



Proceedings of International Conference on Strategies in
Volatile and Uncertain Environment for Emerging Markets
July 14-15, 2017
Indian Institute of Technology Delhi, New Delhi
pp.258-265

Role of Transformational Leadership, Personality and Emotional Intelligence in Gen Y Leadership Effectiveness: through the Eyes of Gen Z

Deepika Dabke¹

Abstract

Millennial employees have been a matter of concern and consideration for researchers for more than a decade. Past studies have tried to explore the attributes, values, beliefs and expectations of the millennials and the best mechanism to engage them. The IT industry is currently witnessing an interesting team constellation with Gen Y employees occupying the team lead roles and Gen X forming the major work force that needs to be led for best business outcomes. The current research aims to study the leadership dynamics of Gen Y managers by assessing relationship between Emotional Intelligence (EI), as reported by managers and their Transformational Leadership style as perceived by their Gen Z followers. 194 Gen Y managers were administered the Mayer, Salovey and Caruso Emotional Intelligence Test (MSCEIT). Gen Z followers were administered the Leadership effectiveness scale and the Multifactor Leadership Questionnaire (MLQ) 5X scale. Results indicated that Transformational leadership had a significant positive association with perceived leadership effectiveness. Emotional Intelligence and Personality did not show a significant relationship with leadership effectiveness. Results have been discussed in the light of Gen-Y leadership patterns and Gen-Z followers' expectations.

Keywords: Big Five Personality, Emotional Intelligence, Gen Y, Gen Z, Leadership effectiveness, Transformational Leadership,

1. Introduction

Workplaces have been dynamic places like never before. The world of work has often been described as the VUCA world - (volatile, uncertain, complex, and ambiguous). One of the factors that creates greater complexity in this VUCA world and affect Leadership models is the existence of multigenerational cohorts (Smola and Sutton, 2002; Arsenault, 2004; Gladwell and Dorwart *et al.*, 2010). Past research has shown that generation cohorts differ in terms of their beliefs and expectations (Glass, 2007), their employee engagement (DeMeuse, Berman, and Lester, 2001) and work values (Dabke, 2016). Researchers have been keenly studying the dynamics that have emerged due to the presence of the Baby boomers, Gen X and the Gen Y and now the Gen Z (Broadbridge *et al.*, 2007; Sessa *et al.*, 2007; Ranstad report, 2016). Leadership studies have got a special focus in the past, especially to look at what are the expectations of Gen Y from their leaders, which are the best models that yield maximum engagement and output from them and ensure their longevity in the organization (Conger, 2000; Arsenault, 2004). While this body of research provides a strong foundation to anticipate the behavioral patterns of Gen Y and explore their working relationships, there is a paucity of studies that aim to ascertain the attributes that make Gen Y leaders effective. These dynamics becomes more profound in the Information Technology Enabled Services (ITES), where more and more Gen Y members

1. Asso. Dean, IBS Business School, Mumbai, India

are occupying the Leadership role and find themselves leading the Gen Z, who are just couple of years younger to them. The current study is based on data collected from the ITES companies in India to examine whether Gen Z attribute the same elements to effective leadership as they predecessors or do they look for different attributes that define an effective leader. The current study aims to explore this question by focusing on three critical attributes of a leader namely; Personality, Emotional Intelligence of the Gen-Y and Transformational leadership and effectiveness as perceived by the Gen-Z followers. The major objective of the study was to examine the association between Leadership Effectiveness, as perceived by Gen-Z, and Emotional Intelligence, Personality and Transformational leadership behavior of their Gen-Y leaders.

2. Literature Review

2.1 Generation Cohorts

Work places witness the interaction between four generations at work namely the Veterans (1909-1945), Baby Boomers (1946-1964), Generation X (Gen-X) (1965-1985), and Generation Y (Gen-Y) (1986-1984) (Smola and Sutton, 2002). Additionally, a new generation has joined the workforce and poses to be the future hope of business, the Generation Z (Gen-Z) (1995 – 2010). While they may not be too different than the digital natives (Prensky, 2001), there are a few differences seen in their work values, preferences and communication patterns (Ranstad report, 2016). Studies have also indicated that Gen-Z are more inclined towards in-person communication (Ranstad report, 2016) and are ready to work for managers who develop strong working relationship with colleagues.

2.2 Leadership Effectiveness

Leadership may be defined as ‘a process whereby an individual influences a group of individuals to achieve a common goal’ (Northouse, 2010, p. 3). Effectiveness has been defined in terms of objective business outcomes, such as unit goals, profit margins, performance goals and subjective outcomes such as subordinate satisfaction, engagement, intention to stay. The current study focuses on subjective leadership effectiveness evaluation of Gen-Y by their Gen-Z followers.

2.3 Transformational Leadership

Transformational leadership model has been most widely studied and consistently associated with leadership effectiveness (Yammarino and Bass, 1990; Avolio and Howell, 1992) and Emotional Intelligence (Gardner and Stough, 2002; Palmer *et al.*, 2003). Lowe *et al.* (1996) have found that in most studies, three Transformational leadership behaviors (Charisma, Individualized consideration, and Intellectual Stimulation) were related to leadership effectiveness. Given the enormous support that the transformational leadership model has gathered over the years (Judge and Piccolo, 2004), it is imperative to believe that the same association would be upheld in the context of the Gen-Y leaders and the gen-Z Followers. Thus hypothesis 1 states:

H1: *Transformational Leadership behavior would have an influence on Leadership effectiveness as perceived by Gen-Z followers*

2.4 Emotional Intelligence

Mayer and Salovey (1990) define Emotional Intelligence (EI) as, “the ability to monitor one’s own and other’s thinking and actions. EI has been shown to be positively associated to leadership effectiveness (Barling *et al.*, 2000; Barbuto *et al.*, 2006). These managers inculcate a greater sense of self-esteem in followers and are thus, considered in a more positive light by subordinates. Considering the previous research, following hypothesis was postulated:

H2: *Emotional Intelligence would have an influence on Leadership effectiveness as perceived by the Gen-Z followers.*

2.5 Big Five Personality

The Big Five Personality taxonomy has been a very popular framework to study leadership related variables and personality. The association between Leadership effectiveness and Personality has been mixed and non-conclusive (Costa and McCrae, 1992; Judge and Bono, 2000). However, it is believed that leadership effectiveness would be dependent on endogenous variables such as personality, as they are stable over period and influence people’s cognitive and behavioural patterns consistently.

H3: *Personality of the Gen Y leaders will have an influence on the Leadership effectiveness as perceived by the Gen-Z followers.*

The proposed model is summarized in Figure 1.

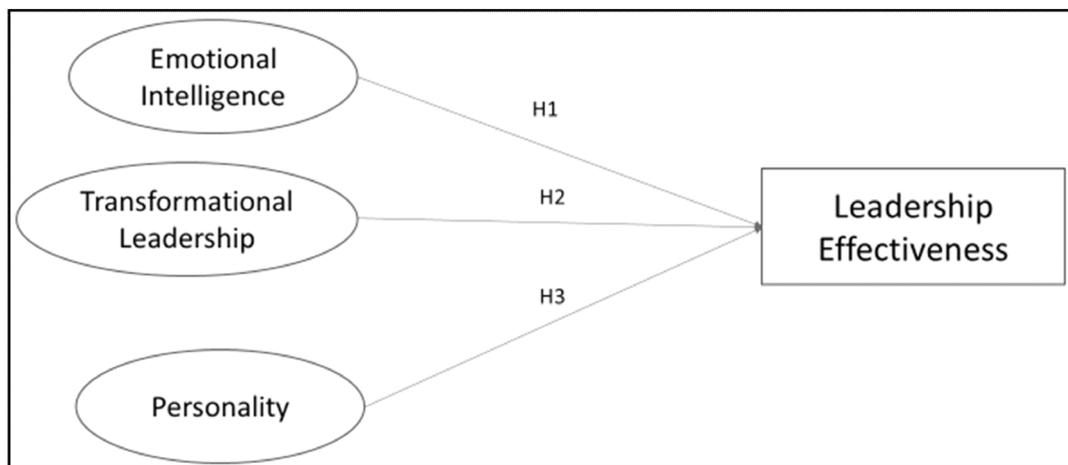


Figure 1: Proposed Model

Source: Author

3. Method

The current research was a quantitative study aimed at exploring the relationship between Gen-Y’s perceived leadership effectiveness and factors such as Emotional Intelligence, Leadership behaviour and Personality.

3.1 Sample

The sample comprised of 194 Gen-Y employees occupying leadership roles in various ITES organizations. The average age of the Gen-Y leaders was 33.4 years. 63 % of the sample was males and 37 % were females. 19% were in the project leader role, 63% were in the team leader role and the remaining 18% occupied some leadership role in the pre-sales function. Average years of experience were 8.7 years. The average age of the Gen-Z followers was 21.7 years. Almost all the 194 Gen-Z were graduates and were in a coder or a developer role. The average work experience was 1.3 years. The current job was the first ever job for 88 % of the respondents. All the followers had been working with the Gen-Y leader for at least 6 months. A total of 250 Gen-Y employees were approached. The final sample size was 194* 2 sets of response sheets. The response rate was found to be 77.6%.

3.2 Research Design and Procedure

The research design was a convenient sample design. Gen-Y leaders were administered the MSCEIT V.2 test (Mayer 2002) and NEO- FFI (Costa and McCrae, 1992). All the Gen-Y leaders selected one Gen-Z follower who had been working with them for at least 6 months. The chosen Gen-Z followers were administered the MLQ 5X as well as Leadership Effectiveness scales (Kerr, 2006) in the form of a google form.

3.3 Measures

- **Emotional Intelligence (EI)**

EI of participants was measured by the MSCEIT V.2 test (Mayer 2002). The overall EI score was considered for further analysis. The Cronbach's alpha value of the current sample was found to be 0.77.

- **Transformational leadership style**

Transformational leadership style was measured by the MLQ 5X scale developed by Bass and Avolio (2000). Past research has reported adequate reliabilities (Cronbach alpha). The MLQ5X, Cronbach Alpha coefficient ranged from .71 to .93 and was in the acceptable range of .70 (Nunnally, 1956).

- **Leadership effectiveness**

Perceived leadership effectiveness of subordinates was measured through the nine item Supervisory leadership survey developed by Kerr (2006). The Cronbach Alpha coefficient was found to be .87.

- **Personality**

The Big five factors as measured by NEO-FFI (NEO-FFI; Costa and McCrae, 1992) which comprises 60 answered on a five point Likert type scale. The Cronbach Alpha scores for the NEO-FFI range from 0.68 (A) to 0.86 (N).

3.4 Data Analysis

SPSS (version 20) and AMOS (Version 20) was used for the analysis of the data gathered. Reliability coefficients of the scales were measured using SPSS. The proposed model was tested through a Confirmatory Factor Analysis (CFA) technique of the Structured Equation Modelling. To assess how this model represented the data, absolute fit indices such as the χ^2 statistic and the goodness-of-fit index (GFI) as well as incremental fit statistics such as the comparative fit index (CFI) and the root mean square error of approximation (RMSEA) were used. For both GFI and CFI, values $> .95$ constitute good fit and values $> .90$ acceptable fit. For the RMSEA, it has been suggested that values $< .05$ constitute good fit, values in the .05 to .08 range acceptable fit, values in the .08 to .10 range marginal fit, and values $> .10$ poor fit (Browne and Cudeck, 1993). The SEM output was also used to test the hypotheses exploring the associations between the variables.

4. Result

The CFAs showed that the model produced an acceptable fit to the data, $\chi^2 (50) = 100.185$, $GFI = .916$, $AGFI = .870$, $CFI = .907$ and $RMSEA = .072$. The CMIN/DF score was found to be 2.00 indicating that there is a moderately acceptable fit between hypothesized model and sample data. Table 1 summarizes the path coefficients obtained and the p values of the variables.

Table 1: Hypothesis Testing Results

Hypothesis	Estimates	CR.	P values	Results
Leadership Effectiveness ← EQ	-.02	-.267	.790	Not Supported
Leadership Effectiveness ← Leadership	0.24	2.097	.036*	Supported
Leadership Effectiveness ← Personality	-.05	-.451	.652	Not Supported

* p < 0.05

The results have been summarized in Figure 2.

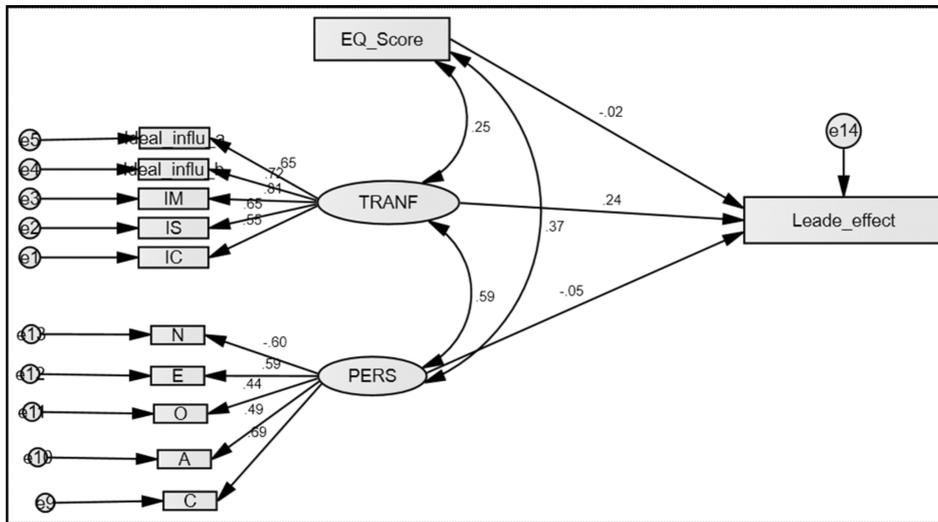


Figure 2: Tested Model

As seen in Table 1, Leadership effectiveness seemed to be depending on the use of transformational leadership behaviour by Gen-Y. Past research has shown a positive association between Effectiveness perceptions and Transformational leadership (Judge and Bono, 2000; Kerr, 2006, Lowe *et al* 2011). The current findings are in line with the past body of knowledge. However, Leadership Effectiveness failed to show a positive correlation with Emotional Intelligence. These findings were surprising as past studies have indicated the importance of EI in leadership (Kerr, 2006). However, in the current sample, clearly the subordinate's perception of leadership effectiveness seems to be a function of factors other than the Gen-Y leader's ability to perceive and deal with emotions in self and others. These findings are in line with the thought process of Antonakis (2004) who suggests that emotional intelligence may not be a critical factor in leadership effectiveness. Finally, Leadership effectiveness failed to show any significant correlation with any of the Personality variables. The importance of personality in leadership has been systematically studied by Judge and Bono (2000). Past research has had mixed evidence for the role of personality and leadership effectiveness. In a study carried out by Stogdill (1948), there was a lack of evidence for the emergence of any universal trait to leadership effectiveness. In the case of Mann's study (1959) factors other than personality constitute 88% of the explanation of leadership effectiveness. To sum up in the current study found a positive relationship between Transformational Leadership behaviour and leadership effectiveness.

5. Discussion and Conclusion

The current study aimed at assessing factors that contribute to the gen-z followers' perception of leadership effectiveness keeping in view the leadership behaviours exhibited by their gen-y leaders. Results indicated that leadership effectiveness perceptions were positively associated to leadership behaviour and failed to show significant correlation with emotional intelligence or personality variables.

The current study failed to gather evidence in support of EI and its relationship with Leader effectiveness. In the past, Antonokis (2004) had raised a debate over the importance of EI in leadership role. While critiquing the work of Prati *et al* (2003) he had espoused that EI is innate and effective leaders do not need exceptional ability to perceive and manage emotions over and above the normal standards. He was of the opinion that Transformational behaviours creates a greater affective and behaviour connect with the followers which is far superior for the effectiveness estimations. These findings have been corroborated by other researchers (Schulte, 2002; Dabke, 2016). Thus, organizations and HR needs to be cautious in their over prescription of emotional Intelligence as a one stop solution for better follower management.

Transformational leadership exudes tremendous confidence and creates a sense of common vision (Bass and Avolio, 1990) in followers. A leader using Transformational style gets followers to question the status quo and encourages them to question their methods and seek ways to improve them (Bass and Avolio, 1990). Intellectual stimulation helps the leader encourage the followers to be innovative and creative. These are espousing to be the innate characteristics of the Gen-Z followers (Moorthy, 2014). Gen-Z also possesses higher ability to process a great deal of information (Addor, 2011). They exhibit entrepreneurial initiative much more than any other generation (Adecco, 2015).

6. Practical Implications and Recommendations

The study extends the understanding of the Gen-Z and their preferred leadership patterns. Currently employee retention and engagement are some of the most critical challenges that organizations face regardless of the company's size, technology and market focus" (Manzoor, 2011). The current findings throw some light on practices that HR should consider while developing the Gen-Y leaders. The Transformational leadership behaviour has been consistently associated to leadership effectiveness and satisfaction. Thus, all followers, irrespective to their generation cohorts tend to consider Transformational behaviors as effective for those in the leadership role. Structured attempts should be made through the Learning and Development initiatives to inculcate the transformational behaviours in leaders (Pounders, 2003). Transformational leadership also improves decision-making and team development (Bass and Avolio, 1990). Such behaviours would be a best model to deal with multi generation workforce. Gen-Y leaders are considered to be somewhat ill prepared to lead the workforce (Randstad report 2016). Thus, the organization needs to invest in the coaching, mentoring and development of this critical talent. Finally, the results provide a lot of optimism given that leadership effectiveness is associated to leadership behavior that can be trained and nurtured, rather than EI and personality factors that are innate and to a large extent constant over time. Thus, the organization stands a great chance of creating able leaders to lead the Gen-Z to success.

7. Limitations and Future Research Avenues

- One of the major limitations is that the sample is drawn from a specific sector limiting the generalizability to the findings.

- A number of other organization related variables such as policies, work climate, leader member exchange theory was not considered for this study. A robust research design encompassing a number of exogenous variable affecting leader-follower relationship can also be considered in future.

8. Conclusion

Leadership Effectiveness is more in the eyes of the follower than in reality. The current study was able to contribute to a better understanding of the leadership expectations of the Gen-Z followers and a peek in to the leadership patterns of the Gen-Y leaders. Transformational leadership behaviour has emerged as significant factors that define leadership effectiveness independent of innate factors such as emotional Intelligence and Personality.

References

- Addor, M. L. (2014) Generation Z: What is the Future of Stakeholder Engagement? Retrieved from: <http://iei.ncsu.edu/wp-content/uploads/2013/01/GenZStakeholders2.pdf>.
- Adecco (2015) Genertion Z vS Millenials. Available at <http://pages.adeccousa.com/rs/107-IXF-539/images/generation-z-vs-millennials.pdf>.
- Antonakis, J. (2004) On Why “Emotional Intelligence” Will Not Predict Leadership Effectiveness beyond IQ or the “Big Five: An Extension and Rejoinder”, *Organizational Analysis*, 12, 171-82.
- Arsenault, P. M. (2004) Validating Generational Differences: A Legitimate Diversity and Leadership Issue, *Leadership & Organization Development Journal*, 25, 124-141. [2].
- Avolio, B. J., and Howell, J. M. (1992) The Impact of Leader Behavior and Leader-Follower Personality Match on Satisfaction and Unit Performance. In K. E. Clark, and D.R. Campbell (Eds.), *Impact of Leadership*, The Center for Creative Leadership: Greensboro, NC.
- Barbuto, J.E., and Burbach, M.E. (2006) The Emotional Intelligence of Transformational Leaders: A Field Study of Elected Officials, *Journal of Social Psychology*, 146(1), 51-64.
- Barling, J. Slater, F., and Kelloway, E.K. (2000) Transformational Leadership and Emotional Intelligence, *Leadership and Organization Development Journal*, 21(3), 157-162.
- Bass, B.M, and Avolio, B.J. (1990) *Transformational Leadership Development: Manual for the Multifactor Leadership Questionnaire*, Consulting Psychologist Press: Palo Alto, Ca.
- Bass, B.M., and Avolio, B.J. (2000) Effects on Platoon Readiness of Transformational/ Transactional Platoon Leadership, Final Report. (Contract DASW01-96K-0008, U.S. Army Research Institute for the Behavioural and Social Sciences, March 2000).
- Broadbridge, A. M., Maxwell, G. A., and Ogden, S. M. (2007) 13_2_30: Experiences, Perceptions and Expectations of Retail Employment for Generation Y, *Career Development International*, 6, 523-544.
- Browne, M.W., and Cudeck, R. (1993) Alternative Ways of Assessing Model Fit, In K. A. Bollen and J.S. Long (Eds.), *Testing Structural Equations Models* (pp. 136–162), Sage: Newbury Park, CA.
- Conger, J.A., Kanungo, R.N., and Menon, S.T. (2000) Charismatic Leadership and Follower Effects, *Journal of Organizational Behavior*, 21(7), 747-67.
- Costa, P.T. Jr., and McCrae, R.R. (1992) Revised NEO Personality Inventory (NEO_PI_R) and NEO Five-Factor Inventory (NEO-FFI) Professional Manual, Odessa, FL: PAR.
- Dabke, D. (2016) Redefining Management Principles for the “Digical” Generation, *International Journal of Research in Commerce, Economics & Management*, 6(3), 73-78.
- DeMeuse, K. P., Bergmann, T. J., and Lester, S. W. (2001) An Investigation of the Relational Component of the Psychological Contract Across Time, Generation, and Employment Status, *Journal of Managerial Issues*, 13, 102–118.
- Gardner, L., and Stough, C. (2002) Examining the Relationship between Leadership and Emotional Intelligence in Senior Level Managers, *Leadership & Organization Development Journal*, 23 (2), 68-78.

*Role of Transformational Leadership, Personality and Emotional Intelligence in
Gen Y Leadership Effectiveness: through the Eyes of Gen Z*

- Gladwell, N. J., Dorwart, C. E., Stone, C. F., and Hammond, C. A. (2010) Importance of and Satisfaction with Organizational Benefits for a Multigenerational Workforce, *Journal of Park & Recreation Administration*, 28(2), 1-19.
- Glass, A. (2007) Understanding Generational Differences for Competitive Success, *Industrial and Commercial Training Journal*, 39(2), 98-103.
- Judge, T., and Bono, J. (2000) Five Factor Model of Personality and Transformational Leadership, *Journal of Applied Psychology*, 85 (5), 751-765.
- Lowe, K. B., Kroeck, K. G., and Sivasubramaniam, N. (1996) Effectiveness Correlates of Transformation and Transactional Leadership: A Meta-Analytic Review of the MLQ Literature, *Leadership Quarterly*, 7, 385- 425.
- Mann, R. D. (1959) A Review of the Relationship between Personality and Performance in Small Groups, *Psychological Bulletin*, 56, 241-270.
- Mayer J D, Salovey P., and Caruso D R. (2002) *Test User Manual*, MHS: Toronto, Canada.
- Moorthy, R. (2014) An Empirical Study of Leadership Theory Preferences among Gen Y in Malaysia, *Rev. Integr. Bus. Econ. Res.*, 3(2), 398- 421.
- Northouse, P. (2001) *Leadership Theory and Practice* Second edition, Sage Publications: London.
- Palmer, B., Gardner, L., and Stough, C. (2003) The Relationship between Emotional Intelligence, Personality and Effective Leadership. Paper Presented at the *5th Australia Industrial & Organizational Psychology Conference*, Melbourne.
- Prati, L. M., Douglas, C, Ferris, G. R. Ammeter, A. P., and Buckley, M. R. (2003) Emotional Intelligence, Leadership Effectiveness, and Team Outcomes, *The International Journal of Organizational Analysis*, 11, 21-30.
- Prensky, M. (2001) Digital Natives, Digital Immigrants: Do they Really Think Different? *On the Horizon*, 9(6), 1-6. Retrieved from [http://www.marcprensky.com/writing/Prensky% 20%20 Digital%20 Natives,%20 Digital%20Immigrants%20-%20Part2.pdf](http://www.marcprensky.com/writing/Prensky%20Digital%20Natives,%20Digital%20Immigrants%20-%20Part2.pdf).
- Randstad Work Study (2016) Gen Z and Millennials Collide @, Retrieved from http://experts.randstadusa.com/hubfs/Randstad_GenZ_Millennials_Collide_Report.pdf.
- Schutte, N.S., Malouff, J., Simunek, M., Hollander, S., and McKenley, J. (2002) Characteristic Emotional Intelligence and Emotional Wellbeing, *Cognition and Emotion*, 16, 769-785.
- Sessa, V. I., Kabacoff, R. I., Deal, J., and Brown, H. (2007) Generational Differences in Leader Values and Leadership Behaviors, *Management*, 10(1), 47-74, Psychology Press.
- Smola, K. W., and Sutton, C. D. (2002) Generational Differences: Revisiting Generational Work Values for the New Millennium, *Journal of Organizational Behavior*, 23, 363-382.
- Stogdill, R. M. (1948) Personal Factors Associated with Leadership: A Survey of Leadership, *Journal of Personality*, 25, 35-71.
- Yammarino, F.J., and Bass, B.M. (1990) Long-Term Forecasting of Transformational Leadership and its Effects among Naval Officers: Some Preliminary Findings, in K.E. Clark and M.B. Clark (Eds.), *Measures of Leadership* (pp. 151–171), Leadership Library of America: West Orange, NJ.