

The Influence of Emotional Intelligence on Organizational Culture in the Context of Fintech

Ridhi Khanna, Vipin Kumar, Rajiv Kumar, Ravi Raj, Swati Thakur
NIET Business School, Greater Noida, India

Abstract Operating in an environment characterized by high velocity and uncertainty, innovation, regulatory demands, and inter-disciplinary collaboration are the order of the day in the fintech industry. Organizational culture in fintech companies has been found to be an important factor in fostering innovation, managing risk, and developing organizational capabilities. The current paper is aimed at examining the role of emotional intelligence of leaders and employees in developing organizational culture in fintech companies. The paper draws on psychological and organizational theories on emotional intelligence and other relevant theories on developing cultures of psychological safety, flexibility, and ethicality, which are important in the fintech industry. The paper develops a conceptual model on the relationship between the emotional intelligence of leaders and employees and organizational culture, comprising learning orientation, risk ethicality, and team cohesion, through emotional contagion, social appraisal, and emotional intelligence.

Keywords: emotional intelligence, organizational culture, fintech, leadership, psychological safety, innovation

1. INTRODUCTION

Financial technology, or fintech for short, is arguably one of the most dynamic and revolutionary areas of modern business. By harnessing advances in digital technology, fintech companies have redefined how financial products are created, delivered, and consumed (Arner, Barberis, & Buckley, 2015). From digital payment systems and peer-to-peer lending to blockchain technology and artificial intelligence-based financial analysis, fintech firms can be considered at the forefront of technological advancement. Nevertheless, this dynamic evolution is accompanied by a series of challenges. Fintech firms have to balance innovative advancement with strict regulatory compliance, work within an environment of extreme interdisciplinary practice, and establish trust within an industry where trustworthiness is of utmost importance.

Unlike financial organizations, fintech operates in an environment marked by high uncertainty, short cycles of product development, and constant disruptions. The teams tend to be comprised of diverse experts from various functions, including engineers, product managers, data analysts, risk experts, and compliance experts. Such collaboration, though critical, has been known to cause complexities in terms of communication, decision-

making, and goal-setting. Furthermore, fintech organizations have to be agile in responding to changing regulations, cybersecurity risks, and market risks, thereby adding more demands on employees and leaders alike.

In this regard, organisational culture can be seen to be an enabling factor for performance within this context. It can be described as "a set of values, beliefs, assumptions, and norms shared by an organization's members and that influences how they perceive, think, feel, and act in various organizational contexts" (Schein, 2010). In fintech firms, culture can be seen to be an essential factor for performance, considering its impact on how individuals within an organisation respond to challenges, make decisions, and interact with one another. In this case, fintech firms can be seen to be influenced by a culture of agility, learning, safety, and responsibility, considering its impact on how they innovate and respond to risk. For example, a culture of communication and experimentation can be seen to be an enabler for innovation in fintech firms, while a culture of responsibility can be seen to mitigate risk in terms of decision-making in finance.

In the above context, emotional intelligence (EI) emerges as an important concept in the lives of leaders as well as employees, since EI, which is the ability to recognize, understand, control, and utilize one's emotions (Salovey & Mayer, 1990; Goleman, 1998), has been extensively correlated with leadership, teamwork, conflict, and adaptive organizational behavior. In the highly competitive environment of fintech, which is characterized by ambiguity, the ability to control one's as well as others' emotions becomes an essential requirement.

Emotionally Intelligent Leaders: Emotionally intelligent leaders would be more effective in building cultures that support both innovation and governance. They would be able to create cultures that promote psychological safety, where employees feel comfortable sharing their ideas, taking risks, and learning from mistakes without fear of negative consequences. Emotionally intelligent leaders would be able to promote ethical behavior, ensuring that innovative cultures do not compromise governance and trust. Emotional contagion, one of the EI components, involves how leaders can influence the emotional tone of their teams, thereby affecting attitudes and behaviors. Social appraisal, one of the EI components, involves how employees interpret organizational cues, which in turn influences culture.

Additionally, EI would be incorporated into organizational systems and practices, including recruitment, training, performance management, and leadership development. For instance, organizations that prioritize EI in recruitment and leadership development would be more likely to build cultures that promote empathy, cooperation, and flexibility. These would be critical factors in fintech organizations, where constant change and uncertainty are inherent.

This paper aims to offer a critical overview of existing literature on emotional intelligence and organisational culture, with particular emphasis on the fintech domain. It will delve into the theoretical underpinnings of EI and culture, identify how EI contributes to organisational culture, and offer a conceptual model that links leader EI with organisational culture constructs, including learning orientation, risk ethicality, and team cohesion. Finally, research propositions will be offered that could inform future research, along with managerial implications for managers aiming to build cultures that are resilient, innovative, and ethical.

This paper, drawing upon psychological, organisational behavior, and fintech research, will contribute to a more profound understanding of how human-centric competencies, such as EI, can be utilised as a managerial tool in developing organisational culture in complex, technology-driven settings.

2. LITERATURE REVIEW

2.1 Emotional Intelligence: Definitions and Evidence

Emotional Intelligence was first proposed by Salovey and Mayer (1990) as a set of interconnected abilities in emotional information processing. Emotional Intelligence was popularized by Goleman (1998) for its application in management, where EI competencies include self-awareness, self-management, social awareness, and relationship management. Emotional Intelligence was supported by meta-analytic findings on its relation to work performance, leadership, and teamwork (Joseph & Newman, 2010; Côté, 2014). Emotional Intelligence is mediated by various factors, including emotion regulation, perspective-taking, and social influence.

Importance of Emotional Intelligence in Fintech

- a) Human-centered innovation: Fintech companies rely on creativity and teamwork for success. Emotional Intelligence helps to cultivate empathy and communication within a team to develop solutions that resonate with customers.
- b) Leader effectiveness: Leaders with high EI can cope with stress, generate trust, and manage their teams through uncertain periods, which is common in fintech.
- c) Culture strength: Emotional Intelligence helps to strengthen an organization's culture by promoting inclusiveness, flexibility, and safety, where all staff feel appreciated and engaged.

2.2 Organisational Culture: Concepts Relevant to Fintech

Organisational culture can be described as "a pattern of assumptions we believe to be true about ourselves and others, which serve as filters through which we view the organisation and its people" (Schein, 2010). In fintech firms, some of the cultural aspects that have been considered relevant for this study are:

- Learning Orientation/Adaptive Culture: "The capacity to experiment, learn from failure, and adapt to changing conditions" (Schein, 2010; Cameron & Quinn, 2011).
- Psychological Safety: "A shared belief held by members of a group that the group is safe for risk-taking" (Edmondson, 1999).
- Ethical and Risk-Taking Culture: "A set of norms and expectations regarding how to balance risk-taking and innovative activity with risk protection and regulatory compliance" (Arner et al., 2015).
- Cross-Functional Orientation: "The capacity to integrate functional expertise throughout an organisation" (Cameron & Quinn, 2011).

2.3 Linking EI to Organisational Culture

Leader and collective EI have been linked to influencing aspects of organisational culture and climate (Carmeli, 2003; Goleman, Boyatzis, & McKee, 2013). EI can be seen to enable:

- Emotional Contagion and Climate Formation: "The emotional displays of leaders can affect the moods and climates of work
- Ethical decision-making: EI helps in perspective-taking and moral sensitivity, leading to a decrease in reckless risk-taking behavior (Brown, Treviño, & Harrison, 2005).
- Retention and engagement: Emotionally intelligent practices improve employee well-being and reduce burnout, a common situation in a fintech environment (Hoch & Dulebohn, 2017).

2.4 Fintech Context: Why EI Matters Here

However, fintech companies also have unique pressures, such as fast product development, cybersecurity, regulatory, and reputational pressures (Gomber, Kauffman, Parker, & Weber, 2018). The teams must strike a balance between speed and caution. Studies from tech companies suggest that emotional and social skills are critical for managing interdisciplinary collaboration and maintaining innovation under pressure (Groysberg, Lee, & Price, 2018). Therefore, EI might play a critical part in determining fintech culture.

3. CONCEPTUAL FRAMEWORK AND PROPOSITIONS

This paper suggests a framework for connecting influencer factors with platform factors to consumer behavior. Figure 1, based on literature, conceptualizes Leader EI and Organisational EI (collective) with Cultural Outcomes through mediators and moderators.

- ❖ Leader Emotional Intelligence (LEI) - competencies of leaders in self-awareness, empathy, and interpersonal relations (Goleman, 1998);
- ❖ Organisational Emotional Intelligence (OEI) - norms and practices reflecting emotional competencies at the collective level (Carmeli, 2003);
- ❖ Mediators: Emotional Contagion/Emotional Climate; Psychologically Safe Climates; Emotionally Intelligent HR Practices;
- ❖ Cultural Outcomes: Learning Orientation; Psychological Safety; Ethical Risk Culture; Cohesion;
- ❖ Moderators: Organisational Size; Regulatory Intensity; Diversity of Workforce;

Proposition 1: Leader EI is positively related to an emotionally intelligent organisational climate through emotional contagion;

Proposition 2: Organisational EI is predictive of psychological safety and learning orientation, which in turn predict sustained innovation;

Proposition 3: In high regulatory contexts, where regulatory intensity is high, EI is more strongly related to an ethical risk culture because emotionally intelligent leaders can manage compliance and innovation;

Proposition 4: Emotional intelligence decreases maladaptive risk-taking because it increases empathic and morally engaged decision-makers.

4. Mechanisms: How EI Shapes Culture

1) *4.1 Emotional Contagion and Climate Setting*

Emotional contagion, therefore, is defined as "the process by which one person picks up and simulates an emotional state from another, resulting in a convergent emotional state among group members" (Barsade, 2002; Hatfield, Cacioppo, & Rapson, 1994). In an organisational context, leaders serve as the primary carriers of emotions, and their displayed emotions have a major impact on the group's emotional climate (Sy, Côté, & Saavedra, 2005). This is especially important in high-velocity and high-uncertainty situations, such as fintech, where employees face situations involving ambiguity, time pressure, and decision-making complexities.

Leaders with high emotional intelligence (EI) have the capacity to understand, manage, and express their emotions effectively, which has a positive and productive impact on the group's emotional climate (Goleman, 1998; Salovey & Mayer, 1990). By effectively managing their emotions, leaders with high EI can display positive emotions such as calmness, confidence, and optimism, which would be extremely productive in a group's emotional climate, especially during critical situations. Studies have shown that positive emotions in a group are linked with higher cooperation, creativity, and problem-solving capacity (Fredrickson, 2001; George, 2000). Subsequently, this implies that when leaders display emotionally balanced behavior, the teams they lead will have decreased levels of anxiety, increased levels of attention, and increased levels of psychological safety, all of which are beneficial for learning and innovativeness (Edmondson, 1999).

On the other hand, leaders who display unmanaged negative emotions such as frustration, anxiety, or anger have been seen to cause negative emotional contagion, which can have negative consequences for the cognitive abilities of the members of the team they lead (Barsade, 2002; Ashkanasy & Humphrey, 2011). In this regard, it can be argued that emotional contagion is an essential process through which leaders' EI influences not only the micro-level cultural aspects of their teams but also the cultural aspects of their teams.

2) *4.2 Social Appraisal and Norm Formation*

Social appraisal theory implies that people appraise and make sense of events based on social cues, especially from people who have more influence over them, such as leaders (Manstead & Fischer, 2001; Parkinson, 1996). In an organizational environment, leaders' behavior, emotional displays, and cognitive approaches to decision-making serve as significant social cues for interpreting what is considered acceptable, desirable, and expected within an organization. These cues gradually develop into norms and cultural expectations over time (Schein, 2010).

Emotionally intelligent leaders have an important part to play in leading social appraisals within an organization. Emotionally intelligent leaders' capacity to respond to events in an organization with empathy, poise, and contextual understanding helps them create appraisals of events that have a positive impact on norms within an organization. For example, emotionally intelligent leaders' approach to dealing with failures within an organization is likely to be more likely to have a "learning-oriented framing," where they focus more on improvement and reflection than blame, especially for failures (Edmondson, 1999; Carmeli, Brueller, & Dutton, 2009). Such an approach would likely signal to organizational members that experimentation and failures are considered an essential part of the innovation process.

However, at the same time, how leaders respond to matters of compliance and ethical behavior also plays a critical role in influencing norms concerning risk ethicality. For instance, in fintech organisations, regulatory

compliance is not a choice, and therefore, leaders ought to communicate the importance of ethical behavior without inhibiting innovation. Emotionally intelligent leaders are more likely to do this effectively, considering they are able to communicate effectively in a manner that is both firm and supportive, hence instilling a sense of accountability and trust (Goleman, Boyatzis, & McKee, 2002).

In addition, consistency in terms of emotional and behavioral cues from leaders also helps in the institutionalization of norms. This is because employees do not only observe what leaders do, but they also observe how they respond under pressure, how they respond to dissent, and how they reward or punish behavior. This, in turn, affects social appraisal, and this, in turn, affects behavior, leading to a culture in which experimentation is allowed within a framework of ethical and regulatory boundaries.

3) *4.3 HR and Organisational Practices*

Incorporating EI into human resource and organisational practices is an important avenue through which emotionally intelligent behaviour is not only promoted but also entrenched in the organisational culture. Although leadership is instrumental in setting the emotional agenda, EI is only fully entrenched in the organisational culture through its integration into formal organisational systems, structures, and processes that influence employee behaviour at all levels (Carmeli, 2003; Goleman, 1998).

Incorporating EI into talent acquisition and talent selection is an important avenue through which EI is promoted and entrenched in the organisational culture. Organisations that value EI in the recruitment and selection process seek to acquire talent that is not only technically competent but also sensitive, empathetic, and emotionally intelligent. Studies have shown that employees with high EI are better positioned to cope with stress, build collaborative relationships, and adapt to changing environments (Mayer, Salovey, & Caruso, 2004). In the case of fintech organisations, where the need to collaborate between engineering, compliance, and business functions is critical, the acquisition of talent with high EI is likely to positively influence collaborative behaviour.

Another important factor is training and development. EI can be improved through training and development interventions that focus on self-awareness, emotional regulation, empathy, and social skills (Boyatzis, 2009). Training and development programs for leaders that include EI skills are important for managers to effectively manage conflicts, give feedback, and create a safe environment for employees. Such skills are important for fintech organizations, where employees are required to deal with uncertain situations and make quick decisions. Training and development programs that include EI skills have been found to improve EI skills and organizational performance (Clarke, 2010).

Another important factor is performance management systems. Such systems are important for developing EI skills among employees. When performance evaluation and reward systems include collaboration, empathy, and ethical behavior, these are important signals to employees that EI is an important skill for organizational success (Carmeli, 2003). Such systems ensure that employees are not only evaluated on “what” they deliver but also on “how” they deliver. In fintech organizations, such systems are important for developing a culture that values performance and ethics.

Additionally, organisational practices like feedback systems, conflict resolution systems, and communication systems can also be aligned with the principles of EI. For instance, open and transparent communication systems can foster a sense of free expression of ideas and concerns among the employees and promote a culture of mutual understanding and cooperation.

Most importantly, the infusion of EI into HR practices can foster a culture of psychological safety, which is a significant factor in promoting innovation and learning (Edmondson, 1999). This is especially important in the fintech industry, which demands a culture of innovation and regulatory compliance.

As a result of the infusion of EI into HR practices, the fintech industry can reap a number of benefits, including the ability to foster a culture of psychological safety among the employees and promote a culture of innovation and regulatory compliance.

In summary, the integration of EI into HR and organisational practices shifts the focus of emotional intelligence from the individual to the organisation as a whole. This ensures that the organisation's systems of selection, development, evaluation, and communication are geared towards the promotion of emotionally intelligent practices, which in turn promote adaptive, collaborative, and ethical organisational cultures. This ensures the sustainability of the dependency of the organisation on emotional intelligence rather than on the individual leaders.

5. Measurement and Research Design Suggestions

- In order to empirically examine the model in fintech organisations, the following approaches are suggested:
 - - Multi-level survey approach: To measure Leader EI (self-report + 360-degree feedback, using established EI scales, e.g., WLEIS, MSCEIT), team-level psychological safety (Edmondson, 1999), cultural outcomes (e.g., learning orientation scales).
 - - Objective organisational outcomes: Measures of innovation (time-to-market, releases), compliance, employee turnover.
 - - Mixed-method approach: To incorporate interviews to examine emotional norms.
 - - Longitudinal approach: To examine the effects of EI interventions (training, selection of leaders) on culture.
 - - Control variables: Firm age, size, funding stage, regulatory environment, country effects.

6. MANAGERIAL IMPLICATIONS

1. Practical actions for fintech leaders and HR teams:
2. Developing EI in Leaders: Assess and develop emotional intelligence in leaders using established tools to build self-awareness, empathy, and feedback skills (Goleman et al., 2013).
3. Incorporating EI into HR Practices: Include social skills in the hiring process, develop onboarding programs to focus on psychological safety, and reward cooperative behaviors.
4. Building Psychologically Safe Rituals: Conducting post-mortems that focus on learning rather than blame helps to promote an experimentation culture without increasing risk.

5. Addressing Emotional and Technical Governance: Emotionally intelligent communication must be part of any decision-making process to avoid eroding trust and morale.
6. Developing Emotional Intelligence at the Team Level: Conflict resolution and emotion regulation training for teams.

5. CONCLUSION

Emotional intelligence, both at the leadership level and at the organisational level, appears to be an important factor in driving organisational culture. This is particularly significant in an industry characterised by high levels of innovation, complexity, and uncertainty. Organisational culture is thus not just an important factor in the fintech industry; it is also strategically important. Emotional intelligence is an important factor in driving organisational culture. This is because it is an important factor in driving psychological safety, learning orientation, and ethical risk-taking. These are important factors in driving organisational culture in fintech organisations.

Leaders with high emotional intelligence are better placed to develop an organisational culture where employees are comfortable to express themselves without fear of negative consequences. This is particularly important in developing an organisational culture characterised by psychological safety. This is important in driving an organisational culture that is adaptable to the high levels of uncertainty in the fintech industry. At the same time, emotional intelligence is important in developing an ethical risk-taking culture. This is important in driving an organisational culture that is ethical and responsible. These are important factors in driving an organisational culture in the financial services industry.

Apart from these leadership behaviors, the integration of EI into the organizational system and processes also increases its overall impact. The integration of EI into leadership development, talent management, performance evaluation, and organizational communication systems ensures that emotionally intelligent behaviors are consistently reinforced at all levels and across all organizational systems. Thus, EI is no longer just an individual competency, but rather an organizational competency that fintech organizations can leverage to build an organizational culture that is adaptive and innovative, as well as resilient and ethical.

Moreover, EI is also important for fintech organizations because, in an industry where trust is both fragile and indispensable, EI can help organizations build stronger relationships with employees, customers, and other stakeholders. Through empathy, transparency, and accountability, emotionally intelligent organizations are better equipped to build and sustain trust and deliver value sustainably.

Thus, in conclusion, the future viability of fintech companies will be determined not only by how technologically advanced they are, but also how well they foster human-centric cultures that embody emotional intelligence. By effectively using EI as a tool, organisations will be able to promote cultures that encourage innovation, cooperation, and ethical conduct, thereby guaranteeing their future viability in an ever-evolving and complicated marketplace.

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