

# THE IMPACT OF EMOTIONAL INTELLIGENCE ON ORGANIZATIONAL CLIMATE

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**Abstract:** *This paper highlights the relationship between employees' emotional intelligence and their experience of organizational climate. We analyze the two concepts in two Romanian multinational organizations and we demonstrate that emotional intelligence has a positive impact on organizational climate, which means that employees with higher scores of emotional intelligence experience a more positive organizational climate. Also, a higher level of heterogeneity in EQ scores leads to a more negative perception of organizational climate.*

**Keywords:** *emotional intelligence, organizational climate, family business*

## 1. Introduction

There is continuing interest in how emotions influence organizational climate (Ashkanasy & Härtel, 2014; De Rivera, 1992; Hareli & Rafaeli, 2008). Some authors have focused on negative emotions and demonstrated how these create climates of fear (Ashkanasy & Nicholson, 2003a), climates of silence (Edwards, Ashkanasy, & Gardner, 2009), or emotional contagion that affect organizational attitudes toward leaders (Dasborough, Ashkanasy, Tee, & Tse, 2009). Others have focused on positive emotions and how they can lead to positive emotional climates and organizational change (Avey, Wernsing, & Luthans, 2008; Sekerka & Fredrickson, 2008; Vacharkulksemsuk, Sekerka, & Frederickson, 2011).

However, only a few of these studies have tried to analyze the impact of emotional intelligence on organizational climate. It is clear that positive emotions lead to a virtuous cycle, while negative emotions lead to a vicious one. It is also clear that positive and negative emotions coexist in organizations and are revealed in alternating cycles (Ashkanasy & Härtel, 2014). But it is less clear how the identification, assimilation, expression, understanding, and regulation of both positive and negative emotions, in other words, emotional intelligence (Matthews, Zeidner, & Roberts, 2002) impacts organizational climate. Thus, while informative about the role of positive and negative emotions on organizational climate, much of this prior work ignores the link between

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emotional intelligence and organizational climate.

The purpose of this paper is to identify the relationship between employees' emotional intelligence and organizational climate. It concludes that emotional intelligence has a positive impact on organizational climate, with higher levels of emotional intelligence leading to more positive organizational climates. Moreover, higher levels of heterogeneity in EQ scores lead to a more negative perception of organizational climate. The link between emotional intelligence and organizational climate is considered to have implications on recruitment and selection strategies, as well as on training managerial and non-managerial employees.

## **2. Theoretical Background**

### **2.1. Emotional intelligence**

In the last two decades, emotional intelligence has become an extremely important concept analyzed in relation to staffing, training, leadership development, and teamwork, but only seldom in relation to organizational climate. In accordance with previous research, we consider that emotional intelligence refers to "the subset of social intelligence that involves the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions" (Salovey & Mayer, 1990, p. 189 in Côté, 2014, p. 460).

There are many different definitions of emotional intelligence, but generally, researchers assume that the competence (Matthews et al., 2002) or the ability (Salovey & Meyer, 1990 in Côté, 2014) to regulate and manage emotions effectively and productively (Sălceanu, 2016) will make people more intelligent.

Daniel Goleman (1998) suggests that there are many different models of emotional intelligence, but all of them have a common core of basic concepts. His model includes four such concepts: 1) the capacity to recognize emotions in the self (Self-Awareness); 2) the capacity to regulate emotions in the self (Self-Management); 3) the capacity to recognize emotions in others (Social Awareness); and 4) the capacity to regulate emotions in others (Relationship Management) (Emmerling, Shanwal, & Mandal, 2008).

### **2.2. Organizational climate**

Beginning as early as 1960, research on organizational climate focused on the reactions and experiences of employees at their work settings. As such, organizational climate is defined as "the meaning organizational employees attach to the policies, practices, and procedures they experience and the behaviors they observe getting rewarded, supported, and expected" (Schneider & Barbera, 2014, p. 12).

Since organizational climate is based on employees' shared perceptions of organizational events, practices, and procedures, most empirical studies of organizational climate, ours included, use an aggregate unit of analysis, such as the working group, department, or organization (Chan, 2014; Patterson et al., 2005)

The organizational climate is usually described as a class of valuable features of the working environment, which are directly or indirectly perceived by employees

(Abdulkarim, 2013), and which can influence their behavior and motivate them. The climate itself affects job satisfaction and hence individual and group productivity and performance.

Litwin and Stringer (1968) developed the first widely used instrument for measuring the organizational climate identifying six different facets of climate: structure, individual responsibility, reward, risk and risk-taking, warmth and support, and tolerance/conflict.

In our research project, we follow Ticu Constantin's (2008) model of organizational climate, which contains eight factors:

1. Task: how tasks and objectives are defined for the entire organization and for each employee (clear objectives).
2. Structure: how work is organized regarding the efficiency, flexibility, and adaptability of the positions and functions (efficient organization).
3. Relationship: the quality of the relationship between employees in regards to professional communication and collaboration; a non-conflict climate (positive relations).
4. Motivation: the existing motivational climate within the company, ensured by remuneration, promotion, competence, development, etc. (stimulating motivation).
5. Support: the resources and working conditions provided by the organization to achieve a high-performance activity (high-performance support)
6. Management: efficient leadership style, supporting individual and collective performance (effective leadership).
7. Innovation: the organization's general attitude towards change reflected in the flexible style, adaptability, initiative, and creativity (attitude towards change).
8. Performance: the organization's performance, evaluated according to the achieved objectives, cost reduction, and the positive image (overall performance).

### **2.3. The relationship between emotional intelligence and organizational climate**

Reed (apud Al Ghazo, Suifan, & Alnuaimi, 2019) studied the relationship between emotional intelligence and organizational climate and how each contributes to the general performance of an organization. The results showed that emotional intelligence not only had a positive impact on organizational climate, but it was a necessity for bureaucratic structures that aimed at better problem solving and decision-making.

Other studies also showed that the emotional intelligence of team members influences the organizational climate. Low levels of emotional intelligence affect financial results, lead to internal conflicts, and, consequently, higher employee turnover (Schneider & Barbera, 2014).

Recent studies explored the relationship between emotional intelligence and organizational climate and highlighted the importance of leaders' behaviors on the perceptions and attitudes of employees (Momeni, 2009). Moreover, according to Goleman (2001), leaders' attitudes are imitated by followers. Therefore, leaders who show positive attributes, such as optimism and empathy, have a valuable impact on employee behavior by creating and maintaining supportive relationships, while leaders with toxic behaviors can harm employee relationships and subsequently affect the

climate and organizational outcomes.

Analyzing organizational climate allows us to identify employees' opinions and perceptions of work settings that are often built on emotions. Thus, we posit that emotional intelligence within organizations is extremely important in maintaining a positive organizational climate.

### **3. Study Objectives and Hypotheses**

The general objective of this study is to identify the relationship between employees' emotional intelligence and organizational climate. The first hypothesis of the present study predicts that employees with a higher level of emotional intelligence will experience a more positive organizational climate. The second hypothesis refers to the fact that managers have a higher level of emotional intelligence than employees in non-managerial positions.

### **4. Data Collection Method**

We conducted a study where we used two standard instruments, one for measuring emotional intelligence and one for measuring organizational climate. This study involved administering the two questionnaires to 99 employees from two multinational organizations in Brasov, Romania. Data for this study were collected between March and May 2020.

We have used the standardized Emotional Intelligence Questionnaire to measure employees' EQ. This questionnaire was designed by the NHS London Leadership Academy in 2014 based on the emotional intelligence model created by Daniel Goleman. It consists of 50 items with 5 answer options, where 1 = does not apply, 3 = applies half the time and 5 = always applies. This questionnaire was created to measure the five competencies of emotional intelligence, such as self-awareness, self-motivation, emotion management, empathy, and social skills.

We have used „Chestionar C.O. IV” developed by Ticu Constantin (2004) to measure organizational climate. This questionnaire consists of 40 items with 7 answer options, where 1 = total disagreement, 4 = neither agreement nor disagreement and 7 = total agreement. It includes eight factors that affect organizational climate: task, structure, relationships, motivation, support, management, innovation, and performance.

### **5. Results**

The data were analyzed using SPSS and correlation coefficients, parametric tests, and linear regression models were used to test the two hypotheses. The fidelity of the two scales was tested using Cronbach's coefficient. Both instruments obtained coefficients greater than 0.60 for each dimension (Table 1).

*Instrument Fidelity*

Table 1

<b>EI Instrument Dimensions</b>	<b>Alpha Cronbach Coefficient</b>	<b>OC Instrument Dimensions</b>	<b>Alpha Cronbach Coefficient</b>
Self-awareness	0.858	Task	0.841
Managing emotions	0.714	Structure	0.838
Motivating oneself	0.842	Relationship	0.864
Empathy	0.894	Motivation	0.847
Social skills	0.885	Support	0.812
		Management	0.835
		Innovation	0.838
		Performance	0.823

The first hypothesis: employees with a higher level of emotional intelligence will experience a more positive organizational climate.

This hypothesis was confirmed using the Spearman correlation coefficient ( $r_s = 0.541$ ,  $N = 99$ ,  $p < 0.001$ ). Thus, the higher the level of employees' emotional intelligence is, the more positive their experience of organizational climate becomes.

Moreover, we have used a linear regression model to see what percentage of the organizational climate variable variation is explained by the emotional intelligence variable. Thus, the data showed that emotional intelligence (the independent variable), explains 30% of the general experience of organizational climate (the dependent variable) ( $R^2 = 0.30$ ,  $F(1.97) = 43.349$ ,  $p < 0.001$ ).

After this analysis, we also wanted to see if this relationship remains valid on the subsamples composed of the two multinational companies where the questionnaires were administered. We considered doing this to have a validation of the model on two different companies. Thereby, this model remained valid on both subsamples. ( $R_1^2 = 0.30$ ,  $F(1.49) = 23.12$ ,  $p < 0.001$ ; ( $R_2^2 = 0.27$ ,  $F(1.46) = 18.38$ ,  $p < 0.001$ ). Therefore, we conclude that 30% of the organizational climate variable variation is given by emotional intelligence, regardless of the organizational climate experienced in the company. The remaining 70% is given by other factors, which were not included in the study.

The second hypothesis: managers have a higher level of emotional intelligence than employees in a non-managerial position.

For testing this hypothesis, we have used the Independent-Samples T-Test to compare the mean of emotional intelligence summative index on the subsamples comprised of managers and non-managerial employees. According to the test results [ $t(97) = 3.09$ ,  $p = 0.003$ ], there is a statistically significant difference between the two subsamples' means. Additionally, the data showed that the emotional intelligence mean of managers is 196, much higher than the emotional intelligence mean of non-managerial employees, which is 172. Therefore, managers have a higher level of emotional intelligence ( $M = 196$ ,  $SD = 17.66$ ) than employees in non-managerial positions ( $M = 172$ ,  $SD = 27.79$ ,  $t = 3.098$ ,  $p = 0.003$ ).

## 6. Future Research Suggestions

After analyzing the data, we have discovered another hypothesis worth examining in future research: if there is a significant difference between the level of emotional intelligence of managers and non-managerial employees, then employees will experience a more negative organizational climate.

To test this hypothesis, we used the Independent-Samples T-Test, and we compared the level of emotional intelligence and the perception of organizational climate, of both managers and non-managerial employees from the two companies under study.

In the first organization, we have found that managers' level of emotional intelligence ( $M = 191$ ,  $SD = 11.87$ ) does not significantly differ from that of the non-managerial employees' in the same organization ( $M = 178$ ,  $SD = 22.66$ ,  $t = 1.11$ ,  $p = 0.27$ ). Moreover, the mean of the perception of organizational climate by managers ( $M = 5.7$ ,  $SD = 0.38$ ) does not significantly differ from the mean of the perception of organizational climate by non-managerial employees ( $M = 5.6$ ,  $SD = 0.77$ ,  $t = 0.22$ ,  $p = 0.82$ ).

In the second company, we have discovered that the managers' level of emotional intelligence ( $M = 197$ ,  $SD = 19.81$ ) differs significantly from that of the non-managerial employees ( $M = 164$ ,  $SD = 31.09$ ,  $t = 4.12$ ,  $p = 0.000$ ). The same thing was observed regarding organizational climate. Thus, the mean of the general perception of organizational climate by managers ( $M = 5.5$ ,  $SD = 0.78$ ) differs significantly from the mean of non-managerial employees ( $M = 4.7$ ,  $SD = 0.72$ ,  $t = 3.38$ ,  $p = 0.001$ ).

After analyzing the statistical data, we posit that higher heterogeneity in EQ levels in the second organization (the significant difference in EQ levels between managerial and non-managerial positions) explains why there is a more negative experience of the organizational climate, compared to the other organization where there is a higher homogeneity in EQ levels (non-significant differences in EQ levels between managerial and non-managerial employees).

## 7. Discussion

After analyzing the results of this study, we have discovered that the level of managers' emotional intelligence is significantly higher than that of non-managerial employees. This is essential in organizations because employees emulate managers' or leaders' characteristics, a process defined by many as "contagion" (Ashkanasy & Nicholson, 2003b; Dasborough et al., 2009). Increased interaction between managers/leaders with higher levels of EQ and employees can lead to positive relationships and thus to a positive organizational climate that can facilitate increased performance and productivity.

In addition, higher levels of heterogeneity in both EQ and organizational climate scores between managers and non-managerial employees could lead to conflicts in work teams and can thus affect performance and job satisfaction. Higher levels of homogeneity in EQ scores increase positive perceptions of organizational climate. Organizations need to invest in increasing emotional intelligence not only for managers but especially for employees in order to ensure a more positive perception of organizational climate.

In terms of practical implications, we suggest that organizations focus on recruiting employees with higher EQ levels. When selecting, a simple EQ test could reveal which candidates are suited for managerial or staff positions that require increased social interaction. In other words, emotional intelligence could be an essential criterion for selecting employees who will work in teams, lead team members, and maintain effective relationships with both colleagues and customers.

This research is important because we believe that a low level of emotional intelligence can lead to internal conflicts, a high turnover rate, lack of trust and support, as well as a decrease in performance and satisfaction, and a negative perception of organizational climate. The perception of organizational climate is influenced by daily experiences which are mostly emotional. Thus, higher levels of emotional intelligence are extremely important in organizations, as they help to maintain a positive organizational climate. Organizations need to be open to invest not only in the technical training of employees but also in the development of their general skills and competencies, among which EQ seems to be a top priority.

### **8. Limits of the Study**

This pilot research project has two main limits: sample size and the selected sampling method. First of all, the small sample size leads to a reduction in the strength of the statistical tests. Given the fact that the research was conducted during a lockdown phase of the COVID pandemic, a sample of 99 employees was considered sufficient for this pilot project. However, future research should use bigger samples to increase representation.

Second, employees were selected on a voluntary basis. We have used a snowball sampling strategy which we believe induced a higher degree of homogeneity both in terms of emotional intelligence and organizational climate. Future research should consider stratified or random sampling methods that could generate different results.

### **9. Conclusions**

In this pilot project, we have posited that emotional intelligence has a positive impact on organizational climate in the sense that people with a higher level of emotional intelligence will experience a more positive organizational climate. Following the statistical analysis, we have concluded that the relationship between emotional intelligence and organizational climate has a medium intensity. However, emotional intelligence still explains 30% of the variation of the organizational climate (dependent variable), which we consider to be a high percentage in this case where emotional intelligence is the only variable included in the linear regression.

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