

## EMOTIONAL INTELLIGENCE AND MANAGERIAL EFFECTIVENESS AMONG WOMEN EXECUTIVES IN BANKING INDUSTRY: AN EMPIRICAL STUDY AT TIRUNELVELI DISTRICT

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### Introduction

With the impact of globalization, the corporate world is facing lots of challenges in terms of values, technology, businesses and the like. It is high time for the corporate leaders to realize and understand the reasons for this transition and take the positive steps to move in a right direction. Managerial effectiveness is one such issue which has caught the attention of theorists, as well as practitioners while dealing with the competitive business environment. Mintzberg (1973) put forward ten roles in his effectiveness model, according to which managers can be effective in different ways at different job. Katz (1974) identified three essential skills for managerial effectiveness, viz., and technical, human and conceptual.

Given emerging in the role emotions play in the way individuals appraise and respond to potentially threatening events or situations, attention is turning to the concept of emotional intelligence as moderating variable in the stress process (Slaski and Cartwright, 2003). The relationship of emotional intelligence with managerial effectiveness has been investigated in several studies (Jae, 1997; Sipsma, 2000; Sitarenios, 2001) but studies about mediating role of job burnout on emotional intelligence-managerial effectiveness relationship are rather few.

### Study Purpose

The purpose of the present study is to findout the emotional intelligence and managerial effectiveness relationship.

### Emotional Intelligence and Managerial Effectiveness

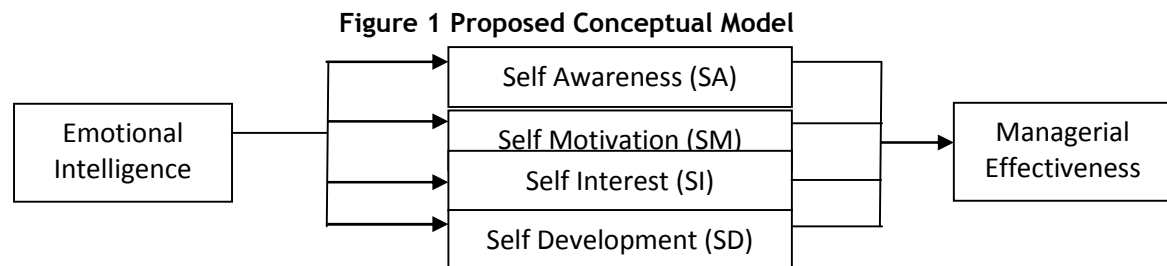
In a study, conducted by Salovey, Bedell, Detweiler, and Mayer (1999) it was found that individuals who can regulate their emotional states are healthier because they “accurately perceive and appraise their emotional states, know how and when to express their feelings, and can effectively regulate their mood states” . . . Indeed, Taylor (2001) argues that if you are emotional intelligence then you can cope better with life’s challenges and control our emotions more effectively, both of which contribute to good psychological and physical health. Moreover, Bar-On (1997) includes stress management and adaptability as two major components of EI, while Matthews and Zeidner (2000) stated that “adaptive coping might be conceptualized as emotional intelligence in action, supporting

mastery emotions, emotional growth, and both cognitive and emotional differentiation, allowing us to evolve in ever-changing world” (p.460). Dulewicz, Higgs, and Slaski (2003), using relatively small sample of retail managers, examined the role that variables such as stress, distress, morale and poor quality of working life play in everyday life. They demonstrated that EI was strongly correlated with both physical and psychological health.

#### **H<sub>1</sub>: Emotional Intelligence will Significantly and Positively Influence Managerial Effectiveness**

The review of literature clearly highlights that significant of emotional intelligence which reveals that managers who are emotionally intelligent are more effective as compared the managers whose emotional intelligence level is low. A study by Shipper, Kincaid, Rotondo, and Richard C Hoffman (2003) on managers from US, UK and Malaysia found that there is a positive relationship between managerial effectiveness and self-awareness, component of emotional intelligence. Langhorn (2004) conducted a study on pub restaurant managers in the UK concerning their emotional intelligence. The study observed that EI is positively related to the dimensions like employees satisfaction, customer satisfaction, and profit performance 21 per cent of the success of managers was due to emotional intelligence.

Figure 1 presents a conceptual model of the hypothesized relationship among the study variables. It is expected that the relationship between that the emotional intelligence will positively related to managerial effectiveness.



#### **Method**

189 women executives belonging to private and public sector banks were the sample for the present study. The sample size of 189 was determined by the formula of  $n = N/Ne^2$  (Adecock, 1979). The sample is distributed among the population on the basis of stratified proportionate random sampling. The employees were in the 20-60 years of age group, and has spent at least one year in the same organization.

#### **Instrumentation**

Three instruments were used in the study to assess managerial effectiveness and emotional intelligence. Managerial effectiveness was conceptualized as dependent variable

whereas, emotional intelligence as independent variables. The measures used in this study were borrowed from their original source and adapted from Indian work setting.

### Managerial Effectiveness Questionnaire (MEQ)

This scale developed by Gupta (1996) consists of 45 items, ranging from always (5) to never (1) was used in the present study. Examples of the items of the scale are: (1) I like to take challenges in assignments and assure their successful completion, (2) I involve other people in order to finish a job. A satisfactory reliability as well as validity was found for this scale. (Gupta, 1996). The cronbach alpha was found to be 0.84 for this scale.

### Emotional Intelligence

Schuttle et al., (1997) scale of emotional intelligence consisting of 30 items ranging from strongly agree (5) to strongly disagree (1) was used in the present study. Examples of the items of the scale are (1) I have control over my emotions. (2) I easily recognize my emotion as I experience them. The cronbach alpha of the scale was found to be 0.89.

The score of all 30 variables in emotional intelligence (EI) have been included identify the important components of EI. The factor analysis was carried out. Initially, the validity of variables in EI for factor analysis have been tested with the help of Kaiser-Meyer-Ohlin measure of sampling adequacy and Bartlett's test of sphericity. Both these tests satisfy the validity since the KMO measure is greater than 0.60 and the chi-square is significant at five per cent level. (Aaker, 1989). The factor analysis result in four important components. The eigen value and its per cent of variations are shown in Table 1.

**Table 1 Components of Emotional Intelligence (CEI) among Women Executives**

Sl.No.	CEI	Number of variables	Eigen values	Per cent of variation explained	Cumulative per cent of variation explained	Cronbach alpha
1.	Self awareness	9	5.9449	19.81	19.81	0.8445
2.	Self motivation	8	4.9908	16.64	36.45	0.7909
3.	Self interest	8	4.5884	15.29	51.74	0.7563
4.	Self development	5	2.9086	9.69	61.43	0.7802
KMO measure of sampling adequacy: 0.7693				Bartlett's test of sphericity: Chi-square value: 81.84		

The first two important components of EI are self awareness and self motivation since its eigen values are 5.9449 and 4.9908 respectively. The per cent of variation of abovesaid two components are 19.81 and 16.64 per cent respectively. The last two components identified by the factor analysis are self interest and self development since its eigen values are 4.5884 and 2.9086 respectively. The cronbach alpha of all components of EI reveal its internal consistency (Nunnally, 1978). Since these are greater than its standard minimum of 0.60.

### Discriminant Validity among the Components of EI

Since the study has made an attempt to measure the impact of components of EI on managerial effectiveness, the discriminant validity among the components of EI have been searched to avoid the multicollinearity problems (Anderson and Gerbing, 1985) with the help of mean of AVE and the square of correlation co-efficient between the components of EI. The results are shown in Table 2.

**Table 2 Discriminant Validity among Components of EI**

Sl.No.	Mean of AVE Square of correlation co-efficient	1	2	3	4
1.	Self awareness		0.5084	0.5117	0.4865
2.	Self motivation	0.4172		0.4806	0.4903
3.	Self interest	0.4033	0.4244		0.4452
4.	Self development	0.3899	0.4118	0.4265	

Since the mean of average variance extracted of all pair of important components of EI are greater than its square of correlation co-efficient of the respective pair, the discriminant validity among these important components of EI have been proved (Anderson, 1987).

### Methods of Analysis

Correlation co-efficients were computed to examine the relationship between emotional intelligence and managerial effectiveness. A series of regression analysis was employed to test the hypotheses of the study. Judd and Kenny (1981) and Kenny et al., (1998) recommended the use of regression model to test the impact. This method has been used in previous studies to test the effects of various constructs in emotional intelligence (Jawahar and Hemasi, 2006; Rhoades et al., 2001; Yousef, 2000) on the managerial effectiveness.

**Table 3 Means, Standard Deviations and Correlations among the Variables**

Variables (No.of items)	Scale mean	SD	EI	SA	SM	SI	SD	ME
EI	1.82	2.24	0.89					
SA	3.12	2.28	0.43**	0.86				
SM	2.79	2.14	0.47**	0.32**	0.78			
SI	3.45	1.54	0.42**	0.34**	0.48**	0.75		
SD	3.07	2.02	0.49**	0.36**	0.42**	0.48**	0.79	
ME	3.24	3.16	0.52**	0.38**	0.43**	0.48**	0.64**	0.87

Note: \*\* $p < 0.01$ ; \* $p < 0.05$

Co-efficient alphas are reported as diagonals. SA: Self Awareness; SM: Self motivation; SI: Self interest; SD: Standard development and ME: Managerial Effectiveness.

Table 3 shows that the correlations between independent variables (Emotional intelligence, intelligence and its components) and the dependent variable (Managerial Effectiveness) are positive and significant. It is clear that self awareness, self motivation, self interest and self development are significant correlates of Managerial Effectiveness.

### Regression Analysis

To test the hypotheses, the study employed regression analysis. The result of regression analysis are summarized in Table 4.

**Table 4 Impact of Components of EI on Managerial Effectiveness**

Sl.No.	Components of EI	Unstandardized regression co-efficient	$\beta$	Standard error	't' statistics	'F' value
1.	Self awareness	0.2869	0.2143	0.0869	3.3015	0.0296
2.	Self motivation	0.2904	0.2592	0.0517	5.6170	0.0038
3.	Self interest	0.2511	0.1976	0.0732	3.4303	0.0241
4.	Self development	0.1974	0.1703	0.0338	5.8402	0.0017
	Constant	0.4084				
	R <sup>2</sup>	0.7849				0.0199
	F-statistics	8.4549				

The above table reveals that all the four important components of EI have significant impact on managerial effectiveness among the women executives since their respective regression co-efficients are significant at five per cent level. A unit increase in the self awareness, motivation, interest and development result in an increase in the level of managerial effectiveness by 0.2143, 0.2592, 0.1976 and 0.1703 units respectively. The co-efficient of determination (R<sup>2</sup>) reveals that the changes in the components of EI explain the changes in managerial effectiveness to an extent of 78.49 per cent. Hence the formulated hypothesis for the study has been proved. Regression analysis with the components of emotional intelligence as an independent variable and managerial effectiveness as dependent variables demonstrated that all four components of EI were significant at 0.05 levels.

### Discussion and Conclusion

The identified four components of EI replicates the findings of Goleman (1995), Cooper and Sawaf (1997); and Goleman (1998). The study attempts to findout the impact of emotional intelligence of management effectiveness. For the purpose, a sample of 189 women executives were was selected to examine the postulated hypotheses. Findings of the study suggest a strong support of the hypothesis set in the study. The outcome of the

study suggests that emotional intelligence would induce positive effects on managerial effectiveness. Bedell, Detweiler, and Mayer (1999) which found that individuals who can regulate their emotional states are healthier because they “accurately perceive and appraise their emotional states, know how and when to express their feelings, and can effectively regulate their mood states. Moreover evidence concerning various components of emotional intelligence having significant and positive influence managerial effectiveness is furnished in the study. The findings of the study coincides with a study done by Langhorn (2004) who opined that main predictors of manager’s performance are self-awareness, social responsibility, interpersonal relationships and optimism. Another study done on managers from US, UK and Malaysia by Shipper, Kincaid, Rotondo, and Richard Hoffman (2003) indicated positive relationship between managerial effectiveness and self-awareness, component of emotional intelligence.

As expected the study findings confirm the role of emotional intelligence in the determination of the managerial effectiveness. The findings of this study suggests that managers who score low on emotional intelligence will lead them to be ineffective in their managerial aspects.

#### **Contribution of the Current Study**

This study adds to researcher’s efforts to understand the effect of emotional intelligence on the managerial effectiveness in the banking industry. The study is the first of its kind to relate the effect of emotional intelligence on managerial effectiveness in banks. The study contributed new directions in the research of management by opening up a debate on the importance of personality dimensions of EI and managerial effectiveness in banks. The fact that statistically significant correlations and regression results are indicating that personality dimensions has a significant impact managerial effectiveness through emotional intelligence.

#### **Managerial Implications**

The study gives a view that the effect of EI on ME in banking industry. Therefore, the management need to realize that the environment of the organization should be such that the managers perceive it as supportive in order to enrich the EI. Attention of scale on EI can help strengthen link between emotional intelligence and managerial effectiveness. It helps emotionally intelligent executives more effective. To increase managerial effectiveness managers are encouraged to enhance than emotional intelligence with the help self awareness, self confidence, self interest and self development.

#### **Limitations of the Study**

The result of this study should be viewed with a small number of limitations. The sample size is not sufficient enough to reflex the factual image of the banking organizations in context with effectiveness. The method used in the present study to collect the data is

very common as the questionnaire method was used. A comparative study between executive of public and private sector banks should have been given a better picture of impact of emotional intelligence on managers effectiveness.

#### **Directions for Future Research**

Longitudinal studies to establish the casual relationship between the variables could be included. To enhance external validity, future research effort should obtain a representative sample from more banks. More EI dimensions should be used to assess managerial effectiveness with increased statistical power. Measures with few items are more prone to unreliability than summated measures with greater number of items (Spector, 1992). Only female executives were considered for the present study. A further research can be done to compare the gender differences for the study variables.

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