Emotional Intelligence, Organizational Legitimacy and Charismatic Leadership

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Abstract

Over the past two decades, the subject of emotional intelligence has received ample attention in management and leadership literature. The literature contains a plethora of information about emotional intelligence and its effect on transformational leadership. Much less is written on the relationship between charismatic leadership and emotional intelligence. This paper examines the relationship between the two concepts and their effects on the organizational ability to legitimize and attain its goals.

Max Weber (1946) in his fundamental work on bureaucracy proposed a concept of legitimacy or the acceptance of influence because of its perceived justifiability. While most of his elaborations were conducted on a larger social scale, we extend his reasoning to the construct of organizational legitimacy, or the acceptance of influence within organizations.

Out of the three types of authority that were identified by Weber, we focus on that based on charismatic grounds. Pillai (1995) asserts that Weber's portrayal of charismatic authority clearly distinguishes it from the other forms of authority as an ideal type of social domination and sets it apart from everyday routine. It embodies a formative and revolutionary structure and is unencumbered by the formalities and organizational arrangements of bureaucratic forms. Follower commitment is through a powerful bond to the leader rather than as a set of rules and hierarchy represented in a mechanistic structure.

The American Heritage Dictionary of the English Language (2000) defines the word charisma as "a rare personal quality attributed to leaders who arouse fervent popular devotion and enthusiasm." It is based upon the Greek word, kharisma, or divine favor. Charisma becomes a type of legitimate authority by invoking emotional commitment to the leader as the grounds of legitimacy. We posit that emotional intelligence (EI) should be viewed as one of the most critical components of the personal charisma of a leader.

For the purposes of this discussion, emotional intelligence may be viewed as the processing of specific emotional information involved in (a) appraising and expressing emotions in the self and others; (b) regulating emotion in the self and others; and (c) using emotions adaptively to achieve one's goals (Salovey & Mayer, 1990). Emotional intelligence may be further conceptualized into five distinct structural domains (Ibid.):

1. Self-awareness (observing yourself and recognizing a feeling when it happens).
2. Self-regulation (managing emotions).
3. Self-motivation (channeling emotions in service of a goal).
4. Empathy (sensitivity to feelings of others).
5. Handling relationships (social skills and social competence).

Our position is supported by Palmer et al. (2001) who found that the trait charisma correlated significantly and moderately with the ability to monitor emotions within oneself and others. This ability is contained in the structural domains of emotional intelligence described above.

In the Weberian framework, charismatic authority is characterized as a transformational form of legitimacy and was hypothesized to be inevitably routinized in either traditional or rational forms. One of the key reasons for this argument was that Weber analyzed pure forms of authority. Quite naturally, charismatic authority appears to be limited to the life span of a leader, and this limited nature becomes especially transparent in situations of succession. At the same time, modern organizations derive a lot of their legitimacy from rational and traditional forms of authority. As a result there is less pressure - compared to pure charismatic authority situations - on the followers to secure their hierarchy positions and on the subordinates to ensure the continuation of organization through the routinization of charismatic authority.

Several mechanisms of routinization offered by Weber appear to be applicable to modern organizations. Personal charisma may be partially traditionalized through hereditary charisma. This routinization is likely to occur on a perceived or cognitive level based on inferences derived from the legitimacy of hereditary succession. (This mechanism appears to be especially relevant for privately held companies or publicly traded companies with major family ownership). Another common way of choosing a successor in major corporations is by incumbent's designation where the board of directors simply renders an automatic approval. In this case, certain aspects of personal charisma may become routinized through the legitimacy of the action of designation.

Among the mechanisms that were offered by Weber as those instrumental in routinization and those related to the meso-level of organizational analysis, the search for a successor based on the predetermined set of qualities appears to be theoretically applicable to the routinization of emotional intelligence. This predetermined set of qualities - a foundation of personal charisma - may be modeled after that of the previous charismatic leader. We dub this search situation as the situation of selective succession. Should successful selective succession occur, an organization would be facing routinization in the form of traditionalized authority.

The fundamental question is whether emotional intelligence as component of personal charisma can be effectively routinized through the mechanism of selective succession. For this purpose, the qualities pertaining to emotional intelligence must be first successfully identified in the incumbent. Our contention is that these qualities are very difficult to identify and communicate in the search process. Furthermore, one of the mainstreams of criticism aimed at emotional intelligence suggests that it cannot be objectively measured (Becker, 2003). Not only many of the EI-features that appear to be critical for a successful performance in the managerial role are hard to identify, but they are also subject to a strong contextual influence. Differences in corporate cultures, various operational climates in different industries, historical dominance of certain groups or cliques (and, as a result, preference for certain personal profiles), etc. - all these factors create innumerable contingencies where the effects of certain personal charismatic features are impossible to predict.

All this combined with the aforementioned reduced external pressures for routinization allows us to suggest the following:

**Proposition 1**: Routinization of emotional intelligence as a component of personal charisma in modern organizations is ineffective.

Organizational theory scholars have long accepted the importance of a leader's charisma as it has been connected to the mission of motivating subordinates and even providing them with the sense of direction.
(Bass 1985; Wieirter, 2001). Similarly, Kouzes and Posner insist that leadership is about human relationships—the relationship between those who aspire to lead and those who choose to follow. Success in leading is dependent upon the capacity to build and nurture those relationships that cause people to do extraordinary things. (Kouzes and Posner, 2001) Personal charisma facilitates those relationships.

Emotional intelligence, however, received sparse attention in this regard. At the same time, it is hard to argue with the contribution of emotional intelligence to organizational legitimacy. As we previously specified, our analysis is focused on charismatic form of leadership. While the investigation of a pure charismatic authority would clearly present an unjustified departure from reality, our focus on a more complex leadership model where the charismatic component would simply serve as the dominant leadership dimension appears to suffice for our parsimonious analysis and shield it from possible practitioners' criticism.

House and Baetz (1979) describe charismatic leaders as those who "by the force of their personal abilities are capable of having profound and extraordinary effects on followers." Similarly, charisma was described as the ability to influence others by connecting with them physically, emotionally and intellectually (Alessandra, 1999). Charismatic authority has been defined in terms of the presence of an "emotionally powerful" subject who leads others based on faith and admiration (Schein, 1989).

Yukl (2002) lists some conspicuous drawbacks of charismatic leadership for leaders themselves as well as for a larger collective:

- Being in awe of the leader reduces good suggestions by followers.
- Desire for leader acceptance inhibits criticism by followers.
- Adoration by followers creates delusions of infallibility.
- Excessive confidence and optimism blind the leader to real dangers.
- Denial of problems and failures reduces organizational learning.
- Risky, grandiose projects are more likely to fail.
- Taking complete credit for successes alienates some key followers.
- Impulsive, nontraditional behavior creates enemies as well as believers.
- Dependence on the leader inhibits development of competent successors.
- Failure to develop successors creates an eventual leadership crisis.

Emotional intelligence, in our view, serves as a dominant moderating factor that allows managers to adequately assess internal and external contingencies and consequently take the most appropriate course of actions applying traditional and rational forms of authority even under the rigid constraints of the formal bureaucratic organization. Our logic resonates with that of Crozier (1964) who suggested that discretion cannot be completely suppressed by the rational and traditional authority of the bureaucratic apparatus.

For example, the dysfunctional awe of a leader that reduces the upward flow of ideas can be successfully identified by such leader who ranks high on the self-awareness component of emotional intelligence. The dysfunctional contingency can further be moderated by selective application of the rational form of authority or shifting the legitimacy emphasis toward an impersonal traditional form. An increased upward flow of ideas will inevitably increase the justifiability of top-down administrative orders enhancing organizational legitimacy. High self-awareness would also significantly moderate the risks of leader's excessive optimism or self-confidence.

As evident from the preceding discussion, we extend Crozier's (1964) argument to the sub-level of emotional discretion. The application of emotional intelligence as a moderating factor of charismatic authority can effectively rebuff the potential criticism of Neo-Weberian followers who look beyond the basic interplay between bureaucratic rules and structures and focus on how powerful groups and individuals may exert influence over bureaucratic structures. The justifiability of authoritative commands can only be reinforced by certain exemplary qualities of a leader and subordinates' trust in that leader. Self-motivation is another of the structural components of
emotional intelligence that can contribute to the leader's status of a role model. Empathy and social skills domains - especially as applied to the precise understanding of the effects of social actions on the organizational emotional context (through strong empathy) - unquestionably result in the facilitation of trust in leader-subordinate relationships.

All these factors lead to a higher level of acceptance of authoritative influence in an organization due to enhanced commitment to the organizational leadership. Thus, emotional intelligence, as a component of personal charisma, meaningfully contributes to organizational legitimacy. Drawing on our previous proposition, we consequently argue that:

**Proposition 2:** Ineffective routinization of emotional intelligence inevitably results is the loss of organizational legitimacy, ceteris paribus.

While the nature of the system and the authority of organization's leaders can serve the purpose of legitimizing organizational goals, it is only through organizational power that they are attained. For the purpose of this discussion power may be viewed as the generalized capacity to mobilize resources in the interest of attaining system goals (Parsons, 1960). Thus, we consider the full spectrum of individual influence techniques such as those identified by Kipnis et. al (1980): assertiveness, ingratiation, rationality, exchange, upward appeal and coalition formation; as well as the full variety of bases of power identified by French and Raven (1968). These power bases are: coercive power which is based on fear; reward power, the power to grant rewards; legitimate power, which is that afforded based upon organizational position; expert power that results from special skills or knowledge; and referent power based upon an individual having desirable resources or personal traits. Siding with Brass (2002), we also argue that no conflict or resistance is necessary for power to take place.

Since our predominant focus lies with the interrelation between personal charisma and emotional intelligence, we feel compelled to look at the theoretical perspectives advocating personal sources of power. In their description of five distinct bases of social power, French and Raven (1968) delineated referent power in terms of a situation when individuals highly identify themselves with and are willing to be influenced by a certain person because of his/her personality. All structural elements of emotional intelligence seem to enhance the base of referent power: self-motivation and self-awareness contribute to the creation of a positive referent image; empathy and social skills are indispensable in forming bonds, ties and communication channels that would serve as effective anchors to such referent image; self-regulation seems to contribute at both of these fronts. Social psychologists may further argue that due to the “fundamental attribution error” – attributing outcomes to personal features rather than situational constraints and other contextual factors – referent image becomes an extremely important construct in organizational dynamics. While the propositions derived from these elaborations would vary depending on the specific contingencies analyzed, it would be safe to assume that having managerial personnel that ranks low on emotional intelligence would contract the organizational referent base of power and, all else held equal, the cumulative organizational power base altogether.

Emotional intelligence of organization leaders can equally contribute to the communication factor and the willingness to contribute within an organization: the two critical dimensions of organizational design in the cooperative and consensus-driven organization framework (Barnard, 1938). Emotionally intelligent leaders will enhance vertical information flows within an organization by effectively controlling the emotional aspect of interaction. Specifically, certain limitations of an organizational hierarchy on the upward information flow, performance evaluation and consequent feedback loops may be overcome. Similarly, we posit that emotionally intelligent leaders possess greater sensitivity in applying various motivational and inducement techniques and thus are more effective in enhancing positive imbalance between employees’ personal benefits and sacrifices essential to the continuation of an organization. This becomes especially relevant as the value of non-pecuniary incentives gains increasing importance in the priority system of the contemporary labor force.

In the political coalition framework (March and Simon, 1958; Cyert and March, 1963) that focuses on the heterogeneity of goals of intrafirm coalitions, emotional intelligence of coalition leaders may be viewed
as a factor facilitating internal conflict resolution and decreasing dysfunctional intraorganizational friction. Similarly, in the charisma-dominated organizational leadership model, high empathy would allow followers to effectively balance the drive for leader's acceptance with the risk of alienating fellow-workers, thus also decreasing the risk of dysfunctional intraorganizational conflict.

In sum, high emotional intelligence of the managerial personnel enhances organizational effectiveness in achieving its goals through the increased referent power base of an organization; improved communication and motivation to contribute of subordinates; and healthy, productive internal bargaining as well as the efficient usage of organizational resources due to decreased dysfunctional intraorganizational conflict.

Combining this line of reasoning with our earlier proposition that elucidated the importance of emotional intelligence for organizational legitimacy, we extend the following arguments:

**Proposition 3a:** High emotional intelligence of organization leaders enhances the viability of an organization due to increased organizational ability to legitimize and attain its goals, in many or most cases.

**Proposition 3b:** Reliance on routinization of emotional intelligence decreases the viability of an organization due to losses in an organization's ability to legitimize and attain its goals, in the main.

**Discussion and Normative Implications**

The suggested sequence of propositions advances two major lines of reasoning. First, emotional intelligence of organizational leaders is unlikely to be automatically routinized under the modern bureaucracy conditions. Second, reliance on just routinization of emotional intelligence can endanger organizational viability in two ways: through attenuated organizational legitimacy and weakened enforcement apparatus.

The academic and management communities have long pondered on whether one's emotional intelligence is a congenital category. While most scholars use EI and EQ interchangeably (e.g., Dulewicz and Higgs, 2000), others distinguish between the inborn potential emotional intelligence (EI) and realized emotional intelligence (EQ) (Heine, 2003). The latter approach suggests that the atrophy of high innate emotional intelligence can take place in the form of low realized EQ if the inherited emotional apparatus is not adequately challenged by the exogenous context and consequently applied.

As suggested by this theoretical dichotomy, regardless of the theoretical framework chosen for analysis, emotional intelligence may be addressed as a developmental category and the importance of ongoing stimulation of the emotional intelligence function cannot be underestimated. Employee empowerment, charismatic and transformational leadership and flexibility to apply contingency-based actions are critical aspects of organizational dynamics with regard to sustaining and enhancing emotional intelligence capital of an organization.

It is easy to observe that all of the above-mentioned courses of action are inherently contradictory to the nature of a bureaucratic organization that is begotten to enforce normative considerations over discretion of any form, including emotional. Thus, practical adherence to the suggested normative implications is expected to be at least somewhat challenging.

It is essential to notice that the logic of the preceding discussion underscores the importance of emotional intelligence for all major layers of authority in an organizational hierarchy and not just the managerial elite. Legitimization of organizational goals must take place at every step of the chain of command. No less critical is the dynamic character of legitimization that suggests the necessity to reinforce the legitimized status of organizational goals throughout the execution phase. Similarly, power implications of emotional intelligence with regard to the attainment of organizational goals further attest to its cross-hierarchical importance. While the value of emotional intelligence for enforcement of organizational objectives is likely to increase with the absolute amount of position authority, the emotional buffer provided by emotional intelligence is expected to reduce dysfunctional
frictions along the organizational chain of command.

**Future research**

Theorists investigating the concept of emotional intelligence should make further strides in developing construct validity. Does this construct have a potential of being developed into a coherent theoretical perspective? The question of what actually constitutes a theory has long stood before the academic world and abounds with conflicting viewpoints. We will not even pretend to resolve these debates here. At the same time, we feel compelled to notice that while the descriptive validity of emotional intelligence has been thoroughly addressed in the management literature, its predictive validity has only been tentatively established (Newsome et al., 2000).

One of the potential directions of research we foresee would look at the structural breakdown of emotional intelligence and explore how each component affects such dimensions of modern organizations as the effectiveness of communication flows, power and dependence, conflict emergence and conflict resolution. The contingency approach seems especially attractive in this line of inquiry as these aspects can explored under various organizational designs and external contexts. Since emotional intelligence is inseparable from individual subjects, the analysis may be conducted at different levels of organizational hierarchy. Of especial interest is the possibility of discovering intraorganizational inter-level interdependencies and effects germane to emotional intelligence.

No less promising may seem the endeavor to aggregate the construct of emotional intelligence to the meso-level of organizational research. Indeed, researchers may attempt to empirically identify some form of *emotional capital* at the organizational level. Drawing on the resource-based view of the firm that suggests that firms derive their competitive advantage from valuable, rare and inimitable resources and capabilities (Wernerfelt, 1984; Barney, 1986, 1991; Peteraf, 1993; Conner, 1991; Mahoney and Pandian, 1992), we suggest invoking the theoretical distinction between primary and complementary resources to address the concepts of emotional intelligence and personal charisma in the context of a firm's competitive advantage.

While perhaps neither leader's charisma nor leader's emotional intelligence can be solely accountable for the creation of competitive advantage, both can potentially complement this process by helping marshal the existing human resources in the most effective way. Additionally, the aggregate of emotional capital clearly falls in the category of *socially complex resources* that are extremely difficult to imitate.

Hence, these complementary resources may dramatically enhance the sustainability of a firm's competitive advantage (Barney, 1995). The line of inquiry into what external contingencies as well as organizational settings allow companies derive (directly and indirectly) competitive advantages from high emotional intelligence of the managerial elite and related organizational resources holds great promise and we would be remiss if we did not treat it accordingly.
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