

*Full Length Research Paper*

# Emotional intelligence of leaders and organizational culture: Evidence from IT companies in Malaysia

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**This study examines the relationship between emotional intelligence of leaders and organizational culture. A survey method was used in this study. The research instrument was a structured questionnaire. The respondents were 177 employees drawn from IT companies in Malaysia. The study found that emotionally intelligent leaders have positive influence on all of the five dimensions of organizational culture – job challenge, communication, trust, innovation and social cohesion. The results suggest that leaders with high emotional intelligence will contribute to positive perceptions of organizational culture among employees. The implication of this finding is that human resource practitioners must seriously consider to enhance leaders' emotional intelligence through proper recruitment and selection policies as well as training programs that incorporate emotional intelligence elements. Emotional intelligence of leaders has significant influence on subordinates' behavior outcomes such as their perception on the daily practices of the organization.**

**Key words:** Emotional intelligence, leadership, organizational culture dimensions, emotionally intelligent leader, Malaysia.

## INTRODUCTION

The success of an organization depends very much on the organizational culture where leaders play a pivotal role in shaping the culture that makes the company stand out from others (Goffee and Jones, 1998). Leaders have considerable freedom to decide how their organizations will be run and thus, can be expected to play a significant role in influencing the culture of an organization (Taormina, 2008).

The massive change in the business world of today, with technical innovation, global competition and diversity of manpower, requires organizations to have new leadership skill to survive. In comparing great leaders with the average ones, Goleman (1995) found that nearly "90% of the differences in their profiles was attributable to emotional intelligence (EI) factors rather than cognitive abilities" (p. 108). This indicates that emotional intelligence is a significant competency of leaders.

George (2000) theorized that emotionally intelligent

leaders are essential to an organization as they have the ability to influence employee perception about their work importance, able to instill positive moods that generate enthusiasm, foster mutual trust and cooperation between employees and the management. Cawood (2007) found that organizational culture also influences employee behavior. According to him, "culture can be the deciding point for an employee who chooses to just show up at work – or to actually contribute to your organization (cited in Stadler, 2007, p. 1).

There are empirical studies on the relationship between leadership and organizational culture (Block, 2003; Chodkowski, 1999, Ogbonna and Harris, 2000). However, very little research has looked into the relationship between emotional intelligence of leaders and organizational culture. Herriford's (2002) dissertation examined the relationship between emotional intelligence and high-technology organizational culture. The study suggested that to realize the full potential of the human spirit, organizations should encourage development of balanced emotional competencies and uphold values that engage the richness of the human experience. It is apparent that

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emotional intelligence and organizational culture is a relatively new avenue of research particularly in relation to leaders and thus it is beneficial to understand the relationship between leaders' emotional intelligence and organizational culture from the employees' perspective. Many culture theorists have classified culture into different dimensions. It would be interesting to see how leaders' emotional intelligence can affect each of the cultural dimensions. Furthermore, most studies on leaders and organizational culture have been conducted in western setting and samples collected in Malaysia are limited. This study intends to address these research gaps.

## LITERATURE REVIEW AND HYPOTHESIS

### The development of emotional intelligence concept

Emotional intelligence has its roots in Thorndike's (1920) concept of social intelligence as well as Gardner's (1983) concept of inter-personal and intra-personal intelligences. Thorndike defined social intelligence as the ability to perceive self and others' internal states, motives, and behaviors, and to respond most favorably, based on that information (Mayer and Salovey, 1993).

Gardner (1983) introduced "multiple intelligences" in 1983 where seven types of intelligence were suggested:

- (1) Linguistic
- (2) Logical-mathematical
- (3) Spatial
- (4) Musical
- (5) Bodily-kinesthetic
- (6) Interpersonal
- (7) Intrapersonal

Gardner (1997) added the eighth type of intelligence called "naturalistic". However, inter-personal and intra-personal are considered the most influential to the current development of emotional intelligence theories. He defined them as: "interpersonal intelligence is the capability to comprehend others: what motivates them, how they work, how to work cooperatively with them. Intra-personal intelligence, on the other hand, refers to a correlative ability turned inward. It is an ability to form an accurate, veridical model of oneself and to be able to use that model to function effectively in life" (p. 25).

Bar-On (1997a) defines emotional intelligence as a non-cognitive intelligence which describes multi-dimensions of interrelated emotional, personal, and social abilities that influence one's overall ability to actively and effectively cope with environmental demands. The emotional intelligence dimensions of Bar-on model comprise of intra-personal skills, inter-personal skills, adaptability, stress management and general mood.

Peter Salovey and John Mayer describe emotional

intelligence as "the subset of social intelligence that involves the ability to regulate emotions and feeling in oneself and others, to discriminate among them, and to use this information to guide one's thought and actions" (Salovey and Mayer, 1990, p. 189).

Daniel Goleman, popularized the concept of emotional intelligence in his bestselling book entitled "Emotional Intelligence: Why It Can Matter More Than IQ" in 1995. He described it as the ability to organize one's feelings and others in order to motivate and manage relationship within oneself and others. Emotional intelligence has come to be known as an ability that can be trained or developed. Goleman divided emotional intelligence into two broad categories - personal and social competencies. These are further broken down into four supporting competencies such as self-awareness, self-regulation, social awareness and relationship management.

Schutte et al. (1998) adapted the original model of emotional intelligence developed by Salovey and Mayer in 1990 and called its measurement as the assessing emotions scale (Schutte et al., 2007). The assessing emotions scale attempts to assess characteristics, or traits of individual emotional intelligence in three aspects: appraisal and expression of emotions in self and others, regulation of emotions in self and others and utilization of emotions in solving problems (Schutte et al., 2007).

The current study utilizes the emotional intelligence scale advanced by Schutte et al. (1998) for five reasons:

- (1) The development of the scale has theoretical foundation based on the early work of emotional intelligence model done by Salovey and Mayer (1990).
- (2) The assessing emotions scale has sound psychometric properties. Schutte and her colleagues reported that the scale has high internal consistency with Cronbach's alpha of 0.90. Numerous studies that used the scale have shown good reliability with mean alpha across sample of 0.87. In addition, a two-week test-retest conducted by Schutte et al. (2007) indicated reliability of 0.78 for total scale scores.
- (3) There is evidence for convergent and divergent validity. For example, the scale has been found to correlate with theoretically related construct such as mood repair, optimism, impulse control, better supervisor rated task performance, better organizational citizenship, less depression and greater life satisfaction.
- (4) The scale is easily accessible to anyone who is interested in EI related research.
- (5) The scale can be used with respondents from a variety of population and age group - adults and adolescents. Additionally, it is easy to comprehend and culture free (Ogunyemi, 2007; Schutte et al., 2007).

### Emotionally intelligent leaders

Emotional intelligence leaders are classified as the ones who are aware and have an understanding of their own

and others' emotion, and are capable of using that understanding to effectively motivate, inspire, challenge, and connect with others. Scholars tend to believe that such leaders are more highly correlated with employee satisfaction and performance effectiveness than the traditional managers (Morehouse, 2007).

Leaders with high levels of emotional intelligence possess characteristics such as ability to communicate effectively, empathize with others, which in turn, enable them to develop cohesive and supportive relationships. Likewise, they are capable of generating innovative thoughts and ideas when the environment they work with provides such support (Prati et al., 2003). In this respect, it would be expected that such leaders are capable of transmitting their influences to create a healthy culture in the organization.

From the leadership literature, there are several ways that emotional intelligence appears to contribute to positive management behavior. Leaders with above average levels of emotional intelligence normally have above average ability in handling stress. Such ability is essential for generating and maintaining enthusiasm, confidence, and cooperation in the workplace (Stone et al., 2007).

In many cases, leaders lead not through rational and logical decision making but via emotion and thinking. Under such circumstances, emotional intelligence skills play a central role for effective management (Mayer and Caruso, 2002). In other words, leaders who can identify emotions accurately and clearly may often be better able to anticipate uncertainty, cope with stressful situation, and soundly implement change in an organization.

## Organizational culture

Organizational culture is often difficult to define due to the intangible aspects of culture (Schraeder et al., 2005). Hofstede (1990) defines organizational culture as perceived common practices which distinguish one company from the others. Culture is learned, not inherited.

According to Goffee and Jones (1998), organizational culture is the underlying social architecture. It consists of an organization's widely shared values, symbols, behaviors and assumptions. These components of culture are usually implicit. Inherently these components can make the difference between a company that wins and loses. For individuals, they can make the difference between commitment and dissatisfaction as well as the distinction between joy and boredom on the job.

Leaders influence the way cultures evolve, positioning their organization for competitive advantage as cultures are not easy to be imitated in a short time. Hence, culture can be used to sustain competitive advantage. Today, it is increasingly recognized that the way people act towards each other in the organization makes the whole system difficult to copy (Goffee and Jones, 1998).

Similarly, Jim Collins and Jerry Porras' study showed that what made these extraordinary companies stand out from everyone else for a long period of time was their organizational culture – “their core ideology and sense of purpose for existing” (Schulz, 2001, p. 31). In other words, the strong beliefs and values have bonded the group members together that it is so powerful and tough for the rivals to compete.

According to Schein (1992), organizational culture is “a pattern of shared basic assumption that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems” (p. 12). In Schein's view, fundamental assumptions are the most important aspect of organizational culture. Likewise, Denison (1996) refers to organizational culture as the deep structure of organizations, which is embedded in the values, beliefs, and assumptions held by members of the organization. These two authors seem to share rather similar ideas about organizational culture.

Despite different opinions about the definition of organizational culture, most scholars would agree that organizational culture is holistic, soft, difficult to change, has a historical basis, and is socially constructed (Carmeli, 2005; Hofstede, 1990; Schraeder et al., 2005).

Many scholars have developed different scales to measure organizational culture. In this study, the 5 dimensions organizational culture scale developed by Zeitz et al. (1997) has been adopted. These dimensions are job challenge, communication, trust, innovation and social cohesion. The description of each dimension is depicted in Table 1.

All the five cultural dimensions are considered independent. The advantage of this classification is that it represents the daily practices of individual members which are visible.

## Emotional intelligence of leaders and organizational culture dimensions

Culture is embedded and strengthened by leaders. Thus leadership and culture are conceptually intertwined (Schein, 1992). Because leaders profoundly affect the organizational culture and organization operation, leaders who are emotionally intelligent will be expected to influence the shared perception of employees which are reflected in their daily practices (Chang and Lee, 2007). These arguments suggest the following hypothesis:

H1: There is a significant relationship between emotional intelligence of leaders and the following dimensions of organizational culture:

- (a) Job challenge
- (b) Communication

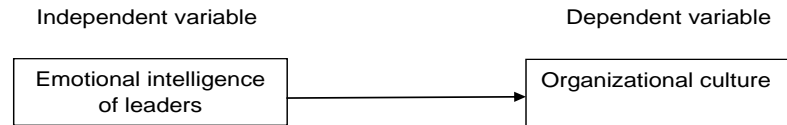


Figure 1. Research framework.

- (c) Trust
- (d) Innovation
- (e) Social cohesion

### Employee perception of leader's emotional intelligence, organizational culture and firm ownership

As a result of globalization, many foreign firms set up their manufacturing plants in the developing nations to take advantage of lower labor and material costs. Furthermore, many host countries offer attractive incentives to promote foreign investment.

Hofstede (1980) looked for global differences between over 100,000 of IBM's employees in 50 different countries and three regions of the world, in an attempt to find aspects of culture that might influence business behavior. He suggested about cultural differences existing in regions and nations, and emphasized the importance of international awareness and multiculturalism for the own cultural introspection. Cultural differences reflect differences in thinking and social action, and even in "mental programs", a term Hofstede uses for predictable behaviour. Hofstede suggests of the need of changing "mental programs" with changing behaviour first which will lead to value change. Hofstede demonstrated that there are national and regional cultural groupings that affect the behavior of organizations. The greater the cultural distance between the two countries, the greater the differences in organizational attributes and practices (Javidan and House, 2002).

Organizational culture is taught to the person as culture is taught by his/her parents thus changing and modeling his/her personal culture. Corporate culture is used to control, coordinate, and integrate company subsidiaries. However, differences in national cultures exist contributing to differences in the views on the management ([http://en.wikipedia.org/wiki/Organizational\\_culture#cite\\_note-26](http://en.wikipedia.org/wiki/Organizational_culture#cite_note-26)). Differences between national cultures are deep rooted values of the respective cultures, and these cultural values can shape how people expect companies to be run, and how relationships between leaders and followers should be resulting to differences between the employer and the employee on expectations (Hofstede, 1991).

Leung (2005) noted in her study of Western managers in Chinese firms, effective leadership in one cultural setting may be ineffective in another. Organizations be-

come more effective when they are able to identify and foster the appropriate leader behaviors for the relevant cultural situation. For the global manager to lead effectively in a diverse international environment he or she must recognize cultural differences and learn to integrate culture and leadership style to his/her advantage, rather than either attempting to ignore them or allowing them to cause problems (Adler, 2002). Jassawalla et al. (2004), have identified the importance of considering emotional intelligence when selecting expatriate managers. A study of managers from the U.S., the U.K., and Malaysia by Shipper et al. (2003) indicated positive relationships between manager effectiveness and the self-awareness component of emotional intelligence. Leung (2005) found that the espoused competencies of emotional intelligence among Western managers may clash with Chinese culture and values, and Ilangovan et al. (2007) proposed that Indian employees will prefer a more directive, task-oriented style of leadership, compared to the participative style advocated by many U.S. managers.

Hence, how emotional intelligence of leaders and organizational cultures are perceived by employees has become an increasingly important issue especially in multinational organizations (Syed et al., 1999).

In view of this, the following hypotheses are proposed:

H2: Employees who work for foreign owned organizations perceive their leaders' emotional intelligence significantly different from employees who work for locally owned organization.

H3: Employees who work for foreign owned organization perceive organizational culture dimensions (job challenge, communication, trust, innovation and social cohesion) significantly different from employees who work for locally owned organization.

## RESEARCH METHODOLOGY

### Research design

A quantitative approach was used in this study. The research design was a field study. The independent variable was emotional intelligence of leaders as perceived by their followers. The dependent variable was organizational culture. The research framework is presented in Figure 1.

### Population and sample

The population of interest in this study are the employees in the IT

**Table 1.** Organizational culture dimension.

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- (a) Job challenge - refers to variety and complexity in the work.
- (b) Communication - refers to how well top management communicates with its employees, and employees communicate among themselves.
- (c) Trust - refers to the trust that exists between superiors and their followers and among the employees themselves. This trust allows for free discussion and exists in an open- minded environment.
- (d) Innovation - refers to a supportive environment for creativity, problem solving and generating new ideas.
- (e) Social cohesion - refers to the inter-relationship among organization's members including members' cooperation and solidarity.
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Source: Zeitz et al., 1997; Carmeli, 2005.

industry of Malaysia. For better reliability and validity of the data, Hofstede et al. (1990) suggested the study should be conducted on many different organizations in one industry and one country rather than one organization in many countries. Drawing on the suggestion, the population was derived from various IT companies, both medium and small in the Klang Valley of Malaysia.

In this study, the subject referred to all employees below senior manager position. The employees are all full time staff. The sample consisted of 177 employees from 20 companies. Of these 11 were locally owned while 9 were foreign owned. Initially 100 IT companies both local and foreign owned were contacted to participate in the study. Only 20 companies consented to participate in the study. The company sizes varied from 12 to 100 employees. Convenience sampling was chosen for this study. There appears to be a reluctance by the companies and individual employees to participate in studies where they have to make assessment of their leader in spite of being assured that their data would be treated as confidential and would not be diverged to anyone. Therefore the finding of the study can only be applied to the companies that were studied. This is the limitation of the study.

#### Data collection

A combination of traditional data collection methods and online survey approach was used to collect the data.

#### Measures

The questionnaire included items on emotional intelligence of leaders, organizational culture and demographics. All respondents in this study were asked to complete a demographic survey. Information contained in the demographics were gender, education, marital status, job status, age, educational level, organizational tenure, total working experience, occupation and organizational ownership.

#### Emotional intelligence

To measure the EI of leaders, the Assessing Emotion Scale developed by Schutte et al. (1998) was used. In this study, the scale was used to measure the EI of the leader as perceived by his or her subordinates. According to Casey and Mayer (2000), subordinate ratings of their leader's EI are believed to be more accurate measurement than leaders rating of themselves. This questionnaire consisted of 33 items.

#### Reliability of the emotional intelligence instrument

Schutte et al. (1998) reported an internal consistency with

Cronbach's alpha of 0.90 for the 33-item scale. Two-week test-retest reliability indicated that the scores were fairly stable over time.

#### Scoring for emotional intelligence

The participants responded to each item on a five-point Likert scale where 1 = totally disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, and 5 = totally agree. Responses for the three negatively worded items were reversed to bring them in line with the positively worded questions. The responses for all the 33 items were summed up to obtain the overall score. The total scores ranged from 33 to 165, with higher scores indicating that an individual possessed more characteristics of emotional intelligence (Schutte et al., 2007).

#### Organizational culture

The Organizational Culture Index developed by Zeitz et al. (1997) was used to measure the culture of the organization. It consists of 5 dimensions. According to Cooke and Rousseau (1988), organizational culture is a multi-dimensional construct, thus it is important to evaluate each of the dimensions. The 5 dimensions are job challenge, communication, trust, innovation, and social cohesion. The first dimension - job challenge has 5 items. An example of the items is: "I have new and interesting things to do in my work". The second dimension - communication has 6 items, an example: "Management here does a good job of communicating with employees". The third dimension - trust consists of 4 items, an example being, "My leader shows complete trust in employees' ability to perform their jobs well". Fourth dimension - innovation consists of 7 items, an example of which is "Creativity is actively encouraged in this organization". And the fifth dimension - social cohesion is composed of 4 items like "People in my department enjoy working with their co-workers". After reliability test, a total of 20 items (originally 26 items) were adopted for this study.

#### Scoring for organizational culture

Employees responded to the 26 items on a five-point scale ranging from 1 = totally disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, and 5 = totally agree. The responses in each dimension were summed and averaged.

#### Reliability of the organizational culture instrument

This instrument has been tested and used previously in the United States by Zeitz et al. (1997) and by Carmeli (2005) in Israel. Zeitz' s

study indicated good internal consistency reliability where job challenge scored  $\alpha = 0.859$ , communication scored  $\alpha = 0.822$ , trust scored  $\alpha = 0.710$ , innovation scored  $\alpha = 0.840$  and social cohesion scored  $\alpha = 0.755$ . Similarly, Carmeli's study showed good reliability on the 5 dimensions: Job challenge ( $\alpha = 0.86$ ), communication ( $\alpha = 0.72$ ), innovation ( $\alpha = 0.79$ ), trust ( $\alpha = 0.72$ ) and social cohesion ( $\alpha = 0.69$ ).

## RESULTS

### Demographic statistics of employees

In the sample, male represented 62.1% while female 37.9%. Most of the employees were single making up of 62.2% of the sample. Approximately 90% of the samples were permanent employees with the remaining 10% being employed on contract basis. In terms of education, a majority of the respondents possessed either a diploma (26.0%) or a bachelor's degree (57.1%). Only 1.1% of the respondents had doctorate qualification.

The mean age of the respondents was 29 years, with a standard deviation of 4. The youngest respondent was 21 years old while the oldest was 44. The length of service with the present firm ranged from 6 months to 13 years with a mean of 3 years and a standard deviation of 2. The total working experience possessed by employees ranged from 6 months to 24 years with a mean of 5 years and a standard deviation of 3.

Respondents' occupations were broadly distributed, the highest percentage (31.1%) was in the category of software developer/application developer. This was followed by executive/supervisor category (16.9%), clerical/administrative/work (16.4%), system analyst/programmer (13.0%), sales representative/sales assistant (11.9%), and manager/department head (10.7%). About 22% of respondents' income was less than RM2,000.00.

The participants of this study represent a diverse population in the IT industry. 50.8% of the employees were from the IT services, 23.7% were from software development followed by creative multimedia (14.1%). Sample from hardware design and internet based businesses consisted of less than 11%. Of the total sample, 75.1% worked for locally owned companies while 24.9% worked for foreign owned companies.

Table 2 presents means, standard deviations, Cronbach alpha and correlation coefficients for EI of leaders and the five dimensions of organizational culture. All the variables have Cronbach alpha value of 0.60 and above. According to Aiken (2002), 0.60 represents the critical value and a minimum reliability coefficient of 0.6 is considered adequate for research purposes.

The Pearson product moment correlation was used in this study to determine whether a relationship exists between two variables, as well as the overall strength of the relationship (Hair et al., 2007). Furthermore, correlations allow researchers to make prediction from one variable to the other variable with a certain level of accuracy (Jackson, 2006).

### Test of hypothesis

The results in Table 2 indicate that there is significant positive relationship between EI of leaders and job challenge ( $r = 0.58$ ,  $P < 0.01$ ), communication ( $r = 0.65$ ,  $p < 0.01$ ), trust ( $r = 0.59$ ,  $p < 0.01$ ), innovation ( $r = 0.52$ ,  $p < 0.01$ ) and social cohesion ( $r = 0.43$ ,  $p < 0.01$ ), which represent the five dimensions of organizational culture. Therefore H1 is not rejected.

The mean and standard deviation for EI of leaders as perceived by employees working for locally owned organization (mean = 110.52, S.D. = 11.41) and foreign owned organization (mean = 106.68, S.D. = 9.55) are presented in Table 3. The results of the independent sample t-test presented in Table 4 show that employees who work for locally owned companies perceived the EI of their leaders as being significantly higher compared to employees who work for foreign owned company ( $t = 2.009$ ,  $p < 0.05$ ). Hence, H2 is not rejected.

Mean scores for the 5 organizational culture dimensions as perceived by employees who work for locally owned organization ranged from 3.45 to 3.50 with highest standard deviation of 0.58. On the other hand, mean scores for employees who work for foreign owned organization ranged from 3.27 to 3.44 with highest standard deviation of 0.64. These are presented in Table 4. Independent t-test was carried out to compare the perception of employees working in local owned companies and foreign owned companies regarding the five dimensions of organizational culture. The results showed that there was no significant difference in their perception of the five dimensions of organizational culture that is job challenge ( $t = 1.749$ ,  $P > 0.05$ ), communication ( $t = 1.902$ ,  $P > 0.05$ ), trust ( $t = .281$ ,  $p > 0.05$ ), innovation ( $t = 1.652$ ,  $p > 0.05$ ) and social cohesion ( $t = 0.943$ ,  $p > 0.05$ ) in their respective organizations. Therefore H3 is rejected.

## DISCUSSION

There is significant positive correlation between EI of leaders and the five organizational culture dimensions in this study. The results suggest that leaders with high EI will contribute to positive perceptions of organizational culture among employees. According to Goffee and Jones (1998) culture has been found to influence employee behavior and that positive organizational culture can make the difference between commitment and dissatisfaction as well as the distinction between joy and boredom on the job for individual employees. For organizations, positive perception by employees of the different dimensions of culture can make the difference between a company that wins and loses. This is critical as the continuous technological advances suggest that work, in general, will become less routine in the near future (House, 1995). Less routine work is harder to monitor and control directly, as a result, organizations

**Table 2.** Means, standard deviations, cronbach alpha and correlations.

Variables	M	SD	1	2	3	4	5	6
1 Total EI	109.56	11.07	(0.86)					
2 Culture – Job Challenge	3.40	0.53	0.58**	(0.66)				
3 Culture - Communication	3.46	0.53	0.65**	0.43**	(0.71)			
4 Culture – Trust	3.46	0.54	0.59**	0.38**	0.48**	(0.64)		
5 Culture – Innovation	3.41	0.53	0.52**	0.49**	0.47**	0.37**	(0.65)	
6 Culture – Social Cohesion	3.45	0.59	0.43**	0.33**	0.36**	0.41**	0.31**	(0.69)

Note: \*\*p < 0.01.

Note: Reliabilities (Cronbach alpha values) are shown in parentheses.

**Table 3.** Descriptive statistics for EI of leaders and organizational culture dimensions.

Variable	Local owned		Foreign owned	
	M	SD	M	SD
EI of leaders	110.52	11.41	106.68	9.55
<b>Culture dimension</b>				
Job challenge	3.50	0.56	3.34	0.46
Communication	3.45	0.53	3.27	0.54
Trust	3.47	0.57	3.44	0.46
Innovation	3.45	0.56	3.30	0.43
Social Cohesion	3.48	0.58	3.38	0.64

**Table 4.** Independent sample t –test.

Variable	Local M	Foreign M	t-value	p-value
Leader EI	110.52	106.68	2.009	0.046*
<b>Culture dimension</b>				
Job challenge	3.50	3.34	1.749	0.082
Communication	3.45	3.27	1.902	0.059
Trust	3.47	3.44	0.281	0.779
Innovation	3.45	3.30	1.652	0.100
Social cohesion	3.48	3.38	0.943	0.347

\*Note: Significant level at 0.05.

may be increasingly dependent upon culture as a mechanism of influence. The results of the study suggests that development and expression of positive organizational culture could depend on EI of leaders. Since the dimensions of culture studied are job challenge, communication, trust, innovation and social cohesion, leaders with high EI can contribute towards the enhancement of employees' perceptions of these dimensions. Since perceptions and beliefs are precursors to behavior, therefore, leaders with high EI can bring about positive changes in behavior of the employees as well as help to establish and maintain a meaningful identity for an organization.

It is important to note that EI leaders has stronger correlation with communication dimension ( $r = 0.65$ ,  $p =$

$0.01$ ) as compared to trust ( $r = 0.59$ ,  $p = 0.01$ ), job challenge ( $r = 0.58$ ,  $p = 0.01$ ), innovation ( $r = 0.52$ ,  $p = 0.01$ ) and social cohesion ( $r = 0.43$ ,  $p = 0.01$ ) dimensions. This result can be related to the fact that emotionally intelligent leaders have been found to demonstrate excellent communication skills. According to Goleman (cited in Bernhut, 2002), the primary task of a leader is "to articulate a message that resonates with their followers' emotional reality; with their sense of purpose – and so to move people in a positive direction" (p. 14). Owing to this, it is quite natural for employees to have positive perception about the effectiveness of communication between them and the leaders as well as among fellow workers.

Moreover, as stated by George (2000), EI leaders are capable of “generating and maintaining excitement, enthusiasm, confidence, and optimism in an organization as well as cooperation and trust” (p.1039). EI leaders can lead the team members to constructive thinking in resolving disagreements which arrive at win-win solutions to problems. Such leadership attribute has resulted in minimizing conflict, thus, ensuring trust and cooperation throughout an organization.

EI of leaders is closely related to job challenge and innovation dimensions of organizational culture. This is quite true for an information technology environment where this study was carried out. Furthermore, EI leaders have good interpersonal relationship with their followers and thus influence collaboration spirit among employees (George, 2000).

Regarding hypothesis 2, employees who work for foreign owned organization perceived their leaders' EI as being significantly less compared to the employees who work for locally owned organization. This may be due to the fact that some of the leaders of the foreign owned organizations fail to identify the local employees' emotion accurately. They may impose policies that work better for employees in their home country rather than the host country that is Malaysia. Thus, it is important for leaders to be aware of other' emotions and empathize with them. Employees who work for foreign owned organization perceived organizational culture dimensions (job challenge, communication, trust, innovation and social cohesion) as no different from employees who work for locally owned organization. The five dimensions of culture represent the shared perception of employees' daily practices, thus these dimensions are perceived as equally important for the two different groups of employees. This implies that employees working in IT companies, irrespective of whether they work in local or foreign owned companies have similar concerns about the nature of their work, ease of communication, trust factor, innovative environment and cooperation between co-workers.

### Practical implications

The results reveal that EI is an important attribute for leaders as it can contribute towards positive organizational culture. EI leaders influence perceived practices of employees which are reflected in the organizational culture dimensions. Employees perceive their job as challenging, believe that open communication exists in the organization, mutual trust exists between top management and employees, a working environment that supports new ideas as well as collaboration exists among employees. The positive effects mentioned above will lead employees to a higher level of productivity, generate greater innovation ideas and ultimately create competitive advantage for the organization. The research findings have implications on recruitment and selection of leaders as well as training and development program for leaders.

### RECOMMENDATIONS

EI has been reported to be an ability that can be developed and trained (Goleman, 1995; Mayer et al., 2000). Therefore, leaders who are lacking in EI should be encouraged to enhance their skills through continuous professional development. The existing training programs that have not included EI as the key ingredient for leaders' development should be reviewed and revised.

Besides training, companies should consider hiring individuals who possess EI. The current recruitment assessment test may consider including EI questionnaire to screen for suitable candidates. This is applicable to internal promotion to decide whether a candidate is ready for leadership position as well as for external recruitment for similar purpose.

Last but not least, human resource practitioners should consider providing a learning environment with positive reinforcements that will encourage leaders at various levels to acquire EI needed for better understanding of subordinate behavior.

### Conclusion

Leaders who are emotionally intelligent play an important part in an organizational life - by contributing positive perception of organizational culture among employees (Brown and Brooks, 2002). This will foster trust, innovation, open communication, improve social cohesion and thus the overall performance of the organization.

To conclude, this study has provided some preliminary evidence on the role of EI for leaders and its influence to organizational culture. The researchers believe that sufficient evidence has been provided for future leader and management to investigate further the role of EI in the organizational life.

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