

The Effect of Interpersonal Competencies on Leadership Effectiveness.

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Abstract

There has been an increased focus on personality and managerial success over the last couple of decades. This is partly due to an increased awareness of the importance of leadership on individual and organisational success, but also because many companies are meeting new challenges in a globally competitive market environment where they have been forced to rethink how they produce and deliver products and services. Among the competencies found to be important in previous research are interpersonal competencies. This research investigates the importance of interpersonal competencies for managerial success in the work place today. Personality data was collected from 94 managers using OPQ 32i. Interpersonal competency and job success was measured by other established instruments based upon self evaluation. A regression analysis was conducted, and five out of the OPQ dimensions explained 13 % of the variance in self perceived job success. By including interpersonal competencies in the model, the explained variance increased to 32%. Interpersonal competencies seem to explain variance in addition to what can be explained by personality traits. In particular, the two competencies 'active listening' and 'sensitivity' seem to be of importance. These findings provide support to previous research indicating the importance of interpersonal competencies in the workplace today. The results suggest that it is important to focus on interpersonal competencies during the selection process. Traditional personality tests seem to have limited contribution in predicting interpersonal competencies and job success. Assessment techniques focusing on behaviour based competencies seem to be more appropriate. Furthermore managerial development programmes should reflect the

importance of these competencies, as many of these competencies can be developed through training.

Introduction

The 21st century workplace is characterised by an increased rate of change in new and more demanding business environments. This has introduced novel organisational challenges and many companies have been forced to rethink how they produce and deliver products and services. Motivating and inspiring a diverse, mobile and knowledge intensive workforce are essential aspects of most management positions today. As the business context has changed, leadership theory has moved accordingly (Dulewicz & Higgs 2003). Consequently, during the last couple of decades there has been an increased focus on the emotional and relational aspects of leadership (Dulewicz and Higgs 2003; Northhouse 2001; George 2000). Research within the area of managerial competencies (Iversen 2002) also indicates the increasing importance of interpersonal competencies required for effective leadership in this environment (Skogstad and Einarsen 2004; Iversen 2002). This is reflected in the recent volume of research on transformational leadership, leader-member exchange theory (LMX) and emotional intelligence (Dulewicz, Young, and Higgs 2005; Rosete and Ciarrochi 2005; Bono and Judge 2004; Judge and Piccolo 2004; Higgs and Aitken 2003). The aim of this paper is to explore the relationship between interpersonal competencies and leadership effectiveness.

Literature review

The concept of transformational leadership was first introduced by James MacGregor Burns (1978) and is a style defined as leadership that creates voluble and positive change in its followers. Transformational leaders are those who are able to create and communicate a vision, build commitment amongst subordinates and visualise the vision within the workplace (Rosete and Ciarrochi 2005). LMX focuses on increasing organisational success by creating positive relations between the leader and subordinates (Seibert, Sparrowe, and Liden 2003). Both theories regard interpersonal competencies as important for leadership effectiveness.

Traditionally, there has been considerable interest in the dispositional basis of effective leadership and managerial success. There is clear evidence for a relationship between disposition, understood as broad personality traits, and a host of job performance

criteria, such as career progress, salary, maximal performance and various self report and third person performance ratings (Heinsman et al. 2007; Heinsman et al. 2007; Hogan and Kaiser 2005; Barrick et al. 2001; Hertz and Donovan 2000; Judge et al. 1999; Mount et al. 1998; Salgado 1997; Barrick and Mount 1991) (Hogan and Holland 2003; Ployhart, Lim and Chan 2001; Salgado 1997; Barrick and Mount 1991), as well as leadership effectiveness (Judge et al. 2002; Ployhart et al. 2001). Moreover, personality has been shown to predict the interpersonal aspect of job performance (Chauhn & Chauhn 2001). However, Hough (1992) showed that narrower personality traits were more strongly associated with job performance, and it has recently been suggested that narrow, job-related personality traits may be more useful in predicting job performance, including effective leadership (Tett & Christiansen 2007).

OPQ, Occupational Personality Questionnaire, (Bartram and Brown 2005b) represents a work related personality approach which focuses on work related personality traits that are directly linked to specific work competences. Competence has been defined as “sets of behaviours that are instrumental in the delivery of desired results or outcome” (Bartram, Robertson and Callinan 2002). Kurz and Bartram (2002) propose a distinction between competence and competence potential, where personality is considered an element of competence potential. In this context, the personality traits measured with OPQ represent potentials for specific work competences.

Narrow personality traits, or specific competence potentials, are assumed to be better predictors of specific behaviour because they are more directly linked to the behaviour that is to be predicted, such as job performance. Based upon existing research (Bartram 2005; Bartram et al. 2006; Bartram and Brown, in press; Robertson and Kinder 1993) it seems reasonable to assume that there is a link between work related personality traits and interpersonal competencies. Taking this train of thought one step further, measuring competence directly may provide even better prediction of job performance. A number of studies have emphasised the importance of interpersonal competencies for leadership effectiveness (Bass 1985; George 2000; Humphrey 2002; Northouse 2001; Nystedt 1997; Skogstad and Einarsen 2004). Among competencies suggested as important are flexibility, active listening, sensitivity and self insight (Bartram 2005; Collins 2002; Dulewicz 1998; Hogan and Holland 2003; Hogan and Warrenfeltz 2003; Iversen 2002; Kolk et al. 2004). Given the importance of competence in today’s work environment (Skogstad and Einarsen

2004; Humphrey 2002), it is interesting to question whether interpersonal competence may be a more effective predictor of leadership effectiveness than the potential for interpersonal competence measured with a work related personality test such as OPQ.

This leads to the following research questions:

Research question 1

Which work related personality traits can explain variance in leadership effectiveness?

Research question 2

Which work related personality traits can explain variance in interpersonal competencies?

Research question 3

Can interpersonal competence explain variance in leadership effectiveness (in addition to what is explained by work related personality traits)?

The three research questions can be summed up as seen in Figure 1.

Figure 1
Research model



The model indicates the expected relationship between personality traits and leadership effectiveness, between personality traits and interpersonal competence, and between interpersonal competencies and leadership effectiveness.

Method

A quantitative approach was used collecting data from 92 Norwegian managers (24% females and 76% males) from different industrial sectors. Personality traits were measured by OPQ 32i, a well documented personality test with acceptable reliability and validity (Iversen 2003). The data was collected during the period 2003 to 2006, mainly from managers attending leadership development programmes. Data regarding interpersonal competencies and leadership effectiveness was collected in 2007 and 2008. The instrument measuring interpersonal competence is a self report instrument developed by Iversen (2002), partly based upon Dulewicz (1998), whereas leadership effectiveness is a self report instrument developed by Kuvaas (2006).

Results and analysis

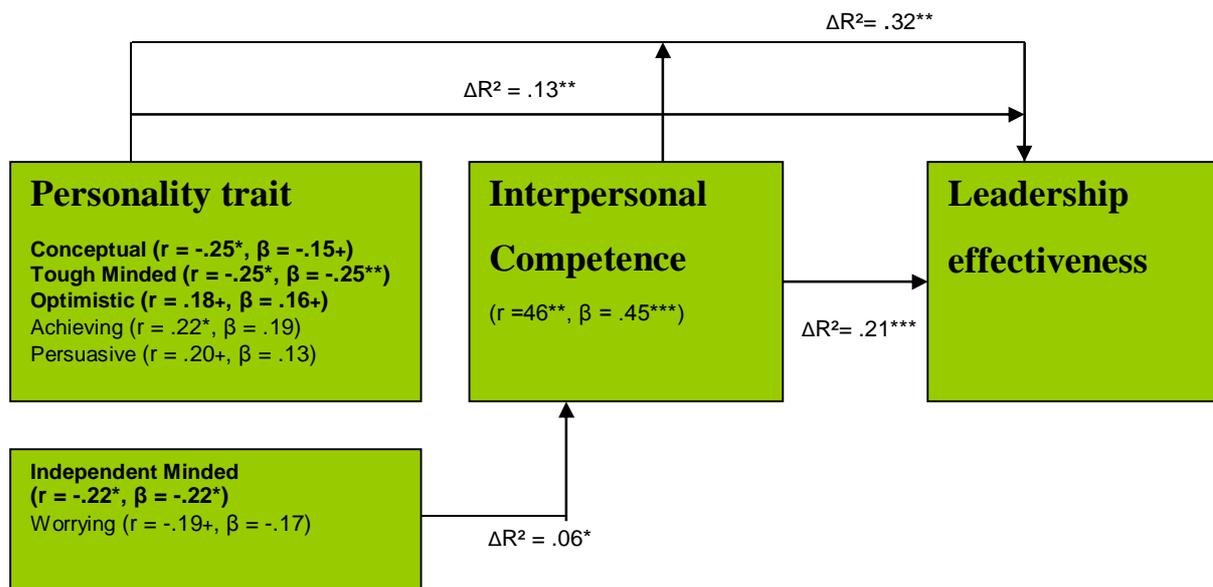
In order to explore the first research question, namely the relationship between personality traits and leadership effectiveness, a regression analysis was conducted. Five out of the OPQ dimensions explained 13 % of the variance in self perceived job success. The five dimensions were 'conceptual' (negative predictor), 'tough minded' (negative predictor), 'optimistic', 'achieving' and 'persuasive'. Further analysis was also undertaken to answer the third question by including the interpersonal competencies were included in the model. The explained variance increased to 32% ($\Delta R^2_{change} = 0.18$). This clearly indicates that interpersonal competence is the strongest predictor for leadership effectiveness and that the competencies can explain variance in leadership effectiveness in addition to traditional personality measures. Further analysis indicates that two interpersonal competencies are of special importance. The two competencies 'sensitivity' and 'active listening' explained 27 % of the variance in leadership effectiveness ($\Delta R^2 = 0.27$, $F = 12.52$, $p < 0.00$).

The second research question was related to the relationship between personality traits and interpersonal competency. A regression analysis revealed that the personality traits ‘worrying’ and ‘independent’ were found to explain 6 % of the variance in interpersonal competency, which is as a relatively weak prediction.

Discussion and conclusion

The research findings are summed up in Figure 2. Five of the personality traits were found to explain 13% of the variation in leadership effectiveness, whereas only three of them were found to be significant predictors. Furthermore, two of the personality traits were found to explain 6% of the variation in leadership effectiveness, whereas only one trait was identified as a significant predictor (negative). Interpersonal competence explained 21% of variance in leadership effectiveness and ‘sensitivity’ and ‘active listening’ seems to be of particular importance.

Figure 2



- + = $p \leq .10$,
- * = $p < .05$,
- ** = $p < .01$,
- *** = $p < .00$.

Personality traits in bold text were found to be significant predictors.

Personality traits and interpersonal competence together explained 32 % of the variance in leadership effectiveness. The interpersonal competence caused an increase of 18 % in explained variance. The conclusion that can be drawn is that interpersonal competence seems to explain more of the variance in addition to what is accounted for by traditional personality measures.

‘Conscientiousness’, ‘emotional stable’ and ‘extraversion’ were all found relevant for managerial success in previous research (Salgado 1997). The findings regarding personality traits and leadership effectiveness described in this paper is partly supported by previous research in the field as previous authors (Bartram and Brown 2005a) has categorised the trait ‘ambitious’ within the ‘conscientiousness’ construct and ‘optimistic’ as a part ‘emotional stable’, whereas Matthews and Stanton (1994) has categorised ‘persuasive’ as a part of the ‘extraversion’ construct.

This research confirms the importance of interpersonal competence in the workplace today, and can be seen as supporting previous research within managerial competencies emphasising the importance of this competence for managerial success (Bartram, 2005; Boyatzis, 1982; Dulewicz, 1998; Hogan and Warrenfeltz, 2003; Kolk et al., 2004).

However, it is interesting that the two competencies ‘sensitivity’ and ‘active listening’ explain more of the variance in leadership effectiveness than the 32 dimensions in the personality test OPQ 32i. In a recruitment situation these competencies are better measured in assessment centre like situations than through ordinary interviews and personality tests. In leadership development, it is important to focus on training and development within these areas. However, further research is necessary to confirm these findings.

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