The Relation Between Managers' Emotional Intelligence and the Organizational Climate They Create

By Nona Momeni

The morale and emotional behavior of a manager has an important effect on organizational climate. Research shows that more than 70% of employees' perceptions of organizational climate result directly from a manager's morale and behavior, which stimulates employees' morale, emotions, and behaviors. The aim of this research is to study the relation between the emotional intelligence of managers and the organizational climate they create. Thirty managers were randomly selected as a sample, and the emotional intelligence of each manager and their organizational climates were measured by questionnaires using a 360-degree feedback approach. The managers' results were compared with those from another 140 supervisors, peers, and Regression analyses showed that there is a positive correlation between the emotional intelligence of managers and organizational climate. The results of the analyses also show that among emotional intelligence's factors, social awareness and self awareness have more influence on organizational climate, while among organizational climate factors, credibility is most influenced by managers' emotional intelligence.

Key words: emotional intelligence, organizational climate, 360 feedback approach.

Emotional intelligence (EI) refers to understanding and recognition of oneself and others' abilities, perception and attitudes. This mental ability has an important influence on the other abilities of a manager, especially leadership. In this article, I consider the important issue of whether and to what extent a manager's EI affects organizational climate (OC).

OC can be understood to be the perceptions of the outward features of an organization's culture. That is, employees' perceptions and attitudes toward their organization at a given time is the organization's climate. Researchers believe that the behavior of a manager has a great influence on staff's perceptions and attitudes that create OC. Great OC improves the efficiency of an organization and decreases costs of turnover and problems with staff.

On the other hand, behavior results from emotions and perceptions, so EI is reflected in a manager's behavior. For this reason, this research analyzed the relationship between EI of managers and OC.
This article addresses two gaps in the literature: First it presents definition of OC and its association with leadership. Second, the EI of managers is directly assessed, and the association of managers’ EI with OC is studied.

Organizational Climate

Researchers believe that OC is a snapshot of the surface features of the culture resulting from a workforce’s attitudes and perceptions at a given point in time. A useful metaphor is to consider culture and climate as, respectively, the invisible and visible portions of an iceberg.3

OC has been defined as a “set of characteristics that describe an organization and that (a) distinguish it from other organizations, (b) are relatively enduring over time, and (c) influence the behavior of people in the organization” (Forehand & Gilmer, 1964, 362).4 Stated plainly, an employee answering the question “What is it like to work here?” will offer a description of OC 5.

On the other hand, influencing OC is believed to be a function of leadership.6 For example, researchers have revealed strong associations between OC and leaders’ ability to arouse motivation by appealing to human needs for achievement, affiliation, and power.7 Studies8 show that a great OC decreases cost of turnover and employees’ resistance to change and also improves quality, creativity, and the accepting risks, all of which lead to the loyalty of customers.

Goleman and his colleagues’ research on private organizations9 shows that OC influences one third of return and two thirds of the return is influenced by economic situations and competitive dynamics. Figure 1 shows that between 1990 and 200, the 100 U.S. publicly traded companies rated as the best places to work realized the highest returns as measured by the S&P 500 Index. Over the decade shown, the 100 best workplaces returns were about 70% higher than other companies. When the chart was created, the prediction was that stock returns would 500% higher than other companies by 2002.10

The Relationship Between Organizational Climate and Leadership

Lyman11 has found that employees’ feeling about their workplace is the principal determinant of whether an organization is a great place to work, topping policies, organizational programs, financial situation, and value of stock. She also identified the following three components of employee feelings about the place where they work:

- Feelings about management: An employee should trust the people for whom he or she works.
- Feeling about the job: An employee should have pride in what he or she does.
- Feelings about other employees: An employee should enjoy the people with whom he or she works.
Figure 1: 100 Best Returns in Comparison With Other Companies, 1990–2000

Note. 100 Best = Companies rated as among the best places to work by the Great places to Work Institute; S&P 500 = Standard and Poor's index of companies' stock performance in the United States. From: "Creating a Great Place to Work: Lessons From the '100 best,'" 2003, (M.A. Babaee & B. Abolalae, Trans.), The proceeding of first conference of development of human resources, (2004), Association of HRM of Iran, 9th Street, Iranshenasi Street, Southern Sheikh Bahae Avenue, Tehran, Iran, 19–27.

More than three decades of research by SixSecond Consulting Group\textsuperscript{12} shows that more than 70% of employees' perceptions of OC is directly shaped by managers' style of leadership and behavior. It is therefore reasonable to claim that the OC which employees experience in the workplace is more influenced by the sense employees have that their managers will behave in a reliable way.

In fact, Lyman\textsuperscript{13} found that among the components of employees' feelings about their workplace, feelings about management is the main facet that creates and improves feelings in employees about OC.

In order to create and improve these feelings, successful managers seriously and eagerly follow these issues:

- Developing and improving face-to-face communications with employees and giving employees enough information, as well as proving their credibility and improving it through honesty and good morals.
- Showing care for and respect to employees by expressing appreciation and gratitude, creating chances to improve, getting employees involved with solving organizational problems, being receptive to new ideas, and caring about the employees' problems.
• Showing fairness through fair salaries and rewards, behaving towards employees as a family, being unbiased in recruitment and promotion, and handling grievances seriously and fairly.

• Making jobs worthwhile and meaningful, encouraging and facilitating teamwork, creating situations in which employees get a sense of pride about working as members of the organization, and making the work environment friendly through sincerity and sympathy, all of which increase employees' loyalty to the organization.

The Relationship Between the Emotional Intelligence of Managers and Organizational Climate

As mentioned above more than 70% of employees' perceptions of OC are directly formed by managers' style of leadership and behavior, particularly how managers work to improve employees' performance and reward them.

Goleman and his associates\textsuperscript{14} have found that of all the elements affecting bottom-line performance in private organizations, the leader's mood and behaviors are the most influential. This means there is a powerful chain reaction in which the leader's mood and behaviors drive the moods and behaviors of everyone else. A cranky and ruthless boss creates a toxic organization filled with negative underachievers who ignore opportunities; an inspirational, inclusive leader spawns acolytes for whom any challenge is surmountable. The final link in the chain of performance is organizational profit or loss. Therefore, Goleman et al. claimed that efficient manager with high EI can create environments where loyal, intelligent, risk and reward-seeking-risk, and emotionally invested employees strive towards great goals.

EI was initially studied within academic psychology.\textsuperscript{15} From there, educators, psychiatrists, human resources specialists, and others became interested, and the field grew. A foundational ability definition of EI was stated by Salovey in 1990. According to Salovey, EI is "a type of emotional information processing that includes accurate appraisal of emotions in oneself and others, appropriate expression of emotion, and adaptive regulation of emotion in such a way as to enhance living" (Ciarrochi, Forgas, & Mayer, 2001, 9).\textsuperscript{16}

This definition was expended in 1999: "EI refers to an ability to recognize the meaning of emotions and their relationships, and to reason and problem-solve on the basis of them. EI is involved in the capacity to perceive emotions, assimilate emotion-related feelings, understand the information of those emotions, and manage them" (Ciarrochi, Forgas, & Mayer, 2001, 9).\textsuperscript{17}

During the popularization of EI, the construct's definition has been changed quite substantially. Goleman, writing in 1995, emphasized social relationships, generally speaking. In his early definition, EI became the five area of knowing one's emotions, managing emotions, motivating oneself, recognizing the emotions of
others, and handling relationships. A few years later, Goleman et al. simplified this model into a two-by-two matrix with four domains of self awareness, social awareness, self management and relation management and twenty competencies (see Figure 2). The belief was that “an emotionally intelligent leader can monitor for the better through self-management, understand their impact through empathy, and act in ways that boost others’ moods through relationship management.”

**Figure 2: Dimensions of Emotional Intelligence**

<table>
<thead>
<tr>
<th>With Me</th>
<th>What I See</th>
<th>What I Do</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Awareness</td>
<td>Self-Management</td>
<td></td>
</tr>
<tr>
<td>Social Awareness</td>
<td>Relationship Management</td>
<td></td>
</tr>
<tr>
<td>With Others</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


After conducting a factor analysis, Bar-On (2000) explained EI as “one’s ability to deal with daily environment challenges and helps predict one’s success in life, including professional and personal pursuits” (Vosuqikiya, 2000, 2). In comparison with other researchers, Goleman associated social skills such as communication, influence, leadership, conflict management to EI. These are the skills more approachable and useful for managers than the skills identified in other models, so Goleman’s most-recent definition of EI was employed for this study.

Different studies have explored the association between OC and productivity, commitment, and effectiveness. Some studies have supported links between styles of management and training and OC. These studies also support the effect of manager’s moods on OC. Among these studies, Goleman looked at the effect of 6 management styles on OC and revealed the strongest relationship between EI and OC. Since styles of management that have different effect on OC are driven from different EI factors, it seems possible that different emotional behaviors give rise to different management styles and different perceptions of OC. The study reported in this article was aimed at determining whether the EI of managers was the main factor in creating great OC.
Hypothesis 1: There is a positive correlation between the EI of managers and the OC they create. That is, if a manager's EI increases, the OC is improved.

Hypothesis 2: Dimensions of EI have positive correlation with dimensions of OC.

**Dimensions**

**Dimensions of Emotional Intelligence**

Researchers have introduced some special dimensions of EI. Mayer, Salovey, and Caruso (stated by Akbarzadeh, 2000, 15-24) working primarily in university settings, explained that EI consists of four branches of mental ability:

- **Emotional Perception and Expression**: The ability to accurately assess and respond to emotions in oneself and others (e.g., reading emotions in faces, sensing emotions in music and design).
- **Emotional Facilitation of Thought**: The ability to accurately associate emotions to other sensation, such as colors and textures, and the ability to enhance thought through feeling emotions.
- **Emotional Understanding**: The ability to analyze emotions into parts, understand the likely transitions from one feeling to another, and understand complex feelings in social situations.
- **Emotional Management**: The ability to manage feeling in oneself and others.

As noted, Goleman and his colleagues argued that EI consists of four dimensions. These dimensions and the questions they allow people to answer are as follows:

- **Self-Awareness**: Can I accurately identify my own emotions as they happen?
- **Self-Management**: Can I manage my emotions to achieve a positive outcome?
- **Social Awareness**: Can I accurately identify others’ emotions as I interact with them?
- **Relationship Management**: Can I manage the interaction I have with others constructively and achieve a positive outcome?

After administering a survey to more than 4,000 participants in North America and conducting a factor analysis, Bar-On introduced his model of EI, which includes five facilitators of emotionally and socially intelligent behavior. The facilitators identified by Bar-On are:
• **Optimism:** The ability to be positive and look at the brighter side of life.

• **Self-Actualization:** The ability and drive to achieve goals and actualize one’s potential.

• **Happiness:** The ability to feel content with oneself, others, and life in general.

• **Independence:** The ability to be self-reliant and free of emotional dependency on others.

• **Social Responsibility:** The ability to identify with and feel part of one’s social group.28

Thompson29 noted that of the more than 60 EI peer-reviewed and non-peer-reviewed inventories and assessments available on the Internet, the following three stand out as the most useful.

- The Emotional Quotient Inventory (EQ-I) designed by Bar-On.
- The Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT).
- The EI Inventory (ECI-360) designed by Goleman, Boyatzis and McKee.

The ECI-360 has developed to measure the EI of people in organizations, especially managers. It has been validated internationally and shown more likely to capture expressions of EI in the real world than the MSCEIT. The ECI-360 has the additional advantages of being approachable for survey respondents and of being easy to administer. Further, the ECI-360 collects data in a 360 fashion, making it more comprehensive than EQ-I, which is a self-report instrument. For all of these reasons, the ECI-360 was used in this research.

**Dimensions of Organizational Climate**

Stringer30 identified the six dimensions of OC as organizational clarity, responsibility, reward, standards, conformity, and team spirit. These key dimensions were later refined within the context of a community college setting, highlighting the dimensions’ implications for leadership.31 Most recently, Goleman and his associates32 studied 3,871 managers and introduced a model for OC including six variables as follows:

- **Flexibility:** The degree to which employees have the freedom to be creative and the limitations employees face in terms of regulations and procedures.

- **Responsibility:** perception of employee from organizational responsibility (the degree to which employees feel responsible for accomplishing the work of the organization).

- **Standards:** The intent of employees to meet high standards of performance and employee’s tolerance of constant pressure to improve productivity.
- **Rewards**: The belief or employees that rewards are given justly and fairly according to the quality of work as well as the belief that rewards given do encourage doing a great job.

- **Clarity**: The belief of employees that the missions and vision of organization has been clearly communicated.

- **Group Commitment**: The intents of employees to accept more responsibility and to achieve to organizational goals.

Lyman, looking at the OC of for-profit companies, found that a great place to work is a place where employees trust their managers, have pride in what they do, and enjoy the people they work with. In comparison with other researchers, Lyman concentrated more on the relationships between employees’ and managers and the important behaviors of managers that create OC. Also, Lyman’s model includes subscales that permit comparisons among different organizations’ OC. Lyman’s appears to be the most-developed model of OC and to capture the highest number of the practical features of OC. So in this research, OC was measured by assessing the following five factors adapted from Lyman’s work:

- **Credibility**: An indication of an employee’s attitudes and perceptions about his or her manager’s abilities in the areas of communication, capability, and honesty.

- **Respect**: An indication of the organization’s respect for an employee’s spirit and individual needs, as shown by support, collaboration, and caring.

- **Fairness**: An indication of an organization’s commitment to justice and impartiality for each staff member at every level of the organization, as shown by equity, impartiality, and justice.

- **Pride**: An indication of an employee’s feelings of individual, group, and organizational pride in achievements, as expressed being proud of one’s personal job, team accomplishments, and corporate image.

- **Camaraderie**: An indication of feelings of friendship among employees and feelings of being a member of a family within the organization, as reflected in feelings of intimacy, hospitality, and community.

**Research Methods**

Assessments and interviews were employed to test the study’s hypotheses. To limit the effect of confounding variables such as industry and technology, 30 managers from similar organizations that manufacture car parts in Iran were chosen as participants to complete the ECI-360. The assessment tool uses four subscales to measure an individual’s self-awareness, self-management, social awareness, and relation management. Since the EI assessment was standard, it was not tested for validity and
reliability. However, the instrument was translated into Farsi, and its wording was revised according to cultural norms in Iran.

Using similar foreign- and home-designed questionnaires completed by 140 employees and supervisors at the participating managers' organizations, OC was also assessed. To test the reliability of the OC assessment, that instrument was given to some professors, employees, and managers, and some modifications and improvements were made according to the suggestions and opinions. Cronbach's $\alpha$ for the OC assessment was 9335, which is sufficient. After managers and the other groups completed the instruments, the study participants were interviewed to confirm the results. Table 1 shows the characteristics of the groups participating in the study.

**Table 1: Mean, Standard Deviation, Standard Error, Numbers, and Percentages of Samples and Different Groups Participating in the Study**

<table>
<thead>
<tr>
<th>Group</th>
<th>n</th>
<th>Percent</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Standard Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>30</td>
<td>17.65</td>
<td>11.79</td>
<td>1.03</td>
<td>0.188</td>
</tr>
<tr>
<td>Direct reports</td>
<td>90</td>
<td>52.94</td>
<td>12.24</td>
<td>1.75</td>
<td>0.32</td>
</tr>
<tr>
<td>Peers</td>
<td>37</td>
<td>21.76</td>
<td>10.80</td>
<td>1.40</td>
<td>0.256</td>
</tr>
<tr>
<td>Superior managers</td>
<td>13</td>
<td>7.65</td>
<td>9.11</td>
<td>1.02</td>
<td>0.186</td>
</tr>
<tr>
<td>Total</td>
<td>170</td>
<td>100</td>
<td>10.99</td>
<td>1.78</td>
<td>0.163</td>
</tr>
</tbody>
</table>

The 360-feedback approach was employed to avoid the limitations of traditional assessment techniques. Usually organizational and personnel assessments are performed top to bottom, with, every employee being appraised by his or her direct manager. The problem with this usual approach is that a manager may not have complete insight about his or her employees or not specialized enough to accurately assess what a particular employee does.

With 360-feedback, employees are appraised using various sources of information, and managers' assessments are just one, used in conjunction with assessments from peers, direct reports, and everyone who receives services from an employee.34

**Data Analysis**

The study's hypotheses were tested using Pearson product-moment correlation coefficient ($r^2$). Analyses were run separately for OC and the EI of managers. As table 2 shows, the correlation coefficient between EI and OC is .55 ($p < 0.01$), which indicates support for and reinforce hypothesis 1.

How much OC is caused by EI of managers was also explored. To answer this question, a regression performed in which EI was the independent variable and OC as dependent variable. The results are shown in table 3. The correlation coefficient
between OC and EI is .55 ($r = .31$), which means .31% of variance in OC can be attributed to the variance of EI, ($F=0$). The formula is as follows:

$$Y = 5.10 + .53 X$$

This function indicates .55% of OC is caused by the EI of managers.

**Table 2: Correlations Between Emotional Intelligence and Organizational Climate ($r^2$)**

<table>
<thead>
<tr>
<th></th>
<th>Emotional Intelligence</th>
<th>Organizational Climate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional Intelligence</td>
<td>Pearson Correlation</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.554**</td>
</tr>
<tr>
<td>Organizational Climate</td>
<td>Pearson Correlation</td>
<td>.554**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.000</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).**

**Table 3: regression of EI and Organizational Climate**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\beta$</td>
<td>Standard Error</td>
<td>$\beta$</td>
<td>t</td>
<td>p-value</td>
</tr>
<tr>
<td>Emotional intelligence (constant)</td>
<td>5.106</td>
<td>.817</td>
<td>6.248</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>.535</td>
<td>.073</td>
<td>.558**</td>
<td>7.306</td>
<td>0.00</td>
</tr>
</tbody>
</table>

*Note. The dependent variable is organizational climate.*

The positive association between dimensions of EI and dimensions of OC was also supported ($p < .01$), consistent with hypothesis 2. Table 4 shows the relations.

**Table 4: Person’s Correlation Between dimensions of Emotional Intelligence and Organizational Climate**

<table>
<thead>
<tr>
<th>Organizational climate</th>
<th>Self-awareness</th>
<th>Social awareness</th>
<th>Self-management</th>
<th>Relation management</th>
<th>Emotional intelligence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credibility</td>
<td>.62**</td>
<td>.64**</td>
<td>.61**</td>
<td>.61**</td>
<td>.69**</td>
</tr>
<tr>
<td>Respect</td>
<td>.594**</td>
<td>.59**</td>
<td>.58**</td>
<td>.61**</td>
<td>.63**</td>
</tr>
<tr>
<td>Fairness</td>
<td>.596**</td>
<td>.52**</td>
<td>.54**</td>
<td>.53**</td>
<td>.58**</td>
</tr>
<tr>
<td>Pride</td>
<td>.55**</td>
<td>.60**</td>
<td>.59**</td>
<td>.61**</td>
<td>.65**</td>
</tr>
<tr>
<td>Camaraderie</td>
<td>.49**</td>
<td>.46**</td>
<td>.42**</td>
<td>.49**</td>
<td>.55**</td>
</tr>
<tr>
<td>Organizational climate</td>
<td>.55**</td>
<td>.49**</td>
<td>.50**</td>
<td>.49**</td>
<td>.558**</td>
</tr>
</tbody>
</table>

**$p < .01$ (2-tailed).**
Discussion

Results
These results show the higher a manager's EI, the better that manager's OC. This is consistent with hypothesis 1. Regression indicates that 55% of OC is caused by the EI of managers. The results also show that the better a manager scores on dimensions of EI variables, the better the OC dimensions. This supports hypothesis 2. The results show EI has more influence on credibility. Employees and managers interviewed emphasized this fact too.

The results also indicate OC is more influenced by self-awareness and social awareness. Self-awareness is the core of other skills such as good communication skills, interpersonal expertise, and mentoring abilities because EI can only begin when affective information enters the perceptual system.35

Implications of These Findings
First, organizations usually focus on recruiting employees with highly specific skills. To get more efficiency and productivity, organizations should consider EI when recruiting, especially at high levels such as managers, and for the staff whose jobs require social skills. In other word, EI should be a criterion for selecting employees who must work in teams, lead others, and have efficient relationships to other departments and the community.

Second, when appraising managers, the OC which managers create should be considered because managers have relationships with many staff and people in their and other departments, and through these relationships, managers have the ability to create OC. Third, 360-feedback is an appropriate and well-developed approach to appraise every aspect of competencies of people. Combining different opinions allows a relatively complete appraisal of employees.

Forth, given the importance of EI and OC, further research to confirm and extend the results of this research is needed. The research methodology could be applied in for other industries and organizations. Also, it is worth considering and comparing EI of different managers across different levels and departments and the influence of every manager on OC. Interfering variables have not been considered in this research, so other researchers can study the effects of variables such as the age of organizations, type of organization, and technology.

Limitations
The results discussed above must be interpreted with caution. Even though the sample assessed for this study is representative of its population, neither the sample or the population covers all manufacturing industries in Iran and the results may not apply to all sectors of the economy. Also, given that business values, operations, and organizational cultures vary significantly across countries,36 the results of this study may not apply in cultural settings that differ radically from that of Iran. While the use of questionnaires is a legitimate research approach, questionnaires may not adequately
capture the subtle features of OC and EI. Therefore, future research should replicate these results using alternative approaches to the measurement of central constructs. Ethnographic methods, in particular, may be useful in this regard. Finally, given that organizational subsystems vary considerably within and across cultures, the effect of OC may be more complex than uncovered in the current study.

**Conclusions**

Emotional behaviors have the main role in creating OC, employees' perceptions of the outward features of an organization's culture at a given time. Research shows that more than 70% of OC directly results from managers' morale and behaviors. Because behavior is understood to result from emotions and perceptions, EI—the understanding and recognition of oneself and others' abilities, perception, and attitudes, as well as how to manifest that understanding and recognition—has an important effect on behavior. In this article, the relationship between the EI of managers and the OC they create was analyzed. The results show that managers’ EI has a positive association with OC. In other words, highly emotional intelligent managers can create great OC. Analyzing the relationship between dimensions of EI and OC show there is a positive correlation between all dimensions of both constructs. Specifically, the results show “that self-awareness” and “self-management” have the most influence on OC and that credibility” has the most influence on EI. These results highlight the importance of the concept of emotions and styles of managing in creating great OC.

**Notes**


6. Ibid.

7. Ibid.


11 Ibid.


17 Ibid.


33 Lyman, A. (2003), op cit.


37 Ibid.


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