

## EMOTIONAL INTELLIGENCE AND TURNOVER INTENTION

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### ABSTRACT

Some argue that emotional intelligence is a trait that remains relatively consistent like intellectual intelligence. Others contend that emotional intelligence is an area that is highly open to development. Despite these contrasting views however, at the very least, exploring emotional intelligence (EI) opens the opportunity for leaders to recognize "emotional strengths and weaknesses". This in turn makes it possible for a leader to increase his or her emotional self-awareness or knowledge and as a result perhaps improve their social and emotional functioning. By doing so they can then create more positive cultures in which people may want to belong and then possibly diminish turnover. Hence, it is the intent of this paper to empirically examine the relationship between emotional intelligence of leaders as mediated by organizational culture as a potential explanation for employee turnover intention among ICT professionals affiliated with the Multimedia Super Corridor at Cyberjaya, Malaysia. The findings of this study may then help leaders realize the significance of their personal, social and emotional functioning and how this contributes to building an environment that promotes retention despite high competition for skilled manpower.

**Key words:** Emotional intelligence, organizational culture, turnover intention, Malaysia

### 1. INTRODUCTION

Malaysia's pursuit of economic development and moving towards a K-economy, Information and Computer Technology (ICT) has always been one of the government's key priority areas. Since the inception of the vision2020 by Tun Dr. Mahathir, Malaysia has undertaken serious steps to promote ICT in the country. Among the most prominent initiatives included the creation of the Multimedia Super Corridor (MSC) and the implementation of E-government. ICT's status has been so paramount that despite the transition through two new administrations, it has consistently remained high in the government's agenda. In fact, since 2004 the government has envisioned promoting Malaysia as the Asian Silicon Valley through the MSC and believes that ICT has a significant role to play in many areas, including wealth creation and human capital development. The government's commitment in ICT is also visible in its efforts to create a Connected Government for One Malaysia. Investment in e-government has been so substantial that in the 2009 UN E-Government Survey, Malaysia ranked 34<sup>th</sup> amongst the 192 member Nations in the use of ICT, one of only two Southeast Asian countries to enter the top 35 list of countries.

However, attracting the big ICT companies has been anything but easy. Challenge and competition from such countries as China and India has been fierce. Despite the accelerated growth in the number of ICT professionals, the need for skilled ICT manpower has continued to grow and might even show shortages. A 2008 Asian Development Outlook report prepared by the Asian Development Bank showed that a sharp shortage of ICT manpower is among the top concerns of business executives both in China, India and South East Asia to include Malaysia. 241 companies included in the survey identified shortage of qualified staff as the most serious business issue, of which ICT services was identified as the second most affected sector. The same report indicated a 30% increase in nominal wages in ICT citing it as proof of an increasing shortage in skilled manpower in the sector. In addition, a separate 2004 KWX employment outlook survey of 1350 Malaysian companies reported that 59% believed that Malaysia does have the ability to supply sufficient number of ICT talents for MSC status companies. Furthermore, the survey also showed that difficulty of recruiting (20.5%), high turnover rate (8.7%), staff pinching (10.2%) and retaining staff after training (4.1%) where among the top staff issues in the IT and MSC affiliated companies, all of which implies a possibility of a significant turnover experience.

The purpose of this study is to investigate the association between employee perception of the Emotional Intelligence (EI) of their leader, the perceived organizational culture and their intention to leave the organization. These associations are explored among IT companies affiliated with the Multimedia Super Corridor in Malaysia.

This paper aims to contribute to the existing understanding of the turnover phenomena by looking more closely at the leader's emotional intelligence as a potential factor affecting turnover intentions as well as explore

possible mediation effects of organizational culture perceived by employees and sponsored by the leader. This paper endeavors to provide significant theoretical and practical contributions in the area of leadership and its role in culture and staff retention within an organization. Skilled and competent manpower is an invaluable asset to any company. The turnover of staff not only represents a significant cost for companies but also a loss of competitive advantage particularly when former employees transfer their competencies to competitors.

## 2. LITERATURE REVIEW

### 2.1. Emotional Intelligence (EI) of leaders and turnover intention

EI has been touted as a construct which can assist organizations in reducing turnover, identifying transformational leaders, improving organizational culture, stimulating creativity, and enhancing employee acceptance of radical change (Carson, Carson, & Birkenmeier, 2000; Huy, 1999). In other words, a leader with EI is capable of reducing employee turnover.

Emotionally intelligent leaders have great deal of personal efficacy which motivates them to face uncertainty with much more confidence. Such ability allows them to attract and motivate followers. In addition, the positive affect of team leaders also plays a role in attracting and motivating team members. Positive emotions such as enthusiasm or cheerfulness are considered to be contagious in many ways. In any event, the favorable emotions of the leader promote the team's emotional state, and inspire members to perform with greater enthusiasm (Prati, Douglas, Ferris, Ammeter & Buckley, 2003). In this regard, leaders with positive moods may be more creative and thus are more likely to come up with compelling vision and better approaches to improve an organization's functioning as well as more effectively communicate shared vision to all levels. In addition, they are likely to be better able to reduce negative moods arising from various sources that may limit flexibility and innovation (George, 2000). George and Bettenhausen (1990) found that leaders' positive mood is negatively related to the groups' voluntary turnover rates.

Carmeli (2003) conducted an empirical study of the relationship between EI and work attitudes, behavior and outcomes of 262 senior managers in the public sector in Israel. Work outcomes referred to job performance and withdrawal intentions from the organization. Work outcomes was measured using scale developed by Pearce and Porter (1986) and intentions to quit was measured using three items (i.e., I think about leaving the organization; I am actively searching for an alternative to the organization; and as soon as it is possible, I will leave the organization) developed by Mobley et al. (1979). Work attitudes consisted of four work commitment forms (i.e., career commitment, job involvement, affective organizational commitment and continuance organizational commitment), job satisfaction, and work-family conflict. Emotional intelligence of senior managers was measured using Emotional Intelligence Scale (EIS) developed by Schutte et al. (1998). The findings indicated that emotional intelligence augments positive work attitudes, altruistic behavior and work outcomes, and moderates the effect of work family conflict on career commitment but not the effect on job satisfaction. It is important to note that the author reported a direct and significant relationship between EI and withdrawal intentions of senior manager from the organization. This intensifies the crucial role that EI may have in retaining valuable organization members.

As mentioned by Goleman (1995), "emotions are contagious and they are most contagious from the top down, from leader to followers" (p. 14). Thus, leaders' emotions can have a significant impact on employees' attitude and behavior.

Following the rationale, we hereby put the hypothesis:

H<sub>1</sub>: There is a negative association between the emotional intelligence of leaders (immediate managers) as perceived by employees and the turnover intentions of employees within an organization.

### 2.2. EI of leaders and organizational culture

Organizational culture is first created by its leaders. Culture is embedded and strengthened by leaders. When culture becomes dysfunctional, it is the duty of leaders to perceive the functional and dysfunctional elements of the existing culture and to manage culture evolution and change in such a way that the group can survive in a dynamic environment. Such relationship shows that leadership and culture are conceptually intertwined (Schein, 1992). Stadler (2007) stated that EI was viewed as beneficial only by corporate analysts in the past, but now it is being seen by leaders as the glue that holds the organization together. Because leaders profoundly affect the organizational culture and the organization's operations (Chang & Lee, 2007), leaders who are emotionally intelligent will influence the daily practices in the employees' working life. These daily practices are reflected in job challenge, communication, trust, innovation and social cohesion which were defined by Zeith et al. (1997) as the dimension of organizational culture.

Using these arguments the following hypothesis is suggested.

H<sub>2</sub>: There is a positive association between the EI of leaders (immediate managers) as perceived by employees and a favorable organizational culture.

### 2.3. Organizational culture and turnover intention

Robbins (2007) pointed out that leadership and organizational culture substantially influence the output of personal resource, e.g. productivity, job satisfaction, absenteeism and resignation. Employees may stay in their current job because they perceive it as a great place to work. Kerr and Slocum (1987) reported that some organizations have cultures that focus on values of teamwork, security and respect for individual members. These values fostered loyalty and long term commitment among employees irrespective of their job performance (Sheridan, 1992). Additionally, Sheridan (1992) found that the culture of an organization had a profound influence on the behavior of individuals within the organization.

Carmeli (2005) did a study that examined how organizational culture influenced withdrawal intentions and behavior among social service employees in the healthcare sector in Israel. The organizational culture was defined here as shared perceptions of daily practices based on Hofstede, Neuijen, Ohayv, and Sanders (1990) contention that shared cultures of daily practices is the core of an organization's culture. Carmeli (2005) used five dimensions of organizational culture namely job challenge, communication, trust, innovation and social cohesiveness to measure the culture associated to the employees'. The results revealed that an organizational culture that provided challenging jobs reduced employees' absenteeism, and turnover intentions from the organization, job and occupation. Similarly, a study by Rigas (2009) of 437 information systems employees in Thailand found a direct and negative association between organizational culture and turnover intentions. Hence it is hypothesized that:

H<sub>3</sub>: There is a negative association between a favorable perceived organizational culture and turnover intention of employees in their organization.

### 2.4. Mediating effects of organizational culture

Prior studies have shown that the relationships between leaders' EI and organizational culture (e.g. Bardzil & Slaski, 2003; Moorehouse, 2007), leaders' EI and turnover intention of employees (e.g. Langhorn 2004) and organizational culture and turnover intention of employees (e.g. Carmeli, 2004; Chatman, 1991; O'Reilly et al., 1991; Schneider, 1987) possibly exist. Linking the associations outlined above and Baron and Kenny's mediation conditions, one could argue that there is a possibility that organizational culture mediates the relationship between EI of leader and turnover intention of employees. Therefore we propose that:

H<sub>4</sub>: The organizational culture mediates the relationship between leader's emotional intelligence as perceived by employees and the employee's turnover intention.

Based on the review of literature, a research framework presented in Fig 1.

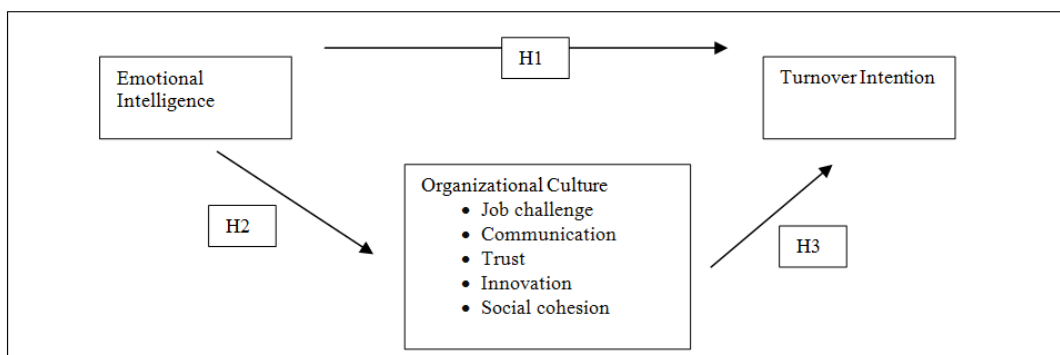


Fig. 1. Research Framework

## 3. METHODOLOGY

This study employed A non-probability sampling method using a structured questionnaire. Data were collected from four (4) multinational companies based in Cyberjaya namely DELL, EDS, Microsoft and IBM. These MNCs are well established companies in the IT sector with size varying from 1000 – 3000 employees. The sample of 260 employees was taken through an e-mail survey.

The specific items measuring each of the variables hypothesized to influence the turnover intention are adopted from previous studies. To assess EI, self-report measure of emotional intelligence was adopted based on the original model of emotional intelligence of Salovey and Mayer (1990). Organizational culture is a multi-dimensional construct, thus it is important to evaluate each of the dimensions (Cooke & Rousseau, 1988). The first dimension - job challenge had 5 items. An example of the items was: "I have new and interesting things to do in my work". The second dimension – communication had 6 items, an example of which is "Management here does a good job of communicating with employees". The third dimension – trust possesses 4 items, an example of which is, "My leader shows complete trust in employees' ability to perform their jobs well". Fourth dimension – innovation consisted of 7 items, for example, "Creativity is actively encouraged in this organization". And the fifth dimension – social cohesion was composed of 4 items, an example of which is "People in my department enjoy working with their co-workers".

The dependent variable is turnover intention. A total of three items were used to measure this variable which was adopted from Mobley et al., (1978). These included the questions "I have thought about leaving my job over past 12 months", "I plan to look for new job over the next 12 months" and "Over the next 12 months, I could actively search for a new job outside of this firm". The reliability of the scale was confirmed by Cronbach's Alpha ( $\alpha=0.866$ ).

#### 4. RESULTS

The total number of respondents was 266 from DELL 56, EDS 76, IBM 91 and Microsoft 37. Out of the 266 responses received, six (6) were discarded due to high number of items left unanswered. There were slightly more male respondents (58.93%) compared to females (41.07%). The majority of respondents were middle aged and younger with just over 80% of respondents being below the age of 35 and with a mean age of 30.5 years. Ethnicity showed Indians (30.36%) as the most represented single race, followed by Chinese and Malays at 23.21% and 10.71% respectively. The block of responses for various races and those who did not indicate an answer was also high at 35.71%.

Predominantly, respondents were unmarried making up of 62.5% of the sample. This is probably consistent and reflects the relatively younger age observed among respondents. In terms of education, majority of respondents had a high educational background with 83.9% having either a Bachelor's degree, a Masters or higher. Only 3.57% of the respondents reported a certificate, Polytechnic or equivalent qualification. Because respondents are engineers and technical staff of big ICT multinational corporations, the high educational profile is not very surprising. However, to some extent, it probably does indicate the high qualifications required in the industry as it is a highly technical and competitive sector.

Tenure within the organization was highly variable with 60% of respondents staying with their current company for less than 3 years. The length of tenure with the present firm ranged from 2 months to 12 years with a mean of 2.85 years and a standard deviation of 2.63. Tenure in their current position was similarly variable. Respondents have been in their current job title for an average of 2.62 years and a standard deviation of 2.58. The tenure in the position also ranged from 2 months to 12 years with the majority of respondents (67.27%) being in the same position for less than 3 years.

##### 4.1. Correlations and hypothesis testing

Pearson's product moment correlation ( $r$ ) was used in this study to determine whether associations between perceived leader EI (IV), turnover intentions (DV) and perceived organizational culture (MV) are significant. Furthermore, Jackson (2006) reiterates that correlations allow researchers to make predictions from one variable to another with a certain level of accuracy. These correlation coefficients will also provide the means for testing three of four hypotheses put forward in this study. The resulting correlations are summarized in table 4.1. The grayed areas represent the correlation coefficients using the factored organizational culture measure using 20 items instead of the original 26 items.

As can be seen in the table, outside of job challenge, all correlations ( $r$ ) were statistically different from zero at a 99% two-tailed confidence level. As expected, turnover intentions were significantly negatively associated with both the perceived emotional intelligence of leaders ( $r = -0.38, p \leq 0.01$ ) (immediate manager) and a perceived favorable organizational culture ( $r = -0.62, p \leq 0.01$ ). This was also similarly observed for all the cultural dimensions except job challenge which proved to be negatively correlated but statistically insignificant ( $r = -0.2590, p = 0.0539$ ).

Likewise, perceived EI of leaders was also significantly correlated to both the overall organizational culture ( $r = 0.6197, p \leq 0.01$ ) and its 5 dimensions. Job challenge, communication, trust, innovation and social cohesion all had significant positive association with perceived emotional intelligence ( $r = 0.41, 0.47, 0.48, 0.52, 0.68, p \leq 0.01$ ). Particularly social cohesion had stronger positive correlations with communication, trust and innovation with coefficients ( $r$ ) of 0.65, 0.63, and 0.72 ( $p \leq 0.01$ ) respectively. This however is not surprising as social cohesion is often viewed as the lubricant for more efficient team performance.

Hypothesis 1 posits that there is a significant negative relationship between perceived emotional intelligence of leaders and the turnover intention of employees in an organization. This indicates an inverse association between the two variables and this association is significantly different from zero. Hence, hypothesis 1 is accepted and we can infer that higher perceived emotional intelligence of leaders is related to lower turnover intentions among respondents.

The second hypothesis proposes that there is a significant relationship between the perceived emotional intelligence of leaders and a favorable organizational culture as measured in five dimensions; job challenge, communication, trust, innovation and social cohesion. All associations are significantly different from zero at 99% confidence level. Thus, hypothesis 2 is accepted and we conclude that higher perceived emotional intelligence among leaders is associated with more favorable organizational cultures.

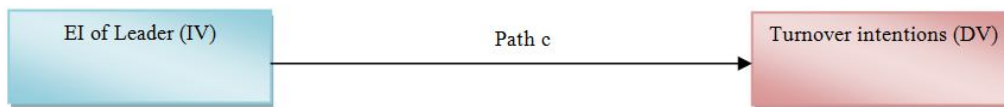
The third hypothesis suggests that the turnover intentions of employees have a statistically significant negative relation to a perceived favorable organizational culture. The correlation results obtained indicate a significant and negative association between turnover intentions and the overall perceived organizational culture.

To examine the fourth hypothesis, the causal steps approach using multiple regression analysis was chosen as it is among the most common method used for testing mediation (Frazier, Baron, & Tix, 2004; MacKinnon, Lockwood, Hoffman, West, & Sheets, 2002). In the causal step approach developed by Baron and Kenny (1986) four steps are performed. These use four regression equations to establish that a variable mediates the relation between a predictor and an outcome variable.

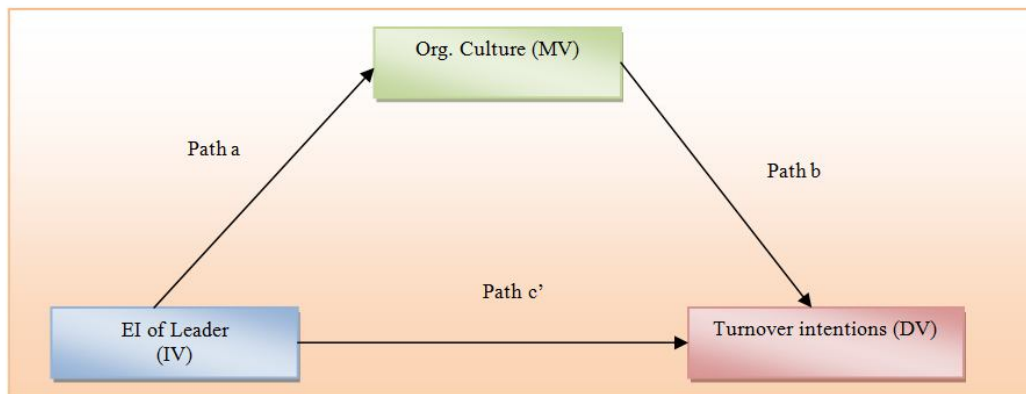
**Table 4.1** Summary of Correlations Coefficient of Variables

		Turn_Over	LeaderEI	Culture	Job Challenge	Communi-cation	Trust	Innovation	Social Cohesion
		<b>Factored</b>							
Turn_Over	r	1	-0.3795**	-0.5932**	-0.2438	-0.6108**	-0.5372**	-0.5041**	-0.5171**
	Sig. (2-tailed)		0.0039	0.0000	0.0702	0.0000	0.0000	0.0001	0.0000
Leader_EI	r	-0.3795**	1	0.6375**	0.4004**	0.4753**	0.4848**	0.6170**	0.7219**
	Sig. (2-tailed)	0.0039		0.0000	0.0022	0.0002	0.0002	0.0000	0.0000
Culture	r	-0.6191**	0.6197**	1	0.7045**	0.8830**	0.7831**	0.8961**	0.8261**
	Sig. (2-tailed)	0.0000	0.0000		0.0000	0.0000	0.0000	0.0000	0.0000
Job Challenge	r	-0.2590	0.4090**	0.6830**	1	0.4925**	0.3537**	0.5427**	0.5382**
	Sig. (2-tailed)	0.0539	0.0017	0.0000		0.0001	0.0075	0.0000	0.0000
Communication	r	-0.6019**	0.4714**	0.8721**	0.4612**	1	0.6482**	0.7489**	0.6103**
	Sig. (2-tailed)	0.0000	0.0002	0.0000	0.0003		0.0000	0.0000	0.0000
Trust	r	-0.5372**	0.4848**	0.7831**	0.3537**	0.6482**	1	0.6190**	0.7530**
	Sig. (2-tailed)	0.0000	0.0002	0.0000	0.0075	0.0000		0.0000	0.0000
Innovation	r	-0.5430**	0.5209**	0.8790**	0.4932**	0.6973**	0.6188**	1	0.7170**
	Sig. (2-tailed)	0.0000	0.0000	0.0000	0.0001	0.0000	0.0000		0.0000
Social Cohesion	r	-0.5662**	0.6854**	0.8425**	0.4967**	0.6503**	0.6347**	0.7170**	1
	Sig. (2-tailed)	0.0000	0.0000	0.0000	0.0001	0.0000	0.0000	0.0000	

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



**Fig 4.1 (a)** Direct Model - Path c



**Fig 4.1(b)** Mediated Model – Paths a, b and c'

The regression and Sobel test results for examining the mediation hypothesis is summarized Table 4.2. It is reminded that the first two conditions for the test were already provided through the proofs of hypotheses 1 and 2. It was already established that the perceived EI of leaders (IV) was significantly related to turnover intentions of respondents ( $r = -0.380$ ,  $p \leq 0.01$ ). Its regression,  $b(XY)$  in the table, provided an un-standardized regression coefficient ( $\beta = -0.0948$ ). The associated effect of EI on employees' turnover intentions was found to be significant. Hence, Path c is established, and the first requirement for mediation is fulfilled.

Next, to establish whether perceived leader EI is related to the mediator organizational culture, it was regressed on the independent variable (EI). This is  $b(XM)$  on the table. The un-standardized regression coefficient ( $\beta = 0.68$ ) and correlation ( $r = 0.62$ ) associated with this relation was also statistically significant. Thus, Path b is also established and the second requirement for mediation is fulfilled.

The third step regressed employees' perceived leader EI with turnover intentions controlling for organizational culture. This is b(YM.X) in the table 4.2. The correlation coefficient for this association was significant at  $r = -0.529$ ,  $p \leq 0.01$ . The associated regression coefficient between leader EI and turnover intention was also significant ( $\beta = -0.1410$ ). Thus, the positive direct effect of organizational culture on turnover intentions of respondents even after controlling for the effects of leader EI has been established and the third condition for mediation has been met.

The final regression equation, b(YX.M) in the table 4.2, provides an estimate of Path c'. This reflects the direct effect of perceived leader EI and turnover intention after controlling for the effects of the mediator (organizational culture). This regression yields a coefficient ( $\beta = 0.0017$ ,  $p = 0.96$ ) that is not significant. This shows that the direct effects of perceived leader EI on turnover intention of respondents disappear after controlling or removing the effects of the mediator, organizational culture. Hence, taking into consideration that the 3 earlier conditions were met, we can conclude that the association between the perceived EI of leaders and the turnover intention are completely mediated through the organizational culture. Furthermore, taking the Sobel (1982) test into consideration the coefficient of the indirect effect (ab) is -0.096 which is significant both based on an assumption of normality and a non-parametric measure using a 5000 resample bootstrap. The variance in turnover intention accounted by the indirect effect is 14.40% using the method used by Fairchild et al. (2009). The summary of the resulting general model is presented in figure 4.2.

**Table 4.2** Summary of Regression and Sobel for Mediation Test

Direct and Total Effects				
	B	s.e.	Sig(two)	r
b(YX)	-0.0948	0.0315	0.0039	-0.380**
b(MX)	0.6845	0.1180	.0000	0.620**
b(YM.X)	-0.1410	0.0311	.0000	-0.529**
b(YX.M)	0.0017	0.0344	0.9611	0.007

Indirect Effect and Significance using Normal Distribution				
	Value	s.e.	95%CI	Sig (two)
Effect	-0.0965	0.0273	-0.1500 to -0.0431	0.0004

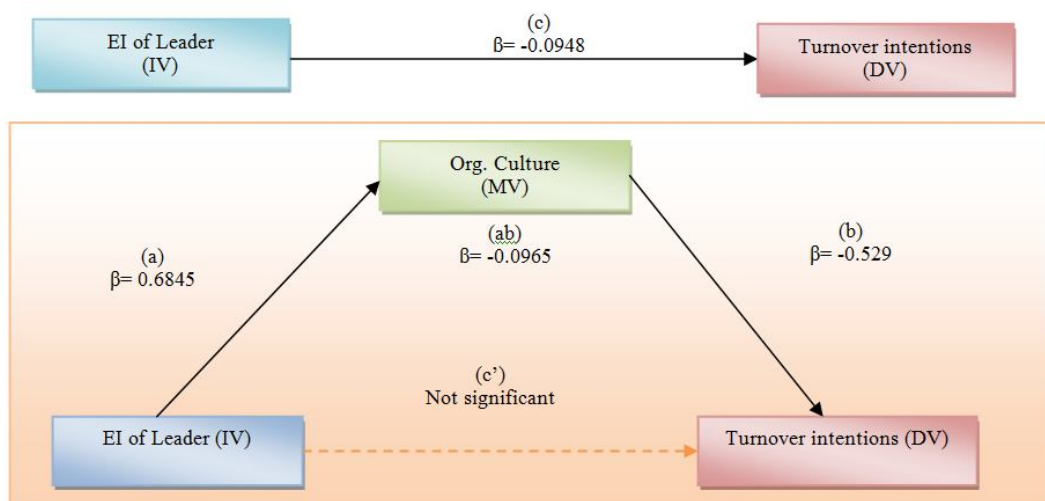
  

Bootstrap Results for Indirect Effect (5,000 Resamples)				
	Data	Mean	95% CI	99% CI
Effect	-0.0965	-0.0933	-0.1433 to -0.0406	-0.1631 to -0.0271

Fairchild et al. (2009) Variance In Y Accounted For By Indirect Effect	
	0.1440

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



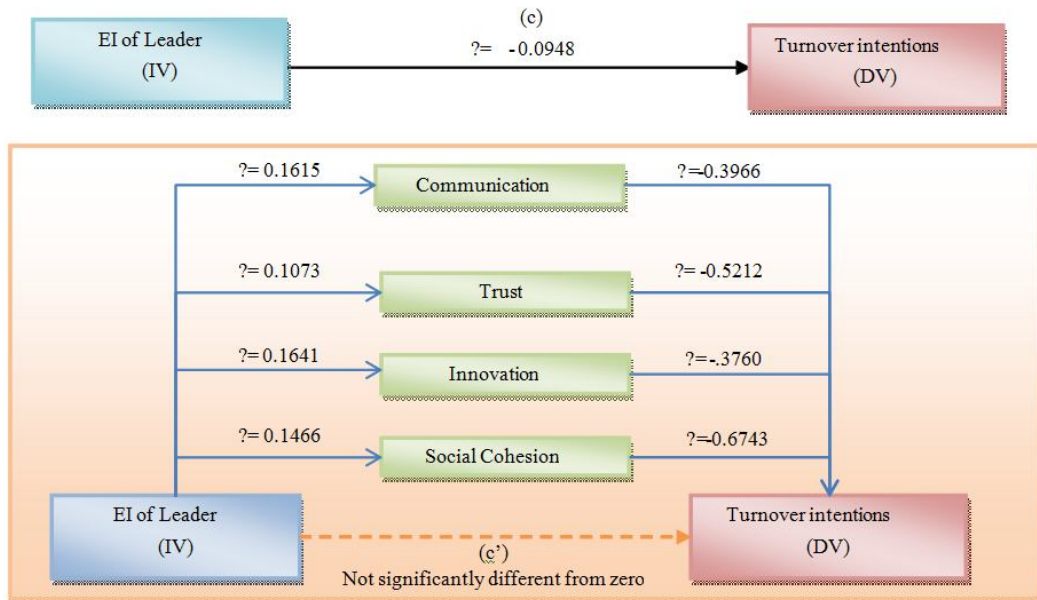
**Fig 4.2.** General Mediated Model

The regression and correlation results for the five cultural dimensions as can be seen in Table 4.3, all constructs but job challenge meets the conditions for mediation using the causal step approach. In fact, communication, trust, innovation and social cohesion were found to completely mediate the association between perceived leaders emotional intelligence and turnover intentions of respondents. This was because the association between turnover intentions and perceived leader emotional intelligence was not significant after controlling for the effects of the mediator ( $b(YX.M)$ ,  $\beta=-0.1215$ ,  $p=0.37$ ). Thus path b could not be established and thus job challenge was excluded from the hypothesized mediation model in Figure 4.3. This result was consistent with the indirect effect measured by the Sobel test which was also statistically not different from zero (Sobel= -0.0127,  $p=0.40$ ).

**Table 4.3.** Summary of Regression and Correlation Coefficients for Mediation through Culture

	Job Challenge		Communication		Trust		Innovation		Cohesion	
	$\beta$	r	$\beta$	r	$\beta$	r	$\beta$	r	$\beta$	r
$b(XY)$	-0.0948**	-0.380**	-0.0948**	-0.380**	-0.0948**	-0.380**	-0.0948**	-0.380**	-0.0948**	-0.380**
$b(MX)$	0.1049**	-0.256	0.1615**	0.602**	0.1073**	-0.537**	0.1641**	-0.543**	0.1466**	-0.566
$b(YX.M)$	-0.1215	-0.310*	-0.3966**	-0.136	-0.5212**	-0.161	-0.3760**	-0.135	-0.6743**	0.14
$b(YM.X)$	-0.0821**	-0.123	-0.0308	-0.518**	-0.0389	-0.436**	-0.0332	-0.437**	0.004	-0.454**
Sobel	-0.0127		-0.0641**		-0.0559**		-0.0617**		-0.0989**	

\* Correlation is significant at the 0.05 level (2-tailed).  
 \*\* Correlation is significant at the 0.01 level (2-tailed).



**Fig 4.3.** Hypothesized Mediated Model

**5. DISCUSSION**

**5.1. The EI of leaders and turnover**

The results of the current study indicate that emotional intelligence of leaders is significantly and negatively correlated to turnover intention. This suggests that the higher the employees' perception of their leader's EI, the lower their turnover intention. This may be attributed to leaders who are able to recognize their employees' emotions, appropriately responding to them and influencing their emotions in positive ways (George, 2000). Additionally, high emotionally intelligent leaders also possess high quality interpersonal skills and enjoy positive relationships with their followers. Literature has reported that high quality interpersonal relationships between leaders and their followers produced numerous advantages for organizations, its leaders and their followers (George, 2000). It is not surprising that high EI leaders are capable of attracting their followers to stay on with the organization. Mayer, Salovey and Caruso (2000b) suggested that a high level of EI might enable a leader to be better able to monitor how work group members are feeling, and take the appropriate action. Furthermore, Langhorn's (2004) empirical study showed that leaders who have the ability to control their emotion particularly in the fast moving and challenging environment will effectively reduce team turnover.

On the other hand, leaders who do not possess or develop their EI will encounter problems building good relationships with their subordinates (Goleman, 1998). Moreover, leaders who lack EI are not aware that their actions and emotions could affect others (Ryback, 1998). Such leaders often blame others for problems and fail to look at the situational forces that people were reacting to. As a result, employees may be more inclined to quit the organization as they do not see their leaders as having the capacity to understand their problems, let alone empathize with them.

Whether emotional intelligence is an inherent trait or a developable skill can be endlessly argued. However, evidence suggests that at the minimum the leader's emotional intelligence, at least as perceived by employees, is important in the smooth social and task functioning of employees. These effects may not be direct but rather mediated but none the less they are significant. The fact that it is mediated and not necessarily direct suggests a certain "latent" characteristic in emotional intelligence and as such an inherent danger of it being placed on the back burner of the long list of what managers need to develop. Bachman (1988) said "the most effective leaders in the US Navy are warmer, more outgoing, emotionally expressive, dramatic, and sociable." If such is important in the world of "tough men and women", imagine how much more crucial emotional intelligence is in the leadership of more emotionally perceptive and sensitive groups.

### **5.2. EI of leaders and organizational culture dimensions**

The correlation between emotional intelligence of leaders and most of the organizational culture dimensions is strong and positive in this study. These results suggest that leaders with high EI contribute to positive perceptions of organizational culture among employees. High emotional intelligence in leaders appears to promote employees beliefs that there exist smooth communication channels in the organizations, mutual trust between leaders and subordinates as well as among peers and a working environment that supports new ideas, creativity, cooperation and solidarity.

It is important to note that EI leaders has strong positive correlations to communication ( $r = 0.47, p \leq 0.01$ ), trust ( $r = 0.48, p \leq 0.01$ ), innovation ( $r = 0.52, p \leq 0.01$ ) and particularly social cohesion ( $r = 0.68, p \leq 0.01$ ) cultural dimensions. It is also note worth that communication as a dimension appears in both regression models generated by the analysis. This result can be related to the fact that leaders with high EI have been found to demonstrate excellent interpersonal and communication skills. According to 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 when they perceived an emotionally receptive and "wise" leader. It is also apparent from the higher EI and social cohesion correlations that emotional intelligence appears to play a vital role in the social and team functioning at least among the group in view.

Moreover, as stated by George (2000), leaders with high EI are capable of "generating and maintaining excitement, enthusiasm, confidence, and optimism in an organization as well as cooperation and trust" (p.1039). Leaders who have high EI can lead the team members to constructive thinking in resolving disagreements to arrive at win-win solutions to problems. Such leadership attributes result in minimizing conflict and thus, ensuring trust and cooperation throughout an organization.

Emotional intelligence of leaders is also closely related to the innovation dimension of organizational culture. This is perhaps because of the nature of generating innovation. Innovation can only be generated when new ideas get communicated. An environment where people do not trust the ability of leaders to listen and appreciate new ideas, no matter how practical or impractical they maybe, may find it more difficult to innovate. On the other hand, highly emotional intelligent leaders may be perceived as more receptive and open and as such organizational members may find more security in sharing with them new and bolder ideas. This can be particularly significant in the information technology environment where innovation is a constant pursuit. Furthermore, leaders who are high in EI generally may exhibit better interpersonal relationships with their followers and thus influence the collaboration spirit among employees which in turn is essential in generating innovations.

### **5.3. Organizational culture and turnover intention**

The findings of this study indicate that an organizational culture that has an effective communication, fosters trust, has a supportive innovative environment and has strong social cohesion among employees can aid in minimizing the turnover intentions of employees. Such a "supportive" culture is especially important for employees who are working in a fast changing and competitive environment such as the information technology related industries. The current findings are consistent with that of Carmeli (2005), whose study was done on social workers in the health care industry in Israel. He reported that "all five dimensions of organizational culture were also significantly and negatively related to employees' withdrawal intentions from the organization" (p. 187). Although there are slight difference in the magnitude of the relationships between the five dimensions of organizational culture and turnover intention of employees, the fact still remains that organizational culture is important for human resource practitioners to consider especially in an industry such as ICT where retention and staff pinching is of significant concern among senior managers.

### **5.4. Organizational culture as a mediator**

Past research has suggested that organizational culture is associated with influencing organizational and employee behavioral outcomes (Chang & Lee, 2007). Organizational culture has frequently been used to explain employee withdrawal intention and actual turnover. Due to the negative relationship between organizational culture and employee turnover intention, workers who have positive perceptions of their company's culture, will have lower withdrawal intention. In fact, a healthy organizational culture as perceived by employees not only encourage them to stay with their present workplace but more importantly it leads to many positive outcomes such as job satisfaction and organization commitment (O'Reilly, Chatman, & Caldwell, 1991).

With the introduction of organizational culture as a mediating variable, the results indicates that organizational culture fully mediates the relationship between leaders' emotional intelligence and turnover



intention of employees. In terms of influence, it can be said that leaders' EI precedes both organizational culture (the mediator) and turnover intention (the outcome). The emotional intelligence of leaders has significant indirect effect on the intention of employees to quit through the quality of the organizational culture they create. Hence, leaders' EI is an important factor influencing their subordinates' behavior. Leaders in the organization must regard their EI seriously as results of the study has clearly revealed that it has significant influence on subordinates' behavioral outcomes such as employee turnover. If the EI of leaders is appropriately addressed and leaders build a conscious awareness of their emotional functioning, it may reduce employee turnover intention, recruitment and training costs as well as increase productivity.

## 6. RECOMMENDATIONS & CONCLUSION

Developing leaders who possess high emotional will have a positive impact on the extent to which an organization succeeds in retaining its most critical work force. When this approach is properly implemented, the company will be able to save tremendous amount of advertising and orientation, hiring and retraining costs, in addition to the time and effort put in by recruitment executives. Moreover, emotionally intelligent leaders are capable of generating positive organizational culture among employees. This positive effect will lead to higher productivity, greater innovative ideas and ultimately improve the overall performance of the organization

For human resource practitioners, there is need to focus on emotional intelligence as one possible deterrent of turnover intention and as such re-engineer their training and development programs and re-look at how emotional intelligence of leaders can be used in their retention strategies in order to minimize actual employee turnover.

Emotional intelligence matters to leaders. It matters because emotionally intelligent leaders have great influence on followers' behavior such as in their intention to quit and their perception on the daily practices of the organization. As highlighted by Goleman and Cherniss (2001), leaders who manage emotional intelligence are capable of retaining their employees. Leaders who possess an understanding of one's own emotion and the emotions of others play an important part in organizational life. Emotional intelligence of leaders contributes to positive values and perceptions of the organizational culture among employees (Brown & Brooks, 2002). This will foster trust, innovation, open communication, improved social cohesion and eventually contribute to the overall performance of the organization.

This paper contributes to the organizational settings in three main areas. First, it enables researchers, leaders, as well as human resource practitioners to better understand the role of emotional intelligence of leaders in the turnover intention of employees as mediated by organizational culture. This study seeks to provide valuable information on the effect of EI on employees' turnover with the hope that such understanding would enable leaders to be more aware of their emotion that could lead to negative effects on their subordinates as well as understand the "latent" nature of the effects of their emotional intelligence on the organization. After all, it is usually not the things we know that are difficult to change but rather those that we have little awareness of.

Second, the study points out to human resource practitioners the need to focus on emotional intelligence as a possible actual cause of turnover in their organization and thus re-engineer their needs assessment, executive programs and training and development to reinforce emotional intelligence across the organization as well as to re-look into leader EI as a part of the retention strategies to minimize employees' turnover intention. Third, this study generally exerts the role of emotional intelligence of leaders in building a favorable organizational culture that reduces turnover intention at the minimum in a local ICT context. Additionally, it complements existing knowledge of the influence of organizational culture on employees' turnover intention.

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