

Emotional Intelligence as a Precursor to Competitive Advantage and Organizational Performance: A Study of Select Indian Organization

Abstract of Thesis

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ABSTRACT

Keywords: Emotional Intelligence (EI), Competitive Advantage, Organizational Performance, EI Models, EI Dimensions, EI Measurement, and EI & Performance.

Emotional Intelligence (EI) is one of the areas that have attracted a great deal of attention from academicians and the business world. Academicians are generally interested in understanding its nature, composition, measurement and its effect on different aspects of professionalism. The business organizations are obviously interested in enhancing their overall performance leveraging the emotional intelligence of their human resources. The term *Emotional Intelligence* consists of two terms – ‘Emotion’ and ‘Intelligent’. Emotion is complex mental response to some object or situation in form of a strong feeling that results in modification of thoughts or behavior. Intelligence is the ability to think rationally, learn from experience, solve problems and deal with new novel situations. On general note emotional capability involves being aware of emotions that affect and interact with traditional intelligence. In this sense ability to manage one's own emotions along with management of other people's emotions may be considered as emotional intelligence.

Of late EI has been considered as an essential competency in individuals, the importance of EI can be estimated from the Goleman's (1998) argument that the contribution of EI in individual success is two third (about 67%) whereas intellectual intelligence in form of technical skills contributes only one third (about 33%). Confirming this notion, Ashforthe & Humprey (1995) and Jordan & Lawrence (2000) have established the importance of emotions in work settings. Since performance has always been a key issue in business

world, organizations are interested in enhancing both individual and team performance through leveraging the EI. Goleman (1998) argues that emotionally intelligent employees perform better at workplace, Singh (2007) states that emotionally intelligent employees are more committed to their organizations. Riette, De Bruin and Crous (2007) argue that individual performance is the key to attain competitive edge hence confirming the role of EI in organizational performance and competitive edge. This study is a modest endeavor to decode how exactly EI is linked to performance and the role of EI in gaining competitive advantage for professional organizations specifically in Indian context.

Literature Review: this study reviews the EI literature related to its models, dimensions and measurement, effect of EI of employees on organizational performance and gaining competitive advantage. The reviews start from exploring and defining the concept of emotional intelligence followed by discussion on its conceptual models and measurement models bringing out its various EI dimensions. This study basically considers four EI dimensions/factors – awareness of self-emotion, management of self-emotion, awareness of others’ emotion, management of others’ emotion and two business outcome – organizational performance and competitive advantage. After factor identification these constructs are operationalized for the purpose of this study. the review then explores the literature related to relationships of emotional intelligence with various aspects like organizational performance, individual performance, leadership effectiveness, organizational culture and work environment and others. Based on the review and extant literature the research gap is being identified in the area of how each EI dimension affects the organizational performance leading to gaining of competitive advantage. The gap leads to derivation of research questions and objectives of the study.

Objectives: The main purpose of this research is to explore EI and its role in organizational performance and gaining of competitive advantage. The specific objectives of the study are:

1. To study and exfoliate the concept of Emotional Intelligence, its models and measurement.
2. To study and explore the role of demographic factors on Emotional Intelligence of employees.
3. To validate the theoretically developed scale and measure EI in the context of professional organizations with four identified dimensions.
4. To study the impact of Emotional Intelligence on Organizational Performance.
5. To determine the role of EI in gaining Competitive Advantage through the mediating role of Job Performance of employees.

Research Methodology: the methodology for this study is covered under the following heads:

1. Research Design and Research Approach: As per the requirement of the study this research calls for both exploratory and descriptive/diagnostic research designs. This study explores emotional intelligence concepts and models and along with exploring the role of demographics in determining the Emotional Intelligence of employees. This study also entails diagnosis of the relationships between various Emotional Intelligence aspects and organization performance.

2. Sample and Data Collection

- a. Sampling technique: purposive and convenience.

- b. Sample size: collected data from 300+ respondents, actual size was 254 data screening cleaning.
 - c. Primary data collection: tool – structured questionnaire consisting of two sections: demographic and a psychographic scale to measure various EI dimensions and performance. Questionnaire was administered personally as well as in online mode to employees of bank branches, educational institutes, insurance companies, post offices and other organizations in Lucknow.
 - d. Secondary data: online research papers, journals, reports, magazines, online resources, newspapers, etc.
- 3. Measurement:** a multi-item five-point Likert type scale was used to measure EI dimensions and performance variables and the items or instruments were adopted from the literature. The EI factors/constructs are measured and validated through Exploratory Factor Analysis.
- 4. Research Tools:** t-Test, ANOVA are applied to determine the role of demographic variables of EI.
- 5. Hypothesis Testing:** Multiple Linear Regression is employed to test the proposed relationships.

Main Findings: findings are arranged as per the following sections:

Findings from Descriptive Analysis

- It is found that 58% of the respondents were males and 42% were females. Although majority of the respondents were males the other category of gender also was substantially represented in the sample.

- It is found that 13% of the respondents were < 25 years of age, 38.6% were in 25-30 years age group, 28% were in the age group of 35-45 years and approximately 21% of the respondents were in above the age 45 years.
- It is found that about 6.3% of the respondents were having an education level of below graduation, 38.6 % were graduates and 46.1% of the respondents were post graduates whereas 9.1% were having a qualification above PG.
- It is found that 41.3% the respondents belonged to private sector, 33.1% were working in government sector and about 25% worked in other type of sector including semi government, NGOs etc.
- It is found that 8.7% of the respondents in the sample were having an income of less than Rs. 20,000, 35.8% were in the income bracket of Rs. 20-30,000 about 32% were in the income group of Rs. 30-40,000, 13.45% of the respondents were in the income group of Rs.40-50,000 and about 10% were having an income of more than Rs. 50,000.
- It is found that 25.2% of the respondents were having a work experience of less than 2 years, 24% of the respondents were in the experience level of 2-5 years, about 20% were in experience level of 5-10 years and 30.3% were having an experience of more than 10 years.
- It is found that 22% of the respondents were in the same designation for less than 2 years, 29% were working in the present designation for 2-4 years, 37.4% of the respondents were in the same designation for 4-7 years whereas 11.4 were attached with the present designation for more than 7 years.

- It is found that 33.5% of the respondents were promoted in the last 1 year, 32.7% got their previous promotion in last two years, 17.7 % were promoted in the last 3 years and 16.1% got their latest promotion in the last 4 or more years.
- It is found that 77% of the respondents were never denied a promotion when it was due whereas about 23% of the respondents were denied a promotion at least once when it was due.
- It is found that 42.5% of the respondents were in the decision-making position while 57.5% were in non-decision-making roles.

Findings from Objective 2

Conclusions regarding Impact of Gender on EI

- It is concluded there is a significant impact of gender on emotional awareness of employees.
- It is concluded that there is a significant impact of gender on Self-Management of employees.
- It is concluded that there is no significant impact of gender on social awareness of employees.
- It is concluded that there is no significant impact of gender on Relationship Management of employees.

Conclusions regarding Impact of Age on EI

- It is concluded that there is a significant impact of age on emotional awareness of employees.

- It is concluded that there is a significant impact of age on self-management of employees.
- It is concluded that there is no significant impact of age on social awareness of employees.
- It is concluded that there is no significant impact of age on relationship management of employees.

Conclusions regarding Impact of Education on EI

- It is concluded that there is no significant impact of education level on emotional awareness of employees.
- It is concluded there is no significant impact of education level on self-management of employees.
- It is concluded that there is no significant impact of education level on social awareness of employees.
- It is concluded that there is no significant impact of education level on Relationship management of employees.

Conclusions regarding Impact of Nature of Position on EI

- It is concluded that there is no significant impact of nature of position on emotional awareness of employees.
- It is concluded that there is no significant impact of nature of position on self-management of employees.

- It is concluded that there is no significant impact of nature of position on social awareness of employees.
- It is concluded that there is no significant impact of nature of position on relationship management of employees.

Conclusions regarding Impact of Employment Type on EI

- It is concluded that there is no significant impact of employment type on emotional awareness of employees.
- It is concluded that there is no significant impact of employment sector type on self-management of employees.
- It is concluded that there is no significant impact of employment type on social awareness of employees.
- It is concluded that there is no significant impact of employment type on relationship management of employees.

Conclusions regarding Impact of Income Level on EI

- It is concluded that there is no significant impact of income level on emotional awareness of employees.
- It is concluded that there is no significant impact of income level on self-management of employees.
- It is concluded that there is no significant impact of income level on social awareness of employees.

- It is concluded that there is no significant impact of income level on relationship management of employees.

Conclusions regarding Impact of Experience Level on EI

- It is concluded that there is a significant impact of experience level on emotional awareness of employees. Performing the multiple comparisons, it is found that the emotional awareness mean differs significantly only for ‘higher experience level and middle experience level’.
- It is concluded that there a significant impact of experience level on self-management of employees. Performing the multiple comparisons, it is found that the self-management mean differs significantly only for ‘higher experience level and lower experience level’.
- It is concluded that there a significant impact of experience level on social awareness of employees. Performing the multiple comparisons, it is found that the social awareness mean for higher experience level differs significantly with both ‘lower and middle experience groups.
- It is concluded that there is a significant impact of experience level on relationship management of employees. Performing the multiple comparisons, it is found that the relationship management mean for higher experience level differs significantly with both ‘lower and middle experience groups.

Findings from Objective 3: – Validation through EFA: This study has developed a scale to measure four EI dimensions, job performance and organizational competitiveness measured with instruments adopted from the literature. Since the scale was developed in

a new context its validation is required. EFA was done to validate the scale and it was concluded that the considered six factors or construct can be measured through 25 retained instruments that were finally validated to measure the respective construct. The extracted factors in extraction sequence are Self-Management, Emotional Awareness, Job Performance, Social Awareness, Competitive Advantage and Relationship Management. The factor scores of all six factors/constructs corresponding to each respondent or individual were obtained to employ for further analysis.

Findings from Objective 4 & 5: Impact of EI Dimensions on Job Performance and Organizational Competitiveness

- This study could not find evidences to support the hypothesis H4.1 and it is concluded that though organizational performance is positively correlated to the level of emotional awareness of the employees in organizations the relationship is not significant.
- This study finds evidences to support the hypothesis H4.2 and it is concluded that organizational performance is positively correlated to skills of self-management of the employees in professional organizations.
- This study could not find evidences to support the hypothesis H4.3 and it is concluded that though organizational performance is positively correlated to the level of social awareness of the employees in organizations the relationship is not significant.

- This study finds evidences to support the hypothesis H4.4 and it is concluded that organizational performance is positively correlated to skills of relationship management of the employees in professional organizations.
- This study finds evidences to support the hypothesis H4.5 and it be concluded that competitive advantage is positively correlated to job performance of employees in their organizations.

Implications of EI measurement through developed scale: First major result of the study is empirical validation of the theoretically developed scale to measure EI in the context of professional organizations. It was found that EI of employees working in professional organizations could be measured with the self-reported scale with four dimensions of Emotional Awareness, Self-Management, Social Awareness and Relationship Management. The major implication for the professional organizations is presence of these four main EI competencies or skills in the employees working in the organization and has major implications for organizations.

Implications regarding impact of EI dimensions on organizational performance: It is inferred from the results that emotional self-management and relationship management are the important predictors of employee job performance. This has implications fresh recruitments and the existing employees. The findings of this study also have some further implication regarding the development of self-management and relationship management skills in employees. Another implication of these findings is for the professional emotional intelligence trainers and consultants.

Implications regarding impact of organizational performance on competitive advantage: the next important finding in this sequence is statistically significant impact organizational performance on competitive advantage. It has implications for professional organizations in terms of gaining competitive advantage through leveraging the organizational resources through leadership capabilities of emotionally skilled or emotionally intelligent human resources.

Implications regarding Impact of Demographic/Moderating Variables on EI dimensions: Another major finding of the study is statistically significant impact or moderating role of personal characteristics – gender and age on two EI dimensions – emotional awareness and self-management i.e. own emotional awareness and management of own emotions. Out of three professional characteristics only experience level was found have a significant effect on EI or moderator for all four EI dimensions. Since emotional awareness was not found to be a significant predictor of employee performance there was not much implication neither for gender, age or experience. However, owing to significant impact of self-management on employee performance there are important implication regarding the moderating role gender, age and experience in defining EI and as a result affecting employee performance.

Limitations of Study: the main limitations of the study are employment of non-probabilistic sampling technique, smaller time frame for the research, less financial resources. The other limitations are non-availability of the financial performance data pertaining to professional organizations, qualitative nature of the measure which is subjective in nature with the possibility of personal baseness in reporting, representation

of competitive advantage through the employees' perception of superior position of their own organizations. This measure is also qualitative in nature leading to subjective interpretation and reporting of the superior position of the organization. Due to financial and time constraints the sample was collected mainly from the professional organizations in Lucknow and nearby cities. This may limit the findings of the study only to the geographical area from which the sample was collected. Due to scarcity of resources and its academic nature this study considers only one of the organizational aspects of performance which is affected by EI. There are other organizational aspects and outcomes which are important for the organizations which are not included in this study.

Directions for Future Research: The first direction for future researchers is employment of random sampling and enhancement of geographical scope of the study. This study is academic in nature but has professional implications. Future researchers may seek the help of professional organizations in terms of finances, convenient and free availability of data, access to their employees and managers. Future researchers shall design the study to measure the performance through financial data to provide more objectivity. Future researchers may measure employee job performance through a combination of both self-reported measures and the ratings from their superior. To measure the superior position of the organizations more objective parameters may be selected like that of market share, overall sales, profits and growth. This study has considered only organizational performance as an outcome of EI, other important aspects like leadership effectiveness, organizational work culture, job satisfaction, organizational commitment, organizational effectiveness and productivity, turnover intentions etc. may also be included in future researches.