The Impact of Culture and Emotional Intelligence on Leadership Styles, On Performance

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Abstract
Organizational culture is shaped by crucial elements of the organization, which manage not just the resources, but essentially the human resources of the organization. The study aims at assessing the impact of emotional intelligence of leaders and organizational culture on Leadership styles and organizational performance. The study adopts a descriptive research design, to explore the relationships between the variables under study, and outline their influence on the overall performance of the firm. The study supports the claim that leadership styles and emotional intelligence have a significant impact of organizational culture, which further impacts the organizational performance. Moreover, a significant impact of emotional intelligence on leadership styles is also found valid. Thus, the recognition of such relationships at work is critical for managers and leaders, of any sphere, of any kind/size of firms. The present research serves useful to leaders, managers, HR professionals, administration, and anybody interested in the sphere of improving organizational performance through Emotional Intelligence and Culture.

Keywords: Leadership styles, Emotional Intelligence, Organizational culture, Organizational Performance

1. Introduction
The present world organizations have unanimously recognized and appreciated the undefeatable importance of the ability and performance of the human resources, as an addition to the essentiality of technology and tools, for the overall progress of the entities (Butler & Chinowsky, 2006). Leadership, was way back recognized to be playing an important role in human development and bringing about major changes throughout an organization and its membership, which significantly focused on pushing an organization towards its common goals and objectives (Slack, 1997). The crucial position occupied by leaders in organizations, has resulted in the adoption of various styles of leadership in the organization, such as democratic, people or relationship-centred approach, or autocratic, production-centred method, etc. for achieving organizational effectiveness (Cheong, 2008; Chiang & Wang, 2012; Clark, Hartline, & Jones, 2009).

Irrespective of the type of leadership adopted, it has been claimed that the organizational goals will be efficiently achieved, if the leader lays a great focus on developing people rather than profits (Stone, et al., 2004). Such an organization will be characterized by a situation wherein every leadership style, each decision will result in the creation of an organizational culture. According to Schein (2010), “This connection between culture and leadership is clearest in organizational cultures and micro cultures. What we end up calling a culture in such systems is usually the result of the embedding of what a founder or leader has imposed on a group that has worked out”.

The numerous, continuous interactions between individuals, shapes the organizational culture which turns out to be in fact a social phenomenon, which has implied that an organization cannot be present without individuals possessing characteristics such as subjectivity, irrationality and emotionality (Tolmats and Reino, 2006).

Furthermore, since such leaders have a major impact on the organizational cultures, it is found that leaders with emotional intelligence will promote an organizational culture which is further characterised by the accomplishment of high goals, self-actualisation, personal growth and organization development (Sin and Yazdanifard, 2014).
The positive associations between Emotional Intelligence and leadership, and its further impact on the organizational culture, is claimed to eventually result in enhancement of capability of the organization to change. This is asserted to have positive improvement prospects for the organization in terms of its competitiveness and performance (organizational/financial) (Sin and Yazdanifard, 2013). Thus, literature has rigorously reviewed the relationship between such organizational factors, which has significantly meant that there is a strong correlation between the leadership style and the associated efficiency attained in mobilization, allocation, and utilization of the resources (Saasongu, 2015), which ultimately enhances the organizational performance.

2. Research Gap
The pool of research conducted so far, has only focused on the inter relationship between two variables and their impact on a third variable. For instance, researches such as Igbinovia and Popoola (2016) which studied the organizational culture and emotional intelligence as predictors of job performance among the library personnel in Nigeria, Akhtar et al. (2015) which involved a study of the impact of organizational culture and emotional intelligence on educational sector performance in Pakistan, etc. involved a study of one or two variables and its impact on the job culture or performance. The present research, in this regards, offers a more comprehensive view of the organizational scenario. It provides an overview of the inter relationships between four variables; leadership styles, emotional intelligence, organizational culture, and organizational performance.

3. Need for the study
In the present competitive corporate world, organizations must endeavour to manage their resources; financial, The study serves as a valuable source of knowledge about the interplay between the most important and influential variables related to the daily functioning of the firm, involving the leaders and employees. It can provide insights for the managers, leaders, or any person in the firm who is in charge of a team of employees, to take rational decisions and adopt behaviour which is in favour of the organization’s performance. Also, according to Eeden, Cilliers, & Deventer (2008), understanding the framework of leadership and the cultural impacts of the various kinds of leadership in the organization, is of utmost importance in the present competitive world. Such a study is specifically a good source of encouragement for the public organizations where employee engagement and commitment is generally seen to be a questionable area.

4. Research objective/Research Questions

- What is the relationship between leadership style and emotional intelligence in one hand with revenue, productivity, and organizational performance when moderated by organization culture?
- What is the relationship between leadership style, organization culture in one hand with revenue, productivity, and organizational performance when moderated by emotional intelligence?

5. Literature review
The present study adopted a descriptive research paradigm, to answer its research questions and achieve the research aim. It further utilizes the secondary data as its major source of data collection. Thus, the research has used an extensive review of the related literature, in order to ascertain the effect of leadership styles, emotional intelligence, organizational culture, on performance. Thus, the research made use of the relevant journal articles, thesis chapters, and empirical researches, for carrying out an extensive research on the chosen topic.

5.1 From the Emotional Intelligence’ Perspective
The inculcation of an emotional character in the leader, has been deemed to be an essential factor for reaping the benefits of primal leadership in any type of organization involved (Goleman, 2002).
According to Alon & Higgins (2005), such emotional skills in the leader are significant due to the fact that they serve as the major pillars of organizations, and play a primary role in the communication and fulfilment of the company’s vision to their subordinates.

In a research conducted by Danaeeefard, Salehi, Hasiri, & Noruzi (2012), the creation of emotional intelligence could pave the way for the development of organizational culture in the organization. Further, it has been asserted by Stone et al., (2004), that the leaders who engage in good communication and eliciting an emotional response from their employees, significantly contribute towards the attainment of the common goal of the organization by inculcating enthusiasm among the entire organization. The importance of Emotional intelligence for organizational culture, and hence performance, can be understood by the assertion made by Pizer & Hartel (2005), that the power of culture is largely due to the emotional needs of individuals, and how these needs are fulfilled by leaders (Downey, Papageorgiou, & Stough, 2006), groups (Jordan, Ashkanasy, Hartel, & Hooper, 2002) and by organizations as a whole. Further, it has been stated by Balazs (2015) that it is essential for the organizations to promote a proper balance between the emotional skills as well as supporting values [culture], for optimizing the opportunities provided by human intellect and enhancing the individual performance.

Emotional intelligence has been recognized as an influential variable for the success in life and the workplace (Liptak, 2005; Lindebaum & Cartwright, 2010), which has further been found to have a positive association with the performance (Jacques, 2009; WeinBerger, 2003). For instance, the study conducted by Ahuja (2015) found that the emotional intelligence had an influence on each form of one’s work life, thereby resulting in the individuals possessing high-level emotional intelligence to be the “star performers” of the firm. According to the study conducted by Higgs (2004), there have been strong associations with the employees’ perception, conflict and readiness to create and innovate, in light of the strong relationship between the emotional intelligence and the performance. Thus, it was indicated that emotional intelligence had a significant relationship with their job performance, which eventually meant an enhanced organizational performance. Furthermore, according to the research conducted by Carmeli (2003), Nikolaou & Tsaousis (2002), and Weinberger (2003), emotionally intelligent leaders have been found to contribute to increased individual and organizational performance.

5.2 From the Leadership Style’ Perspective

Leadership offered within the organization has often been targeted as a potential area for enhancing organizational performance (Overall, 2015). Several early researches, such as Peters & Waterman (1982), Deal & Kennedy (1982), Kotter & Heskett (1992), and Ogaard, et al., (2005), have identified the significant contributions which can be made by highly motivated employees of the organisations, who are found to be dedicated to achieving common goals. Brannon et al., (2007), have asserted that the leader must possess style which can show the right path to their subordinates, with appropriate rewards (promotions or growth) within an organization, to keep them motivated. This is further claimed to contribute towards attainment of the outcome desired for the organization. In fact, it was claimed by Schein (1985) that the role of the leader was the most fundamental in the process of creating a strong organizational culture. The importance of the manager’s leadership style for an organization, can be well-understood by the claim made by Obiwuru, Okwu, Akpa and Nwankwere (2011), that the extent to which the manager understands and adopts his appropriate leadership style, dictates the actual contribution made by the members of the organisation towards harnessing its resources. It essentially enables the followers effectively achieve their goals, and adjust with the organizational setting, by encouraging them to be expressive and adaptive to the new and improved alterations in the environment (Azka et al., 2011). Effective leadership thus, is also seen as a powerful source of management development and sustained competitive advantage for improvement of the overall organisational performance (Rowe, 2001). The overall aim of the organization to improve the performance, is significantly achieved through an effective leadership performance, which has been regarded as being positively associated with effectiveness, efficiency and profitability (Erkutlu, 2008).
5.3 From the Organizational Culture’ Perspective

Due to the wide-ranging effects and the potential impact of organisational culture on the organisational success, the term and its related aspects have received much academic as well as managerial attention in the recent decades (Rashid, Sambasivan & Johari, 2002). This is mainly due to the researches indicating organizational culture to have not only led to an enhanced financial performance (Rashid et al., 2002), but also provide immense benefits to the organisation, and thereby a leading competitive edge over other firms in the industry (Sadri and Lees, 2001). According to Yilmaz (2008), organizational culture has been revolving around the beliefs, assumptions, values, attitudes and behaviours of its members, and has been recognized as a valuable source of a firm’s competitive advantage (Peteraf, 1993) and, thereby, facilitates the overall achievement of the organization’s goals. This has also been made possible due to the much researched relationship between the complete knowledge and awareness of organizational culture and the behaviour of organization which assists to manage and lead (Brooks, 2006).

A lot of scholarly attention has been focused on the hypothesis that strong cultures, defined as “a set of norms and values that are widely shared and strongly held throughout the organisation” (Rasid, et al., 2003; Ogaard, Larsen & Marnburg, 2005), have enhanced the organisational performance. For instance, Dwirantwi (2012) has strongly asserted a positive association between organizational culture and productivity, and further claimed that culture is the premier competitive advantage of high-performance organizations.

5.4 Inter-relationships between Emotional Intelligence, Leadership Styles, Organizational Culture and Organizational Performance

The emotional learning process has been recognized as an important component of the leadership activities, for instance in the transformative learning model which necessary includes the emotional aspect for integrating the self-directed coaching, relationship-focused learning (mentoring and coaching), and actively performing positive behaviours (Nelson, D., & Low, G., 2011). In fact, emotional intelligence has been regarded as an essential component of successful leadership, as opposed to being a mere power enhancer (Goleman, et al., 2002; Higgs and McGuire, 2001). According to McMurray (2003) and Martins & Coetzee (2007), leaders with a high emotional intelligence are found to strongly encourage and motivate their subordinates and influence their behaviour, resulting in the development of a desired organizational culture. Such motivated workers surrounded by a supportive climate are claimed to be associated with providing effective customer service, reinforcing the organizational performance and leading to financial gains for the shareholders (Giroux & McLarney, 2014). Thus, Leaders are found to be playing the most significant role in shaping and maintaining the culture in an organization (Komin, 2000). Moreover, it has been stated by Choudhary, Akhtar, and Zaheer (2013), that effective leadership can be used to improve the organization’s ability to change and innovate.

As a further impact of such innovations in the organization, it has been reported that growth and expansion are the usual outcomes, which eventually lead to a successful organizational performance (Choudhary et al., 2013). According to Hoxha (2015), it is postulated that collectively the transformation of employees must have direct implications for the organizational performance. This in fact related to the definition of performance given by Cascio (2006) referring to it as the degree of achievement of the mission at work place that builds up an employee job. This is most essentially functional through the relationship between the transformational leadership and its subsequent influence on the individual behaviour, which further leads to the achievement of organizational goals (Trmal, Bustamam, and Mohamed, 2015). An important aspect of the relationship between organizational culture and performance, as asserted by Abbett, Coldham, & Whisnant (2010), is the one portrayed by the congruence hypothesis, which states that individuals are more effective when their personal competences align with the culture of the organizations in which they work. The aggregate emotional intelligence of workers thus ensures the development of an effective organizational culture (Danaeefard et al., 2012; Danquah (2014); Sin and Yazdanifard (2014).
Research Methodology

This study adopted quantitative methodology. The primary data was collected through valid and reliable tools like Mayer Salovey Carusco (MSCEIT), Life Style Inventory (LSI), and Organizational Cultural Index (OCI). Variables chosen for the survey were emotional intelligence, leadership styles, and organizational culture. Data were collected through online means within one organization in the BFSI sector. 312 branches in this sector were selected as a part of data collection process. Among those, the respondents having one year of experience were selected. Questionnaires were sent to them out of which 222 branch managers only replied (Praveena, 2015).

The collected data were subjected to various types of analyses. Exploratory factor analysis was done to optimize and evaluate number of latent factors. Another purpose was to explore set of interrelated variables without imposing any preconceived structure on the outcome. Similarly, confirmatory factor analysis was conducted to test the correlation between observed variables and latent factors. In addition, this analysis was done to determine the model fit to the data. Structural equation modelling analysis technique was applied to evaluate the validity of substantive model with empirical data. Multigroup analysis technique was implemented to test and compare invariance of the model across demographic variables. The purpose of conducting analysis through descriptive analysis technique was to describe and summarize the demographic data.

9.0 Data Analysis and Interpretation

The results of the study are given in this chapter along with the discussion. This chapter has presented the research findings in four sections. First section provides the data screening and preparation for analysis along with the sample demographics. Second section presents the results of the study used for determining appropriate factors through exploratory factor analysis. Third section covers the confirmatory factor analysis, testing of hypotheses and Structural Equation Modelling (SEM). In SEM, the researcher has tested conceptual framework as supported by the researcher and its model fit. Fourth explains the moderating effects of the demographic variables in the model, descriptive analysis and discussion of results hypothesis wise.

9.1 Data Screening and Preparation for Analysis

Data needs to be screened and necessary correction to be done before analysis. Data screening and preparation was used in the study for multivariate analysis. Data screening was done prior to proceeding with statistical analysis for normality, outliers, and multi-collinearity.

9.2 Demographic Profile of the Data

The data was collected from the different demographic profiles of the respondents, where they were from different age group, geography/zone, tenure, Management level. However, the data related to select demographic variables is presented as ‘Sample Demographics’ in Table 1 below.

<table>
<thead>
<tr>
<th>Table 1: Sample Demographics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenure Labels (yrs)</td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td>Vertica l Labels</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
</tr>
</tbody>
</table>

Note: M – Management, S - Sales and B - Branch Managers
It may be inferred from the Table that west region constituted 149 participants, North 70, East 7 and South 40, the group from west dominated the current study. Only 5 participants in the said role were women.

9.3 Data Analysis Techniques

Following statistical techniques were used in the analysis of the data. The Table 2 below gives the techniques used along with their purpose.

**Table 2: Data Analysis Techniques used in the Study**

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Type of Analysis</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Exploratory Factor Analysis</td>
<td>To optimize and evaluate number of latent factors To explore set of interrelated variables without imposing any preconceived structure on the outcome.</td>
</tr>
<tr>
<td>2</td>
<td>Confirmatory Factor Analysis</td>
<td>To test the correlation between observed variables and latent factors. To determine the model fit to the data</td>
</tr>
<tr>
<td>3</td>
<td>Structural Equation Modeling</td>
<td>To evaluate the validity of substantive model with empirical data</td>
</tr>
<tr>
<td>4</td>
<td>Moderator analysis</td>
<td>To determine whether the relationship between two variables depends on (is moderated by) the value of a third variable</td>
</tr>
</tbody>
</table>

9.3.1 Rationale for the Technique

Exploratory factor analysis has been used to reduce large factors in the tools to optimized level; this was done to explore distinct constructs in LSI, EI and OCI from series of factors. This can explain the maximum variance from the data and will help to generate model. To study the model fit and inter-relation between the constructs post EFA CFA was examined, after confirming the CFA, conceptual framework as recommended by the researcher and its structural model was validated. CFA verified the researcher’s conceptual framework, factors and the pattern of factor loadings. CFA evaluated the convergent and discriminant validity of the constructs. CFA was used as a precursor to Structural Equation Model (SEM) that specifies structural relationship among the independent and dependent variables and factors (latent variables).

SEM explains entire set of relationship among Emotional intelligence of Leaders, their leadership styles, units’ culture. It estimates multiple and interrelated dependence relationship. Again, it tests the model fit, i.e. researcher’s model, compare regression coefficients, means, and variances simultaneously, multigroup analysis can be done simultaneously.

The researcher collected data pertaining to the six hypothesized constructs viz. Constructive, Passive Defensive, Aggressive Defensive for Leadership Style and Constructive, Passive Defensive, Aggressive Defensive for Organizational Culture and Emotional Intelligence constructs such as Perceiving emotions, Facilitating emotions, Understanding emotions and managing emotions from 222 respondents. SEM was used to examine if the relationship between constructs was independent and if the model fits with the empirical data.

9.4 Exploratory Factor Analysis (EFA)

To avoid blind faith in the instrument, a factor analysis was done using principal axis factoring with varimax rotation to determine distinct constructs.
Table 3: Exploratory Factor Analyses (EFA)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Rotated Factor Matrix a</th>
<th>Rotated Factor Matrix a</th>
<th>Rotated Factor Matrix a</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Emotion_mgmt</td>
<td>.745</td>
<td>.335</td>
<td>.888</td>
</tr>
<tr>
<td>Blends</td>
<td>.729</td>
<td>.214</td>
<td>.757</td>
</tr>
<tr>
<td>Emotional_relation</td>
<td>.716</td>
<td>.252</td>
<td>.756</td>
</tr>
<tr>
<td>Changes</td>
<td>.625</td>
<td>.359</td>
<td>.755</td>
</tr>
<tr>
<td>Sensation</td>
<td>.610</td>
<td>.358</td>
<td>.734</td>
</tr>
<tr>
<td>Facilitation</td>
<td>.382</td>
<td>.520</td>
<td>.709</td>
</tr>
<tr>
<td>Faces</td>
<td>.118</td>
<td>.496</td>
<td>.708</td>
</tr>
<tr>
<td>Pictures</td>
<td>.305</td>
<td>.358</td>
<td>.628</td>
</tr>
</tbody>
</table>

Note: a) EFA based Factor Analysis of MSCEIT, b) EFA based Factor Analysis of LSI, and c) EFA based Factor Analysis of OCI

The factor loading of each item was greater than 0.5. The Kaiser-Meio-Olkin (KMO) measure of sampling adequacy was 0.845 which well above the recommended 0.6 or higher (Sharma, 1996), indicating good factorability. Bartlett’s test for sphericity was significant, which indicated that the variables correlated with each other. The two distinct factors obtained through factor analysis. The high factor loadings indicate that the measures describe the same factor (convergent validity), whereas high Cronbach’s alpha show the high inter correlations among these items which was 0.891. This indicates that optimized items used in this study were suitable to describe two constructs, namely Constructive and a style based on the EFA which was named by the researcher as moderately/Defensive Culture.

9.5.1 Measurement Model Fit Assessment

The model was assessed using the Confirmatory Factor Analysis (CFA) approach. The Maximum Likelihood (ML) estimation method for calculating the model parameters was selected from many other options available in the analysis properties dialog box. The final trimmed CFA is in Table 4: CFA Trimmed Model Fit Values.

Table 4: CFA Trimmed Model Fit Values

<table>
<thead>
<tr>
<th>Chi Square</th>
<th>Df</th>
<th>Chi-sq/df</th>
<th>GFI</th>
<th>AGFI</th>
<th>NFI</th>
<th>CFI</th>
<th>RFI</th>
<th>IFI</th>
<th>TLI</th>
</tr>
</thead>
<tbody>
<tr>
<td>391.385</td>
<td>137</td>
<td>2.857</td>
<td>.846</td>
<td>.787</td>
<td>.843</td>
<td>.913</td>
<td>.843</td>
<td>.941</td>
<td>.892</td>
</tr>
</tbody>
</table>

Other parameters were RMSEA=0.092, p=0.000, RMR=4.300, LO 90=0.081, HI 90 =0.102, PCLOSE=0.000

With the improved model fit after CFA, the Concept map was found to fit the data adequately. Most of the fit measures met the recommended values indicating that the model was acceptable. The chi square of the model in the study was found to be significant; this could be because of sample size 222. To minimise the sample size on chi square, the ratio of chi square to degrees of freedom has been used. The ratio of chi square to degree of freedom of structural model was found to be 2.857, which indicated acceptable fit. In the measurement model correlations between the latent factors were less than 0.8 as recommended by Kline (2005).

The GFI (Goodness Fit Index) of the above structural model was 0.846 indicated as acceptable fit. There is adequate fit if RMSEA (Root Mean Square Error of Approximation) is less than or equal to 0.08. Therefore, with the obtained RMSEA value 0.092 suggests acceptable fit. All other fit
measures being in the range, which were recommended in the literature, further adjustment were not necessary, hence this structural model was considered as a final model.

9.5.3 Reliability and Validity of the Instrument

Reliability and validity of the measurement was established and confirmed for the trimmed measurement model. Table 8 below shows Cronbach’s alpha Composite Reliability and Average Variance Extracted (AVE) for the constructs in the study.

Table 5: Summary of the Reliability and Validity Measures

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach's alpha</th>
<th>AVE</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>ReaArea</td>
<td>0.868</td>
<td>0.696</td>
<td>0.873</td>
</tr>
<tr>
<td>Pasdef</td>
<td>0.885</td>
<td>0.609</td>
<td>0.886</td>
</tr>
<tr>
<td>Con</td>
<td>0.921</td>
<td>0.747</td>
<td>0.922</td>
</tr>
<tr>
<td>LSICon</td>
<td>0.892</td>
<td>0.811</td>
<td>0.895</td>
</tr>
<tr>
<td>LSIPasdef</td>
<td>0.915</td>
<td>0.791</td>
<td>0.919</td>
</tr>
<tr>
<td>Per Fac</td>
<td>0.665</td>
<td>0.600</td>
<td>0.734</td>
</tr>
</tbody>
</table>

The all construct satisfied the conditions stated above in the trimmed measurement model. In this study, construct validity was examined by finding convergent and discriminant validity.

Table 5: SEM Model Fit Values

<table>
<thead>
<tr>
<th>Chi Square</th>
<th>Df</th>
<th>Chi- sq/df</th>
<th>GFI</th>
<th>AGFI</th>
<th>NFI</th>
<th>CFI</th>
<th>RFI</th>
<th>IFI</th>
<th>TLI</th>
</tr>
</thead>
<tbody>
<tr>
<td>320.752</td>
<td>132</td>
<td>2.430</td>
<td>.878</td>
<td>.824</td>
<td>.886</td>
<td>.929</td>
<td>.853</td>
<td>.930</td>
<td>.908</td>
</tr>
</tbody>
</table>

Standardised RMSEA=.080,  p=0.000, RMR=7.162 LO 90=0.069, HI 90 =0.092, PCLOSE=0.000

Most of the fit measures met the recommended values indicating that the model was acceptable. Path Coefficient of the model is shown in Table 13 below, the entire path coefficient found significant except the Performance ➔ Managed Reasoning.

9.6 Moderation Test

RQ1. Whether organizational Culture moderates the relationship between the independent and Dependent variables?
RQ2. Whether Emotional intelligence moderates the relationship between the independent and Dependent variables?

Table 6: Moderating effect of Culture - Association between LSI, EI and when moderating on culture

<table>
<thead>
<tr>
<th>Model</th>
<th>Relation between LSI, EI and Revenue</th>
<th>Relation between LSI, EI and Productivity</th>
<th>Relation between LSI, EI and Organizational Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>t-value</td>
<td>p-value</td>
<td>t-value</td>
</tr>
<tr>
<td>Without the moderating effect of culture</td>
<td>(Constant)</td>
<td>-0.961</td>
<td>0.338</td>
</tr>
<tr>
<td>LSI Constructive</td>
<td>1.044</td>
<td>0.298</td>
<td>-0.046</td>
</tr>
<tr>
<td>LSI Moderately Defensive</td>
<td>-0.767</td>
<td>0.444</td>
<td>0.016</td>
</tr>
<tr>
<td>Perceived Facilitation</td>
<td>-1.087</td>
<td>0.278</td>
<td>2.009</td>
</tr>
<tr>
<td>Managed Reasoning</td>
<td>5.018</td>
<td>0.000**</td>
<td>-0.974</td>
</tr>
<tr>
<td>Moderating effect</td>
<td>(Constant)</td>
<td>-0.020</td>
<td>0.984</td>
</tr>
<tr>
<td>LSI Constructive</td>
<td>1.098</td>
<td>0.274</td>
<td>-0.645</td>
</tr>
</tbody>
</table>
Table 4.14 presents the association between LSI and EI on revenue when moderating on culture. The variable revenue is considered as dependent variable. The variables LSI Constructive, LSI Moderately Defensive, Perceived Facilitation and Managed Reasoning are considered as independent variables, while Constructive Culture and Moderately Aggressive Culture are moderated variables. In Block 1 only independent variables are entered in which Managed reasoning ($\beta=13475.598$, $t=5.018$, $p<0.01$) is found to be positively significant impact on revenue. Independent variables together accounted 13 percent variation on revenue. In Block 2 the moderator variable Constructive Culture and Moderately Aggressive Culture is added, then LSI Moderately Defensive ($\beta=-10413.478$, $t=-2.503$, $p=0.013<0.01$) is negatively significant impact on revenue and there is no change in Managed reasoning ($\beta=16528.926$, $t=6.380$, $p<0.01$) is positively impact on revenue. The moderator variable Constructive Culture ($\beta=-33533.722$, $t=-5.611$, $p<0.01$) is negatively and Moderately Aggressive Culture ($\beta=28831.875$, $t=4.291$, $p<0.01$) is positively impact on revenue. Independent and moderator variable together accounted for 24 percent variation on revenue.

Table 7  Moderating effect of Emotional Intelligence - Association between LSI, Culture when moderating on EI
LSI  
Moderately Defensive  
-2.503  0.013**  -0.839  0.403  -0.482  0.631 
Constructive Culture  
-5.611  0.000**  -1.199  0.232  -0.222  0.824 
Moderately Aggressive Culture  
4.291  0.000**  2.229  0.027*  0.254  0.800 
Perceived Facilitation  
0.070  0.944  2.117  0.035*  -2.734  0.007** 
Managed Reasoning  
6.380  0.000**  -0.408  0.684  1.902  0.059 

Dependent Variable: Revenue, **p<0.01, p<0.05, *p<0.01

Table 4.15 presents the association between LSI and culture on revenue when moderating on EI. The variable revenue is considered as dependent variable. The variables LSI Constructive, LSI Moderately Defensive, Constructive Culture and Moderately Aggressive Culture are considered as independent variables, while Perceived Facilitation and Managed Reasoning are moderated variables. In Block 1 only independent variables are entered in which LSI Moderately Defensive (β=-17202.025, t=-3.942, p<0.01) and Constructive Culture (β=24553.744, t=-3.978, p<0.01) are found to be negatively and LSI Moderately Defensive (β=16875.211, t=2.399, p=0.02<0.05) is positively significant impact on revenue. Independent variables together accounted 10 percent variation on revenue. In Block 2 the moderator variable Perceived Facilitation and Managed Reasoning is added, there is no change in independent variables LSI Moderately Defensive (β=10413.478, t=-2.503, p=0.013<0.01) and Constructive Culture (β=-33533.722, t=-5.611, p<0.01) is negatively significant impact on revenue and Moderately Aggressive Culture (β=28831.875, t=4.291, p<0.01) in Managed Reasoning (β=16528.926, t=-6.380, p<0.01) is positively impact on revenue. The moderator variable Constructive Culture (β=-33533.722, t=-5.611, p<0.01) is negatively and Moderately Aggressive Culture (β=28831.875, t=4.291, p<0.01) is positively impact on revenue, while moderator variable Managed Reasoning (β=16528.926, t=-6.380, p<0.01) is positively significant impact on revenue. Independent and moderator variable together accounted for 24 percent variation on revenue.

9.7 Discussion of the result (Hypothesis, Moderation)

The research study examined the relationship between Leadership Styles, Emotional intelligence, organizational culture, and performance. The research questions for the study were as follows:

RQ1. Whether organizational Culture moderates the relationship between the independent and Dependent variables?

It is inferred from the results that leadership style and emotional intelligence have a positive impact on the revenue and productivity when the moderating factor is culture. However, leadership style and emotional intelligence have a negative impact on organizational performance. These revelations are in alignment with the existing literature of this domain. According to the literature review, Moores (2007) observed a positive correlation between transformational leadership style and revenue component of organizational effectiveness. Cherniss (1999) found that the employees with higher emotional intelligence have a positive impact on the revenue and productivity of an organization. Kotter and Heskett (1992) also revealed that leadership and emotional intelligence has a positive connection with a firm’s revenues and productivity when the culture plays the moderating role. Chatterjee and Kulaki (2015) argue that leadership theory and empirical findings fail to adequately substantiate how leader's emotions influence their effectiveness and thus organizational performance. They argue that even though there exists a considerable body of research as regards leadership and leadership styles, however literature is rather scarce as regards the relationship between leadership style and emotional intelligence pertaining to performance with an acute emphasize of
culture. Therefore, the current research fills this gap by determining that leadership style and emotional intelligence together have a negative impact on the organizational performance when organizational culture has a moderating effect. Hence, we conclude that The relationship between LSI, EI and revenue is affected by culture is partially accepted” (Shi & Veenstra, 2015). Similarly The relationship between LSI, EI and productivity is affected by culture is partially accepted” (Altındağ & Kösedağ, 2015) but this study fails to establish The relationship between LSI, EI and organizational performance is affected by culture is rejected” (Davoren, 2016).

RQ2. Whether Emotional intelligence moderates the relationship between the independent and Dependent variables?

It is inferred from the moderation tests that together, both leadership style and culture have a positive impact with productivity and revenue when the moderating factor is EI. However, they have a negative impact on the organizational performance. Ogbonna and Harris (2000) suggested that organizational culture might be the filter through which leadership influences various organizational outcomes such as revenue and productivity, wherein emotional intelligence affects leadership effectiveness and thus the culture. On the other hand, Shravasti and Bhol (2014) established that organizational culture joint with leadership style are the foremost dynamics to develop positive looks in the direction of employees involvement, satisfaction and eventually performance. The current findings contradict the literature by revealing that culture and leadership style have a negative impact on the organizational performance.

Hence we conclude that “The relationship between LSI, culture and revenue is affected by EI is partially accepted” (Alkahtani, 2016) but the study fails to establish that, The relationship between LSI, culture and productivity is affected by EI is rejected” (Azadehdel & Avakh, 2015). Similarly The relationship between LSI, culture and organizational performance is affected by EI is rejected” (Ahuja, 2015).

**Significant findings:**

In conclusion it is inferred from the results that both the moderately defensive culture and constructive culture has a moderating role on leadership style and emotional intelligence. According to the literature, Issa and Mahmood (2016) determined that organizational culture facilitates the relationship between emotional intelligence and transformational leadership. The researchers investigated the role played by organizational culture as a moderator with emotional intelligence and transformational leadership. They established that emotional intelligence has the ability to predict transformational leadership behavior and thereby inculcate a suitable organizational culture. It is imperative that an organization should have a suitable organizational culture for the relationship to develop. Though it is true that emotional intelligence correlates with transformational leadership, organizations need to promote organizational culture to be able to have a remarkable impact on the relationship. Therefore, the current study concludes that organizational culture, either constructive or moderately defensive has a mediating effect on the leadership styles and emotional intelligence.

**10.0 Discussion**

The study overall discussed about leadership style and leader’s emotional intelligence, and organizational culture and how these impacts organization’s performance. Leaders do require understanding the emotions of followers or subordinates. Leaders should use emotion as a tool to diagnose whether followers appreciate the work assigned to them or not. Thus, it reflects about the relationship between leaders and emotional intelligence.

As per the hypothesis of study, organizational culture is the key for initiating relationship between emotional intelligence and leadership, which in turn makes impact on performance (Ugoani, 2015). Thus, organisational culture was taken as proposed model in this study. Culture fulfills the emotional need and ensures the purpose of working in an organization. Hence, this study clarifies that culture has significant impact on performance (Hakim, 2015).
10.1 Study contribution

Academic contribution

The academic contribution of this study is that leadership style matters for an organization. The way leader or manager uses emotional intelligence has relevance to organizational performance. However, both these aspects are rooted in organization culture. Hence, it could be inferred that organization culture makes impact on performance especially in the banking and financial industry (Blanchard, 2011).

Managerial implication of the study:

The implication of the study on the managers is that their emotional intelligence skills have a role in contributing to the job performance. Further, the emotional intelligence of managers assists in influencing other employees, i.e. organizational culture thereby combined emotional intelligence compels to contribute towards organization goals. This is how organizational performance gets boosted (Shahhosseini et al., 2012).

Contribution through Human Capital Based Performance (HCBP) Model:

The focus of human capital is on individual and organization. Key attributes of this model are leadership skill, organizational culture, and emotional intelligence. Thus, leader understands on emotional intelligence of employees matters. Moreover, leader must have the potential to read the culture prevail among the employees, which in turn would help in leading the team in better way. Hence, leader’s investment on tracking the employees as per their requirement would in turn lead to more productivity (Schuckel, 2014).

11.0 Study limitation and scope for further research:

The limitation of the study is that the research studies were carried out only in banking and financial industries. There are so many industries apart from two these, which have not been considered in this study. Moreover, the survey was conducted online. Otherwise, face-to-face interviews might have come up with some other findings. Thus, the study findings can’t be applicable to other industries. Hence, there is ample scope for further research to be carried out in other industries.

Recommendation and implication:

The study recommends that organization or company into service industry should focus on organizational culture, where the role of leader or manager becomes pivotal to understand the emotional needs of employees. As a result, it would lead to better financial growth.

References


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