delta R^2 = .08$; $\Delta F (1, 49) = 4.79$, $p < .05$. However, Hypothesis 2b (team effectiveness) was not supported ($\beta = .27$, $p = .082$).

Hypothesis 3 predicted that the individual relationships between emotional intelligence and the three outcome variables: leader effectiveness, team effectiveness,

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and service climate would be mediated by transformational leadership. To test Hypothesis 3, we used the three-equation approach recommended by Baron and Kenny (1986) who note that a mediating effect is demonstrated when the following conditions apply: first the independent variable must be related to the mediator as well as to the dependent variable; second, the mediator must significantly predict the dependent variable while holding the independent variable constant; and third, when controlling for the effects of the mediating variable, the effect of the independent variable on the dependent variable should be reduced.

The first step in this approach was to show that the independent variable, namely emotional intelligence in our study, was significantly related to the mediator of transformational leadership. Emotional intelligence predicted transformational leadership even after controlling for age, education, and team size (β = .44, p < .001). The second step was to show that emotional intelligence was significantly related to the dependent variables of leader effectiveness (3a), team effectiveness (3b), and service climate (3c), and the results partially supported these hypotheses (see Table 3). Hypotheses 3a (leader effectiveness) and 3c (service climate) were supported (β = .34 and β = .31, p < .05, respectively); however, Hypothesis 3b (team effectiveness) was not supported (β = .14, ns). The third step in Baron and Kenny's (1986) approach is to run a regression of both the independent variable and the mediator in relation to the dependent variable: full mediation is supported when the relationship between the independent variable and dependent variable is not significant once the mediator is controlled for. As shown in Table 3, once the effect of transformational leadership was controlled for, the relationships of emotional intelligence with leader effectiveness (β = .06, ns) and service climate (β = .16, ns) were lower and no longer significant, and the relationship between emotional intelligence and team effectiveness remained non-significant (β = .02, ns).

An additional requirement for mediation is the significance of the indirect effects. The tests of these effects were based on SEM. The advantages of SEM are that some unreliability in the measures can be controlled for and that the fit of the whole model can be tested. To test the mediation effects we first included a path that linked emotional intelligence to transformational leadership and paths from transformational leadership to leader effectiveness and service climate, as well as direct and mediated paths linking emotional intelligence to leader effectiveness and service climate. Because neither emotional intelligence nor transformational leadership was related to team effectiveness at p < .05, we excluded team effectiveness

from the model. The path model is presented in Figure 2. The data did not quite fit the model, $\chi^2(30, N = 55) = 45.81$ ($p = .032$), comparative fit index (CFI) = .96, root-mean square error of approximation (RMSEA) = .099, standardized root-mean-square-residual (SRMR) = .06. Because the paths from emotional intelligence to leader effectiveness and service climate were supposed to be non-significant, we deleted them. The fit indices of this fully mediating model were good: $\chi^2(32, N = 55) = 45.32$ ($p = .06$), CFI = .96, RMSEA = .088, SRMR = .065.

Table 3. Hierarchical Regression Analyses of Control Variables, Emotional Intelligence, and Transformational Leadership on Outcomes

	Leader effectiveness		Service Climate		Team Effectiveness	
	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2
Age	.00	.00	-.12	-.12	-.27	-.26
Education	-.16	-.02	-.05	.02	.00	.06
Team Size	-.12	-.14	-.12	-.12	.04	.03
Emotional Intelligence	.34*	.06	.31*	.16	.14	.02
Transformational Leadership		.64***		.33*		.27
ΔR^2		.30***		.08*		.06
R^2	.16	.45***	.12	.20*	.09	.15

Note. Coefficients presented are betas.
$p < .05$; ** $p < .001$

The dotted lines are non-significant paths: *$p < .01$
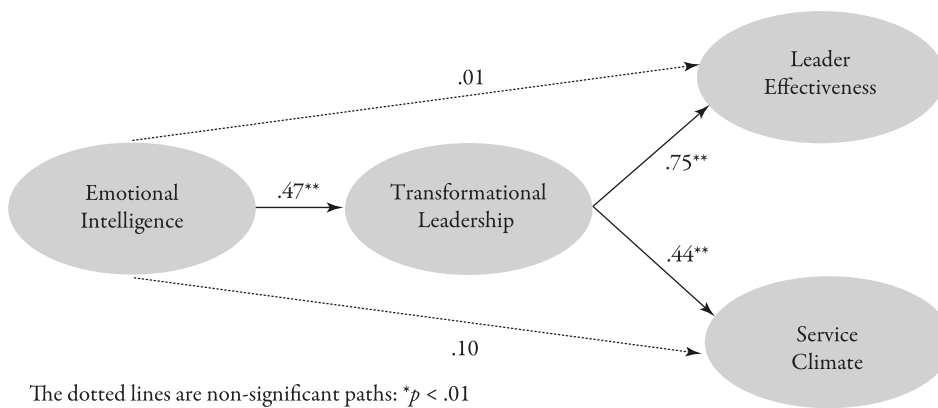
Figure 2. Hypothesized Path Model with Standardized Coefficients.

This model was compared with several alternative models and the results for these models are presented in Table 4. Model 1 is the fully mediating model mentioned above. We added a direct path from emotional intelligence to leader effectiveness in model 2; a direct path from emotional intelligence to service climate in model 3; and both direct paths in model 4. Because model 1 was nested within models 2, 3, and 4, we could test if model 1 differed from the alternative models. As shown in Table 4, in each case $\Delta\chi^2$ was non-significant and low. Because of the parsimony principle we concluded that model 1 one fit the data best. Model 5 through 8 were tested to investigate the effects of changing the construct order. The fit statistics of these models were worse and some paths in models 6 and 8 were non-significant. Results of model 5 were particularly notable because the results showed that emotional intelligence was not a mediator between the outcome variables and transformational leadership. Therefore, we concluded that model 1 was the best model.

Table 4. Comparison of Structural Equation Models

Model and Structure	χ^2	df	$\Delta\chi^2$	RMSEA	CFI	SRMR
1. EI → TL → LE + SC	45.32	32		.088	.96	.06
2. EI → TL → LE + SC and EI → LE	45.72	31	.40	.094	.97	.06
3. EI → TL → LE + SC and EI → SC	45.72	31	.40	.094	.97	.06
4. EI → TL → LE + SC and EI → LE + SC	45.81	30	.49	.099	.97	.06
5. TL → EI → LE + SC	67.35	32		.140	.94	.16
6. LE + SC → TL → EI	45.32	31		.092	.97	.065
7. LE + SC → EI → TL	67.35	31		.150	.94	.16
8. EI + TL → LE + SC	45.72	30		.099	97	.06

Note. EI = emotional intelligence; TL = transformational leadership; LE = leader effectiveness; SC = service climate

In support of Hypothesis 1, model 1 showed that emotional intelligence was positively associated with transformational leadership ($\beta = .47, p < .01$). Consistently, transformational leadership was positively linked to leader effectiveness (2a) ($\beta = .74, p < .01$) and to service climate (2c) ($\beta = .49, p < .01$).

We used the Sobel test (1986) to investigate if the indirect effects were significant. Significant indirect effects would indicate that the addition of transformational

leadership to the model significantly decreased the direct effects of emotional intelligence. The results showed that emotional intelligence had an indirect effect through transformational leadership on leader effectiveness ($z = 2.32$, $p < .05$) and on service climate ($z = 2.05$, $p < .05$). Therefore, we concluded that hypotheses 3a and 3b were fully supported.

Finally, to learn more about the relationship between emotional intelligence and transformational leadership we explored the intercorrelations among the subdimensions of these constructs. Of the four dimensions of emotional intelligence, the Regulation of Emotion (ROE) is the most highly correlated with the dimensions of transformational leadership (see Table 5).

Table 5. Correlation Coefficients between Four Components of Emotional Intelligence and Five Dimensions of Transformational Leadership

	Dimensions of Transformational Leadership				
Emotional Intelligence Scores	Idealized Influence (Attribute)	Idealized Influence (Behavior)	Inspirational Motivation	Intellectual Stimulation	Individual Consideration
Total Emotional Intelligence Score	.49**	.38**	.47**	.44**	.45**
Self Emotion Appraisal (SEA)	.36**	.27*	.35**	.31*	.32*
Others' Emotion Appraisal (OEA)	.45**	.36**	.46**	.39**	.40**
Uses of Emotion (UOE)	.43**	.34*	.43**	.40**	.39**
Regulation of Emotion (ROE)	.60**	.47**	.55**	.55**	.57**

*$p < .05$; **$p < .01$

DISCUSSION

The most important findings of this study are that a) team leaders with a higher emotional intelligence are rated as more effective by their followers, b) they are more effective in shaping better service climates; and c) that leaders with higher emotional intelligence are more effective because they exhibit more transformational leadership behaviors. Although transformational leadership has been acknowledged as the most effective leadership style (Elkins & Keller, 2003; Judge & Piccolo, 2004), and is conducive to shaping the service climate of a team (Liao & Chuang, 2007), and although emotional intelligence is related to transformational leadership (Barbuto

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& Burbach, 2006), the finding that transformational leadership mediates the relationship between emotional intelligence and team outcome is new.

The relatively high correlations between Regulation of Emotion and the dimensions of transformational leadership provide further insight into the relationship between emotional intelligence and transformational leadership. Regulation of Emotion concerns the ability to regulate one's emotions, recover rapidly from psychological distress or negative emotions and the ability to control one's temper and handle difficulties rationally (Wong & Law, 2002). An example of this is when a leader is confronted with a difficult situation and must suppress feelings of self-doubt in order to express a positive front to his or her employees. Regulation of emotions has been argued to have a substantial on the management function because it plays a pivotal role in keeping people's capacity to balance expectations and actual experience in social interactions (George, 2000; Lopes, Brackett, Nezlek, Schutz, Sellim, & Salovey, 2004).

A number of studies show that revenue growth can be increased by improving customer satisfaction (Schneider et al., 2005). Fostering customer satisfaction by improving service climate places demands upon team leaders who need to make clear that customer service is a priority (Schneider et al., 1998). A service climate can be cultivated and nurtured by the top management of an organization who typically design the organizational-level compensation structure and set processes for interdepartmental communications and customer service policies (Hui et al., 2007). Along with recent studies on managerial personality as an antecedent of service (Salvaggio et al., 2007) and justice climate (Mayer, Nishii, Schneider, & Goldstein, 2007), this study extends the body of evidence by underlying the importance of managerial emotional intelligence as a potential element in facilitating the development of a climate for service.

The majority of research in the domain of emotional focuses on the role of managerial emotional intelligence in leader-member dyadic relationships (e.g., Barling et al., 2000; Gardner & Stough, 2002; Wong & Law, 2002). However, Ashkanasy and Jordan (2008) have called for a multilevel perspective. To the best of our knowledge, our study is the first to relate leader emotional intelligence to team-level outcomes.

The construct of emotional intelligence is relatively new to many Korean public-sector organizations. Nevertheless, our findings are consistent with emotional intelligence and leadership theories that have been developed and tested primarily

in Western countries. Our study contributes to the literature by demonstrating the external validity of these theories in a non-Western setting. In this study, the correlation between transformational leadership and leader effectiveness is notably high (i.e., .66, $p < .001$) even when controlled for same-source bias. This correlation is somewhat higher than might be expected from the meta-analyses by Burke et al. (2006) and by Judge and Piccolo (2004) and indicates that transformational leaders are also perceived as effective in South Korea. These results are all the more interesting when one considers that South Korean is often described as having a bureaucratic culture influenced by Confucianism (Frederickson, 2002) which may cause team leaders to maintain the status quo, rather than undertake transformational actions.

Contrary to expectations, neither the emotional intelligence of team leaders nor transformational leadership predicted team effectiveness in this study. There may be several explanations for this. First, the path is marginally significant at $p < .01$ and it is possible that we did not detect the effect because of the sample size. Second, the senior HR official from the focal organization's corporate headquarters, upon hearing these results, told us that the focal team leaders of this study had been managing their current teams less than two years. Hence, we speculate that this relatively short working experience with their followers may have limited their influence. There is a clear need to explore this issue further in a similar organizational setting with longer team tenure. A third possibility concerns the wording of the survey items. Items in the current measures reflect more task- and results-oriented work competences and do not include interpersonal aspects of team performance. Sample items such as "Employees of our division are very competent" and "The employees of our division get their work done very effectively" illustrate this point. Future studies might focus on the effect of emotional intelligence on more varied aspects of team performance. Indeed, other studies show that individual-differences variables such as job satisfaction, affective commitment, and citizenship behaviors also predict team/group efficiency or effectiveness (see Koy, 2001; Kim, 2004). Thus, it is reasonable to expect that follower variables are related to team effectiveness. We further suggest an examination of additional variables such as team values (Schaubroeck et al., 2007); team empowerment (Kirkman & Rosen, 1999); and group- or team-level potency (Campion, Medsker, & Higgs, 1993): to predict team effectiveness.

On Limitations and Future Research Directions

Our methodology and data collection contain strengths as well as weaknesses. A strength is how same-source bias has been controlled. We acknowledge the cross-

sectional nature of the data and the use of perceptual measures, however, perceptual measures can also be helpful in that the ratings come through the lens of direct followers; those who have daily contact with and ample opportunity to observe their team leaders: Ratings of emotional intelligence and leadership style from followers are typically less biased than self-reported measures. For example, research shows that self-reports of ability and actual ability are only minimally correlated (Davies, Stankov, & Roberts, 1998).

The single organizational context in which we examined the hypothesized relationships permits us to control cross-industry and cross-firm variance (Bettencourt & Brown, 1997) although it limits the generalizablity of the findings. Emotional intelligence may be more or less important to effective leadership within certain job characteristics and occupations (Humphrey, 2000; Wong & Law, 2002). It is plausible that jobs which require more contact with employees, such as in the service sector, might also create environmental pressures to increase one's emotional intelligence. Similarly, managers may find themselves in environments that hinder the acquisition of emotional skills. It is important to understand how these potential contingencies affect the relationship between emotional intelligence and leader effectiveness.

Because we could not collect longitudinal nor qualitative data, this study does not consider the dynamic nature of emotional intelligence in the workplace and ratings of team leaders may therefore be biased (Ostroff, Atwater, & Feinberg, 2004). Leader-Member Exchange (LMX) denotes the quality of the relationships between employees and their supervisors (Graen & Uhl-Bien, 1995) and evidence suggests that employees' perceptions of leaders can be affected by the quality of leader-member exchange (Wang et al., 2005). One may expect that followers provide more lenient ratings to team leaders with whom they have better relationships. Moreover, leader-member exchange is related to group, as well as individual, performance (e.g., Liden, Erdogan, Wayne, & Sparrowe, 2006). Although response bias could not have affected the results at the individual level, the nature of leader-member interaction at the team level should be controlled for to rule out an alternative explanation of the findings.

The internal consistency values for emotional intelligence (.97) and transformational leadership (.97) suggest high item redundancy (see Boyle, 1991). Yet, the measures of emotional intelligence and transformational leadership used in this study have been validated elsewhere and the scales have several sub-dimensions.

Halo effect is one plausible explanation for the high alphas and the content of both scales may need closer scrutiny.

Managerial Implications

Understanding precisely how emotional intelligence relates to effective leadership and service climate has practical implications, particularly in the areas of selection and management development. Leaders need more than just technical and traditional managerial skills – they need well-honed transformational competencies, including emotional intelligence. The findings support the idea that organizations should select people who have higher levels of emotional intelligence because it is precisely those people who have the potential to become transformational leaders. The knowledge gained from research on emotional intelligence and effective leadership may also be used to train and develop leaders. Emotional intelligence, as well as transformational leadership, can be developed through training (e.g., Barling, Weber, & Kelloway, 1996; Riggio & Lee, 2007) and simultaneous training on both may offer considerable benefits to individual leaders and organizations.

CONCLUSION

In conclusion, in support of previous results on the emotional intelligence-effective leadership linkage, this study examined the hypothesized mediating role of transformational leadership style at the group level. Team leaders with a high emotional intelligence appeared to be perceived as the most effective; these team leaders are more aware of how particular emotions can influence their behaviors and they are more adept at aligning their emotions within their given leadership style. Also we found that a transformational team leader's degree of emotional intelligence plays an important role in the building of a service climate. Given that service climate and transformational leadership style have been shown to make a difference in terms of team and organizational performance (Schneider et al., 2005; Salanova et al., 2005), our results may guide new research that aims to capture the potentially business-enhancing effects of emotional intelligence and transformational leadership style in service settings.

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Chapter IV

UNIT MANAGERS' EMOTIONAL INTELLIGENCE; LINKING COLLECTIVE AFFECT, GROUP LEARNING AND TURNOVER INTENTION IN A KOREAN BANK[3]

ABSTRACT

Increasingly, research in the area of emotions is paying attention to group – or work unit – level phenomena, including group learning. In this chapter, we examined the effect of collective affect (positive vs. negative) and manager's emotional intelligence on group learning activities and turnover intention. With employee data from a sample of 325 comparable work units in South Korea, and while controlling for same-source bias, we employed moderated mediation analysis and confirmed the hypothesized path model; Employee ratings of collective affect correlate significantly with their intentions to turnover and this is mediated by group learning. Moreover, the indirect effects of collective affect appeared dependent on the level of a unit manager's emotional intelligence. Practical implications of the findings are discussed, together with the study's limitations and ideas for future studies.

INTRODUCTION

Recent theoretical and empirical advances in psychology and organizational behavior have shown that employees' affective experience (moods, affect, and emotions) plays an important role in predicting various outcomes. Several studies, for instance, have found that positive affectivity of employees contributes significantly to their decision making processes (Staw & Barsade, 1993; Isen, 2001), and to creativity (Amabile, Barsade, Mueller, & Staw, 2005). Positive affect also has beneficial consequences in terms of employees' helping behaviors (Kelly & Hoffman, 1997; Tsai, Chen, & Liu, 2007), spontaneity relationship (George & Brief, 1992), and organizational commitment (Youssef & Luthans, 2007). Studies have also found that negative affect can foster creativity (George & Zhou, 2002) and more effective decision making (see Barsade & Gibson, 2007). Despite the growing stream of serious studies on affective experiences of employees, the increasingly relevant notion of organizational or group-level learning of employees is not yet often empirically examined in the area of emotions at work.

Studies in the literature of learning do note the importance of unit members' emotions as a potential influence on ongoing learning activities (e.g., Edmondson, 1999; Huy, 1999; Vince, 2001). Learning is generally seen as a strong driving force in enhancing competitiveness, effectiveness, and innovation of work units or organizations (Edmondson, 2008; Law & Ngai, 2008; Panayides, 2007). However, little empirical work to date has substantiated the idea that the amount of learning occurring in a work unit may influence the motivational perspective or level of satisfaction of the employees (e.g., Lankau & Scandura, 2002; Tsai, Yen, Huang, & Huang, 2007). Given employees' increasing search for meaning within their work as well as an increasing desire for professionalization, the degree to which a group of employees feel they learn at work may – by itself – play a role in employees' inclination to stay in their jobs or not turn over (e.g., Jacobs & Roodt, 2007; Ng & Butts, 2009). Thus, even though it is acknowledged that emotions underpin effective learning activities within an ongoing workgroup, the present study set out to examine how collective affect within work units might relate to employees' perceptions of learning activity as well as their turnover intentions. Moreover, we hypothesize that the degree of emotional intelligence of one's unit manager is influential in this regard as well, as behaviors and attribution of unit managers have been shown to have a substantial effect on unit-level outcomes (Edmondson, 2003; Lim & Ployhart, 2004;

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Mayer, Nishii, Schneider, & Goldstein, 2007). Hence, the managing of emotions or affective states is now being considered as a key component of effective leadership (Frost, 2004; Humphrey, 2002).

In the summer of 2008, we surveyed all the employees of a large bank in South Korea, by using a 100% sample of their branches. The hypothesized path model was tested through moderated-mediation analyses, after controlling for common-method bias.

THEORY AND HYPOTHESIS DEVELOPMENT

Collective Affect

"Affect" refers to "an umbrella term encompassing a broad range of feelings that individuals experience, including *feeling states*, which are in-the-moment, short-term affective experiences to feel and act in certain ways" (Barsade & Gibson, 2007: 37). In the literature, affect or moods have been distinguished from emotions. Moods can be thought of as a prolonged tone of a general positive (pleasant) or negative (unpleasant) feeling: unfocused on a specific cause (George & Jones, 1996). When individuals attribute their affect to a particular target or cause, they experience it as having an emotion (e.g., anger, fear, sadness). Emotions, therefore, are relatively intense and short-lived responses in such a way that we feel angry with someone or are afraid of something (Seo, Feldman Barrett, & Bartunek, 2004).

Affect or moods have been discussed most often as individual employees' subjective states rather than a group phenomenon. However, moods among group members who work together closely tend to be pervasive through the psychological process of emotional contagion (Bartel & Sasavedra, 2000). Members in work units may consciously or unconsciously mimic each other's expressive displays (including face, voice, and posture) and affect-related behaviors through their day-to-day or enduring relationships (George & Jones, 1996). One group member's expression of joy through laughter, for instance, makes other members laugh and feel joyous through facial feedback and mimicry (Bartel & Saavedra, 2000). Such reciprocation of mood among members may shape a sense of shared affect within work units. George led the way in examining members' affect as a group-level phenomenon and defined "group affective tone" as "similar or homogeneous affective reactions within a group" (George, 1990: 108). Also the results of two longitudinal studies in two

different occupational settings, one with community nurse teams and the other with accountants' teams, showed significant associations between individual members' moods and collective moods (Totterdell, Kellett, Briner, & Teuchmann, 1998).

Our approach to the meaning of "affect" is similar to the definition of moods as described above. Consistent with prior studies (e.g., George, 1990; George & Zhou, 2002; Sy, Côté, & Saavedra, 2005), we first calculated the level of positive and negative affect of the members of the branch. We then averaged the positive and negative composites to form the measure of collective affective tone.

Collective Affect and Learning Activity

Edmonson (1999: 353) refers to learning as "an ongoing process of reflection and action, characterized by asking questions, seeking feedback, experimenting, reflecting on results, and discussing errors or unexpected outcomes of actions." Learning at work includes activities like obtaining and sharing information about customer needs, being open to alternative ways of doing work, being able to speak about what is on your mind, receiving periodic training on relevant skills, and engaging in productive conflict and debate during discussion. In the management literature, learning is generally seen as a strong driving force for enhancing competitiveness, effectiveness, and innovation of organizational work units (e.g., Hurley & Hult, 1998; Law & Ngai, 2008; Panayides, 2007).

Group learning leads to a change in work-unit processes and performance which is often manifested in the innovation or modification of existing interaction patterns, capabilities, and goal-directed activities (e.g., Burke, Stagl, Salas, Pierce, & Kendall, 2006). Inevitably, therefore, learning requires some desire to change or improve the proficiency of its members (Edmondson, 2002). However, in practice, employees often persist in habitual routines, even in the face of external stimuli that require them to change (Gersick & Hackman, 1990) and they often resist seeking alternative ways of doing things, and therefore eventually fail to improve working processes (Sadler-Smith, Spicer, & Chaston, 2001). The tension inherent in learning inevitably provokes defensiveness or anxiety, as much as excitement or motivation, in the minds of employees (Vince, 2001). Vince and Saleem (2004) have substantiated that the tensions concerning learning and fears of getting things wrong act as barriers to learning because individuals behave in the interest of self-protection, yet conflict is an inherent part of learning. Moreover, a lack of psychological safety within teams can inhibit experimental behavior, being able to admit mistakes, or

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critical questioning of team practices (Edmondson, 1996). From these studies, we have noted that the effectiveness of group learning highly depends on group members' psychological states or processes. In other words, the results of prior studies provide the suggestive argument that affective tone of employees may be a potential trigger to facilitate or hinder collective learning in the workplace. Despite the acknowledgement of emotions in the processes underlying learning activities, comparatively few empirical studies have directly examined the links between work units' collective affective tone and their degree of learning activity.

Studies suggest that affective experience creates a motivational state that urges individuals to make an active effort to move toward or move against external stimuli (Forgas & George, 2001). Specifically, George and Brief (1992) suggested that employees who experience positive moods tend to interpret work events in a more positive light and be more optimistic about the possibility of future success. In contrast, employees in negative affective states are more likely to focus on avoiding and preventing possible occurrences of negative outcomes, thus exhibiting a defensive behavioral orientation (Seo et al., 2004). Employees in positive affective states are more likely to initiate new, challenging tasks and to persist in tasks that they have already undertaken (Staw, Sutton, & Pelled, 1994) because their positive moods counter potential dysfunctional attitudes and behaviors such as cynicism and resistance which are often associated with new practices and initiatives in organizational change (Avey, Wernsing, & Luthans, 2008).

Learning emerges through intense social interactions in the workplace as unit members with diverse views mutually influence each other's knowledge, ideas, and opinions (Gruenfeld & Hollingshead, 1993). A lack of communication and interaction among members may penalize brilliant ideas and/or creative responses to problems. Therefore, the degree to which a team actively engages in learning activities is highly dependent on interpersonal trust and concerns among team members (Edmondson, 1999). In addition, learning activities may also influence the type of information that is gathered, and how it is interpreted and shared among members (Moorman & Miner, 1998). A work unit's ongoing learning activities moreover, allow the unit to handle unpredictable work situations, manage interactions across work unit boundaries, solve problems creatively, and adopt new tasks, technologies, and procedures (Bunderson & Sutcliffe, 2003). These studies underscore how learning activity depends not only on rationally-driven or cognitive approaches but also on interpersonal relations.

Evidence of individuals' tendencies to rely on their feelings and emotions in forming relevant thoughts and behaviors provides a logical ground for further predicting a relationship between affect and learning (Forgas & George, 2001; Staw et al., 1994). For example, positive affect appears to lead to deeper analytic processing and efficiency in decision-making which requires more careful, systematic, and thorough processing (Staw & Barsade, 1993; Isen, 2001): People have inclinations to take an intellectual interest in something and show high capacity to explore (Cameron, 2008) and become more creative and experimental (Amabile et al., 2005) when they experience positive feelings. Another distinguishing feature of positive and negative affect is the relationship each has with interpersonal behavior. Positive affect, characterized by enthusiastic, active and even elated feelings, induces individuals to adopt stimuli in a more flexible fashion (Murray, Sujan, Hirt, & Sujan, 1990), often resulting in more cooperation, helping behavior, and a lower likelihood of engaging in conflict (Lyubomirsky, King, & Diener, 2005; Tsai, et al., 2007). Persons experiencing negative affect, on the other hand, may find it difficult to affiliate themselves with others because of their irritability and edginess (Pelled & Xin, 1999). Based on this body of literature, we predict that pleasant collective affect will lead employees to consider pursuing learning activities and behaviors, including a sense of commitment and devotion toward obtaining desired results from those learning activities. In contrast, the opposite will occur in work settings with unpleasant negative affect.

Collective Affect and Turnover Intention

In the literature on employee turnover, employees' subjective work experience (reflected in job satisfaction, organizational commitment, job involvement, organizational citizenship behavior, etc.) are seen as triggering the turnover process, ultimately leading to an actual intention to quit as well as a final leave or stay decision (Carmeli & Weisberg, 2006; Koys, 2001; Tett & Meyer, 1993). Another stream of research has argued that affect is as an essential element in one's organizational work experience and further examined work moods or affect in association with employee turnover (e.g., George & Jones, 1996; Shaw, 1999).

Recent theories, such as the Affect Infusion Model (AIM: Forgas, 1995), seek to provide an integrated account (between social psychology and organizational behavior) for the presence of affective influences in judgment processing strategies and behaviors people use. In line with this theory, many empirical studies have

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supported the influence of affect on the process of thinking. This involves, for instance, how an individual deals with a given task and what kind of information people recall, select, interpret, etc. as a function of their affective states when dealing with various work situations (e.g., Forgas & George, 2001; Staw et al., 1994). It is generally acknowledged that positive moods may signal that everything is going well and additional effort is not needed, while negative affective states make people aware that their current situation is problematic and things are not going that well (George & Jones, 1996; Pelled & Xin, 1999). Consequently, positive affective states will result in higher levels of engagement attitudes (e.g., organizational citizenship behaviors), facilitating job performance (Avey et al., 2008). In contrast, the negative affective states may motivate people to take action to separate themselves from their current situation as a form of withdrawal-type behavior (i.e., absenteeism and turnover) in organizations (Pelled & Xin, 1999). Indeed, a number of other studies have supported the idea that unpleasant affect is related to withdrawal behavior, increased absence, intention to turnover, and actual turnover, whereas positive affect has been found to result in reduced absence and intention to turnover (George, 1989: Necowitz & Roznowski, 1994). In other words, turnover behavior seems to increase as employees move toward more unpleasant and uncomfortable affective states (Pelled & Xin, 1999). Based on the reviewed literature, one may assume that work units scoring high on positive collective affect induce relatively little turnover intention while those with a predominately negative collective affect would score high on turnover intention.

Learning Activity and Turnover Intention

The literature suggests a wide variety of motivational factors at the individual level to explain the variance in turnover intentions such as job satisfaction, organizational commitment (Carmeli & Weisberg, 2006; Tett & Meyer, 1993), and work moods (George & Jones, 1996; Pelled & Xin, 1999). On top of these factors, other research has shown how organizational practices, more specifically employees' perceptions of work environment features may influence employees' intentions to quit and/or actual turnover. Shaw, Delery, Jenkins, and Gupta (1998), for instance, suggested that organizational practices signaling investment in employees and their development should reduce organizational quit rates. Similarly, Allen, Shore, and Griffeth (2003) found that HR practices that promote growth opportunities (e.g., skills training) lower employee turnover intentions. These studies imply that

employees perceiving greater support for growth opportunity would be less likely to seek alternative employment or to leave the organization. In a similar vein, Rousseau (2004) suggested that training and development activities are one important source of employees' psychological attachment to the organization and, thus, relevant to one's intention to stay as well as their degree of fulfillment. Recently, Ng and Butts (2009) show significant correlations between employees' perceptions of one's opportunity for learning and information sharing and their intentions to stay, both in a financial company and in a chain of restaurants.

Also, from the perspectives of career development and management, the importance of learning has been emphasized in recent years (Ng, Eby, Sorensen, & Feldman, 2005). The ability to regularly grow and change through learning will become indispensable for successful careers (DeFillippi & Arthur, 1994). Typically, learning includes the acquisition of knowledge, skills, and attitudes that help an employee deal successfully with a given task. Learning can help employees to respond to environmental stimuli flexibly and accurately, by borrowing from the prior experience of other people and organizations, or by searching for entirely new approaches and practices. Therefore, through such learning, employees may improve clarity about their role responsibilities and self-efficacy (Jacobs & Roodt, 2007; Lankau & Scandura, 2002). Professional nurses who spent time sharing their knowledge and reflecting on their experiences through learning activities reached high job-competency and self-efficacy levels; the more self-efficacy and self-competence one had, the higher the level of commitment to the organization and the lower the intention to leave the organization (Jacobs & Roodt, 2007). Moreover, learning provides employees with the opportunity to interact and to communicate with co-workers, superiors, management or with external experts. Increased awareness about the social network in the workplace may increase employees' affective commitment to an organization (Lankau & Scandura, 2002) and therefore their desire to remain in it. Based on the foregoing, we predict that the employees of work units characterized by high levels of learning activity will be less inclined to seek employment elsewhere.

The Interactive Role of Managerial Emotional Intelligence

Learning patterns may be actively facilitated by a manager of the workgroup. Managers are in the position to diagnose the readiness to learn and design interventions to support learning activity within their groups by discussing new

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ideas and by providing the group with the necessary resources and support during the learning process (Edmondson, 2003; Hannah & Lester, 2009). In particular, supportive leader behaviors to create 'psychological safety' environments have shown to influence group learning by allowing employees to freely share their ideas and experience (Berson, Nemanich, Waldman, Galvin, & Keller, 2006; Edmondson, 1999). In acknowledgment of managers' role in learning, we further suggest that emotionally intelligent managers may affect employees' perceptions of learning activity to some extent.

Emotional intelligence entails identifying and managing one's own feelings as well as the moods of others. It also encompasses the ability to influence other people by using emotional knowledge to promote emotional and intellectual growth (Mayer & Salovey, 1997). Given their daily interactions with the manager in the workplace, employees directly observe the manager's characteristics and they note the extent to which they help or hinder employees' motivation toward learning (Edmondson, 2002). Emotional intelligence helps managers to keep his or her emotions in a positive mode (George, 2000). The positive emotions radiated by a manager are mirrored, replicated by employees, and consequently, shaped as positive collective affect (Lewis, 2000; Sy et al., 2005), which can be a motivational learning factor. Emotionally competent individuals understand the cause and effects of emotions, such as knowing that the expression of anger could elicit specific reactions like fear or reciprocal anger (Mayer & Salovey, 1997), and they can predict others' emotional reactions. Such individuals are also seen as better able to repair negative moods arising from internal or external sources and manage their emotions in functional ways (Mayer & Salovey, 1997). Therefore, one may expect that emotionally intelligent managers deflect from followers' negative feelings of frustration and may prevent a gradual piling up of negative feelings that hamper open interaction and learning. Being attentive to emotional cues, listening well and showing empathy, emotionally intelligent managers allow followers to express their full range of emotions in an open and honest fashion (Küpers & Weibler, 2006). Emotionally capable leaders encourage input and discussion, without fear of reprisal; they tend to heighten 'psychological safety' and on tasks requiring interaction, collective reflection and learning-to-improve is encouraged as well.

In order to foster learning, emotionally intelligent managers need to detect when followers need a more or less challenging task, or when followers would want feedback. These managers will also need to ensure employees' awareness on

major issues demanding learning, while at the same time helping them to overcome unexpected problems and conflicts inherent in actual learning processes (Vince, 2001). Sensing when employees are bored or frustrated with a given task may depend on the ability to monitor and detect emotions. Accurate recognition of emotions enables the determination of whether emotion is linked to opportunities or problems, as well as to possible decision-making (Bagshaw, 2000). Also, the emotional information that comes through knowing and managing emotions will aid a manager in taking in and understanding the full range of issues in resolving conflicts constructively, potentially resulting in enhanced trust in the unit that is led (Pescosolido, 2002). The constructive effects of conflict are much more apt to occur when a manager stresses the competence of members and establishes a win-win atmosphere where members argue freely about the best ways to attain the essential goals of all persons involved (Leban & Zulauf, 2004). Managers high on emotional intelligence mobilize employees through unusual, enterprising efforts so that they can deal flexibly with individual emotional needs in accordance with job and other organizational challenges (Ashkanasy & Daus, 2002). With the emphasis on the ability to keep positive emotional relations with employees and manage open communications (Dasborough & Ashkanasy, 2002), managers who manifests emotional ability may establish mutual trust and respect in the units they lead, which seem to be fundamental elements for information and knowledge sharing. Thus, we propose that the indirect effect of collective affect to turnover intention, through learning activity, may be explained by the variation in the emotional intelligence of unit managers.

Research Hypotheses and Hypothesized Path Model

On the basis of prior studies reviewed above, there is sufficient justification to propose and test the direct linkages between collective affect and learning activity as well as the indirect link, through learning activity, to turnover intention. The expected magnitude of the indirect effect of affect on turnover intention via learning activity will depend on the emotional intelligence of the work unit manager (see Figure 1). Thus, the specific hypotheses tested in this study include the following:

Hypothesis 1: Collective affect is significantly related to collective learning activity: Positive affect is positively associated with learning activity, whereas negative affect is negatively associated with learning activity.

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Hypothesis 2: Collective learning activity is negatively related to turnover intention.

Hypothesis 3: Collective learning activity mediates the relationship between collective affect and turnover intention.

Hypothesis 4a: The negative relationship between positive collective affect and turnover intention through learning activity is moderated by unit manager's emotional intelligence, such that the negative relationship between positive collective affect and turnover intention via learning activity will be stronger when a unit manager scores high on emotional intelligence.

Hypothesis 4b: The positive relationship between negative collective affect and turnover intention through learning activity is moderated by unit manager's emotional intelligence, such that the positive relationship between negative collective affect and turnover intention via learning activity will be weaker when a unit manager scores high on emotional intelligence.
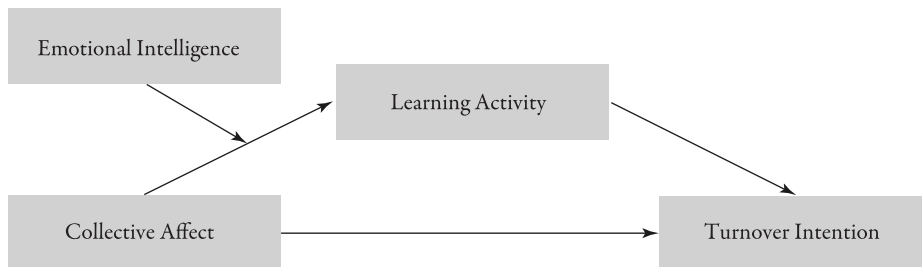
Figure 1. Conceptual Diagram for the Hypothesized Relationships

METHOD

Participants and Procedures

We e-surveyed the employees of the branches of a large South-Korean bank that serves a mix of private and corporate customers. While some of these bank branches provided standard banking services such as checking and saving accounts, mortgages,

and various types of insurance, other branches specialized in corporate pension funds and corporate investment schemes. Our sample of geographically separate and functionally different branches created sufficient within-branch and between-branch comparisons, enabling analysis at the work unit-level. Employees of each branch worked together in an interdependent fashion to provide financial services to their customers.

We first obtained permission for data collection and support from the bank's top management. Then, questionnaires, along with an introductory letter in which voluntary participation and confidentiality were assured, were sent to respondents through the company's internal electronic mail. The employees were queried about their affective states as well as their perceptions of branch-level learning activity, intention to leave, and their branch manager's emotional intelligence. Surveys were administered to all of the 5,950 employees who worked at the branch-level. Of these, 2,390 employee questionnaires (40.2% response rate) were returned from the population of 596 branches across the nation. Among these, after excluding incomplete questionnaires, 69 branches were further eliminated from the analyses due to the fact they had returned less than 3 completed questionnaires, to ensure branch representativeness. The final usable sample thus was comprised of 1,971 employees from 325 branches. The size of the 325 branches ranged from 5 to 33 members ($M = 11.51$, $SD = 3.69$).

On average, employees were 35.98 years old ($SD = 7.24$), and half were women who had graduated from college and had been working for 13 years or more ($M = 13.45$, $SD = 8.79$) in this bank organization and 2 years or more ($M = 2.18$, $SD = 1.20$) in their current branches.

The original English-language questionnaire was translated into Korean using the standard backward translation method (Brislin, 1980). Pre-testing involved interviewing ten middle and upper managers from corporate headquarters to assure the applicability and validity of all survey items.

Measures
Collective affect
The Job Affective Scale (JAS) was used to measure the affective states of employees in each branch (Burke, Brief, George, & Roberson, 1989). The JAS is comprised of 20 items, containing positive or negative affect. Positive affect includes ten items (6 high positive affect and 4 reverse-scored low positive affect items, e.g., strong,

enthusiastic, and sleepy) and the other ten items denote negative affect (6 high negative affect and 4 reserve-scored low negative affect, e.g., distressed, jittery, relaxed). Respondents indicated for each item how they felt at work during the past week using a five-point scale ranging from 1 (*very slightly or not at all*) to 5 (*very much*), Although memory biases may be involved when people report their affect or moods retrospectively, Parkinson, Briner, Reynolds, and Totterdell (1995) have reported that people's ratings of their moods a week ago are quite close to their ratings of their average daily moods. Further evidences for the validity of the one-week time frame in the present study came from George and Zhou (2002) and Tsai et al. (2007).

To calculate affect at the branch level, we started by calculating the positive/negative affect at the individual level and then averaged the positive/negative composites for the members in each branch, based on the degree of within-group similarity. Cronbach's alphas were .89 and .88 for positive and negative affect, respectively.

Learning activity

The learning activity survey items were taken from Garvin, Edmondson, and Gino (2008) who have developed three broad factors that are essential for ongoing organizational learning and adaptability: a supportive learning environment; concrete learning processes and practices; and supportive leadership behaviors. In the present survey, seventeen questions comprised perceptions of a supportive learning environment (e.g., "People in this branch are eager to share information about what does and doesn't work") and 21 questions covered concrete learning processes and practices (e.g., "This branch has forums for meeting with and learning from customers and clients"). Participants responded to items using a seven-point scale ranging from 1 (*highly inaccurate*) to 7 (*highly accurate*). Cronbach's alpha for this scale was .96.

Turnover intention

Three items, adopted from Carmeli and Weisberg (2006) measured turnover intentions. A sample item is: "I am actively searching for an alternative to the organization." The three items were measured on a five-point scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). Cronbach's alpha for this scale in this study was .91.

Emotional intelligence

Emotional intelligence was measured using the 16 items from the Wong and Law Emotional Intelligence Scale (WLEIS) (Wong & Law, 2002). The WLEIS is consistent with Mayer and Salovey's (1997) conceptualization of emotional intelligence, and was developed expressly for Asian respondents and has demonstrated validity in a Korean sample (see Hur, van den Berg, & Wilderom, 2008).

The WLEIS consists of four dimensions, namely, *Self Emotion Appraisal, Others' Emotion Appraisal, Regulation of Emotion (of the self),* and *Uses of Emotion to Facilitate Performance.* The *Self Emotion Appraisal* (SEA) dimension measures the ability to understand and express one's own emotions (e.g., "Has a good understanding of his/her own emotions"). The *Others' Emotion Appraisal* (OEA) measures an individual's ability to perceive and understand the emotions of others (e.g., "Is a good observer of others' emotions"). The *Use of Emotion* (UOE) refers to one's ability to channel one's emotions toward constructive activities that facilitate performance (e.g., "Always sets goals for himself/herself and then tries his/her best to achieve them"). Finally, the *Regulation of Emotion* (ROE) dimension measures the ability to regulate one's emotions (e.g., "Is able to control his/her temper and handle difficulties rationally"). We added four items to the Use of Emotion dimension. Two items were taken from the Wong, Law, and Wong (2004) (e.g., "Motivates himself/herself to face failure positively"), and the other two items were from the Emotional Competency Inventory (Sala, 2002) (e.g., "Spots potential conflicts and brings disagreements into the open and helps deescalate them"). Results of a factor analysis for the items confirmed a one-factor solution for the UOE dimension with an eigenvalue of 32.84 and with factor loadings that explained 70.9 of total item variance. Each item was measured on a seven-point scale ranging from 1 (*completely disagree*) to 7 (*completely agree*). Cronbach's alpha for the overall emotional intelligence was .98 and the alphas for the respective dimensions were SEA (.97), OEA (.92), UOE (.93), and ROE (.98).

Control variables

Demographic factors may influence turnover intentions, and perceptions of managerial behaviors (Ostroff, Atwater, & Feinberg, 2004; Pelled & Xin, 1999). Hence, we included gender of employees and their length of work experiences in the bank as control variables: Female workers and employees with longer organizational tenure have been found to have lower turnover intentions (e.g., Rafferty & Griffin,

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2006; Thompson & Prottas, 2005). Moreover, it is suggested that female raters tend to have more accurate emotion-related perceptions than males (Byron, 2007; Craig et al., 2009) and they tend to provide higher and perhaps more lenient ratings on managerial behaviors (Ostroff et al., 2004). And, in line with the results of prior studies, one's emotional intelligence may vary with age or gender (Mandell & Pherwani, 2003; Mayer, Salovey, & Caruso, 2004), so we also controlled for age of the focal 325 branch managers. Such data were derived from corporate records, with the assistance of corporate headquarters' human resource division. According to corporate records, the majority of the focal branch managers were men (almost 99%). Therefore, we incorporated only branch manager's age in our statistical analyses (see Table 2).

Analytical Procedures

Employee scores were aggregated at the branch level; each branch is a discrete business unit, each with their own management or supervisory structure. It can be argued that the variables formed by aggregating individual perceptions to the branch level are meaningful psychological constructs that express the common experiences and shared perceptions of a discrete work group. Aggregation also requires statistical justification. Specifically, attitudinal measures can only be aggregated if there is sufficient consensus amongst groups' respondents (Bliese, 2000). Bank employees' responses on the four scales of collective affect, learning activity, emotional intelligence, and turnover intention were, in this study, aggregated at the branch-level. In order to test whether there was a consensus or sufficient similarity within branches on the ratings of the four scales, we obtained the intra-class correlation (ICC1 and ICC2) and within-group inter-rater reliability ($r_{WG(J)}$), and these results are summarized in Table 1. The ICC1 is a measure of within-group consensus, and the median value in organizational research is typically .12 (James, 1982). We performed multilevel analysis of an unconditional means model, or equivalently random effects one-way analysis of variance. All the between-branch variances were significant ($p < .01$), indicating that the ICC1 values were higher than zero. In fact, they ranged from .03 to .15. The ICC2 is the reliability of the group mean that is formed when individual scores are aggregated. Ostroff and Schmitt (1993) suggest that when the ICC2 values exceed .60, the reliability of group means is acceptable, and ICC2 values for all scales comfortably exceeded this lower bound. The interpretation of the $r_{WG(J)}$ is similar to that of other types of reliability coefficients. A value of .70 or

above is suggested as a good amount of within-group agreement (James, Demaree, & Wolf, 1984). As presented in Table 1, the median $r_{WG(J)}$ values range from .75 to .98, indicating high levels of agreement within the branches. Thus, aggregating employees' scores on collective affect, learning activity, emotional intelligence, and turnover intention at the branch-level can be justified on statistical grounds.

Because the data of this study were based on perceptions of branch employees, in the moderated-mediation analyses we controlled for percept-percept bias (Ostroff, Kinicki, & Clark, 2002). For this purpose, we randomly divided the employees within each branch. More specifically, we used for collective affect, learning activity, emotional intelligence, and turnover intention the following number of employees: 437 (22.2%), 515 (26.1%), 486 (24.7%), and 533 (27.0%), respectively.

Table 1. Intra-Class Correlations 1 and 2 and $r_{WG(J)}$

Scale	ICC1	ICC2	$r_{WG(J)}$
Positive Collective Affect	.03	.90	.91
Negative Collective Affect	.04	.90	.93
Emotional Intelligence	.15	.98	.97
Learning Activity	.10	.97	.98
Turnover Intention	.07	.91	.75

Note. ICC1 and ICC2 were derived from 1,971 employees. $r_{WG(J)}$ denotes the median value, in this case in 325 bank branches.

The relationships among collective affect, learning activity, emotional intelligence, and turnover intention are presented in the formal path diagram of Figure 2. In this moderated mediation model, collective affect predicts branch learning activity, which in turn predicts branch-level turnover intention, and emotional intelligence moderates the relationship between collective affect and learning activity. That is, the mediation (indirect) effect of collective branch affect on branch-level turnover intention is moderated by the emotional intelligence of branch managers, because emotional intelligence is expected to moderate the effect of collective affect on learning activity. For simplicity, the covariates (i.e., tenure, gender, age) were omitted in the figure.

We used the term *conditional indirect effect*, as defined by Preacher, Rucker, and Hayes (2007: 187), to represent the "magnitude of an indirect effect at a particular

value of a moderator." The point estimate of the conditional indirect effect of branch collective affect on branch-level turnover intention via learning activity was derived as $f(\hat{\theta}\,|\,EI) = \hat{b}_1(\hat{a}_1 + \hat{a}_3 EI)$, using a matrix algebra approach described by Sobel (1986), Bollen (1987) and Preacher et al. (2007). This conditional indirect effect depends on the value of emotional intelligence: if the interaction coefficient $\hat{a}_3$ is close to 0, then the conditional indirect effect reduces to $\hat{a}_1\hat{b}_1$ for all values of the learning activity. Thus, the moderated mediation was determined by examining the significance of the interaction and the conditional indirect effect.
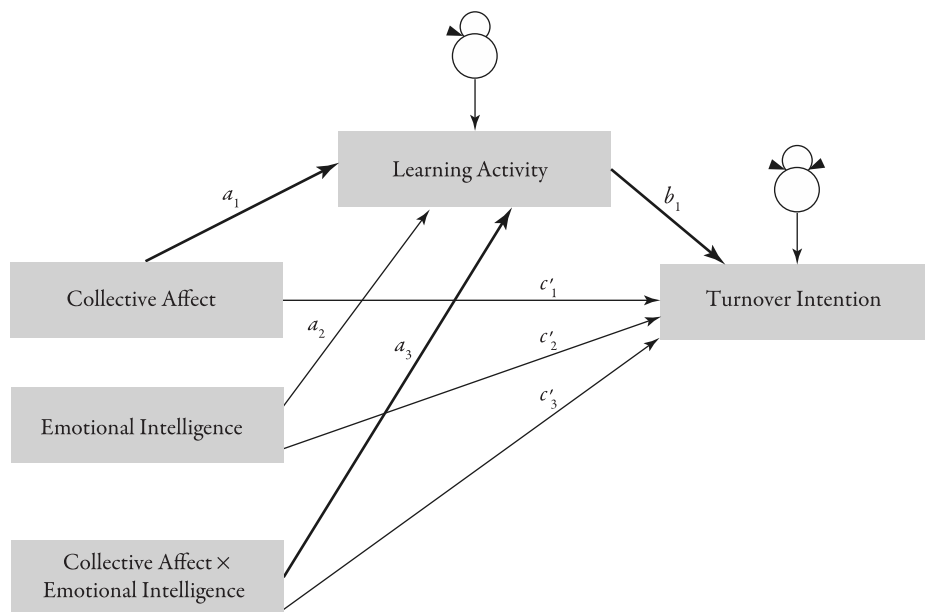
Figure 2. Path Diagram and Model Parameters for the Hypothesized Model

The sampling distribution of the conditional indirect effect was derived by simultaneously regressing predictor variables on learning activity (i.e., mediator variable) and turnover intention (i.e., dependent variable) with 5,000 bootstrap resamples. Each resample of size N was drawn with replacement from the original sample of size N. After sorting 5,000 values of $f(\hat{\theta}\,|\,EI)$, we calculated bootstrap 95% bias-corrected (BC) confidence intervals (CI) (Efron, 1987). The BC CIs were calculated and plotted for all values of the moderator variable (emotional

intelligence) (i.e., *confidence band*; Bauer & Curran, 2005; Preacher, Curran, & Bauer, 2006), following Preacher et al.'s (2007) approach which extends the *simple slopes* (Aiken & West, 1991) and *regions of significance* (Johnson & Neyman, 1936) techniques. This plot allowed us to find out at which values of emotional intelligence the conditional indirect effect is significant. The maximum likelihood estimates of the regression coefficients and BC CIs were derived from a path model via Mplus 5.0 (Muthén & Muthén, 1998-2007).

RESULTS

Measurement Model Fits
The path model of moderated mediation was saturated with 0 degrees of freedom. Thus the hypothesized model provided a very good fit to the data.

Descriptive Statistics
Means, standard deviations, and correlations for all variables at the aggregated branch level, as well as coefficient alphas are presented in Table 2. The observed correlations were as expected. Consistent with our hypotheses, positive collective affect was significantly related to learning activity ($r = .54$, $p < .01$) whereas negative collective affect was negatively associated with learning activity ($r = -.41$, $p < .01$). Learning activity was negatively related to branch employees' turnover intention ($r = -.45$, $p < .01$). The correlations did not contain same-source bias and they provide support for Hypotheses 1 and 2.

Test of Hypotheses
Tables 3 and 4 show the regression results for the mediator variable and dependent variable models. They also include the normal-theory bootstrap point estimate and 95% BC CI for the indirect effect at three values of emotional intelligence: the mean (103.06), one standard deviation above the mean (81.03), and one standard deviation below the mean (125.10).

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Table 2. Descriptive Statistics and Correlations at the Branch Level[a]

Variable	M	SD	1	2	3	4	5	6	7	8
1. Employee Tenure[b]	12.66	8.31	1.00							
2. Employee Gender[c]	.50	.22	-.17*	1.00						
3. Manager Age[d]	51.42	2.49	-.02	.01	1.00					
4. Positive Collective Affect	34.28	6.89	.14*	.01	-.11	(.89)				
5. Negative Collective Affect	22.64	6.27	-.15*		.15	-.71**	(.88)			
6. Learning Activity	171.70	33.98	-.01	.18**	-.10	.54**	-.41**	(.96)		
7. Emotional Intelligence	102.73	21.63	.05	.09	-.14*	.51**	-.40**	.65**	(.98)	
8. Turnover Intention	6.36	2.84	-.04	-.03	.10	-.36**	.30**	-.45**	-.43**	(.91)

Note. [a] $N = 325$. Internal consistency reliabilities are in parentheses along the diagonal. The correlations were derived from the sample corrected for the percept-percept bias.
[b] Employee tenure = length of time in years employees have worked in the organization.
[c] Employee gender was coded: male = 0, female = 1.
[d] Manager age was based on company records.
* $p < .05$; ** $p < .01$.

Baron and Kenny (1986) have proposed three necessary conditions for a mediator effect to be present. First, the predictor variable must affect the possible mediator variable. Second, the mediator variable must affect the dependent variable (Condition 2). And finally, if the first two conditions are met and one controls for the mediator variable, then the effect between the predictor and dependent variables must be reduced to almost zero (Condition 3). Negative collective affect significantly predicted learning activity, but positive collective affect did not do so. However, their interactions with emotional intelligence were significant ($B = .02$, $SE = .01$, $p < .05$ for positive collective affect; $B = -.04$, $SE = .01$, $p < .01$ for negative collective affect) fulfilling the Condition 1. Learning activity significantly predicted turnover intention ($B = -.02$ and $-.02$, $SE = .01$, $p < .01$), supporting Condition 2. The highly significant effects of positive collective affect ($B = -.15$, $SE = .02$, $p < .01$) and negative collective affect ($B = .13$, $SE = .03$, $p < .01$) on turnover intention were not statistically different from 0 when controlling for learning activity (Condition 3). These findings supported Hypotheses 1, 2, and 3.

Table 3. Moderated Mediation Results for Positive Collective Affect

Predictor	Mediator Variable (Learning Activity)			
	B	SE	T	p
Positive Collective Affect	-1.00	1.03	-.98	.33
Emotional Intelligence	.03	.31	.10	.92
Positive Affect × Emotional Intelligence	.02	.01	2.41	.02
Employee Tenure	-.18	.17	-1.05	.29
Employee Gender	18.00	6.09	2.96	.00
Manager Age	-.04	.49	-.09	.93

Predictor	Dependent Variable (Turnover Intention)			
	B	SE	T	p
Learning Activity	-.02	.01	-3.98	.00
Positive Collective Affect	-.18	.10	-1.86	.06
Emotional Intelligence	-.07	.03	-2.51	.01
Positive Affect × Emotional Intelligence	.00	.00	1.58	.11
Employee Tenure	-.00	.02	-.08	.93
Employee Gender	.43	.63	.68	.49
Manager Age	-.04	.05	-.77	.44

Emotional Intelligence	Indirect Effect at Emotional Intelligence = mean and ±1 SD		
	$\hat{b}_1(\hat{a}_1 + \hat{a}_3 EI)$	Lower CI	Upper CI
81.03	-.02	-.04	-.01
103.06	-.03	-.06	-.02
125.10	-.05	-.08	-.02

In Hypothesis 4, we examined the moderated mediation of the effect of emotional intelligence between collective affect on turnover intention (through learning activity). Hypothesis 4a states that the negative relationship between positive collective affect on turnover intention will be stronger when the work-unit managers score high on emotional intelligence. By implications, Hypothesis 4b states that the positive relationship between negative collective affect on turnover

intention will be weaker when the branch managers score high on emotional intelligence. The indirect effects of collective affect were dependent on the level of managers' emotional intelligence. As supported previously, the branches with higher scores on positive collective affect scored higher on learning activity, which in turn yielded lower levels of turnover intention. This decrease in turnover intention was larger when managers scored high on emotional intelligence; the indirect effects of positive collective affect at the -1 *SD*, mean, and +1 *SD* values of emotional intelligence were $\hat{b}_1(\hat{a}_1 + \hat{a}_3 EI)$ = -.02 [-.04; -.01], -.03 [-.06; -.02], and -.05 [-.08; -.02], respectively. In a similar fashion, higher scores on negative collective affect yielded higher levels of turnover intention through learning activity and this increase became larger when managers scored high on emotional intelligence. While the indirect effects of negative collective affect were not significantly different from zero at the -1 *SD* value of emotional intelligence, = $\hat{b}_1(\hat{a}_1 + \hat{a}_3 EI)$ = .01 [-.01; .02], those at the mean and +1 *SD* values of emotional intelligence differed significantly from 0, .03 [.01; .05] and .05 [.02; .09], respectively. The bootstrap 95% BC confidence bands are depicted in Figures 3 and 4. As seen in these figures, the indirect effects of positive collective affect and negative collective affect were significant for any values of emotional intelligence above 72.50 and 86.10, respectively. Thus, Hypothesis 4a was supported, whereas Hypothesis 4b was not. The negative relationship between positive collective affect on turnover intention through learning activity appeared significant when branch managers scored high on emotional intelligence. However, contrary to our expectation, the positive relationship between negative collective affect (via learning activity) on turnover intention was not weaker; rather, the relationship was stronger when mangers scored high on emotional intelligence.

Table 4. Moderated Mediation Results for Negative Collective Affect

Predictor	Mediator Variable (Learning Activity)			
	B	SE	T	p
Negative Collective Affect	2.60	1.12	2.33	.02
Emotional Intelligence	1.76	.28	6.31	.00
Negative Affect × Emotional Intelligence	-.04	.01	-3.07	.00
Employee Tenure	-.20	.17	-1.13	.26
Employee Gender	17.25	6.05	2.85	.00
Manager Age	.07	.51	.14	.89

Predictor	Dependent Variable (Turnover Intention)			
	B	SE	T	p
Learning Activity	-.02	.01	-4.01	.00
Negative Collective Affect	.08	.11	.73	.47
Emotional Intelligence	-.02	.03	-.61	.54
Negative Affect × Emotional Intelligence	.00	.00	-.40	.69
Employee Tenure	-.00	.02	-.25	.80
Employee Gender	.52	.63	.82	.41
Manager Age	.03	.05	.55	.58

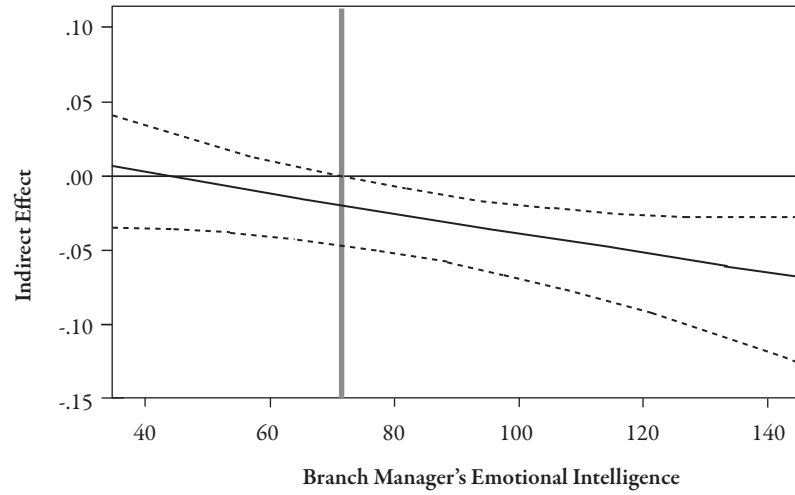| Emotional Intelligence	Indirect Effect at Emotional Intelligence = mean and ±1 SD		
	$\hat{b}_1(\hat{a}_1 + \hat{a}_3 EI)$	Lower CI	Upper CI
81.03	.01	-.01	.02
103.06	.03	.01	.05
125.10	.05	.02	.09

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Figure 3. Conditional Indirect Effect of Positive Collective Affect
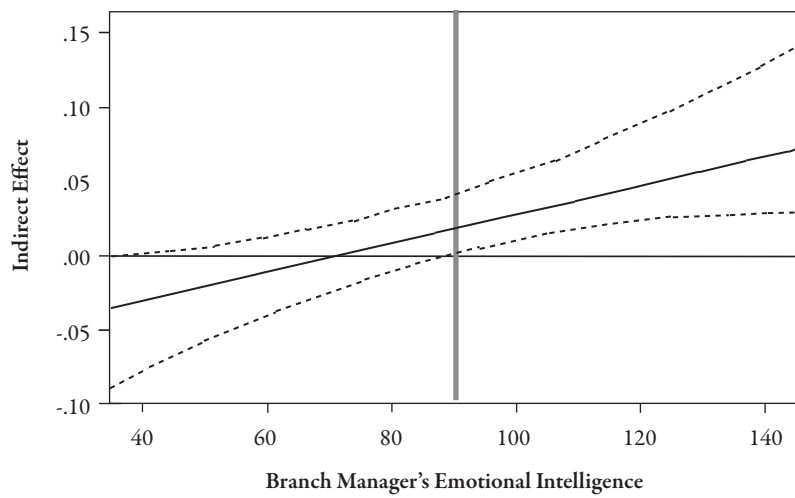

Figure 4. Conditional Indirect Effect of Negative Collective Affect

DISCUSSION

The results of this chapter suggest that bank branches with positive affect reap more favorable outcomes compared to units with negative affect. Specifically, shared affective experiences by branch employees correlate significantly with branch-level learning: bank branches with a high positive-affect score have a higher learning activity and, in turn, employees with lower turnover intentions. Moreover, a high level of negative affect appeared to be linked to a low level of learning activity and more turnover intention. In other words, our findings suggest why the branches that score low on turnover intentions are more likely to pursue learning activity than others. Positive affective moods in a branch may enhance optimistic attitudes about the workplace that lead to employees to behave generatively focusing on exploring and obtaining anticipated positive outcomes.

In addition, the results of this study show that the negative indirect effect of positive collective affect on turnover intention via learning activity is moderated by the emotional intelligence of branch managers. This result suggests that in a workgroup with a highly emotionally competent manager, employees experiencing positive affect (e.g., excited, pleasant, and enthusiastic) are more likely to have favorable perceptions on learning activity and are subsequently less likely inclined to leave. Other emotion research has shown that the leaders' emotions/moods, whether positive or negative, influence the emotional states of employees (e.g., Lewis, 2000; Sy et al., 2005) and produce favorable work-related outcomes (George, 1995, see also George & Bettenhausen, 1990). Being aware of the notion of emotional intelligence as bolstering individuals' tendency to keep positive moods (George, 2000), the identified moderated mediation effect of emotional intelligence on the relationship between employees' affective experiences and turnover intention is in line with the literature. It underpins the suggestion that the ability of bank managers' emotional intelligence is a key to shaping or amplifying employees' positive work experiences.

A growing body of literature suggests that leaders' ability to understand and manage their own feelings, moods and emotions as well as those of their followers contributes to effective leadership in a number of organizations (see George, 2000; Humphrey 2002; Rosete & Ciarrochi, 2005). The findings of this study, however, show that emotionally intelligent managers may not be effective when collective emotions in work units are negative. We anticipated that the positive indirect relationship between negative collective affect and turnover intention would be

weak when branch managers scored high on emotional intelligence. However, counter to our postulation, the relationship between negative collective affect and turnover intention (via learning activity) is significant despite having highly emotionally intelligent branch managers. The results suggest that the capacity of a manager's emotional intelligence may be limited by certain contextual factors. The dispositional (trait) affect (a person's affective predisposition toward perceiving the world around him or herself positively or negatively, Kelly & Barsade, 2001) of employees, for instance, could be one factor influencing the formation of their interpretations in response to the leader's emotion-evoking influence attempts (Dasborough & Ashkanasy, 2002). Employees, who have a negative affective disposition tends to focus on the negative aspects of their jobs even under otherwise pleasant conditions (Necowitz & Roznowski, 1994). That tendency might undermine the emotional appeal from their managers as a result of seeing their work environment from a more pessimistic perspective (George & Brief, 1992). In addition, employees' differences in perceiving others' emotions and managing their own emotions may be an alternative point to consider. Jordan, Ashkanasy, and Hartel (2002) have argued that employees with low emotional intelligence may not be good at comprehending the causes of negative emotions and not be well equipped to deal with the affective consequences. Studies in the domain of emotional intelligence have also shown that highly emotionally intelligent people may have a response style of viewing themselves, others, as well as neutral stimuli in a manner consistent with positive affectivity, and be able to harness emotions to facilitate reasoning and decision-making (Offermann, Bailey, Vasilopoulos, Seal, & Sass, 2004). Thus, for future research we propose that the emotional intelligence of unit members or employees be considered as well, so that we might understand better the influence of unit managers' emotional intelligence on employees' affective states and subsequent employee performance.

The successful group learning outcomes become part of the group's assets, and then may be transmitted to other groups through observation and communication within an organization (London & Sessa, 2007). Despite the importance of team- and/or work unit learning to build a mature learning organization, few empirically validated results have been presented on work unit-level learning (Hannah & Lester, 2009; Wilson, Goodman, & Cronin, 2007). Our study adds to the limited empirical findings in group/unit-level learning by presenting both antecedents and consequents of learning in bank branches. Researchers in organizational learning

have asserted that members' emotions facilitate or hinder learning activity (e.g., Huy, 1999; Vince, 2001); however, empirical studies in the literature are few. This study was the first, to the best of our knowledge, to examine the influence of workgroup collective affect on the perceptions of learning activity within a real organizational setting. Many studies in the literature on learning have shown a variety of outcomes such as innovation, service effectiveness, and organizational performance as consequences of learning activity. With respect to consequences of learning, our findings suggest that even people's turnover intention is affected by the level of learning activity. Thus, employees in a knowledge-intensive workplace, such as those in our sample, may consider learning activity a good opportunity to gain new knowledge and skills while at the same time enhancing their social esteem, competence, and employability/promotability.

Employee gender, one of the control variables in our study, is linked significantly to learning activity. Positive regression coefficients in tables 3 and 4 indicate that having more females than males in a bank branch seem to increase the level of learning activity in a branch. In addition, we found a negative correlation between branch managers' age and employees' perceptions of branch managers' emotional intelligence. We are inferring that the younger generation bank managers are more receptive to feedback from others and less set in their ways. Moreover, as Ostroff et al. (2004) suggested, older managers may be perceived more negatively due to age-based stereotypes. Although, this unexpected finding runs counter to arguments presented earlier about the idea that emotional intelligence comes with age and experience (e.g., Mayer et al., 2004), managers' age was merely controlled for in this study.

Limitations and Future Research Directions

Whereas this study has promising results and several methodological strengths including the control of same-source bias and a large sample, certain caution should be taken when interpreting the findings. This study is of a cross-sectional design, thus we cannot be conclusive on the assumed direction of causality. It is often argued that time is an important parameter when examining the relationship between affect and outcome/performance, since affect levels at work fluctuate over time and produce short-lived effects (e.g., Tsai et al., 2007). In contrast, perceptions of group learning typically refer to an ongoing organizational context over long periods of time, and the same is likely to apply to the variable turnover intention. It would be fascinating

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if various 'learning activity' interventions would take place in the context of a quasi-experimental field study so that the frequently suggested causal effects might be tested in empirical ways. The current calls for bank-reform efforts might enhance the chance that such bank-branch research gets to be conducted in the future.

In a similar vein, this cross-sectional study cannot rule out inclusion of possible halo effects (Cooper, 1981), despite the fact that we controlled statistically for percept-percept bias; managers' emotional intelligence and affective states were assessed at the same point in time, by the same respondents. Prior studies have shown that individuals who have positive moods are more likely to maintain positive and cooperative relationships with others and perceive external stimuli favorably compared to those with negative moods (see Barsade & Gibson, 2007). Therefore, more positive evaluations of one's managers' emotional intelligence are more likely to be offered by those who experience positive affect. In future studies, we need to better tease out what part of the significant correlation between such emotional-contagion variables is due to the methods employed and what is the real effect. Current advances in the area of Positive Psychology (Seligman & Csikszentmihalyi, 2000) might aid in this respect.

In this study, we addressed the effects of specific affective states, focusing on positive and negative affect. According to the Affective Events Theory (AET: Weiss & Cropanzano, 1996), affective events experienced in the workplace (i.e., task related events, relations with supervisor or peers, and organizational policies) have an influence on the affective states of employees, which in turn are predictive of various task performances. Positive work events may lead to the experience of affective states of pleasure and energy whereas negative work events are more likely to result in the experience of tension and hostility. In line with the propositions of AET, further investigation of the influence of work events, taking place in the various work settings, on employees' affective states as well as its potential effects on workgroup outcomes is highly recommended.

Given the context-dependent nature of affect effects, it is likely that specific kinds of affective states may have different effects (see Raghunathan & Pham, 1999). For instance, researchers have argued that a work unit's (or organizational) emotional norms shape the type of affect that is allowed and expressed at that collective level (e.g., Huy, 1999; Kelly & Barsade, 2001). Moreover, Bartel and Saavedra (2000) found that non-affective aspects of the groups' environments, such as membership stability and type of task were positively related to mood convergence. In thinking of

replicating and extending the current findings, it would therefore be worthwhile to add both organizational/unit-level emotional norms as well as non-affective aspects as potential moderators or mediators. This may be a productive avenue for future research.

Managerial Implications

Especially in banking operations, affect of employees has not yet been much recognized as a potential force with which one may attain desired organizational (including bottom-line type) outcomes. In banking organizations in particular, it is commonly assumed that the focus is on rational processes and technical or financial efficiency. Our findings show that affective states within a bank branch may indirectly lead to employees' intentions to quit. Hence, the results of this study have important implications for managers who are interested in enhancing employee attachment to their organization. Given the known close linkage between employees' intention to turnover and the actual voluntary turnover (Griffeth, Hom, & Gaertner, 2000), more understanding of how collective affect relates to turnover intention may encourage more serious efforts in managing emotions in the banking world. Thus an important managerial recommendation resulting from our study is to foster and maintain the more positive affective experiences among employees, and to identify and handle negative ones in healthy ways. Providing counselling or mentoring programs may be one alternative avenue for helping employees deal with their moods (Frost, 2004). In addition, the interactive role of bank branch managers' emotional intelligence in linking collective affect, learning activity and employees' turnover intention has considerable practical importance, especially, when screening, assessing, and evaluating unit-level managers. Unless organizations are able to develop mechanisms for implementing learning, individual members' knowledge and experience may not always translate into productive organizational competence. Thus, organizations that wish to optimize their employees' knowledge and competences need to consider how unit (and organizational) learning takes place and what mechanism they have to support it. A previous study has found that organizations can better mobilize their employees' knowledge, skills, and abilities by utilizing a number of high-performance work practices, such as incentive compensation, selectivity, and flexible work arrangements (see Combs, Liu, Hall, & Ketchen, 2006). Our study suggests that, in addition to such high-performance work practices, a large dose of managerial emotional intelligence aids organizations in tapping employees' energy and talent.

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In other words, we found important emotional factors hidden in the otherwise seemingly rational transactions in which bank employees and their managers are engaged. Our results show the importance of hiring or promoting bank managers with a high level of emotional intelligence. Given that labor turnover is a costly organizational affaire; our study's results provide fertile ground, furthermore, for conducting field experimentation on the anticipated beneficial financial effects of high emotional intelligence at the unit (or bank-branch) level.

CONCLUSION

For better or for worse, organizations are sites where much of our emotional lives play out. We examined the degree to which emotional factors, including the emotional intelligence of managers, is related to the degree of bank-branch learning as well as their intention to turnover, something that can be quite costly to the organization yet is usually not quantified in common HRM efforts. The degree to which the studied and related emotional factors do play a role vis-à-vis the more commonly studied rational bank-performance factors is an intriguing next-step research (ad) venture that we highly recommend.

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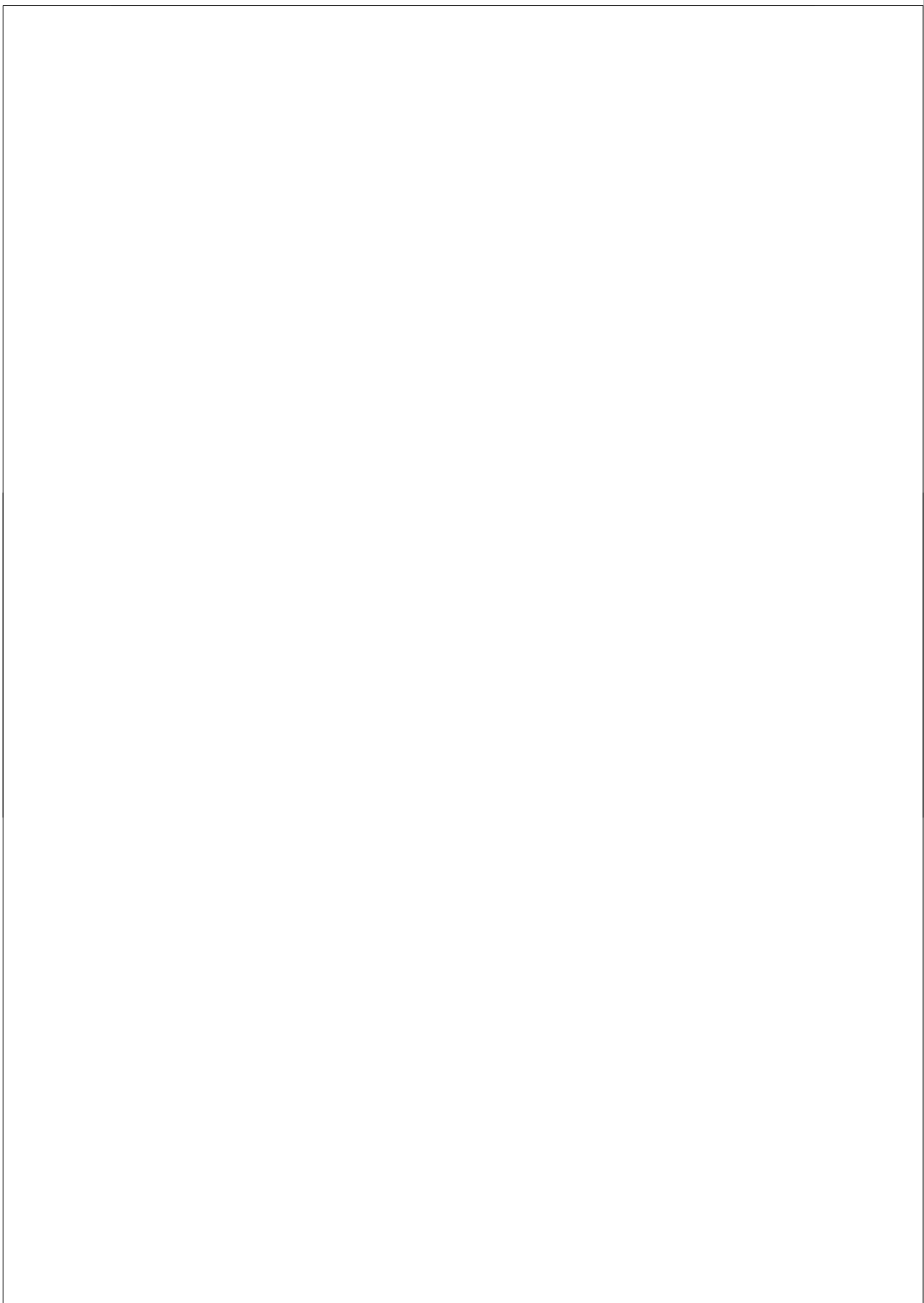
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**STORE MANAGERS' EMOTIONAL
INTELLIGENCE AND STORE PERFORMANCE:
LINKED THROUGH CLIMATE WITHIN A
LARGE RETAIL ORGANIZATION**[4]

ABSTRACT

In this empirical study, we examined an indirect link between store managers' emotional intelligence and store performance, through stores' work climate. Using store sales performance data as well as survey data collected from 1,611 non-managerial employees and 253 managers operating within a large electronic retail company in South Korea, we tested a path model at the unit-level with common-method bias removed. As hypothesized, we found that managers' emotional intelligence is significantly related to a cohesive store climate which in turn is significantly associated with employees' job performance. Employees' job performance is significantly associated with stores' sales performance. Implications of these results for future study and for more effectively managing such retail organizations are discussed.

INTRODUCTION

There is some evidence that high team and organizational performance is in part due to its work climate. The studies of George and Bettenhausen (1990), Liao and Chuang (2007), as well as the overview paper of Wilderom, Glunk, and Maslowski (2000), for example, have reported significant links between employee perceptions of various work unit characteristics and unit performance variables. Borucki and Burke's work (1999) confirmed this linkage at the retail store level. Also Schneider and colleagues' cross-lagged analysis of supermarket departments guided our study; they found employees' perceptions of a "climate for service" led to employees' citizenship behaviors, and, in turn, to subsequent customer satisfaction and sales variation (Schneider, Ehrhart, Mayer, Saltz, & Niles-Jolly, 2005). If a work unit's climate drives a significant portion of its business results, a closely related question is: To what extent does leadership add to these results as well? There is a body of research that has examined the role of leaders in the engenderment of climate. Koene, Vogelaar, and Soeters (2002), for instance, uncovered the link between leadership attributes (specifically charisma, consideration, and initiating structure) with store climate and financial performance in a chain of Dutch supermarkets. Similarly, Pirola-Merlo, Hartel, Mann, and Hirst (2002) showed the impact of transformational and facilitative leadership on team climate. Besides leadership styles, evidence has amounted in recent years that managers' personal qualities and behavioral characteristics are crucial to fostering effective unit climates (e.g., Salvaggio, Schneider, Nishii, Mayer, Ramesh, & Lyon, 2007).

Given that it is likely that work unit performance is associated with unit's climate and leadership aspects, our study addresses three questions. First, can correlations between climate and unit employees' job performance be explained by the emotional intelligence of unit managers? Emotional intelligence has emerged as one of the foundational elements of leadership effectiveness (George, 2000; Humphrey, 2002; Wong & Law, 2002). However, the relationship between emotional intelligence and unit climate has been thus far only rarely been examined empirically. Second, does climate fully or partially mediate the relationship between emotional intelligence and employees' job performance? And last, does the variation of employees' job performance across units explain financial or market-based, objective performance? Employees' behaviors and performance (i.e., in-role as well as extra-role behavior, service performance, customer-oriented selling performance) has long been viewed

<div align="right">Chapter V</div>

as a key predictor of unit financial performance. However, not many organizational-behavioral studies have identified relationships based on objective, market-based measures of unit performance (e.g., Borucki & Burke, 1999; George & Bettenhausen, 1990; Patterson, Warr, & West, 2004).

The current study examined the relationships between unit managers' emotional intelligence, cohesive climate, employees' job performance and, in turn, unit sales performance. The basic conjecture here is that an emotionally intelligent manager helps to create a work environment in which followers are more likely to experience a cohesive atmosphere. Then, these emotional experiences encourage employees to develop better task-related skills and perform better, which leads to high sales return. This hypothesized path model was tested at the unit-level in an Asian retail setting, with common-method bias removed.

THEORY AND HYPOTHESIS DEVELOPMENT

Emotional Intelligence and Cohesive Climate

Perceptions of work climate are known to be influenced by affective reactions of employees (James et al., 2008; Wilson, Hansen, Tarakeshwar, Neufeld, Kochman, & Sikkema, 2008). The terms 'climate' and 'atmosphere' interchangeably connote the psychological condition of groups (Schneider, Bowen, Ehrhart, & Holcombe, 2000) because the subjective, value-based meaning of work is furnished by employees' valuation process of affective meaning or emotionally relevant cognitions (see James & James, 1989). In particular, in work groups that are characterized by cooperation and cohesive interactive dynamics, positive emotions are relevant: they can fuel work unit performance (Hartel, Gough, & Hartel, 2008). Given that work climate aspects depend on employees' affective loading, managing work climates is then partly dependent on managing one's own and group members' emotions.

Employees bring their own individual emotional experiences to the workplace. Both the nature of the job and work events, including daily hassles and uplifting situations in the workplace, cause positive or negative emotions (Weiss & Cropanzano, 1996). Once emotions are evoked they direct people's behavior by affecting people's cognitive abilities (Forgas, 1990). Positive feelings accompany conformity while negative feelings accompany deviance (Pelled & Xin, 1999; Staw, Stutton, & Pelled, 1994). Importantly, when these emotions are shared among members through

emotional contagion, they create certain forms of collective emotion. As a strong social component, collective emotions have shown to influence group interactions (Barsade & Gibson, 2007; Hur, Wilderom, & Lee, 2009; Kelly & Barsade, 2001). These processes have been studied with the concept of 'group affective tone' (George 1990) – consistent feelings experienced by members of a work unit. Collective positive emotions in groups have been shown to lead to improved cooperation and performance (Barsade, 2002). In contrast, negative emotions like fear and hostility have been shown to use up a lot of individuals' energy, lead to lower morale, create apathy, and tend to block collaborative effort (Necowitz & Roznowski, 1994; Wright & Staw, 1999). Furthermore, the accumulation of positive and negative emotions determines interaction processes among members and also the ways in which individuals evaluate their environments (Druskat & Wolff, 2001; Weiss & Cropanzano, 1996).

From the above studies, we may infer that experienced emotions at work can serve as a diagnostic tool for understanding work relationships, interaction processes, and unit climate. In this respect, managers, whose job it is to motive the best work from their followers, certainly need to be responsive to the emotional cues provided by their followers. There is increasing evidence, reflecting this line of reasoning, that managers can induce trust, cooperation, and perhaps higher performance in work units by managing employees' emotions. Pirola-Merlo et al. (2002), for instance, found that transformational team leaders who focused on affective events in teams bolstered affective team climate and thus shifted team members' foci from self-interest to collective interest. Similarly, Kahn (1993) showed that managers' acts of caregiving, such as actively attending to employees' self-expressions and showing them empathy and compassion, made employees emotionally more engaged with others. Collectively, these findings show that these managers' actions and behaviors – assessing and responding to emotions in a work unit – affect how the employees they lead feel and perform. Moreover, Goleman, Boyatzis, and McKee (2002) argued that managers who score high on emotional competence may promote positive team work as well as more productive team effects.

The emotional capability of an individual has been captured by the notion of emotional intelligence (e.g., Salovey & Mayer, 1990). It indicates the ability to identify and manage one's own feelings, as well as the moods of others. It also encompasses the ability to influence other people by using emotional knowledge to promote emotional, connective, and cognitive growth (Mayer & Salovey, 1997).

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There is a continuing interest in the ways that emotionally intelligent managers can transform work units or organizations more effectively (Leban & Zulauf, 2004; Prati, Douglas, Ferris, Ammeter, & Buckley, 2003). Such research focuses on the advanced perceptive and adaptive abilities of emotionally intelligent managers.

Managers' ability to perceive and understand employees' expectations and needs is a critical component of emotional intelligence: it often gets labeled 'empathy' (Wolff, Pescosolido, & Druskat, 2002). Empathy is the ability to detect others' emotions through verbal and non-verbal communication. (i.e., facial expression, voice, body movements); it enables one to sense as the other does (Pescosolido, 2002). Furthermore, it is the capacity to giving emotional support to the other, when needed or requested. Within the work sphere, the empathic competence of unit managers may be seen as creating a comfortable ambiance (George, 2000). So empathic managers – managers who are attentive to emotional cues and who listen well and show sensitivity to the feelings of employees – are able to develop high-quality interpersonal relationships with their employees (Dasborough & Ashkanasy, 2003). The quality of interactions with managers has been shown to be a key filter in the interpretations that provide the basis for employees' climate perceptions (Kozlowski & Doherty, 1989). Cogliser and Schriesheim's (2000) study also substantiated that positive relationship quality is related to employees' perceptions of unit's cooperation, warmth, and friendliness. Based on an emotionally grounded sense of directions and communications, managers who score high on emotional intelligence ensure that their visions become imparted and shared among employees (George, 2000). In addition, by appraising how employees currently feel, understanding why they feel that way, and influencing their emotions, such managers maintain a sense of cooperation and trust (Pescosolido, 2002) and constructively prevent and resolve conflicts (Bagshaw, 2000). Consistent with prior studies, Ozcelik, Langton, and Aldrich (2008) recently found that managers who are well-skilled at assessing how employees feel and are responsive to these feelings are able to transform a unit or organization in significant ways. Furthermore, such emotionally competent managers may deflect from followers' negative feelings of frustration and helplessness to more positive or constructive feelings. This, in turn, may lead to heightened helping behaviors and positive interaction among members (George, 2000).

Moreover, it has been argued that managers high on emotional intelligence are apt to keep displaying positive emotions at work (George, 2000). This is because

that the ability to sense emotions accurately may provide managers with a range of techniques to accept responsibility for their own moods and emotions, and how to take action to shift themselves into more productive emotional spaces (Wolff et al., 2002). As a result, managers who display positive emotions at work have consistently been shown to create a sense of group belongingness (George & Bettenhausen, 1990). In addition, such managers have been found to imbue an overall positive orientation and outlook in the groups they led (Lewis, 2000; Sy, Côté, & Saavedra, 2005) and moreover, they propel their groups toward higher performance in customer service (George, 1995). The emotional tone set by a manager probably tends to ripple outward with remarkable power in work unit contexts. Thus, unit managers with high emotional intelligence amplify enjoyment, optimism, and competency in the units they lead (Hur et al., 2009).

The essence of emotional intelligence is not the ability to ignore negative emotions but, rather, to be aware of emotions and to regulate those negative emotions in a way that facilitates the realization of valued outcomes (Jordan, Ashkanasy, & Hartel, 2002). The relationship management skills of inducing positive responses in others and excelling in influence through developing others, inspiring others, and building bonds appear to be a key to the identification and success of team leaders (Offermann, Bailey, Vasilopoulos, Seal, & Sass, 2004). Emotionally intelligent managers can sense employees' reactions and fine-tune their responses to move interaction in the best possible direction (Pescosolido, 2002). Competence in building and cultivating bond-like relationships within teams has been shown to create a greater sense of congruency and more mutually beneficial relationships (Roussin, 2008), and is, therefore, an important key to a cohesive climate. Thus, managers can be instrumental in the process of shaping employees' perceptions of cohesive climate by using their abilities in emotion; they can shape perceptions of cohesive climate by both addressing the emotional needs and increasing employees' emotional engagement with the work environment. Drawing on the above discussion, we hypothesize that managers who are seen as highly emotionally intelligent will be associated with highly cohesive work unit climates.

Cohesive Climate and Employees' Job Performance

Prior findings have shown that employees' performance are explained by several features of a work unit, including the degree of cohesiveness of a unit's climate (e.g., Choi, Price, & Vinokur, 2003; Ryan, Schmit, & Johnson, 1996). Unit cohesiveness

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is typically defined as the sum of unit members' strength of relationship to a leader, to the other unit members, and the unit as a whole (Wilson et al., 2008). Specifically cohesiveness refers to employees' perceptions of togetherness or sharing in a work unit (Martin & Bush, 2006). Cohesiveness is often accompanied by feelings of solidarity, harmony, and commitment in its members and positive feelings about carrying out the unit's task (Beal, Cohen, Burke, & McLendon, 2003; Carron & Brawley, 2000).

Studies have shown that cohesive climate positively affects the achievement of unit goals and desired outcomes (see Mullen & Copper, 1994). The logic behind this link is that cohesiveness translates into employees' efforts to achieve unit's collective goals. Working collectively in a unit implies that members are required to behave in accordance with group values and expectations, and to conform to group norms. Specifically, it is often crucial to unit performance that individual members devote extra energy, time and effort toward collective goals. However, employees who do not identify with the unit, or those who act as peripheral members in the unit's inner relationships, tend to lend less effort toward collective goals (Karau & Williams, 1997; Worchel, Rothgerber, Day, Hart, & Butemeyer, 1998) – a phenomenon known as a social loafing: it is something that limits work unit effectiveness and performance (Erez & Somech, 1996; Mulvey, Bowes-Sperry, & Klein, 1998). Employees of highly cohesive units value their membership and enjoy being a member of the unit (George & Bettenhausen, 1990). Cohesive settings, in other words, is a fundamental and motivational aspect of employees' efforts to contribute to a favorable outcome for the work units and its members (Karau & Williams, 1997). Because of social influence and social comparison processes in work units, employees are more likely to engage in to complete the tasks successfully in highly cohesive units than in less cohesive units (Wang, Ying, Jiang, Klein, 2006). Cohesion emphasizes the socially oriented basis for group unity, which is built by a willingness to participate and a commitment to collective goals (Beal et al., 2003). Accordingly, cohesive climate may be an important sociological group variable, that leads to salient employee behaviors such as attachment, citizenship (discretionary pro-social behaviors), and performance (i.e., execution of in-role tasks), that contributes to unit or organizational productivity.

In support of this supposition, studies have shown that the sense of identity with the work unit and the presence of strong ties with coworkers play a role in employees' efforts to realize their task performance and to reduce dysfunctional behaviors at

the workplace (Hodson, 1997; Kidwell & Valentine, 2009). Members in the units high on possessing and displaying empathy, communication, and collaboration skills show uniform efforts toward collective goals (Offermann et al., 2004). These solidarity relationships with coworkers have been seen as an important element in facilitating members' task performance and promoting positive unit outcomes in a military setting (Jordan, Field, & Armenakis, 2002). Moreover, strong interpersonal dynamics through communication, cooperation, and resource sharing within the unit add value to employees' ability to continue working together and result in overall employee productivity (Barrick, Stewart, Neubert, & Mount, 1998; Evans & Davis, 2005). Similarly, a supportive, humanistic unit climate explained various levels of service quality, turnover and employees' work attitudes across units in a public-sector organization (Glisson & James, 2002). In particular, employees who see their workplace as characterized by mutual respect, cohesion, and support have been shown to have enhanced employees' performance in a sales encounter (Martin & Bush, 2006), which in turn contributes to increased unit sales performance (Gelade & Young, 2005).

In sum, the underlying implications of these findings suggest that a work unit's climate is a powerful driving force to align members' attitudes and behaviors toward their jobs. Thus, we predict, based on the aforementioned literature review that the extent of unit's cohesive climate will be positively related to unit employees' job performance.

Cohesive Climate as a Mediator

Thus far, we have reviewed literature on the characteristics or behaviors of unit managers who contribute to a shared cohesive climate. We also noted that climate, in turn, is known to affect employees' task performance. Extending the logic outlined in the previous sections, we further suggest that cohesive climate partially mediates the relationship between a store manager's emotional intelligence and unit employees' job performance.

A number of antecedents of employee performance have been conceptualized and studied, including employee personality, job characteristics, job satisfaction, and commitment, as well as human resource management practices (e.g., Barrick et al., 1998, Koys, 2001; Tsui, Pearce, Porter, & Tripoli, 1997). In addition, many of the prior studies in the domain of emotional intelligence have shown that a manager's emotional intelligence is a key antecedent in explaining various factors of employee

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performance (e.g., George, 2000). Managers with high emotional intelligence are apt to produce positive affective states and work attitudes and their employees enjoy higher job satisfaction and performance (Carmeli, 2003; Sy, Tram, & O'Hara, 2006). Furthermore, managers with high emotional intelligence can facilitate the performance of their employees by managing employees' emotions that foster more creativity, resilience, and the confidence that enables employees to perform better (George, 1995; Langhorn, 2004; Zhou & George, 2003). All of these studies have shown the connection of a manager's emotional competence (i.e., self-awareness, emotion recognition, managing ability, empathy, and positive affect) to various performance and satisfaction indices among employees. However, it is unclear whether the effects of managers' emotional intelligence on employee performance are direct or indirect.

The effects of emotional intelligence may carry over to leadership styles or the relationship between leaders and members (Ashkanasy & Tse, 2000). In line with this reasoning, we expect that, to some extent, cohesive climate mediates the relationship between a manager's emotional intelligence and work unit employees' job performance. Researchers have suggested that because members of the same organizational unit are subject to many of the homogenous situational influences, similarity of attitudes and response tendencies within a unit can be expected (e.g., Kozlowski & Hattrup, 1992). That is, a work unit's specific climate signals how things ought to be done, and aids employees in determining what behavior is appropriate in a given work environment, thus molding an employee's behavior to the specific goal of the organization (Schneider et al., 2000). Cohesive climate is reflected in the tendency of a unit to stick together and remain united in the pursuit of its goals. Employees of a cohesive unit have the willingness to sit together and share their collective and individual concerns. As a result, employees are more likely to work together and are expected to actively perform their task-related responsibilities because they know their individual performance ought to contribute to achieving collective unit objectives.

The foregoing logic supports a mediation hypothesis: in this hypothesis, we propose a partial rather than a full mediation because emotionally intelligent managers may also influence employee performance by engendering positive emotional energy and functional emotions conducive to task performance (Ashkanasy & Jordan, 2008). Additionally, managers may be effective in facilitating employees' behaviors and performance through establishing a high quality of leader-member relationships (see Wang, Law, Hackett, Wang, & Chen, 2005).

Employees' Job Performance and Store Sales Performance

In the organization and marketing literature, it has long been acknowledged that organizational or work units' effectiveness (i.e., sales and profitability) is significantly correlated with employees' behaviors and performance in the workplace (Leung, 1997; Ostroff, 1992; Ryan et al., 1996). In support of this conventional proposition, George and Bettenhausen (1990), for instance, found that work units with employees who displayed a high level of prosocial behavior achieved higher sales returns. Similarly, in Boruki and Burke's (1999) path model, store employees' customer-oriented service performance predicted store financial performance.

These results are consistent with the conventional service profit chain logic which refers to a causal chain linking employee productivity to a firm's financial performance through mediating constructs such as customer satisfaction and customer loyalty (Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994). An organization's product and services are not merely brought by its customers they are actively sold by its employees (Ryan et al., 1996). In particular, in a sales context where employee-customer interaction occurs, unit's sales achievement may be maximized when employees are proficient in communicating with customers, actively performing to provide customers with information and knowledgeable advice and helping them locate items that will suit their needs (Dubinsky, Yammarino, Jolson, & Spangler, 1995; Martin & Bush, 2006). The service profit chain framework leads to assumption that customers who are the recipients of proactive sales personnel's behaviors are more likely to enjoy their shopping experience and to develop a positive opinion of the store; in general, the store may come to be viewed as nice place in which courteous assistance is provided. This can result in more repeat visits to the store, increasing their levels of spending during their visits, as well as a propensity to recommend the store to friends or family (Zeithaml, 2000). Eventually, all of these potential outcomes of the level of employees' job performance in a sales context would ultimately affect a unit's sales achievement. Although in this study we did not examine such customer variables, based on the above discussions we postulate that work units reporting greater employees' job performance would obtain higher sales performance.

Research Hypotheses and Hypothesized Path Model

In view of the available research and above logic, we propose a hypothesized path model depicted in Figure 1. In this model, the level of emotional intelligence of a

store manager is related to employees' job performance, directly as well as indirectly, through the degree of cohesiveness of the store's climate. We also hypothesize the significant positive relationships between store employees' job performance and store sales performance. Thus, the specific hypotheses we tested in this study include:

Hypothesis 1: The emotional intelligence of store managers is positively related to cohesive store climate.

Hypothesis 2: Cohesive store climate is positively associated with employees' job performance.

Hypothesis 3: Cohesive store climate partially mediates the relationship between emotional intelligence and employees' job performance.

Hypothesis 4: Employees' job performance is positively related to store sales performance.
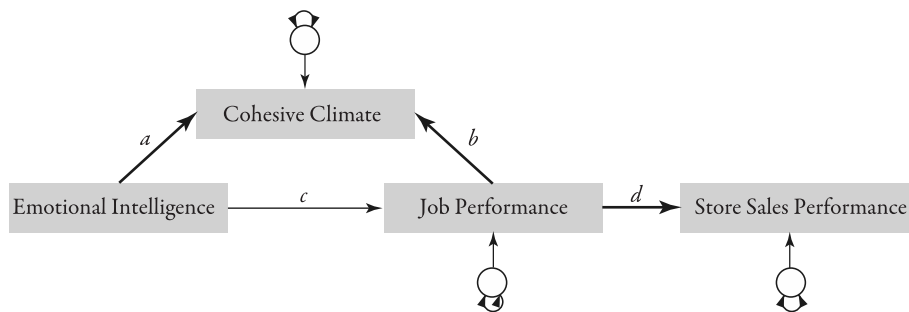
Figure 1. Path Diagram and Parameters of the Hypothesized and Tested Model

METHOD

Participants and Procedures
All of the 261 stores belonging to a national electronics-retail company in South Korea were invited to participate in this study. Each store has a strong corporate image, with similar store layouts. Yet, they operate sufficiently independent from each other, important for purposes of obtaining enough variation in the variables of our interest. Hence, at the outset, the stores were deemed comparable to each other

for the purpose of between-work unit level analyses. The employees of the stores consist mainly of sales personnel working together in an interdependent fashion in order to optimize their own store's sales achievement. Store managers manage day-to-day store operations and are responsible for both their stores' personnel and profitability.

We first administrated a short survey to the store managers through the company's internal electronic mail system. All store managers were queried about their perceptions of employees' performance. One week later, all the employees of each of the stores were invited into the survey. Since the non-managerial store employees are not used to doing much computer work during their regular working hours, it was decided to administer the non-managerial survey in a paper-and-pencil version. We delivered the non-managerial surveys to the personnel manager in the head office who internally distributed the surveys to all the non-managerial employees at the store sites. The completed questionnaires were returned to a regional office; from there they were mailed back to us. Each non-managerial survey contained copies of an employee questionnaire (equal to the number of employees in each store) and an introductory letter, stating voluntary participation and an assurance of confidentiality. Non-managerial store employees were queried about both the store managers' emotional intelligence and their own store's climate. Objective store performance figures and other store information were collected from corporate records, with the assistance of members of the corporate headquarters' human resource division.

The questionnaires were distributed to all of the 1,732 employees who worked in the stores, as well as to the 261 store managers. Of these, 1,657 non-managerial employee questionnaires were returned (95.7% response rate), in addition to 258 store manager questionnaires (98.9% response rate). In order to ensure store representativeness, we had to drop 5 stores: these dropped stores returned fewer than 3 completed employee questionnaires. After further excluding the incomplete questionnaires and those that could not be matched with a store manager, the final sample comprised of 253 store managers and 1,611 employees.

The size of the 253 stores ranged from 4 to 16 members ($M = 6.75$, $SD = 1.86$). In the sample of store managers, 99.6% were males, with a mean age of 42.48 years ($SD = 4.62$). Approximately 98% of the managers had been working with the organization for more than 7 years and 53.4% of these managers had been working in their current stores for more than one to three years. About 45% of the managers

in the sample had at least a bachelor's degree. Among the non-managerial sample, 53.5% were males, with a mean age of 28.47 years (*SD* = 4.84). Of these, 53.8% employees had a high school diploma, while 44.8% had completed college. More than half of the non-managerial employees had been working with the organization for more than 3 years, and 20.3% worked in their current stores for more than 3 years.

The original English language questionnaire was translated into Korean using the standard backward translation method (Brislin, 1980). Pre-testing of the survey involved interviewing of 10 employees from corporate headquarters to assess the possible applicability of all survey items.

Measures

Emotional intelligence

Emotional intelligence was measured using the 16 items from the Wong and Law Emotional Intelligence Scale (WLEIS) (Wong & Law, 2002). The WLEIS is consistent with Mayer and Salovey's (1997) conceptualization of emotional intelligence, and was developed expressly for Asian respondents and has demonstrated validity in a recent Korean sample (see Hur, van den Berg, & Wilderom, 2008).

The WLEIS consists of four dimensions, namely, *Self Emotion Appraisal, Others' Emotion Appraisal, Regulation of Emotion* (*of the self*)*,* and *Uses of Emotion to Facilitate Performance*. The *Self Emotion Appraisal* (SEA) dimension measures the ability to understand and express one's own emotions (e.g., "Has a good understanding of his/her own emotions"). The *Others' Emotion Appraisal* (OEA) assesses an individual's ability to perceive and understand the emotions of others (e.g., "Is a good observer of others' emotions"). The *Use of Emotion* (UOE) refers to one's ability to channel one's emotions toward constructive activities that facilitate performance (e.g., "Always sets goals for himself/herself and then tries his/her best to achieve them"). Finally, the *Regulation of Emotion* (ROE) dimension measures the ability to regulate one's emotions (e.g., "Is able to control his/her temper and handle difficulties rationally"). We added four items to the Use of Emotion dimension. Two items were taken from the Wong, Law, and Wong (2004) (e.g., "Motivates himself/herself to face failure positively"), and the other two items were from the Emotional Competency Inventory (Sala, 2002) (e.g., "Spots potential conflicts and brings disagreements into the open and helps deescalate them"). Results of a factor analysis for the items confirmed a one-factor solution for the Use of Emotion dimension with an eigenvalue

of 15.10 and with factor loadings that explained 59.1% of the total items' variance. Each item was measured on a 7-point scale ranging from 1 (*completely disagree*) to 7 (*completely agree*). Cronbach's alpha for the overall emotional intelligence was .97 and the alphas for the respective dimensions were .93 (SEA), .90 (OEA), .90 (UOE), and .96 (ROE).

Cohesive climate

Eight cohesive-climate items were taken from Wilson et al. (2008) which developed three factors based on a so-called group environment scale: cohesiveness; implementation and preparedness; and counterproductive activity. Our 8-item measure asks respondents to use their store as a referent in accordance with the referent-shift consensus composition model (Chan, 1998). A group referent, directing respondents' attention to the common experience or objective characteristics of their work environment, typically engenders between-group variability as well as within group agreement (Klein, Conn, Smith, & Sorra, 2001). Sample items include "Members in this store show that they care for one another" and "Members in this store feel a sense of belongingness to the store." The eight items were measured on a 7-point scale ranging from 1 (*completely disagree*) to 7 (*completely agree*). Cronbach's alpha for this scale in this study was .95.

Employees' job performance

Employees' job performance was measured with a 10-item scale, labeled 'sales personnel performance' (Dubinsky et al., 1995). Given that the specific nature of employees' performance varies widely with their jobs, organizations, and industries (Tsui et al., 1997), we selected items that are specific to a sales task in a retail context. This measure is designed to assess a salesperson's effort, behavior, and overall performance without specifying or emphasizing absolute sales figures. Store managers were asked to rate their store sales personnel as a whole on the 10 performance dimensions (i.e., overall work attitudes, sales growth efforts, and achievement of overall sales objectives) using a 5-point scale, ranging from 1 (*poor*) to 5 (*excellent*). A sample item is "How would you rate the sales growth efforts of the employees in your store?" The ten items in the survey refer to a collection of behavioral features of the store employees, focusing on sales task performance. Cronbach's alpha for this scale was .88.

Store sales performance

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Store sales performance was collected one month after our survey had been administered. This timing was intentionally planned to prevent a bias that might have arisen from collecting all data simultaneously (see Gibson, Porath, Benson, & Lawler, 2007). This performance data was identical to the company's monthly collected store sales figure: the percentage of set targets achieved for the month. This indicator is also used for internal purposes and is the most direct assessment of store-level, bottom-line sales results in a retail setting; it is ultimately what the store managers are attempting to maximize. Therefore, it has operational validity in this study.

Control variables

It has been noted that the extent of emotional intelligence may vary as a result of demographic variables of the focal managers, such as age or gender (Mandell & Pherwani, 2003; Mayer, Salovey, & Caruso, 2004). Because the majority of store managers were males (99.6%) in our sample, we controlled, statistically, not for gender but for store manager's age. Moreover, we controlled for company tenure and store tenure of employees as well as store size since these variables have been shown to account for store performance and climate (Koene et al., 2002); employees gain more job-relevant knowledge and skills as a results of longer working experiences, thus those stores with more employees in longer job tenures may have higher sales performance. Store tenure and company tenure refer to the mean number of years that employees have worked for the store and the company, respectively. These variables reflect the average experience of employees in the specific store and within the company. Store size was based on corporate records.

Analytical Procedures

We aggregated employees' responses on emotional intelligence and cohesive climate at the store-level. This aggregating of individual perceptions to a work-level unit has certain requirements (e.g., Bliese, 2000). In order to test whether there was a consensus or sufficient similarity within stores on the ratings of the two scales, we obtained the intra-class correlations (ICC1 and ICC2) and within-group inter-rater reliability ($r_{WG(J)}$) (see Table 1). The ICC1 is a measure of within-group consensus, and the median value in organizational research is typically .12 (James, 1982). We performed multilevel analysis of an unconditional means model, or equivalently random effects one-way analysis of variance. All between-store variances were significant ($p < .01$)

and the ICC1 values were around the suggested value of .20 (Bliese, 2000); .26 and .18 for emotional intelligence and cohesive climate, respectively. The ICC2 is the reliability of the group mean that is formed when individual scores are aggregated. Ostroff and Schmitt (1993) suggest that when the ICC2 values exceed .60, the reliability of group means is acceptable. In this study, ICC2 values for emotional intelligence and cohesive climate were .98 and .97, respectively. The interpretation of the $r_{WG(J)}$ is similar to that of other types of reliability coefficients. A value of .70 or above is suggested as a good amount of within-group agreement (James, Demaree, & Wolf, 1984). The median $r_{WG(J)}$ values were .99 and .98 for emotional intelligence and cohesive climate, respectively, which indicated high levels of agreement within the stores. Thus, in sum, aggregating employees' scores on emotional intelligence and cohesive climate at the store-level was justified on statistical grounds.

Table 1. Intra-Class Correlations 1 and 2 and $r_{WG(J)}$

Scale	ICC1	ICC2	$r_{WG(J)}$
Emotional Intelligence	.26	.98	.99
Cohesive Climate	.18	.97	.97

Note. ICC1 and ICC2 values were derived from 1,611 employees. The reported $r_{WG(J)}$ values were median from 253 stores.

Ratings on emotional intelligence and cohesive climate were taken from employees' responses. In order to control for percept-percept bias (Ostroff, Kinicki, & Clark, 2002), we randomly divided the employees within each store in two groups. All hypotheses involving the emotional intelligence variable were tested using responses from group one ($N = 811$, 50.3%), while those including cohesive climate used responses from group two ($N = 800$, 49.7%). For the performance variables, we used data from the original total sample.

Our hypothesized model tested a mediational relationship among managers' emotional intelligence, cohesive climate, and employees' job performance (see Figure 1). For simplicity, the covariates (i.e., store size, company and store tenures, and manager's age) were omitted from that figure. Baron and Kenny (1986) noted that three conditions must be met for a mediation to be tenable. First, exogenous variables must influence potential mediating variables. Secondly, the mediating variables must influence endogenous variables and, thirdly, if the first two conditions

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are met and one controls for the mediating variables, the influences of the exogenous variables on the endogenous variables must be dramatically reduced to almost zero.

The mediation has been conventionally tested by analyzing a sequence of independent models which include different regression coefficients (Judd & Kenny, 1981). However, researchers have discussed some of the limitations of using this approach (e.g., Baron & Kenny, 1986; Brown, 1997). That is, the use of multiple regression models requires the assumption that there is no measurement error in the potential mediating variables, but this assumption is rarely met. It is also assumed that the endogenous variable cannot cause the mediator, which is not always the case. Finally, once the complexity of the hypothesized mediation increases, the series of independent regression models also increase, making the analysis labor-intensive. Alternatively, we used the Structural Equation Modeling (SEM) approach (Brown, 1997) which tests mediation by decomposing a total effect on an endogenous variable into direct effect, total indirect effect, and specific indirect effect. In Figure 1, the regression paths a, b, and c' correspond to the direct effects. The specific indirect effect represents one regression path from an exogenous variable on the endogenous variable, mediated by a potential mediating variable (a x b). The specific indirect effect or effects sum to the total indirect effect, while the total indirect effect and the direct effects sum to the total effect.

The sampling distribution of the specific indirect effect was derived by simultaneously estimating $\hat{a}$ and $\hat{b}$ with 5,000 bootstrap resamples. Each resample of size N was drawn with replacement from the original sample of size N. After sorting 5,000 values $\hat{a} \times \hat{b}$, we calculated bootstrap 95% bias-corrected (BC) confidence intervals (CI) for this specific indirect effect (Efron, 1987).

We also tested a predictive relationship between employees' job performance and store sales performance (see Figure 1). The maximum likelihood estimates the direct effects. BC CI for the specific indirect effect, and regression coefficient $\hat{d}$ were derived in a path model via Mplus 5.0 (Muthén & Muthén, 1998-2007). The covariates were included in the model such that they predicted the cohesive climate and employees' job performance and store sales performance. The covariates were allowed to be correlated with each other.

The two-index test of model fit (Hu & Bentler, 1999) was employed, using an absolute fit index, Standardized Root Mean Squared Residual (SRMR); and an incremental fit index, Comparative Fit Index (CFI). These indices are robust with respect to departures from multivariate normality and are insensitive to the effects of

sample size (Hu & Bentler, 1999). Hu and Bentler (1999) recommended the values of SRMR < .08 and CFI > .95 as criteria for selecting a suitable model. In addition, the chi-square test statistic of model fit was obtained, however, given its sensitivity to sample size we paid less attention to this statistic compared to the attention we paid to SRMR and CFI (Bentler, 1990).

RESULTS

Descriptive Statistics

Means, standard deviations, and correlations of all variables of the study appear in Table 2. Consistent with our hypotheses, emotional intelligence was positively related to cohesive climate ($r = .35$, $p < .01$), which in turn was positively related to employees' job performance ($r = .23$, $p < .01$). In addition, employees' job performance was positively associated with store sales performance, $r = .26$, $p < .01$. These results provide preliminary evidence in support of hypotheses 1, 2, and 4.

Table 2. Descriptive Statistics and Correlations at the Store-Level[a]

Variable	M	SD	1	2	3	4	5	6	7	8
1. Emotional Intelligence	113.67	12.91	(.97)							
2. Cohesive Climate	44.73	5.52	.35**	(.95)						
3. Job Performance	38.30	3.89	.15*	.23**	(.88)					
4. Store Sales Performance	.91	.10	.07	.07	.26**	1.00				
5. Store Size	6.75	1.86	.04	.09	.05	.00	1.00			
6. Company Tenure	3.06	.55	.03	-.08	.03	.06	-.20**	1.00		
7. Store Tenure	1.88	.49	.09	-.02	-.02	.01	-.15*	.29**	1.00	
8. Manager's Age	42.48	4.62	.01	-.13*	-.06	-.09	.12	-.04	.04	1.00

Note. [a] $N = 253$. Internal consistency reliabilities are in parentheses along the diagonal. The correlations of emotional intelligence and cohesive climate were derived from the sample corrected for the percept-percept bias, while others were derived from the original sample.
[b] Company tenure = length of time in years employees have worked in the organization.
[c] Store tenure = length of time in years employees have worked in the current store.
*$p < .05$; **$p < .01$.

Model Comparisons and Measurement Model Fits

In order to identify the degree to which there is full or partial mediation among the variables of interest (i.e., emotional intelligence, cohesive climate, and employees' job performance), the hypothesized model shown in Figure I (model 1) was compared with an alternative model (model 2), in which the direct path from emotional intelligence to employees' job performance was removed from model 1. Thus, we were comparing a partially mediating model (model 1) to a fully mediating model (model 2). These models were not significantly different, in terms of model fit ($\Delta\chi^2$ (1) = 1.30, p = .25) as well as magnitude and significance of the model estimates, suggesting that the addition of this path for partial mediation did not significantly add to the model. Therefore, we conclude that the fully mediating model was the most parsimonious and preferable final model.

The chi-square test statistic was .17 with 2 degrees of freedom, p = .92. The SRMR value was .00 and the CFI approached 1.00. Thus, following Hu and Bentler's (1999) joint criteria for model fit, the final model (model 2) had an acceptable fit in the confirmatory sample.

χ^2 = .17, df = 2, p = .92
CFI = 1.00
SRMR = .00
$^*p$ < .05; $^{**}p$ < .01
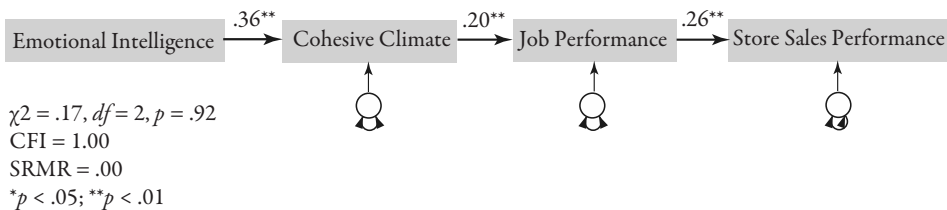
Figure 2. Path Diagram and Parameters of the Final Model

Test of Hypotheses

Table 3 presents the standardized parameter estimates for the hypothesized model. It includes the normal-theory bootstrap point estimate and 95% BC CI for the specific indirect effect. Emotional intelligence significantly predicted cohesive climate (β_a = .36, p < .01), fulfilling the first mediation condition. Cohesive climate significantly predicted employees' job performance (β_b = .20, p < .01), meeting the second condition. These results supported Hypothesis 1 and 2.

Hypothesis 3, which states that cohesive climate partially mediates the relationship between manager emotional intelligence and employees' job performance, received moderate support. The significant effect of emotional intelligence on employees' job performance (β_c = .15, p < .05) was not statistically different from 0 when controlling for cohesive climate and the covariates, $\beta_{\acute{c}}$ = .08, p = .29 (3rd condition). These results showed (as described in the previous section) that cohesive climate fully mediated the relationship between emotional intelligence and employees' job performance rather than partial mediation. This mediation effect was verified by the significant indirect effect, $\beta_{a \times b}$ = .07 [.02; .13]. Overall, these results suggest that higher levels of emotional intelligence of a store manager yield a higher level of cohesive store climate which, in turn, is significantly associated with higher levels of store employees' job performance.

In addition, employees' job performance significantly predicted actual store sales performance, β_d = .26, p < .01. Thus, higher levels of employees' job performance yielded higher levels of sales returns. This result supported Hypothesis 4 of the study.

Table 3. Standardized Parameter Estimates for the Hypothesized Model

Variable	Direct Effect on			Indirect Effect on
	Cohesive Climate	Job Performance	Store Sales Performance	Job Performance via
Emotional Intelligence	.36**	.08		
Cohesive Climate		.20**		.07 [.02; .13]
Job Performance			.26**	
Store Sales Performance				
Store Size	.08	.04	.01	
Company Tenure	-.07	.06	.05	
Store Tenure	-.01	-.03	.01	
Manager's Age	-.15*	-.03	-.07	

Note. The numbers in the parentheses are bootstrap 95% bias-corrected confidence intervals. Only direct and indirect effects on cohesive climate and job performance sum to total effect on job performance in the SEM approach for mediation.
*p < .05; **p < .01.

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DISCUSSION

We have shown in this study that the emotional intelligence of store managers (as perceived by their store employees) is associated with cohesive work climates; in examining this linkage we had removed common-method bias. In turn, cohesive climates are found in this study significantly associated with employees' job performance that lead to stores' sales performance, as measured by the attainment of objective sales targets. These results add to our knowledge of how emotional factors relate to unit-level outcomes: Employees in emotionally intelligent supervisory work environments are perceived (by a unit manager in this study) to demonstrate the highest level of work floor task-related performance. Cohesive climate is found here to mediate this straightforward input-output type of relationship. Specifically, the support for our four hypotheses represents a substantive advance in the literature of emotional intelligence, through organizational climate and employees' job performance, and on the subsequent actual sales performance: a set of new emotional intelligence-findings on the rarely examined (commercial-sales) unit-level in a non-western country.

We already knew the performance of an organization to be largely determined by the productivity and efficiency of its primary production and/or sales units (e.g., Gelade & Young, 2005). Among the various antecedents of unit performance, earlier research has shown that unit managers in particular are able to affect the performance of their units by treating their employees with psychological benefits such as respect, positive feelings of self-worth, and affection (e.g., Edmondson, 1999). Likewise, emotions research has shown that the emotions that managers express toward employees, whether positive or negative, affect a unit's cohesiveness (George, 1995). Along with studies on managerial emotional maturity as an antecedent of service (Salvaggio et al., 2007) and justice climate (Mayer, Nishii, Schneider, & Goldstein, 2007), one recent study has shown that team leaders' degree of emotional intelligence plays an important role in the building of a service climate via transformational leadership within the team they lead (Hur et al., 2009). The current study supports and expands these findings by suggesting that the manager's ability to utilize his/her own emotions and those of his/her employees' offer his or her employees a means to positively interpret the climate in which they work. From the definition of emotional intelligence, with a clear emphasis on empathy and on managing relationships positively, managers who manifest emotional intelligence

may energize a sense of group belonging, warmth, and friendless in the units they manage.

The findings of this study also support earlier culture and climate studies that showed that the more favorable non-managerial employees' collective perceptions are, the better they perform (Wilderom et al., 2000). Our study takes this basic evidence-based insight one step further by showing that units' climate – performance associations are perhaps even stronger when that climate is more affectively and friendly loaded. With the presence of a sense of belonging; warm, mutual trust among members; and feeling comfortable in their unit; employees have more favorable attitudes toward their unit, resulting in an inclination to perform better. The cohesive climate described here is similar to the emotionally charged work group argued for by Hartel et al. (2008) and Druskat and Wolff (2001). In the latter, the authors suggested that teams are more productive when they can maintain mutual trust among their members, a sense of group identification, as well as high group efficacy, built on emotional capacity or emotionally intelligent behaviors within a unit.

Researchers have suggested that measuring unit or organizational climate through perceptions of non-managerial employees lead to less inflated results than when measuring through managerial perceptions (see, e.g., Patterson et al., 2004). Prior studies of various sorts have also shown that employee climate experiences yield employee behaviors that cause unit performance (e.g. Ford, Wilderom, & Caparella, 2008; Schneider et al., 2000). Hence, for a comprehensive understanding of the employee-work unit performance relationship, we acknowledge that the non-managerial employee perspective is crucial to pair to managerial perceptions as well as to objective performance indicators.

Our study also has additional methodological strength. We acquired data from three distinct sources (i.e., employees, store managers, company records) and we used the store sales performance data from the period one month after we had held the survey. Therefore, we feel confident that the significant results in this study are unlikely to be affected by same-source or common-method bias. Moreover, the relatively large (nearly 100%), representative sample – at the store-level ($N = 235$) – mitigates self-selection bias concerns in the results.

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Limitations and Future Research Directions

One important limitation of the present study does come from the nature of our research design. Because of the use of a survey at one point in time, we cannot show any causality in the established relationships among the perceptual variables. We recommend more time-lagged studies enabling the examination of the dynamics among these and related variables. Furthermore, note that caution should be taken when generalizing from the results of this study, since the data came from a sales context within one single retail company. Specifically, taking into consideration the respondents' demographic data, generalizing the findings from this sector to other industries, e.g. to sectors that use more highly educated labor, may not be automatically appropriate due to the more individualized way highly educated professionals operate. On the other hand, further studies with different sectors could also provide evidence for a more generic positive effect emanating from a positive and trusting relationship between a highly emotionally intelligent manager and his or her group members.

Assessing store managers' emotional intelligence on the basis of non-managerial employees' perceptions draws attention to the quality of store manager-employee relationships. Evidence suggests that leader-member exchange is related to employees' perceptions of leadership as well as individual- and group-performance (e.g., Liden, Erdogan, Wayne, & Sparrowe, 2006). Hence, as part of an effort to illuminate how positive relationships between a manager and followers processes shape followers' perceptions of unit climate, it is thus recommended to employ leader-member relationships in replications of the findings of this study. In a similar sense, issues arise to the role of emotions in the attribution processes within the context of manager-employee congruence. Leadership cannot take place without the participation of employees. In this respect, we note that we may need to explore more systematically the potential added value of employing emotionally intelligence employees, in part due to manager-determined selection processes and role-modeling effects. Selecting highly emotionally intelligent non-managerial employees, when done by highly emotionally intelligent managers, may add performance value to a sales force unit. It is through this selection model that another indirect effect of highly emotionally intelligent managers may be uncovered empirically. Such non-managerial employees, all else equal, are more likely to be equipped to detect and work with an emotionally charged manager. This potentially sister-type indirect effect of manager's emotional intelligence on a work-unit's performance would be worthwhile to test empirically.

In the field of emotional intelligence, many more empirical studies have examined hypotheses at the individual level than at the aggregated, unit-level as we did in this study. Our results thus point to prospective future research – also at the aggregated level – that examines other related possible indirect linkages between managerial emotional intelligence and unit's objective performance.

The data in the present study were collected in South Korea and the findings are consistent with the emotional intelligence and climate theories developed and tested primarily in Western-world settings. East Asian cultures, including South Korea, weigh the values of attending to others, fitting in, and harmonious interdependence with them (Markus & Kitayama, 1991; Renjun & Zigang, 2005). In particular, Koreans tend to see their relationships on the basis of '*weness*' and '*jung*' (affection) which a mere extension of psychology of within-family relationships to social settings. The basic feature of '*jung*' is to care for others as one would care for one's own siblings, which consists of behavior that is attentive, empathetic, helpful, and supportive (Choi & Kim, 2006). Accordingly, Koreans often show strong connectedness with members within the boundary of '*weness*' (i.e., family, school, work unit). As a result, employees in our sample may take their store climate more seriously which in turn may explain the significant link between their job performance and store climate. Replication of the current study from a cross-cultural perspective would therefore be fascinating.

The positive linkage between employees' behaviors and unit or organizational performance has primarily relied upon perceptual measures of performance (e.g., Bommer, Dierdorff, & Rubin, 2007; Marrone, Tesluk, & Carson, 2007). It is highly recommended, particularly, in a sales context, to always include market-based financial performance criteria as outcome variables (Boruki & Burke, 1999). The results of the current study add evidence in this regard: We have found that employees' job performance as perceived by the store managers is significantly correlated with actual store sales achievement. Although, there are concerns about the perceptual performance assessments of managers because of an overrating effect relative to other unit's performance (Weber, 2001). Store managers in the present study are knowledgeable about the daily performance of their store employees, as they generally supervised fewer than 10 employees. And they are responsible for stores' personnel and profitability. Hence, in this context, we believe that store managers may take a detached view in assessing overall sales and task-related performance that they lead. The sales performance data employed in this study has

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operational validity since it indicated the actual percentage of set targets achieved for the month of each store. Albeit, for rigorous measure of store performance, the marketing literature recommend to take into account differences in major indicators of store sales performance such as location of a store, intensity of competition, and demographic distribution of the population (Koys, 2001; Silvestro & Cross, 2000). Thus, in creative replications, new studies need to pay more attention to a diverse set of measures of objective unit performance.

Aguinis and Pierce (2008) recently called for the study of the effect of appraisal system on group dynamics and interpersonal relationships. Literature has shown that the relationship between human resource practices and reactions toward the work unit and its subsequent link to performance are straightforward in a sales context (Gelade & Ivery, 2003). Specifically, performance appraisal based on cooperative goals may facilitate the cooperative and social exchange within a unit and good relationship with coworkers. In contrast, performance appraisal based on individual members' competitive goals may force employees to compete fiercely with each other, which therefore reduces mutual support and worsens their relationships with coworkers (Collins & Smith, 2006; Takeuchi, Lepak, Wang, & Takeuchi, 2007). Hence, employing performance appraisal systems as a moderator between cohesive climate and unit performance would intrigue further replications of the current study.

Practical Implications

In sales settings, the proper design of compensation and monitoring systems has often been viewed as the key trigger for influencing sales personnel's attitudes and behaviors for great performance (e.g., Krafft, 1999). The results of this study, however, suggest that the intangible group atmosphere, emanating from social interaction within a unit, and by its supervising manager in particular, may motivate high employee performance in sales settings as well. Emotionally charged supervisory work environment is appeared to enrich employees' role responsibilities to perform better. Hence, the relationship between the emotional intelligence of store managers and employees' job performance through cohesive climate, and the subsequent links to store sales performance has considerable practical importance for local management as well as for central HR practitioners. One practical implication of the study is that organizations may need to select store managers who score high on emotional intelligence. Such store managers appear to engender more cohesive and productive relationships in the stores. For the same reasons, training programs on leadership are

likely to benefit from a focus on emotional intelligence. Additionally, the findings of this study show that cohesive store climate is strongly related to employees' job performance that is appeared strongly related to actual store sales achievement. On the basis of this finding, it seems relevant for managers to encourage work unit cohesiveness among their members, as more cohesive work climates appeared to link to higher levels of employees' and store's sales performance.

CONCLUSION

Our results add to the limited evidence on the potentially important role of managers' emotional intelligence on retail stores' cohesive climates and its link to both employees' and store's sales performance. The finding that cohesive climate mediated the linkage between emotional intelligence and employees' job performance is a step forward in further uncovering the processes through which managers' emotional intelligence is likely to affect bottom-line performance. Thus, this study contributes to the larger study of causes of unit performance variance. Here, we focused on managerial competence in dealing with own and followers' emotions, including employees' perceptions of work climate. Based on our research and previous work-and-emotion research results, we advise companies to experiment with their managerial selection and training practices, with the following statement as a key guiding idea: The more managerial emotional competence (assuming all else equal), the higher the expected bottom-line results.

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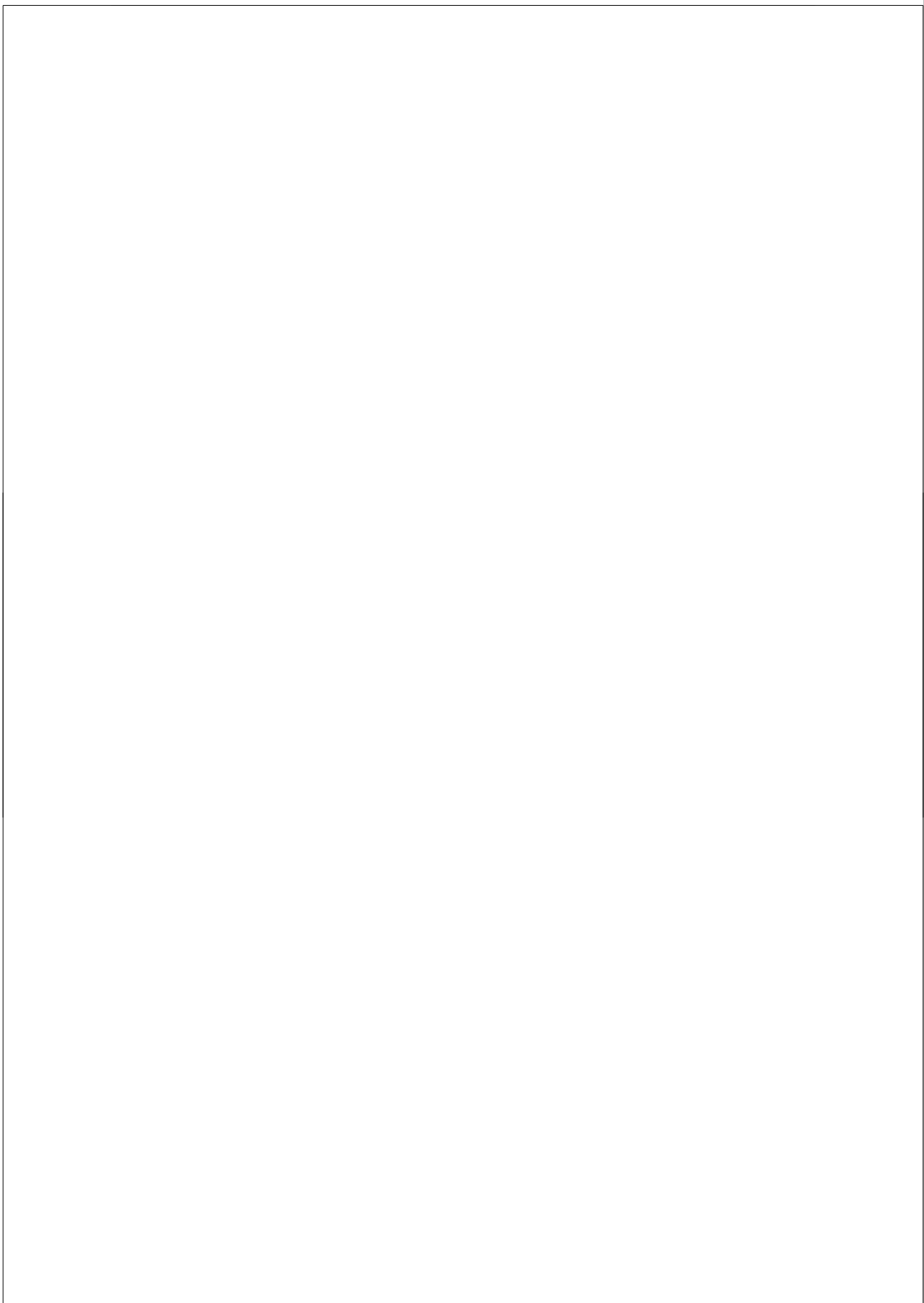
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Chapter V

Chapter VI

THESIS' KEY FINDINGS AND DISCUSSION

The purpose of this thesis is to examine and report on a number of hypotheses associated with emotional intelligence in the context of leadership. In this chapter we summarize the key findings from the three empirical studies that we carried out, and we discuss the contributions and limitations of this research. Recommendations for practitioners as well as some directions for further research are presented at the end of this chapter.

SUMMARY OF THE KEY FINDINGS

The findings of this thesis are consistent with most theoretical reasoning as well as empirical studies at the nexus of emotional intelligence, leader effectiveness, and managerial performance. In what follows in this section, we summarize the results of each thesis Chapter.

In Chapter II, our review of the studies on the relationship between emotional intelligence, transformational leadership, and their outcomes, shows a general positive link between leaders' emotional intelligence and their ratings on transformational leadership criteria as well as leader effectiveness. The findings from the reviewed studies underline the claim of the role of managerial emotional intelligence to predict various indices of performance, but they appear to be still far from being an empirical fact, certainly when approaching the field from a so called unit-level, organization-behavioral perspective. Despite the potential influence of emotional intelligence on leader effectiveness, there has been a striking absence of empirical studies explicitly studying the role of managerial emotional intelligence at the departmental, team or unit level; Reported links between emotional intelligence and transformational leadership affecting team performance are difficult to find. Second, emotional intelligence research relies heavily on self-report tests of emotional intelligence and on perceptual performance measures. Moreover, the outcome variables of these studies are limited to leader effectiveness or employee job satisfaction. Hence, there is room for examining managerial emotional intelligence as a predictor of various team-outcome variables. In that regard, issues arise in regard to sampling. In order to increase the validity of the concept of emotional intelligence, it is argued in this chapter that more empirical studies with larger and more diverse samples, from a variety of organizational settings and also from a cross-cultural perspective are needed.

The findings of Chapter III show that leader effectiveness is dependent on managers being able to recognize and manage the emotional strains and currents that define their relationships with followers. Moreover, the emotional intelligence of team leaders is related to group-level outcomes such as service climate. Transformational leadership appears to mediate the relationship between the emotional intelligence of team leaders and leader effectiveness and service climate: as hypothesized.

In Chapter IV, employees' collective affective experience (positive versus negative) correlates significantly with employees' intentions to turnover via group learning. Specifically, bank branches with a high score on positive affect (e.g., excited, pleasant, and enthusiastic) have a higher level of learning activity and fewer employees with turnover intentions. Conversely, a high level of negative affect appears to be linked to a low level of learning activity and more turnover intention in branches. Moreover, when branch managers score high on emotional intelligence, the negative relationship between positive collective affect and turnover intention via learning activity is amplified. Inconsistent with our postulation is the finding of a positive indirect effect of negative affect on turnover intention, through learning activity in a situation where the branch manager scores high on emotional intelligence.

In Chapter V, the emotional intelligence of store managers appeared associated with cohesive store climates. In turn, these store climates were found to be significantly linked to managerial perceptions of store performance and to stores' financial performance, as measured by the attainment of the (objective) monthly sales target.

CONTRIBUTION OF THIS THESIS

The findings reported in this thesis contribute in various ways to the study of emotional intelligence and leadership within the field of Organizational Behavior. First, the major strength of this thesis is that the three empirical studies have advanced emotional intelligence research at the group/unit level, in particular, through on-going organizational units or workgroups; such studies are thus far rare. There have been a number of recent calls for the consideration of managerial emotional intelligence at such higher levels of analysis (Ashkanasy & Jordan, 2008). The theoretical rationales for the effects of managerial emotional intelligence at different levels differ: At the individual-level, emotionally intelligent managers

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enhance employee satisfaction and job performance primarily, although not entirely, through transforming the attitudes of individual employee. At the work-unit level, a manager's emotional intelligence enhances unit performance by engendering positive emotional energies within a unit and by uplifting the overall work unit atmosphere (Ashkanasy & Jordan, 2008). The three empirical studies in this thesis are various attempts to both justify the notion of emotional intelligence theoretically and to systematically test its linkage to group/unit level outcome variables by showing the appropriate level of within- and between- unit level properties of the empirical data (see Bliese, 2000; Kozlowski & Klein, 2000).

Second, the particular methodological strength of our research designs increases the confidence in our results. To begin, the possibility of common method bias is controlled for by splitting the sample, and, particularly in the case of Chapter V, data has been collected from three difference sources (i.e., employees, managers, and company records). In addition, the large sample provides relatively stable results. Moreover, given the favorable response rates at the unit-level (100% in Chapter III, 55% in Chapter IV, and 98% in Chapter V), self-selection bias was not a major concern.

And third, the empirical findings from companies of different sizes, in different industries (i.e., public-sector, banking, and retail sector) allow us to clarify the relative importance of emotional intelligence for leader effectiveness. Moreover, in a cultural context, the work in this thesis extends the external validity of emotional intelligence theories developed and tested primarily in Western countries.

In addition, each study in this thesis presents the following salient contributions to the literature of emotional intelligence and leadership. Chapter II presents a summary of the current challenges related to doing research on emotional intelligence in a context of leadership. Moreover, to assist future studies in a more rigorous examination of the link between emotional intelligence and its effectiveness, this literature review study addresses a number of deficiencies in prior studies and offers new research directions on the relationships between emotional intelligence, transformational leadership, and performance.

Chapter III confirms the idea that the level of emotional intelligence of team leaders plays a role in the development of a service climate via transformational leadership: a finding that, to the best of our knowledge, has not been empirically tested before. Managerial aspects are assumed important in the literature on high-performing service settings. Consistent with this line in the literature, the results of

this Chapter deepened our understanding of the influence of managerial emotional intelligence from a service management perspective.

Chapter IV contributes to the literature by showing that collective affective experience within work units affects employees' (perception of) learning activity as well as their intentions to turn over. More importantly, the identified moderated mediation effect shows that the degree of bank branch managers' emotional intelligence is a key factor in this regard. This study adds to the limited empirical findings in group learning by showing both an antecedent and a consequence of learning. Also, noteworthy, this study is the first, to the best of our knowledge, to examine the influence of workgroup collective affect on the perception of learning within an actual organizational setting.

Finally the results of Chapter V add to the limited evidence regarding the potentially important role of unit managers' emotional intelligence on retail store cohesive climates and the link to both employees' job performance and stores' sales performance. The finding that cohesive climate mediated the linkage between emotional intelligence and store employees' performance is a step forward in further uncovering the processes through which managerial emotional intelligence is likely to affect bottom-line performance. Thus, this study contributes to the larger study of possible causes of unit performance variance.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

Obviously, the results of this thesis should be considered in light of its potential limitations. At the same time, we believe that learning from the findings and limitations of this thesis may lead to recommendations and directions for the future. First and foremost, although the findings of this thesis are consistent with most theoretical reasoning and empirical findings, it is important to recognize the cross-sectional nature of research designs that limit the making of causal inferences. Hence, we strongly recommend longitudinal tests or experimental designs to examine the possible bi-directional and lagged impact of managerial emotional intelligence on workgroup performance. Going one step further, future research could examine if the effect of emotional intelligence of leaders differs at various stages of organizational change. It may be that management styles that are most conducive to team/unit performance in the early stage of a change are different from those in a later state of the change process.

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Another potential limitation in generalizing the findings arises from the scales employed to measure managerial emotional intelligence. We have limited our analyses to the Wong and Law Emotional Intelligence Scale (Wong & Law, 2002). Other instruments such as Mayer-Salovey-Caruso Emotional Intelligence Test (Mayer, Salovey, & Caruso, 2002) might reveal different results. Future research, therefore, needs to explore how the influences of emotional intelligence in workgroups play out when employing a wider range of emotional intelligence measures: in order to see what the differences and similarities are.

In order to avoid possible concerns about self-report measures of emotional intelligence (Davis, Stankov, & Roberts, 1998), the field studies in this thesis are deliberately focused on examining the effects of managerial emotional intelligence from the followers' points of view. Thus, one may speculate that follower processes (e.g., their attribution, ability of emotional awareness) are related to their ratings. Specifically, depending on their own emotional skills followers may interpret emotional cues from managers in different ways. Also, the nature of leader-follower relationships may be an additional point of consideration. Hence, for a more complete picture, factors on the followers' side will need to be incorporated into future research in the area.

Methodologically, the core of this thesis is based on a quantitative type of research design. Given the nature of emotions (fluid and context specific), quantitative studies of them may limit the identification of the way emotions are defined, situated and evolving over time (Fineman, 2004). Researchers, alternatively, may gain deeper insight into the nature of managerial emotional intelligence and its impact on performance through in-depth qualitative studies, diaries, video studies or experiments. For concrete fieldwork, semi-structured and narrative interviews with selected leaders and focus groups (over time) could be used gainfully as well. These interviews could be supplemented by video analyses of participant observation to obtain an in-depth understanding of the actions of emotionally competent or incompetent leaders.

If one assumes that managerial emotional intelligence impacts various workgroup outcomes, as this thesis did, future research might also consider potential antecedents of and manifestations of the invoking of emotional intelligence. Furthermore, what needs to be answered in future research is how managerial emotional competency can be effectively developed through training, coaching or other "programs." In order to maintain that developing emotional intelligence and the corresponding

leadership style are relevant for workplace performance enhancements, it would require showing how (various) emotional competency development programs help managers to cope better with the (seemingly increasing) daily demands in real organizational settings.

And last, although the use of Korean samples is an advantage, on the other hand it may limit the generalizability of the findings. At a broader cultural level, different societies have different conventions about the appropriateness of different emotions (Markus & Kitayama, 1991). In other words, although the communication of emotions through facial expressions has a strong universal component (Ekman, 1993), there is also evidence of an in-group advantage (see Elfenbein & Ambady, 2002). Hence, one may argue that individuals with high emotional intelligence in one culture may be very inept and uncomfortable in a different culture when confronted with emotional behavior that may be quite foreign or opaque to them. People in a Confucian culture, including Koreans, regard strong in-group solidarity and long-term commitment as well as respect to hierarchy and age as the most important values (Choi & Kim, 2006; Frederickson, 2002; Renjun & Zigang, 2005). These values may affect not only leaders' but also employees' attitudes toward leaders and co-workers in the workplace, and the effectiveness of collective goals. In Korea, employees in the workplace tend to focus on acting according to their social roles and conforming to expectations, and on maintaining good relationships with their supervisors, rather than focusing on their independent selves (Cha, 1994, cited in Shin & Zhou, 2003). Besides, among demographic characteristics, the differences among members within a race may provide the condition for more and diverse viewpoints as well as for differential perceptions of emotion. In a study of Inglehart and Carballo (1997) (as cited in Frederickson, 2002), huge differences between the people's basic values were found in different cultural groups. South Korea is less racially diverse than many other nations in the West, so caution should be exercised in generalizing the findings of this thesis to a more racially diverse setting. The results of this thesis open a promising new line of study, addressing the cross-cultural differences in managerial emotional intelligence for global leaders who are working within cross-cultural and multi-cultural team contexts.

Chapter VI

MANAGERIAL IMPLICATIONS

Studies based on the various leadership and managerial theories have offered the idea that effectiveness for leaders and managers rests on their ability to accurately perceive own and followers' emotions and to respond adaptively to the (changing) situations they are in (e.g., Hooijberg, Hunt, & Dodge, 1997; Tsui & Ashford, 1994). In response also to an increased interest in emotional aspects of leadership, in this thesis, we examined empirically a number of factors associated with emotionally intelligent leadership within extant department across various organizational types.

The promise of managerial emotional intelligence is to enhance managerial effectiveness in engendering positive climate, service and performance of the units they lead. The advantage of emotional intelligence for bolstering managerial effectiveness underlies its role in tapping employees' positive affective experiences in uplifting a learning atmosphere and reducing intentions to leave. Central to being an emotional intelligent manager is to be in touch with one's inner being and genuine emotions. Attending to the emotional responses of followers, along with genuine commitment to interpreting emotions with empathic accuracy are habits and skills that can be honed over time and will certainly increase managerial effectiveness. We thus suggest that effective leadership development programs ought to include features designed to acknowledge the importance of emotions and managing those emotions in one's own, unit and organizational life. In particular, practices such as group training with role playing, to show the managers how to engage in emotionally intelligent behaviors and in obtaining specific feedback from their followers, may help managers develop further in their emotional capacity building. Organizations may also further consider developing emotional intelligent leader across different hierarchical levels: to ensure that their leaders are consistent in terms of what they say and do. In a leadership development program, organizations may also need to pay attention to pick out those trainers who truly have an aptitude for emotionally engaging or leading participants rather than those who are merely successful at technical performance. Importantly, we must acknowledge that developing emotional competency takes time, personal commitment, coaching, feedback, and practice (Emmerling & Goleman, 2005). Hence, by evaluating extant leadership development tools through a critical lens, organizations may benefit from such enriched tools in the form of enhanced leadership effectiveness and an emotionally healthier organization in the long term.

With regard to emotional dynamics in organizations, we further suggest that managers should foster positive emotions and encourage constructive emotional expressions in the workplace. This may start with the managers themselves, becoming more comfortable about having emotions and expressing them, which will in turn foster an emotional healthy climate in which non-managerial employees feel safe to discuss or address emotional issues at work. To facilitate this, managers need to be more sensitive to themselves and others, and to be more constructive in their conversations with employees. By promoting an environment that is laden with positive emotions, managers are enabling the creation of expressive ties between work group members. The stronger and more positive the ties, the closer group members should be when engaging in task-related activities. A cohesive work unit that works well together is likely to exhibit enhanced work unit performance.

CONCLUSION

This thesis attempts to add to our understanding of leadership by concentrating not just on what leaders do, but rather by a consideration of the capabilities an individual must have in order to perform very effectively in a leadership role. Evidence is offered on how managerial emotional intelligence plays a role to enhance various unit-level outcomes. Our study warrants the conclusion that high emotional intelligence is a success factor in managerial effectiveness. We hope that the results of this thesis stimulate more refined thinking and research of managerial emotional intelligence, follower emotions, and their interplay in terms of individual, unit, and organizational performance.

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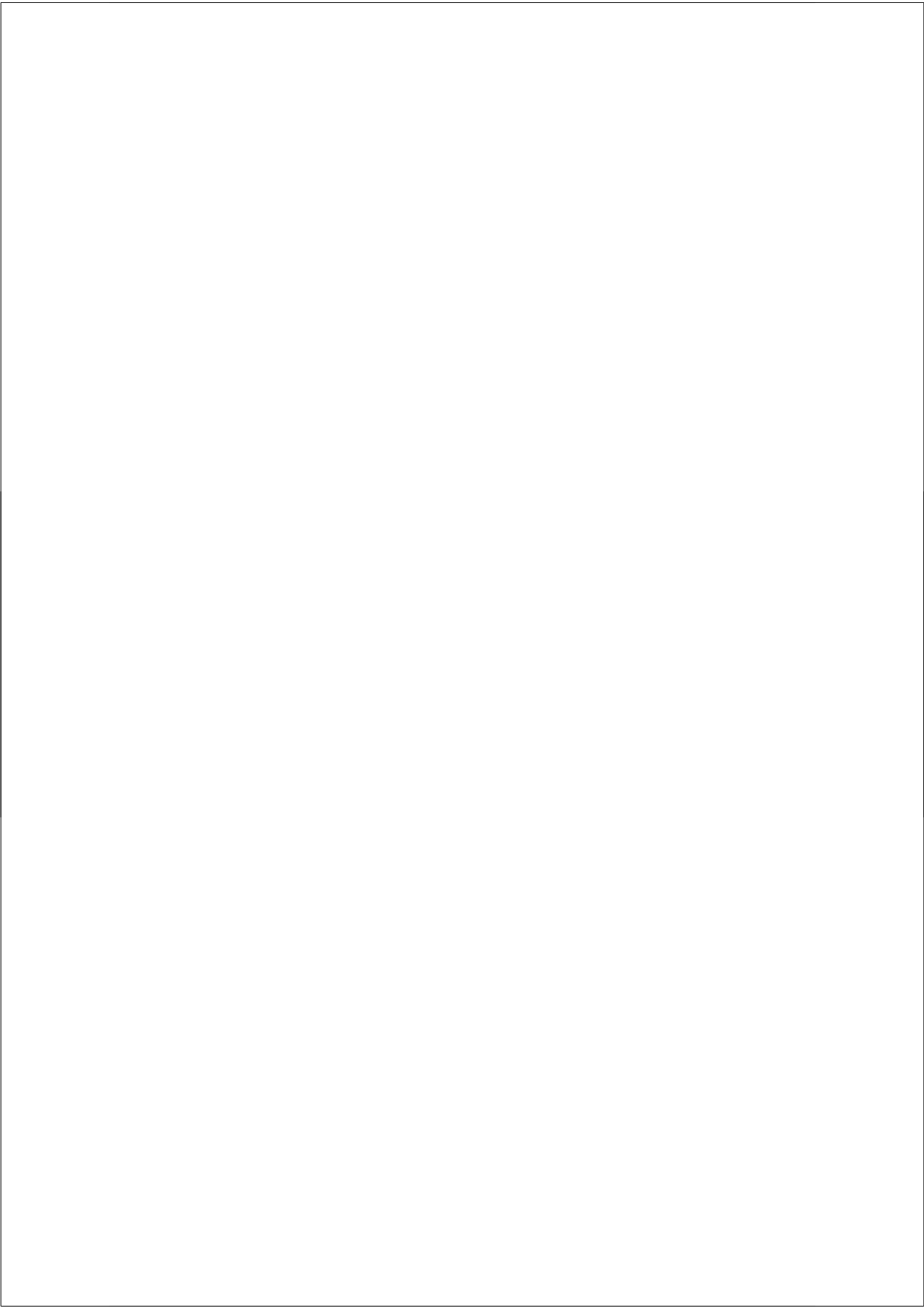
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