Chapter 1
Multipath Serially–Mediating Mechanisms of Employee Attitudes and Behaviors:
Socially Intelligent Leadership and Organizational Performance

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ABSTRACT

This research employs the social exchange theory within a macro-external context to conduct a theoretical and empirical examination of the relationship between socially intelligent leadership and organizational performance. It explores, through multipath serially mediating mechanisms, the employee attitudes (reflected on employee motivation and organizational commitment) and employee behaviors (reflected on work engagement and organizational citizen behavior). The hypotheses of the study were tested using structural equation modelling based on data collected from 657 employees within 99 SMEs located in Greece. The analysis confirms the positive yet varying effects of the associated partial and serial mediating mechanisms. Specifically, the mediating mechanism through organizational commitment and work engagement demonstrates a stronger impact of socially intelligent leadership on organizational performance compared to the other mediating pathways. The research and practical implications are also discussed.

1. INTRODUCTION

Over the last decades scholars have paid much attention in exploring the association between leadership styles and organizational performance within small and medium- sized enterprises (SMEs) (Katou, 2015; Zhu, Newman, Miao, & Hooke, 2013). Throughout the research duration, prevalent leadership approaches included transactional leadership, characterized by leaders providing rewards in response to employee performance; transformational leadership, involving motivating employees to surpass expectations; and ambidextrous leadership, utilizing a combination of transformational and transactional skills to achieve sustainability performance (Katou, Kafetzopoulos, &Vayona, 2023).

Since the 1990s the terms *Emotional Intelligence* (EI), *Social Intelligence* (SI) and *Artificial Intelligence* (AI) became part of our everyday language. "Emotional intelligence is the capacity for recognizing our own and others' feelings and for managing emotions effectively, including motivating ourselves and others" (Ferry, 2017, p. 3). Although the term of social intelligence is very old, and it is known since Thordike (1920), defining social intelligence as "the ability to understand and manage men and women, boys and girls, to act wisely in human relations" (p. 228), Goleman and Boyatzis (2008, p. 2) defined social intelligence "as a set of interpersonal competencies built on specific neural circuits (and related endocrine systems) that inspire others to be effective."*Artificial intelligence* (AI), "is the ability of a digital <u>computer</u> or computer-controlled <u>robot</u> to perform tasks commonly associated with intelligent beings" (Copeland, 2023). However, from these three definitions, the social intelligence definition has been extended putting emphasis toleadership competencies, which when employed correctly; these approaches have the potential to motivate others to be highly efficient (Goleman & Boyatzis, 2008).

The purpose of this study is to develop a theoretical framework and conduct empirical testing to ascertain whether *socially intelligent leadership* (SIL) has the potential to influence employee attitudes (reflected on employee motivation and organizational commitment). Subsequently, these attitudes may induce modifications in employee behaviors (observable through work engagement and organizational citizenship behavior), ultimately resulting in a favorable effect on organizational performance within a dynamically evolving macro-external environment. Accordingly, we support that this theoretical model is based on the socialexchange theory (SET), defined as "the voluntary actions of individuals that are motivated by the returns expected to bring and typically do in fact bring from others" (Blau, 1964, p. 91). Moreover, the investigation herein was carried out within the Greek Small and Medium-sized Enterprises (SMEs) landscape, in alignment with appeals for expanded research within diverse national contexts. Greece, being a member state of the European Union, constitutes the focal locale of this study.

Hence, the primary objective of this research is to augment the existing corpus of leadership literature within the Small and Medium-sized Enterprises (SMEs) domain, with a particular emphasis on socially intelligent leadership. The research endeavors to address the following inquiries:

1. What are the antecedents of socially intelligent leadership in SME?
2. What are the most effective paths in the serially mediating mechanisms in the relationship between socially intelligent leadership and organizational performance in SME?
3. To what extent do organizational and individual contingencies influence the factors participating in the serially mediating mechanisms governing the relationship between socially intelligent leadership and organizational performance?

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