How Team Leaders’ Emotional Intelligence Influences Team Performance? The Mediating Role of Team Emotional Intelligence and Team Creativity

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ABSTRACT

This paper investigates the effects of team leaders’ emotional intelligence on team performance through the mediation effects of team emotional intelligence and team members’ creativity. Therefore, the purpose of this paper is: (1) to examine the relationships among team leaders’ emotional intelligence, team level emotional intelligence, team members’ creativity, and team performance, and (2) to better understand the way how team leaders’ emotional intelligence influences team performance. Employing a sample of 111 salespersons in insurance companies in Taiwan, this study finds that team leaders’ emotional intelligence has impacts on team performance through the mediation effects of team level emotional intelligence and team members’ creativity. The findings are discussed in terms of theoretical and managerial implications. Limitations and suggestions for future research are offered. Keywords: Emotional Intelligence, Team Creativity, Team Performance

INTRODUCTION

Goleman (1995) introduced the concept of emotional intelligence (EI) to a popular audience, successfully taking academia’s growing understanding of how the human brain regulates emotion and captured people’s interest all over the world. One of Goleman’s aims was to shift some of the great value we have traditionally placed on intellectual ability onto emotional intelligence, or the ability to identify and regulate emotions in ourselves and in others. Goleman (1995) thought that being able to deal with people effectively is central to the social success of anyone. Even the business world is affected by Goleman’s claims. People begin to see that managers who are aware of their own emotions as well as those of others are better able to challenge, motivate and inspire teams into productive work than the more traditional manager who has tried to divorce emotion from the workplace.

Over the next ten years much further research tried to quantify EI and its relation to business success. Investigating the potential link between EI and career paths, various studies have shown that superior EI is very likely to lead to career success and promotion. Especially, when it comes to promoting middle and senior executives, EI is now a more important screening criterion than intellect and other managerial skills. So for those managers who still feel a little unsure about EI, what exactly do we now know about it and how can we increase its presence in the workplace?

Kunnannatt (2008) has brought up a model of EI that HR managers can seek to develop rather than an abstract concept investigated by academics. He explains that in emotionally intelligent people the mind is trained to detect and control the brain’s natural tendency to over-ride reason with emotion. This skill includes two sub-competencies: self-awareness and self-regulation. The former enables an individual to link what they feel with what they think and do in real time. The latter is the ability to regulate the rational and emotional operations of the mind in balanced ways. So in a business situation like negotiation or
dealing with a stressful problem, the emotionally intelligent person will be able to notice stress or fear rising and take control of it, just as they will be able to accurately read the emotions of people around them. This ability has come to be known as the “meta-regulation of mood” and is now commonly recognized as a centrally important skill in a good leader.

Emotional Intelligence has been shown to be significantly related to individual performance (Boyatzis, 1982). Furthermore, at the team level, the study of emotions and the effects of emotions on team performance is a relatively new avenue of research. Since teamwork is an inherently social activity, emotions play an important role in team effectiveness. Druskat and Wolff (2001b) proposed a model of emotional intelligence at the group level. Groups develop a set of behavioral norms labeled emotionally competent group norms (ECGNs) that guide the emotional experience in the group. The degree to which a group develops these norms has been linked to team performance (Druskat et al., 2003). Understanding the factors that lead to the development of ECGNs would be beneficial for team development. Though Koman and Wolff (2008) ever examined the concept of ECGNs, they took a military organization for example, which is non-profit. To make results more generalized, this study would like to take insurance companies for example to study more about the concept of EI at the individual and team level.

Based on the background described above, this research would like to investigate the effects of team leader emotional intelligence on team performance through the mediation effects of team level of emotional intelligence and team member creativity. Therefore, the purpose of this research is to better understand the relationships among team leader emotional intelligence, team level emotional intelligence, team member creativity, and team performance, and to examine if the mediation effects of team emotional intelligence and team creativity exist.

HYPOTHESE DEVELOPMENT

While there are various definitions of EI, there is agreement in the literature that EI includes an individual having an awareness of and an ability to regulate their emotions. The theory brought up by Boyatzis et al. (2000) and Goleman (2001) has evolved into four clusters of EI skills: self-awareness, self-management, social awareness, and relationship management. The four clusters represent a recognition and regulation cluster for both the individual (self) and social competencies (other). To examine the relationship between a team leader’s emotional intelligence and the development of group-level emotional intelligence, we use the above mentioned EI competencies in this research.

Emotionally competent group norms (ECGNs) was identified by Druskat and Wolff (1999) “that influence and manage the emotional process in a way that builds emotional capacity and develops social capital and leads to effectiveness”. These group norms are an indication of the group’s emotional intelligence and can help to determine if a group of individuals functions as a high-performing team (Goleman et al., 2002). In this study, we use the following definition for group-level emotional intelligence, same with that of Koman and Wolff (2008): The ability of a team to generate operating norms that increase awareness of emotion and management of behavior in ways that have positive emotional consequences.

Team leaders are responsible for the success of the teams they lead. Not only for their own emotions, but also for the emotions of the team they lead are they responsible (Rafaeli and Worline, 2001). To influence and move people, one must possess the knowledge and skills of emotional competencies (Boyatzis et al., 2002). Boyatzis (1982) defines such competencies as “the underlying characteristics of a person that lead to or cause effective and outstanding performance”. With teams being social in nature, it
is logical that emotional intelligence would be an important factor in team leader effectiveness; and it has been shown to be important for the success of managers and leaders (George, 2000; George and Bettenhausen, 1990; Gardner and Stough, 2002).

Though scholars have argued and shown that team leaders influence the processes, behaviors, norms, and climate of the team they lead (Dickson et al., 2001; Druskat and Wheeler, 2001), there has been a limited amount of research linking team leadership to performance. The empirical work that has been conducted has found that leadership has effects on team motivation, efficacy, and performance (Sivasubramaniam et al., 2002; George, 2000; Dickson et al., 2001); primarily through the development of the team’s climate. Goleman (2001) and Williams (1994) suggested that emotionally intelligent leaders are essential to developing a climate where employees are encouraged to perform to their best. When the leader helps the team develop its norms, the climate that is developed maintains a consonance with the team leader’s individual personality (Dickson et al., 2001). If the norms developed reflect the team leader’s personality, it could be argued that the emotional intelligence norms developed on the team would reflect the emotional intelligence competencies of the team leader. Therefore, this paper expects that:

**H1:** Team leaders’ EI is positively related to the presence of team emotional intelligence.

Rajashi et al. (2012) found that team EI was associated with team learning through team psychological safety. High levels of team EI enabled team members to be aware and reflective of each other’s emotions and to be able to manage each other’s emotions as required. Team members are encouraged to share their responsibilities and learning anxieties in a psychologically safe environment resulting in better team learning and conceptually higher levels of team outcomes. High team EI helped team members transcend needs of self-protection and engage in a productive discussion on ways to address conflict among different perspectives, which caused creative atmosphere. In other words, high team EI helped to build a learning environment where team members freely shared and managed positive and negative emotions that they might feel toward each other in different circumstances. Therefore, this paper infers that:

**H2:** There is a positive relationship between team emotional intelligence and team creativity.

Research on the link between creativity and performance is diversified and has been constrained to academic settings. For example, Chamorro-Premuzic (2006) found a positive relationship between creative thinking and final dissertation grades in a sample of students. Similarly, in the business world, we expect a positive relationship between employee creativity and job performance. Specifically, when employees show their creativity at work, they generate novel responses that are useful in dealing with the tasks at hand (Amabile, 1996). Creative responses may include new procedures, processes, identifying products or services to better meet customer needs (Zhou, 1998; Zhou & Shalley, 2003). Creative responses may also take the form of refinements of existing procedures or processes to enhance efficiency, or the discovery of alternative procedures or processes that are more effective. These kinds of innovative solutions may enable employees to improve their personal job performance. Besides, other employees may take up a novel, useful idea and apply and develop it in their own work (Shalley et al., 2004). As a result, the performance of a whole unit or organization may improve. Furthermore, although such benefits of employees’ own creativity may not contribute directly to their actual work effectiveness or efficiency, supervisors may factor in such contributions when rating their employees’ job performance (Gong, Huang, and Farh, 2009). Preliminary evidence suggests that employee creativity enhances job performance (Oldham and Cummings, 1996). Therefore, this study predicts that:

**H3:** High levels of team creativity will generally result in higher levels of job performance.
DATA COLLECTION AND ANALYSIS

Variable Measurement

This study used the Emotional Intelligence Questionnaire (EIQ) (Tsaousis, 2003) to assess team leaders’ emotional intelligence. This self-report questionnaire comprises of 91 self-referencing statements and requires individuals to rate the extent to which each statement is representative to them on a 5-point scale (1 = Not representative at all, 5 = Very representative).

This study used the Group Emotional Intelligence measure to evaluate team level emotional intelligence, which is developed by Druskat and Wolff and later refined based on work by Hamme (2003). Each team member participant was asked to self rate their team’s behavior according to each of the nine ECG norms measured by the instrument. The ECGN scales are comprised of 57 questions, representing nine team norms. The nine scales are comprised of 5-8 questions, with one to three items in each scale reversed scored. Respondents rated each item on a one-to-seven Likert scale ranging from very inaccurate (1) to very accurate (7).

Employees’ creativity was measured by using the seven-item scale reported by Gong, Huang, and Farh (2009), which was adapted from the three-item measure of Oldham and Cummings (1996), and they conducted a focus group interview to develop four creativity items for insurance sales jobs in the company. These four items covered (1) custom-made product/service packages, (2) acquiring new clients, (3) increasing the sales force, and (4) developing methods for promotion and sales.

Subjective measures are particularly useful for assessing the broader, non-financial dimensions of performance, are generally more accessible than objective indicators, and have been shown to exhibit strong reliability and validity (Dess & Robinson, 1984; Stam & Elfring, 2008). In this study, subject performance was gathered from each team leader. Participants were asked to evaluate each of the teams under their management using a 7-point Likert scale. The subjective performance measure consists of a 5-item questionnaire developed and tested by Druskat et al. (2003). The following criteria are evaluated: efficiency in getting things done, quality of work, ability to be self-directed, performance against other teams that perform similar work, and ability to continue working together in the future. The responses to each question were totaled to produce a subjective rating of each team’s effectiveness.

Data Collection

Questionnaire protocol serves as the primary means for data collection. Within each team, we collected (1) detailed team leader questionnaires to measure these dimensions, such as team leader emotional intelligence, team performance, and (2) detailed subordinates questionnaires to measure group emotional intelligence. This data collection strategy eliminated the possibilities of percept-percept bias because the data for some variables will be collected from different sources.

The data was collected from June, 2012 to August, 2012. Questionnaire was issued a pair each firm (one is for leader, and the other is for subordinate). We sent out 1000 pairs questionnaires and a total of 110 pairs usable questionnaires were returned (excluding those having more than 10% incomplete responses). The overall response rate was 11%. This low response rate was because team data was difficult to collect, and most of the questionnaire were unusable owing to no pairs returned.

Validity and Reliability

This paper used confirmatory factor analysis (CFA) to assess the validity and reliability of the four measurements: team leaders’ emotional intelligence, team emotional intelligence, team creativity, and team performance. After several rounds of CFA, this paper eliminated those indicators whose loadings
were under 0.6. Thus, all factor loadings of remaining items were above 0.6, showing adequate convergence validity (Chin, 1998). Besides, the scores of construct reliability of these four measurements were 0.943, 0.908, 0.942, and 0.908 respectively, greater than the recommended level of 0.7 (Hair et al., 1998). As for the value of variance extracted of these four measurements were 0.805, 0.711, 0.765, and 0.667 respectively; all exceeded 0.5, showing good reliability (Hair et al., 1998).

**EMPIRICAL RESULTS**

Structural Equation Modelling (SEM) was used to assess the overall fit of the model. Multiple indexes were used to assess the fitness. The criteria examined included chi-square/degree of freedom ($\chi^2$/d.f) and the comparative fix index (CFI), incremental fit index (IFI), Tucker-Lewis index (TLI), and root-mean-square error of approximation (RMSEA). Suggested by some researchers, a value of 0.9 or higher for the CFI, IFI, and TLI, a value of 0.8 or lower for the RMSEA (Hu and Bentler, 1999), and a value of 3 or lower for $\chi^2$/d.f (Carmines and McIver, 1981) are typically viewed as adequate fit. According to the criterion above, the best model (Figure 1) was tested in this study, and Table 1 showed the results of the model, concluding the model was acceptable.

<table>
<thead>
<tr>
<th>Path</th>
<th>Relations</th>
<th>Standardized Coefficients</th>
<th>C.R.</th>
<th>Hypothesis Testing Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leader Emotion Intelligence --&gt; Team Emotion Intelligence</td>
<td>.500***</td>
<td>3.331</td>
<td>H1- supported</td>
<td></td>
</tr>
<tr>
<td>Team Emotion Intelligence --&gt; Team Creativity</td>
<td>.396**</td>
<td>3.109</td>
<td>H2- supported</td>
<td></td>
</tr>
<tr>
<td>Team Creativity --&gt; Team Performance</td>
<td>.692***</td>
<td>6.469</td>
<td>H3 - supported</td>
<td></td>
</tr>
</tbody>
</table>

**Table 1: The Results of Structural Equation Model**

**Fix Index**

<table>
<thead>
<tr>
<th></th>
<th>Chi-Square</th>
<th>Degree of Freedom (d.f.)</th>
<th>Chi-Square/d.f.</th>
<th>RMSEA</th>
<th>CFI</th>
<th>IFI</th>
<th>TLI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>417.997</td>
<td>167</td>
<td>2.503</td>
<td>.117</td>
<td>.858</td>
<td>.860</td>
<td>.839</td>
</tr>
</tbody>
</table>

Note: 1.*: $p<0.05$ (C.R. >1.96); **: $p<0.01$ (C.R. >2.575); ***: $p<0.001$ (C.R. >3.08); 2. The coefficients are standardized value.

Figure 1: Structural Equation Model
As the overall goodness of fit is acceptable, it is encouraged to further identify the magnitudes and significance of the path structural coefficients of the model. The results showed that the LEI-TEI, TEI-TC, TC-TP paths were statistically positively significant, representing that leaders’ emotional intelligence had positive effects on team performance through team level emotional intelligence and team members’ creativity. Hypotheses 1-3 were thus all supported. Furthermore, the results indicated that leaders’ emotional intelligence had statistically positive effects on team emotional intelligence, showing that high emotional intelligence owned by leaders would result in high emotional intelligence in teams. Finally, we would like to examine the mediating effects of team level emotional intelligence and team members’ creativity. From Figure 1, the results showed that the leaders’ emotional intelligence had statistically positive effects on team level emotional intelligence, which in turn significantly positively affected team creativity, which in turn significantly positively influenced team performance. Therefore, this study concluded that team level emotional intelligence and team creativity functioned as mediators in this model.

DISCUSSIONS AND CONCLUSIONS

Theoretical Contributions

This paper contributes to theory in two ways. First, in view of the importance and popularity of emotional intelligence, this study contributes to extend the knowledge base of emotions in individual and team level by integrating various dimensions into one model, such as leader emotional intelligence, group emotional intelligence, team members’ creativity and team performance. Second, at the team level, the study of emotions and the effects of emotions on team performance is a relatively new avenue of research. Koman and Wolff (2008) ever examined the concepts of group emotional intelligence by taking a non-profit organization for example. In order to make results more generalized, this study took insurance companies as samples.

Managerial Implications

The findings of this study also provide some insights for team leaders. First, this research confirms that team creativity is a meaningful construct, which plays mediating roles in the relationships between team level emotional intelligence and team performance. Team creativity is positively related to team level emotional intelligence. Thus, when a team has a high level of emotional intelligence, it may arouse members’ creativity, so that higher team performance will be achieved. Second, this paper shows that team creativity is a key success factor of team performance. It’s important for team leaders to develop team members’ creativity by means of human resource management practices such as training activities and reward systems to specialize team members’ skills and to motivate them. Finally, this study finds that leader emotional intelligence functions as an antecedent of group emotional intelligence, so in team operations leaders should cultivate their emotional intelligence by training, such as sensitive training, in order to enhance their abilities to understand the emotions of themselves and others, and to use and regulate their emotions appropriately.

Limitations and Future Studies

There are some limitations to this study. First, the data is not large enough because team data is difficult to collect and in some teams there is only one leader and one follower, which may not fully capture the constructs this paper would like to investigate. However, this study uses multiple data
resources (one questionnaire for a leader, and the other questionnaire for a follower) to eliminate the common method bias to improve the study’s validity and reliability. Second, though the sampling population consists of local and foreign companies, the data finally collected were only from local companies, which may cause the bias of the results generalization.

Based on the conclusions and the limitations outlined above, some directions for future research are brought up. First, this paper suggests future researchers evaluate team performance with objective measures, such as FYP, FYC, rate of activity, etc. Second, this paper suggests that the inclusion of qualitative methods, such as in-depth interviews and meta-analysis, should contribute to have an abundant understanding of the operation of teams, such as the development of emotional intelligence, and team creativity, so that the results may be more complete.

REFERENCES


