



Information Technology and Quantitative Management (ITQM 2017)

# The Relationship between Leader's Emotional Intelligence and Employee Creativity: A Conceptual Framework of Mechanism

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## Abstract

In an environment of digitization and globalization, where the pace with which advancement in technology takes place, has created a mounting pressure on organizations to adapt, change and innovate in order to remain competitive. In the current paper, an integrative conceptual framework linking leader's emotional intelligence to employee creativity is proposed. Existing literature highlights the need to explore mechanism by which leader's EI influence creativity. To advance the understanding of relationship between leader's EI and creativity, we propose psychological climate as a mechanism explaining the path through which leader's emotional intelligence affects creativity. The framework also presents the significance of leader member exchange in these relationships.

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Peer-review under responsibility of the scientific committee of the 5th International Conference on Information Technology and Quantitative Management, ITQM 2017.

*Keywords:* Leader's Emotional Intelligence; Psychological Climate; Leader Member Exchange; Creativity

## 1. Introduction

In the era of digital economy, where Information Technology [IT] has engraved as backbone for mainstream businesses, reliance on IT professional is more than ever before. The pace with which technological advancements take place these days will substitute both cognitive and manual routine tasks so that employees can engage themselves into more fulfilling roles. This will require employees to have skills such as emotional intelligence [EI] and creativity to tap their potential [1]. "Without EI, a person can have the best training in the world, an incisive, analytical mind, and an endless supply of smart ideas, but he still won't make a great leader" [2]. As focus on people is at an all-time high in IT industry, this certainly has given tremendous impetus to communication and collaboration. To collaborate and communicate with each other effectively, EI has been increasingly recognized as critical skill for leaders to be successful in variety of situations [3-4]. Extant research

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also indicates that EI has captured tremendous interest of scholars and practitioners because it explains variations in leadership behavior [5-6].

Creativity is of paramount importance for today's organizations in order to deal with volatile, complex and uncertain environment. On the other hand, Creativity has also become crucial for organizational innovation, survival and competitive advantage [7]. Moreover, in a survey "state of innovation" conducted by Boston Consulting Group in 2015, innovation was considered as one of the top priorities by senior executives for their companies [8]. As innovation continues to grow in its importance and creativity is the foundation of innovation, it has become crucial for leaders to unleash the creative potential of their employees. However, role of leader's emotional intelligence in promoting employee creativity is understudied [9]. Gaining an understanding of the relationship of leader's EI to creativity is significant for several reasons. First, prior research suggests that leadership is one of the most important predictors of creativity in organizations [10]. Thus, research on leader's emotional intelligence can help advance knowledge regarding how leaders manifest their emotions and influence followers, as every interaction between leaders and followers involve emotions. Second, studies exploring the role of mediators/moderators in the relationship between leader's emotional intelligence and employee outcomes are still lacking [11]. Thus, there is a need to better understand the underlying mechanisms of how leader's EI exerts influence on creativity. Despite the fact that psychological climate perceptions have implications on employees' attitudes and behaviors [13], little research has been done on exploring psychological climate as intervening variable between EI and employee outcomes [5-14]. Therefore, examining the psychological climate as a mechanism may help in understanding the relationship of leader's EI to creativity. Furthermore, researchers have suggested that examining leader member exchange [LMX] as boundary conditions between leader's behavior and employee outcomes will help in extending our understanding of this relationship [15]. This gap needs to be filled as depending on the situation, there can be differential effects of EI [16]. In order to fill this void, we propose LMX as boundary condition which will determine the situation in which leaders will have more creative employees. Therefore, purpose of this study is to fill these identified gaps by proposing an integrative framework illustrated in Figure1 that attempts to explore simultaneously the role of psychological climate and LMX in the relationship between leader's emotional intelligence and creativity.

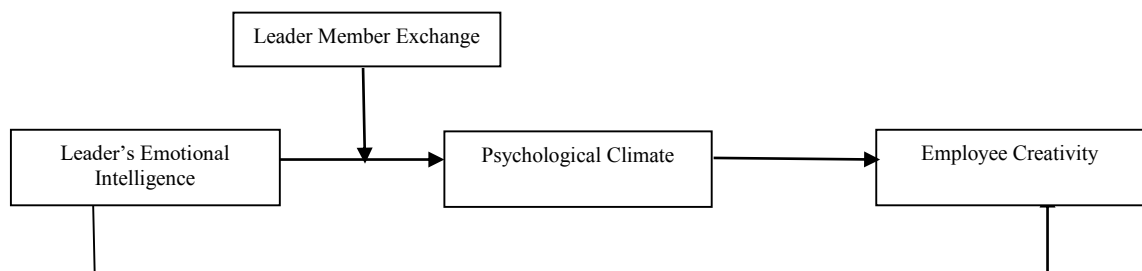


Fig. 1. Proposed framework linking leader's emotional intelligence to employee creativity

## 2. Literature review

### 2.1. Emotional intelligence

In 1990, Peter Salovey and John Mayer first introduced the concept of emotional intelligence. EI has been defined as "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" [17]. However, it was the publication of book "Emotional Intelligence: Why It Can Matter More Than IQ" by Daniel Goleman which has been credited for generating unparalleled interest among academicians and practitioners alike [18]. Over the past two decades, EI

has received widespread attention as an area of research from variety of fields such as organizational behavior, human resource management and psychology [19-20]. Although EI has drawn criticism on its conceptual overlapping with personality and cognitive intelligence [21], however, evidences are available establishing EI as a unique construct which explains variations in outcomes above and beyond personality and cognitive intelligence [3-19]. EI has been linked to various outcomes such as social relationships [22], well-being [23], and organizational commitment [24] and leadership effectiveness [11].

## 2.2. Psychological climate

Since 1970, the concept of psychological climate has garnered interest among scholars and psychologists [25]. This interest is perhaps, due to the fact that researchers are curious to understand the effects that an organization context may have on its employees [26]. Psychological climate has been defined as “individual attributes, namely the intervening psychological process whereby the individual translates the interaction between perceived organizational attributes and individual characteristics into a set of expectancies, attitudes, behaviors, etc” [27]. Given that psychological climate perceptions mediate attitudinal and behavioral outcomes [27], prior studies including meta-analysis have reported the relationships between climate perceptions and work outcomes [13-28-29].

## 2.3. Leader-member exchange

The LMX theory has been derived from “Vertical Dyad Linkage” theory [VDL] and assumes that a leader develops different kind of relationship with each follower as each follower has different needs, attitudes and behaviors [30]. LMX represents leader and followers’ relationship quality that varies from low to high depending on mutual trust, respect, and obligation between both parties [31]. Low quality relationship signifies lack of trust, respect and obligation between leader and follower and limited to employment contracts, while followers in high quality relationship go beyond formal employment contracts to attain goals [31]. Prior studies including meta-analysis have shown that followers in high quality relationships report higher performance, organizational citizenship behavior and job satisfaction [32-33].

## 2.4. Creativity

In modern business environment with economic uncertainty and rapid technological growth, creativity occupies significant role affecting organizational performance, survival and success [34]. Owing to the contribution of creativity as a competitive advantage, the field has garnered immense interest among both scholars and practitioners [35- 36]. Creativity has been defined as the “production of novel and useful ideas by an individual or by a group of individuals working together” [37]. Prior studies have explored the influence of various individual characteristics on creativity [38-39]. However, recent research in creativity has moved beyond identifying individual characteristics associated with creativity, thus focusing on the integrative approach combining both individual and contextual characteristics influencing creativity [40; 41].

# 3. Research propositions

## 3.1. Role of psychological climate

Psychological climate is the lens through which employees perceive and interpret their day to day environment which influences their attitudes and behaviors [26]. Infact, there is an agreement among scholars that climate is

an important factor affecting creativity at workplace [42- 43]. In order to flourish creativity, climate is imperative for the generation, integration and application of novel and diverse concepts and approaches [10-44]. When the climate is conducive, individuals at work involve themselves with experimentation and risk taking [45], that make them willingly explore and express new ideas without any fear leading to more creative behavior [46]. Previous empirical studies including meta-analysis have shown positive relationship between climate and creativity [10-47].

It has been suggested that the leader's EI influences the perception of employees about climate at work [5]. Leaders affect the emotions of their employees through their own emotional states [Goleman et al., 2001]. Leaders who drive emotions positively create a climate of enthusiasm, information sharing and motivation in which individuals show exceptional performance [5-48]. On the other hand leaders with negative emotions lead to climate characterized by fear, anxiety, anger and lack of bonding, thus, hampering individuals' performance [5]. Prior studies have claimed that emotionally intelligent leaders nurture the climate by instilling confidence in employees, guiding them in the circumstances of ambiguity and conflict, providing support and helping them to get back from being surrounded by negative emotions [49-50]. Thus, a leader who is high on emotional intelligence understands the impact of one's emotions on the needs and feelings of employees and therefore ensures to facilitate favorable psychological climate [51-52].

Extant literature also indicates that leader's EI influence employee's creativity [9-53]. Leader's emotional intelligence has been found to streamline different steps in the creative process [53]. However, studies exploring the path through which leader's EI influence employees' creativity are scarce. In order to fill this gap in literature, it is plausible to suggest psychological climate as a mechanism explaining the relationship between leader's EI and employee's creativity. Based on above rationale it is evident that favorable psychological climate plays a significant role in affecting creativity. Thus, it is argued that an emotionally intelligent leader may create favorable psychological climate that in turn facilitates employees to exhibit creativity. In sum we envisage that:  
Proposition 1: Leader's EI will facilitate employee creativity by enhancing psychological climate.

### 3.2. Role of leader member exchange

To better understand the predictors of psychological climate, it is important to consider the interactive role of leader's EI and LMX in this process. We build on the view that leaders do not interact with each of their employees in a similar manner because each employee has different needs, motivations, attitudes, behaviors and personalities [30-54]. We therefore, argue that even an emotionally intelligent leader can have different kind of relationships with each employee varying from low to high. Moreover, high quality relationship takes time to develop [55] and may in fact develop at different speeds with different employees [31]. Prior studies have found that employees under one leader may perceive same climate differently [56-57]. Consistently, we argue that employees with high quality LMX are more likely to develop favorable perceptions of psychological climate, in combination with emotionally intelligent leader, than employees with low quality LMX. This expectation is further strengthened by the research findings that LMX is an important moderator of the relationship between leader's behavior and outcomes [58-59]. In sum we envisage that:

Proposition 2: Leader's EI will interact with LMX such that strength of the relationship between leader's EI and psychological climate will be stronger for employees with high quality LMX.

Further, prior evidences have revealed that high quality LMX employees are likely to have more social, political and economic supports from their leader than low LMX employees [60], indicating that apart from being satisfied in their work roles these individuals will also go beyond their formal employment contract to reciprocate their leaders [61]. Indeed, prior studies have found that high quality LMX predict creativity [7-62]. Thus, when employees have low quality LMX, leader's EI is less likely to enhance psychological climate, which means that psychological climate is less likely to mediate the effect of leader's EI on employee creativity. In sum we envisage:

Proposition 3: The strength of the indirect relationship of leader's EI with employee creativity via psychological climate will be stronger for high quality LMX employees than low quality LMX employees.

#### 4. Conclusion

As creative employees help the organizations in desired innovation, it becomes imperative for organizations to identify and understand how creative potential of their employees could be unleashed. In light of this, the proposed integrative framework contributes in exploring the relationship among leader's EI, psychological climate, LMX and employee's creativity. In addition, migrating from typical cohort of studies investigating the role of emotional intelligence in focal employees, this framework is an attempt where focus is on leader's EI and its influence on employee's creativity.

This framework simultaneously illuminates the mechanism as to how and when leader's EI influence employee's creativity. The proposed framework suggests that leader's EI facilitates favorable psychological climate which further promotes employee's creativity. In addition, it also indicates that effects of leader's EI on employee's creativity via psychological climate will be more prominent when leaders have high quality LMX subordinates.

#### 5. Limitations and scope for future research

This framework explores and provides understanding of relationship between leader's EI and employee's creativity from theoretical point of view. However, in future, framework when tested empirically can provide evidences of relationships. To test the framework empirically, it would be appropriate to employ quantitative research design using survey method. Data thus obtained can be analyzed through advanced statistical techniques to investigate the relationship among variables of proposed framework. Insights obtained from empirical investigations will be useful to design intervention programs that would influence employees' performance and ultimately organization's performance. Further, this framework does not take into account how different dimensions of emotional intelligence and psychological climate contribute in enhancing employees' creativity. These limitations can also be addressed in future.

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