

## **CREATING AWARENESS ON THE RELATIONSHIP BETWEEN EMOTIONAL INTELLIGENCE, LEADERSHIP AND ORGANIZATIONAL CULTURE**

*Cristina - Iulia GHENU<sup>1</sup>*

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### **ABSTRACT**

*In latest years, emotional intelligence has become one of the important topics that is brought into discussion whenever the effectiveness of an entity is up for debate. Hence, the effectiveness of institutions and organizations is revised since emotional intelligence was sought to be of influence. Simultaneously, a leader ensures the creation of an adequate organizational frame thus, becoming another important factor of influence as he guides the managerial culture, offers a coherent and conceivable vision for the future and establishes the required performance of employees. Together, leadership and emotional intelligence, impacts organizations at a culture level. The current paper proposes to see which style of leadership is considered positive and effective, thus by combining it with emotional intelligence could result in an advantage for organizations as being the first step in developing an organizational culture that is built upon the two. Therefore, the study will address this subject by displaying a broad literature review which intends to explain and strengthen the relation/conjunction between styles of leadership, emotional intelligence and impact upon organizational culture.*

**KEYWORDS:** *emotional intelligence, leadership style, organizational culture.*

**JEL CLASSIFICATION:** *B50, O0.*

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### **1. INTRODUCTION**

In the last decade, the business environment has been confronting with a relevant development in terms of technology such as machinery, equipment, tools but also software programs. In the light of these advances, in technology, which are fusing along through the globalization process, today's global economy is experiencing a gain that generate various innovations in countries worldwide. However, from the beginning, innovations were designed with the intention to increase efficiency in terms of human productivity. Thus, as the authors Butler and Chinowsky explain in their study in 2006, firstly it is the performance and skills of the personnel inside an organization that will make a difference in the organizational performance, followed by the tools and other technologies. Also, the two authors along with others during the years such as Goleman (1998), Lindebaum and Cartwright (2010) underline the importance of the emotional intelligence component inside the organizational/ institutional environment. Their studies emphasize the role of emotional skills - such as understanding personal behavior, understanding others behavior, recognizing emotions and controlling them, thus paving the road to organizational performance by creating and maintaining this emotional organizational environment. So, we ask ourselves the question: how can such an environment be created or implemented? Since, the leader is the person who ensures the creation of an appropriate organizational frame based on the company's field of activity, leaders end up being important factors of influence in guiding the managerial culture, in providing coherent and conceivable visions and in establishing the expected performance of employed personnel (Schein, 1985). Taking this into consideration, as the authors Alon and Higgins (2005) explain, the leaders

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<sup>1</sup> The Bucharest University of Economic Studies, Romania, cristina.ghenu@man.ase.ro

inside an organization are the ones who have most successful „power” in transferring the vision to personnel and see it fulfilled. This is why, a leader’s features along with his emotional skills will aid him to fulfill organizational goals. Up to this moment, there are several theories regarding leadership that can be found in the contemporary literature. The focus of this paper will be on the main leadership theories from 20<sup>th</sup> century, namely which is seen to be more effective and has most positive effects, thus by combining that specific style with emotional intelligence will have as result a positive impact such as an organizational culture built upon the two. The current paper proposes to see which style of leadership is considered positive and effective, thus by combining it with emotional intelligence could result in an advantage for organizations as being the first step in developing an organizational culture that is built upon the two. The relation between styles of leadership, emotional intelligence and their impact on organizational culture is not an unapproached topic but somehow insufficient. Authors such as Brown and Moshavi (2005), Harrison and Clough (2006) suggest leadership theories are based on emotional intelligence, namely certain competences that care for the well-being of other personnel members. Since studies suggest emotional intelligence could impact the behavior of a leader that ultimately will spread at organizational level through the culture that is preached by that leader, the paper desires to explore the link between different styles of leadership and emotional intelligence and their impact on an entity’s culture.

## **2. LITERATURE REVIEW**

### **2.1. Emotional Intelligence**

Even from Medieval times, emotions were thought to distract people from their biddings and it continued so until researchers proved the alternative, that a nourished intellect could benefit people in different tasks they perform daily, professional as well as regular daily household chores. The in-depth studies concerning emotional intelligence (EI) have started during the 90’s. Three authors have built three major paths in their quest to define emotional intelligence.

Firstly, during 1990-1993, the two authors Mayer and Salovey expressed the term “emotional intelligence” as an extension for social intelligence that allows one to identify and understand personal emotions as well as other persons’ emotions. Based on their findings, one could acknowledge the difference between the two and use it to a better purpose in directing actions. It was not until 1997 when the two authors proposed an alternative to the initial model, called “the ability model”, which comprised four branches of cognitive abilities that were believed to be associated with the emotional way to process information, namely 1) accurate perceiving, appraising and emotion expressing, 2) accessing and generating feelings that ease thinking, 3) understanding emotions as well as emotional knowledge, 4) regulating emotions for increasing emotional growth. Secondly, also in 1997, the author Bar-On was developing another alternative model entitled “the non-cognitive model” which expressed the term “emotional intelligence” as a collection of non-cognitive competences, qualifications and skills that alter a person’s capacity to thrive in managing claims and tensions. Later, in 2006, the author declared the model to be social and emotional intelligent and suggested five specific dimensions for it, namely 1) interpersonal abilities that aid one to connect and communicate with other persons, 2) intrapersonal abilities that aid one to understand their own skills and competences, 3) adaptability capabilities that aid one to cope and understand the demands of an environment and solve complicated situations, 4) stress management capabilities that aid one to cope and handle stress and 5) general mood capabilities that aid one to maintain a positive attitude towards life. However, as affirmed by Gardner and Stough (2002), the elements of “the non-cognitive model” will be developed in time as they are constantly transforming during one’s lifetime and they address not the actual performance but rather its fundamental potential. The third alternative model was developed in 2002, by the author Goleman, entitled “the competency based model” that addressed workplace applications and is currently known as a theory of performance based on emotional intelligence. It comprises four abilities, namely 1) self-management that addresses the ability to control and manage the inner-self along

with personal desires, 2) self-awareness that addresses the ability to comprehend and accurately evaluate personal feelings, 3) social-awareness that addresses the ability to understand others and 4) relationship management that addresses the ability to stir up other's preferable answers and reactions. Like his predecessors in exploring and studying emotional intelligence, Goleman (2000) believes such intelligence can be developed in time, gradually, through learning.

## **2.2. Leadership Theories and Styles**

Similar to the emotional intelligence literature, the leadership one also comprises a number of theories that in time, they have been updated, which is why none can be seen or be considered as irrelevant. Still based on the context in which they are to be applied, some may have a higher precision than others, for example the difference between leadership applied in management as opposed to the one applied in functions where a high technical expertise is required (Dees and Picken, 2000). Taking this into consideration, it signifies the importance the culture, the working environment, the organization as well as regulations may have on the leadership style (Amabile et al., 2004). One of the oldest and well-known leadership theories was enunciated in 1847 by Thomas Carlyle in a period in which the accent felt on "the heroic" traits of a person. For this very reason the "great man theory" argued that leaders were born and they cannot be made.

On the opposite, "the traits theories" ignored the aforementioned and focused on emergent traits such as the ones with which a person is born, along with effectiveness traits, the ones that can be learned (Ekvall and Arvonen, 1991). Still the theory was disfavored as it turned out there were only small differences and variances between the traits of an effective leader against followers (Burns, 2003). The third theory, so called "contingency theory" as Greenleaf (1977) explains, does not recommend a specific style of leadership, for it depends on the specifics of both internal and external environment of the organization. Thus, to be effective, the leader must easily adapt to any situation and know when to switch the style depending on tasks or relationship orientation (situational leadership). For this reason, the theory emphasizes that a leader is the central of the organization but the subordinates have the main influence for establishing the relation, which is why the leadership style should be adjusted based on the maturity of the employees (Bass, 1997). The fourth leadership theory in the literature is called the "style and behavior theory" which recognize that certain skills are required in leadership while suggesting that each person has a particular style to lead, one that pleases him. In 1989, Yukl added three more leadership styles, namely democratic leadership where the focus falls on the input as the leader consults with individuals before making decisions, autocratic where the focus is on output/results for the leader makes decisions on his own and laissez faire where the leader allows individuals to make the decisions on their own. However, the latter style was successful only when applied on a team where individuals had extraordinary skills and abilities. Other additional theories of leadership focus on the process such as the servant leadership introduced in 1970 by Greenleaf and discussed later in the 90's. This particular style was concentrating on individuals' anxieties by helping them become free of them, thus, the leader becomes a nurturer and carrying character that "serves" the vision of the organization rather than its people. Between the 70's and 80's the leadership practices started to concentrate more on the exchange between leaders and subordinates hence, the "transactional theory" appeared which stated that each of the two parts involved will learn from each other (House and Shamir, 1993). This type of leadership is composed out of three parts namely 1) the passive and 2) the active part known as management-by-exception and 3) the contingent reward used for performance expectations as well as measurement chart. (Avolio and Bass, 1997). Such a leadership uses extrinsic rewards and ultimately affects job satisfaction.

Initiated by Burns (1978) and extended by Bass (1985) another leadership theory was distinguished, one that emphasizes the implications of subordinates in the activities related to the organizations such as the "transformational theory". Such leaders pursue to increase motivation for the both parties implicated in the process by using the goals values and beliefs of the organization therefore increasing overall performance (House and Shamir, 1993). In this situation the leader will put aside

his own interest and follow the interest of the group, he will empower subordinates, he will act ethical as he will obtain the trust, respect and agreement of subordinates (Bums, 2003). It was not until 2006 when the authors Bass and Riggo proposed the five elements that form this style of leadership, namely 1) the attributed idealized influence that addresses the leader's ideals, strength and charisma, 2) the behavioral idealized influence that addresses the leader's charismatic actions based on organizational values, 3) the inspirational motivation, 4) the intellectual stimulation addressing the extent in which the leader stimulates creativity and participation and 5) individualized consideration addressing the extent in which the leader provides social-emotional support to subordinates and empowers them.

### **2.3. Organizational Culture**

Back in 1997, Schein expressed the term of "organizational culture" as being one of the four categories of culture that can be identified, namely macro-cultures-such as nations, organizational cultures, subcultures-within organizations and microcultures. Moreover, the author structures the culture on three levels such as espoused beliefs and values that are not visible but may result from research studies, artifacts such as offices and facilities that are visible and basic fundamental assumptions that are not visible but highly important to maintain people's cognitive stability in a working place.

Hence, the organizational culture as expressed by the authors Tolmats and Reino (2006), is seen as a design of fundamental assumptions that are being taught to a group of persons after they passed through an adapting process, in which a certain method or procedure is believed to work properly and which can be learned by the new arrivals so that ultimately, they will be able to apprehend, believe and feel in the same manner when facing difficulties. The foundation of every organization's management system and practices is represented by the culture of that organization, in other words the beliefs, the values and assumptions. Therefore, the management system and practices will ultimately strengthen the attitudes, the beliefs, the values and behavior of individuals as well as groups (Aydogdu and Asikil, 2011). As expressed by Eskildsen and Dahlgard (2000) and Martins and Martins (2002) the culture of an organization has four basic dimensions, namely 1) the policies and strategies that enable the personnel to comprehend the mission, the vision as well as the values of the company and how to convert them into feasible goals, 2) the personnel that has to be integrated properly inside the organization, to ease communication between different hierarchical levels and reduce the chances of conflict, 3) the management process that include administrative section, human resource section, change management section, communication section and innovation, and 4) leadership that is based on personnel's perceptions. According to McMurray (2003) it is believed the behavior of employees can be influenced mainly by the leadership as well as the personnel of an organization. Therefore, the aspects of a leadership style will dictate the way the culture of an organization will develop (Martins and Coetzee, 2007).

## **3. RESEARCH METHODOLOGY**

This paper proposes to describe and study the relation between several styles of leadership and emotional intelligence as well as their impact upon the culture of the organization.

In order to build the research and address this subject, secondary data analysis was required for describing and evaluating the relation between styles of leadership, emotional intelligence and organizational culture. For this reason, the method know as descriptive-analytic was used.

Thus, research literature was collected and reviewed for a period of one month through the use of well-known research international databases and library such as EBSCO Publishing, Science Direct, ProQuest, Elsevier, Index Copernicus International, Socolar and Springerlink, but also by reviewing books on the related topics.

A focus group was made, formed out by both academic members along with few organizational leaders, with the purpose to establish the research framework. Meeting were held each week in

order to discuss the issues on the agenda and provide constructive criticism on various aspects concerning emotional intelligence, leadership and organizational culture.

#### **4. INTERCONNECTION: EMOTIONAL INTELLIGENCE – LEADERSHIP – ORGANIZATIONAL CULTURE**

Taking into consideration the increasing interest the scientific literature along with the organizational environments have provided to the concept known as „emotional intelligence”, the current study pursues to increase awareness on the connection between the emotional component of an organization (the emotional intelligence) and the type of leadership that is seen effective in developing the organizational culture of an entity. By analyzing the literature on leadership theories presented aforehead, it can be said that the foundation work of any leader was, is and will be, to devote himself to the prosperity and welfare of other employees, thus taking upon oneself a social responsibility.

In time, leadership theories have started with birth abilities, characteristics and benefits, followed by abilities and approaches that can be taught, to type of leadership designed for each situation, and even to styles designed for group actions and operations, working their way up to leadership styles focused on employee interactions (personal functions) and presently, also focusing on group interactions but with an accent on personal, emotional and organizational enhancement (Yammarino, 1999). In particular, the transformational leadership can be differentiated by the rest of the theories through its personal factor, for it strives to implicate the members in all organizational activities with regard of the emotional aspects. According to House and Shamir (1993) such leadership increases the motivation of both parties involved in the process. For this very reason studies pursued to investigate the relation between the transformational leadership and emotional intelligence to see whether the results have a positive or a negative influence. One of such studies was designed by Barling et al. (2000) where the authors used the Inventory of Bar-On to measure the emotional intelligence (EI) and examined leadership styles at 50 managers, thereby obtaining a high positive correlation between EI and three items of the transformational style. Later on, in 2001, Palmer et al. also investigated the relation between the transformational style of leadership and EI by using a certain scale which customized traits and moods to measure the emotional intelligence. The results proved a high correlation between two leadership capabilities such as 1) assessing own emotions as well as others emotions and 2) managing emotions. Afterwards, in 2002 another study elaborated by Gardner and Stough investigated the relation leadership-IE, using a Swinburne IE test on 110 senior managers. Their results also underline a powerful correlation between the transformational style and emotional intelligence. Later, in 2006, the authors Barbuto and Burbach examined the link between EI – transformational leadership and obtained a strong positive correlation as they performed their study on 80 leaders from a US community. Another significant study that reveals the strong positive relation between emotional intelligence and the transformational style is the one from 2010, in which Corona implicated a number of 103 members from an Hispanic organization in US. In addition, in 2016, Spano et al. investigated the relation between EI-transformational leadership on a sample of nurse managers. Results prove that nurse management effectiveness will increase is EI characteristics are taken into consideration as a result of a significant positive correlation obtained between EI and transformational leadership practices. Based on the analyzed studies it can be stated that emotional intelligent leaders have increased capabilities in meeting the expectations of their subordinates therefore obtaining overall satisfaction by meeting requirements (Barling et al., 2000; Gardner and Stough, 2002; Palmer et al., 2001; Spano et al., 2016). Another positive argument resulted from the use of emotions in managing the leader-follower relation as the emotional component has successfully attracted inspirational management and strongly correlated with components of transformational leadership (Barbuto and Burbach, 2006).

Since the doing of the leader implies to devote himself to the prosperity and welfare of other employees, thus taking upon oneself the social responsibility of the organization, it describes how leaders become the main character in initiating and defining the attitudes and values that form an organizational culture (Jakyte, 2004). The first authors who supported the theory that transformational qualities can describe an organizational culture, were Bass and Avolio (1993) therefore implying the strong connection between the two. According to them, such a leader will pursue a path that leads to personal growth by accomplishing higher and higher goals, thereby promoting such a culture. Since transformational leadership requires the leader to motivate the parties implicated but not only as personal members but rather as a group that will hold the interests of the organization higher than their own (Xenikou and Simosi, 2006).

As expressed by the authors Tolmats and Reino (2006) the organizational culture, is perceived as a design of fundamental assumptions, that a group of persons will learn as soon as they finish their adapting process, where certain procedures are believed to work properly and which can be learned by the new arrivals so that ultimately, they will be able to apprehend, believe and feel in the same manner when facing difficulties. The foundation of every organization's management system and practices is represented by the culture of that organization, in other words the beliefs, the values and assumptions. Therefore, the management system and practices will ultimately strengthen the attitudes, the beliefs, the values and behavior of individuals as well as groups (Aydogdu and Asikil, 2011). Hence, the emotional intelligence provides organizations the possibility to model their organization culture through different activities (Langhorn, 2004) but, the studies in the working framework remain inadequate (Matthews et al., 2004). By using the competing values framework in business environment, Tolmats and Reino (2006) found links between EI competences and types of organizational cultures. Results showed that organizational members with small EI gave smaller estimates to organizational culture, thus a higher EI will be positively associated with a type of organizational culture focused on human interaction and relation. Later, in 2012 another study proposed to evaluate the relation EI-organizational culture successfully showing their direct impact upon another, therefore enhancing the field of research for how emotional intelligent people can produce development in organizational culture (Danaeefard et al., 2012).

## **5. RESULTS AND DISCUSSION**

In latest years, the interest that enclose „emotional intelligence” has attracted the curiosity of organizations and brought up for debate if it can be used as a tool for increasing the effectiveness and performance of an entity. For this reason, the effectiveness of institutions and organizations was revised in order to see if emotional intelligence influenced entity's environment or not. Since, the relation between a leader and its followers ensures the creation of an adequate organizational frame and offers a coherent and conceivable vision for the future of the company, leadership becomes another tool of interest that increases entity's effectiveness. Together, the relation between leadership and emotional intelligence, impacts the entity at a culture level, which is why the effect of this relation was examined by doing a thorough analysis of the existing scientific literature. It was found that the relation between emotional intelligence and a specific type of leadership are associated positively with effectiveness and have a strong correlation, namely with transformational leadership (George, 2000). Thus, a number of relevant studies were found to support this relation between EI and transformational leadership style as both encompass emotion-constructs (Barbuto and Burbach, 2006; Barling et al., 2000; Corona, 2010; Gardner and Stough, 2002; House and Shamir, 1993; Palmer et al., 2001; Spano et al., 2016). Because this specific type of leadership is associated with a leader's talent and traits to motivate, aid and inspire organizational members it signifies that his emotional abilities are highly important for they must be in control of personal emotions as well as others while handling the organizational environment and come up with effective solutions without giving it up to stress. Hence, not only relation-skills are required from the transformational leader but also good communication social-awareness and socio-emotional

skills. Based on such traits and capabilities, a number of studies found this particularly type of leader that also scores a high emotional intelligence is able to realize all the above with success for his leadership will dictate the overall behavior of organizational members thereby developing a specific type of organizational culture (McMurray, 2003; Martins and Corteze, 2007). For this reason, not only, a leader usually impacts the organizational culture of an entity, but in this situation adding to the transformational leader the high emotional intelligence capacity will be successful in promoting a culture in which great goals are accomplished, the individual growth of members is nourished, continuous development is cultivated at organizational level, and all these with focus on emotional intelligent compounds. In addition, the transformational leaders will not only have a high emotional intelligence with which they will "build" the organizational culture but they will also preach this intelligence to their followers which is how they will succeed to enhance the overall performance of the organization.

## 6. CONCLUSIONS

The current paper was designed as a conceptual research thereby using a extant literature analysis in order to scrutinize and describe the existing relation between emotional intelligence-leadership styles and organizational culture, more exactly if there is a style of leadership that combined with a high emotional intelligence can have a positive effect upon the culture of an organization. Based on the scientific literature survey that was conducted, it resulted that the transformational leadership is the one that encompasses emotional-compounds which correlates positively with the ones of emotional intelligence. Furthermore, not only the two have a strong correlation but combined will influence the culture of an organization by expanding the organization's ability to implement change and adapt to new influences and remain competitive in organizational environments. Explored scientific literature proved the organizations whose leader combined transformational leadership style with a high emotional intelligence became more effective through their culture. Therefore, a leader that has such intelligence and exercise the transformational style can also teach emotional components and incorporate them in the values, thereby creating new behavior through organizational culture. A success in such behavior would imply that all members would follow a common set of values and norms, they would thrive towards organizational achievement and power.

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