
The Impact of Managers' Emotional Intelligence on Employees' Creativity: The Mediating Role of Empowering Leadership

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ABSTRACT

This article investigates the impact of managers' emotional intelligence on employees' creativity through the mediating variable of empowering leadership in small and medium-sized enterprises (SMEs) located. The research is applied and descriptive-analytical in nature, with data collected via standardized questionnaires and analyzed using SmartPLS4 and SPSS software. The sample size consisted of 378 employees from SMEs. Results indicate that empowering leadership has a direct positive and significant effect on employee creativity. Moreover, emotional intelligence influences employees' creativity both directly and indirectly through empowering leadership. Findings also reveal that emotional intelligence plays a mediating role in the relationship between empowering leadership and employees' creativity. This paper provides important insights and lays the foundation for developing organizational models and patterns tailored to small and medium business environments. Furthermore, it offers practical recommendations for managers and decision-makers aiming to enhance employee creativity.

KEYWORDS: Emotional Intelligence, Empowering Leadership, Employee Creativity, Structural Model, Transformational Leadership

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1. Introduction

In the era of knowledge and global competition, employees' creativity is recognized as one of the strategic and key resources for organizational growth and development (Ahmad et al., 2023). Creativity refers to a set of innovative ideas, behaviors, and solutions generated by employees in the workplace that lead to improved individual and organizational performance (Amabile, 2021). In this context, various factors such as leadership style, organizational culture, emotional intelligence, and job structure play an important role. These factors can help foster creativity by increasing support for employees, enhancing constructive interactions, and facilitating independent decision-making.

Emotional intelligence, defined as the ability to identify, understand, and manage emotions—both one's own and others'—is considered one of the most important components affecting organizational behavior (Goleman, 1995; Yadegari & Lalbakhsh, 2023). Studies have shown that managers with high emotional intelligence are capable of creating an environment where employees feel safe and trusted, allowing them to freely express their ideas. This issue is particularly important in SMEs, which require continuous innovation, flexibility, and rapid response.

Additionally, empowering leadership, as an effective model in creating a supportive environment for creativity, can play a key role in promoting organizational innovation by increasing self-efficacy, motivation, and autonomy among employees (Kumar et al., 2020; Conger & Kanungo, 1988). By focusing on supporting independent decision-making, delegating authority, and respecting employees' opinions, this type of leadership allows individuals to demonstrate their innovations and fully utilize their capabilities toward achieving organizational goals.

However, most SMEs in Iran face challenges such as limited financial and human resources, lack of focus on human resource development, and weaknesses in managing organizational culture (Nikkhah & Heydari, 2021). As a result, many of these organizations fail to effectively harness employees' creative potential. Therefore, there is a strong need to examine the role of managers' emotional intelligence and empowering leadership in fostering employee creativity within such environments.

Prior studies (Ahmad et al., 2023; Chand, 2015) have demonstrated that the relationships between emotional intelligence, empowering leadership, and employee creativity are influenced by cultural and organizational factors. Given that SMEs in Mazandaran Province contribute significantly to the local economy, conducting research that examines these relationships within the Iranian context is essential.

This study builds upon Ahmad et al.'s (2023) conceptual model and uses field data from SMEs in Mazandaran Province to investigate the relationship between managers' emotional intelligence, empowering leadership, and employee creativity. The main objective is to test the mediating role

of emotional intelligence in the relationship between empowering leadership and employee creativity.

The primary research questions include:

- Does empowering leadership have a significant impact on employee creativity?
- Does emotional intelligence influence employee creativity directly or indirectly?
- Does emotional intelligence act as a mediator between empowering leadership and employee creativity?

This paper presents a comprehensive review of theoretical foundations, research methodology, empirical findings, and practical recommendations for managers and policymakers aimed at strengthening emotional intelligence and empowering leadership to enhance employee creativity.

2.Theoretical Background & Conceptual Framework

Emotional Intelligence

Emotional intelligence refers to the ability to recognize, manage, and regulate personal and others' emotions—it is one of the core concepts in psychology and management (Goleman, 1995). It includes dimensions such as self-awareness, self-regulation, motivation, empathy, and social skills (Bar-On, 2006).

In small and medium-sized institutions, managers' emotional intelligence can improve organizational interactions, reduce tensions, and increase job satisfaction (Yadegari & Lalbakhsh, 2023). This study is based on the belief that emotionally intelligent managers can create the best environment for innovation and creativity.

Empowering Leadership

Empowering leadership means creating opportunities to enhance employees' capabilities (Kumar et al., 2020). This leadership style is grounded in principles such as respect for opinions, encouragement of participation, provision of resources, and support for independent decision-making. Research shows that empowering leadership can enhance employee creativity by increasing job autonomy and a sense of influence (Nikkhah & Marzieh, 2021).

In this study, empowering leadership is considered as the independent variable. As a strong organizational factor, it can affect employees' creative behavior through increased participation, motivation, and trust.

Employee Creativity

Employee creativity, defined as the ability to generate new ideas, is a key predictor of organizational innovation (Amabile, 2021). Domestic and international studies have shown that factors such as supportive environments, empowerment, and managers' emotional intelligence can strengthen this ability in employees (Renz & Hart, 2022).

In this research, employee creativity is treated as the dependent variable. It is measured using the standard employee creativity scale developed by Ahmad et al. (2023). A three-variable model was tested in this study: empowering leadership as the independent variable, emotional intelligence as the mediating variable, and employee creativity as the dependent variable. The model was designed based on previous studies by Ahmad et al. (2023). This model demonstrates that emotional intelligence plays a key role in reinforcing the impact of empowering leadership on employee creativity.

3. Research Methodology

This study is applied and descriptive-analytical in nature. Data were collected via standardized questionnaires and analyzed using SPSS v.26 and SmartPLS v.4. The research tests the correlation between the three variables within the context of SMEs in Mazandaran Province.

The statistical population included 378 employees from SMEs in Mazandaran Province. Stratified sampling was used, and the main data collection tool was a standardized questionnaire covering all research variables.

Data were collected using standardized scales for emotional intelligence (Ahmad et al., 2023), empowering leadership (Ahmad et al., 2023), and employee creativity (Ahmad et al., 2023). All items were designed using a five-point Likert scale (from strongly disagree to strongly agree).

To assess validity and reliability, Cronbach's alpha coefficient and composite reliability (CR) were used. Additionally, AVE and HTMT indices were employed to evaluate convergent and discriminant validity. All obtained coefficients fell within acceptable ranges.

Collected data were analyzed using SPSS v.26 and SmartPLS v.4. Structural equation modeling (SEM) and PLS path analysis were used to test hypotheses. The model fit was evaluated using several goodness-of-fit indices, including path coefficients, R², SRMR, f Square, and GOF index. These indicators show that the model fits well and explains more than 60% of the variance in employee creativity.

4. Finding

Demographic distribution showed that the majority of respondents were male (67.2%), aged between 41–50 years (42.3%), and held bachelor's degrees (49.2%).

For model evaluation, the following indices were used: path coefficients, determination coefficient (R^2), SRMR, and f Square. The structural model was assessed using SEM and PLS methods.

Table 1. Model Evaluation Indices

R^2 (Employee Creativity)	0.637
R^2 (Emotional Intelligence)	0.574
SRMR	0.073
Cronbach's Alpha	0.822
Composite Reliability (CR)	0.840

These indices indicate that the model has good fit and can explain over 60% of the variation in employee creativity.

Table 2. Hypothesis Testing

H1: Empowering Leadership → Employee Creativity	EML → EC	0.753	37.245	<0.001	Confirmed
H2: Empowering Leadership → Emotional Intelligence	EML → EI	0.755	30.912	<0.001	Confirmed
H3: Emotional Intelligence → Employee Creativity	EI → EC	0.342	4.103	<0.001	Confirmed
H4: Emotional Intelligence (Mediator)	EML → EI → EC	0.258	3.860	<0.001	Confirmed

All hypotheses were confirmed at the 99% significance level. In other words, emotional intelligence and empowering leadership directly and indirectly influence employee creativity.

5. Discussion & Conclusion

Findings revealed that empowering leadership has a direct positive and significant effect on employee creativity. Furthermore, emotional intelligence acts as a mediating variable, reinforcing this relationship. These results align with the findings of Chand (2015), El-Kelish et al. (2024), and Yadegari & Lalbakhsh (2023). Specifically, emotional intelligence was found to enable managers to support, secure, and encourage innovative ideas among employees—an especially crucial aspect in SMEs that operate in dynamic environments.

This is the first study to simultaneously examine the role of emotional intelligence and empowering leadership in employee creativity within Iranian SMEs. Using a structural model and PLS analysis, this study provides a practical and applicable framework for managers.

Practical Recommendations for Managers:

- Institutionalize emotional intelligence and empowering leadership training programs.
- Create an environment where employees feel they have decision-making authority and sufficient support to implement their ideas.

Research Recommendations:

- Test this model in other regions of Iran or in larger organizations.
- Investigate the role of other factors such as organizational culture and justice in the model.

Research Limitations:

- The cross-sectional nature of the study limits the ability to track long-term trends.
- The population is limited to SMEs.
- The measurement instrument relied solely on questionnaires without incorporating interviews or observations.

Overall, this study provides important insights into how empowering leadership and emotional intelligence influence employee creativity. Findings suggest that managers with high emotional intelligence and an empowering leadership style can create an environment where employees can confidently express their ideas. Given the importance of innovation in Iran, particularly in SMEs, this research can assist managers in strengthening employee creativity through empowering leadership and emotional intelligence. By offering empirical evidence, this study helps researchers and practitioners gain a deeper understanding of how these variables interact and provides a basis for developing organizational models in small and medium-sized business environments.

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ETHICAL CONSIDERATION

Authenticity of the texts, honesty and fidelity has been observed.

CONFLICT OF INTEREST

Author/s confirmed no conflict of interest.