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## IMPACT OF EMOTIONAL INTELLIGENCE ON ORGANIZATIONAL PERFORMANCE

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**Abstract:** *Emotional intelligence (EQ) is more important than one's intelligence (IQ) in attaining success in their lives and careers. As an individual our success and the success of the profession today depend on our ability to read other people's signals or cognition and react appropriately to them.*

*Over the past few decades there has been tremendous growth in Emotional Intelligence research. It has been learned that since Emotional Intelligence is not a trait, appropriate intervention programmes can inculcate a combination of dynamic skills required for the same. Emotional Intelligence is an essential factor to be considered in an organizational setup. The present study is an attempt to determine the influence of Emotional Intelligence on Organizational Performance. The findings of this research proved that emotional intelligence improves with age, education and experience. The awareness of emotions has a greater impact on employee performance.*

**Keywords:** *Emotions, Intelligence, Job satisfaction, Organizational performance, Job Performance.*

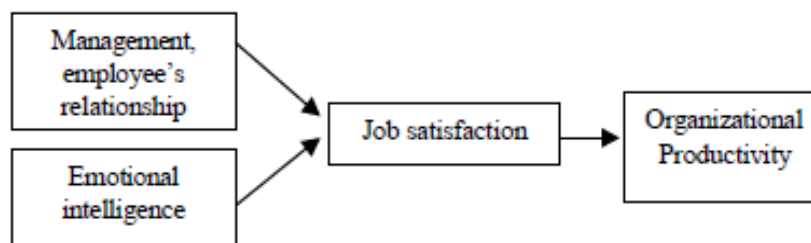
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## INTRODUCTION

In an era of shifting paradigms, one of the world's fastest growing emerging economies, such as India, should be able to develop its human resources as a source of competitive advantage. In order to develop and enhance workforce capabilities and to successfully compete in the 21st Century, organizations have to embark on future oriented human resources strategies. It could be argued that the individual competencies of the workforce in any organization would determine its overall success. This success, among other things, may be attributed to the socio-behavioral characteristics and adjustments these individuals have to make in their job-role and position power to gain common ground in any organizational setting. Therefore the concept of Emotional Intelligence (EI) is playing a vital role in every organization which describes the ability, capacity, skill or, in the case of the trait EI model, a self-perceived ability, to identify, assess, and manage the emotions of one's self, of others, and of groups.



**Fig1: Emotional Intelligence and Organizational Productivity**

Emotional Intelligence is a set of qualities and competencies that captures a broad collection of individual skills and dispositions, usually referred to as soft skills or inter and intra-personal skills, that are outside the traditional areas of specific knowledge, general intelligence, and technical or professional skills. Emotions are an intrinsic part of our biological makeup, and every morning they march into the office with us and influence our behavior. Emotional intelligence consists of five factors: Knowing one's emotions, managing emotions, motivating one, recognizing emotions in others, and handling relationships, Goleman (1995). Emotional intelligence improves individual and organizational performance. It plays a significant role in the kind of work an employee produces, and the relationship he or she enjoys in the organization.

## EMOTIONAL INTELLIGENCE



Emotional Intelligence (EI) refers to the ability to perceive, control, and evaluate emotions. According to Daniel Goleman, “Emotional intelligence refers to emotional awareness and emotional management skills which provide the ability to balance emotion and reason so as to maximize long-term happiness.” The Five Categories of Emotional Intelligence (EQ) are as follows:

	Definition	Hallmark
<b>Self Awareness</b>	The ability to recognize and understand your moods, emotions and drives as well as their effects on others	Self-confidence Realistic Self development Self-deprecating sense of humor
<b>Self-Regulation</b>	The ability to control or redirect disruptive impulses and moods. The propensity to suspend judgement to think before acting	Trustworthiness & integrity Comfort with ambiguity Openness to change
<b>Motivation</b>	A passion to work for reasons that go beyond money or status The propensity to suspend judgement –to think before acting	Strong drive to achieve Optimism, even in the face of failure Organizational commitment
<b>Empathy</b>	The ability to understand the emotional makeup of other people Skill in treating people according to their emotional reactions	Expertise in building and retaining talent Cross-cultural sensitivity Service to clients and customers
<b>Social Skills</b>	Proficiency in managing relationships and building networks An ability to find common group & build rapport	Effectiveness in leading change Persuasiveness Expertise in building & leading teams

**Fig2: Components of Emotional Intelligence**

## ORGANIZATIONAL PERFORMANCE

“The effective management of people in teams can produce greater performance levels and greater organizational effectiveness.” (Potgieter, 2003). The various authors further identifies the following criteria to assess organizational effectiveness; namely:

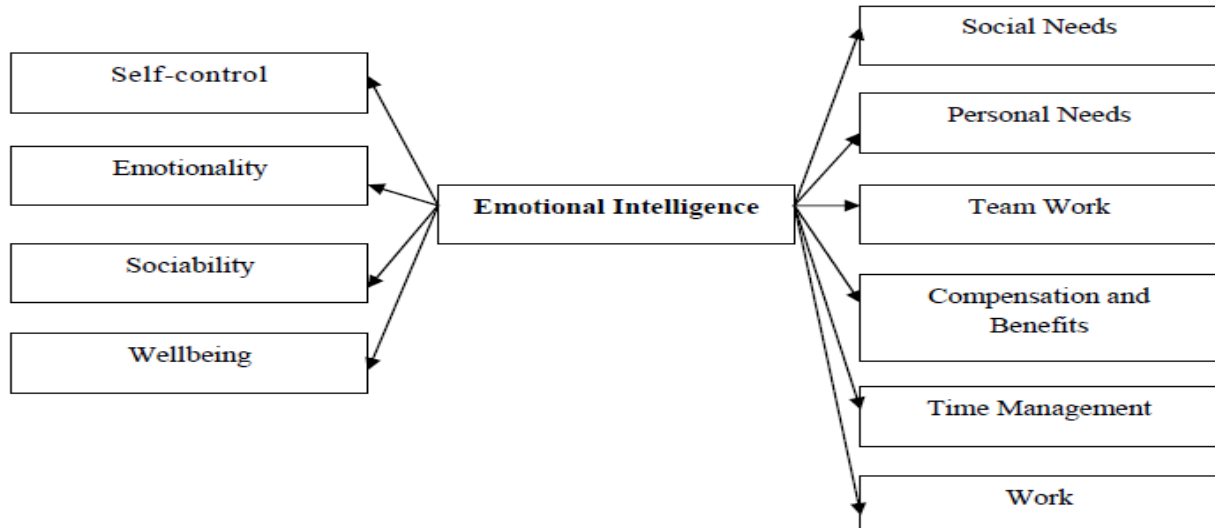
- **Goal Accomplishment** – Effectiveness is measured or gauged by how well the organization meets or exceeds its goals. Goal accomplishment is the most widely used effectiveness criterion for organizations.
- **Resource Acquisition** – This second criterion relates to inputs rather than to outputs. An organization is deemed effective in this regard if it acquires necessary factors of production such as raw material, labor, capital and managerial and technical expertise.



- **Internal Processes** – This third criterion is often referred to as the “healthy systems” approach. An organization is said to be a healthy system if information flows smoothly and if employee loyalty, commitment, job satisfaction, and trust prevail.
- **Strategic Constituencies Satisfaction** – Organizations depend on people and affect the lives of people. Consequently, many consider the satisfaction of key interested parties to be an important criterion of organizational effectiveness.

## LITERATURE REVIEW

Dalip Singh (2001) mentioned that “application of emotional intelligence supports the managers and employees to recognize and understand emotions and using emotional intelligence to manage oneself and his/her relationship selection, development of employees, teams and the organization. “The organizations must coach their employees in developing their interpersonal skills and coach them to perform effectively on the job with other employees in the organization” (Reuven Bar-On et al, 2007). Employees need to enhance their emotional intelligence skills, apart from technical skills, which in turn will enhance their productivity on the job. Management of emotional intelligence by the team members will help in developing interpersonal skills of the team members. “Organization’s to be successful, need to develop employee’s emotional intelligence skills to work effectively in the organization” (Bob Wall, 2008). “In order to achieve work life balance, one must develop emotional intelligence- your ability to monitor your own and other’s feelings and emotions, to discriminate among them and to use this information to guide your thinking and actions” (Engelberg & Sjoberg, 2004; Salovey & Mayer, 1990). Professionals who exercise emotional intelligence are more balanced in that they know their own emotions and attempt to understand the emotions of others. In addition, “emotional intelligence encourages to utilize your emotions for flexible planning, creative thinking and motivating to accomplish goals and problems” (Mayer & Salovey, 1990). Recent findings suggest “high Trait EI individuals employ better emotional responses in dealing with and managing stressful effects of emotional dissonance experienced at work” (Mikolajczak & Luminet, 2007). A conceptual frame work to connect Trait Emotional intelligence and Work life balance is made to identify the variables of research. The following diagram depicts the conceptual framework used in this study.



**Fig3: Conceptual Framework of Emotional Intelligence**

## RESEARCH METHODOLOGY

**Research Design:** Descriptive research

**Research Instrument:** Structured Questionnaire

## SAMPLING PLAN

- **Sample Method:** Convenience Sampling.
- **Sample Size:** 100.
- **Sample Unit:** Employees who do not hold a supervisory position.

## SAMPLING DESIGN

Convenience sampling, as the name implies, is based on the convenience of the researcher who is to select a sample. Respondents in the sample are included in it merely on of their being available on the spot where the survey was in progress.

## SOURCE OF DATA

- **Primary Data:** Structured Questionnaire,
- **Secondary Data:** Journals, Booklets, & Company Data, etc.

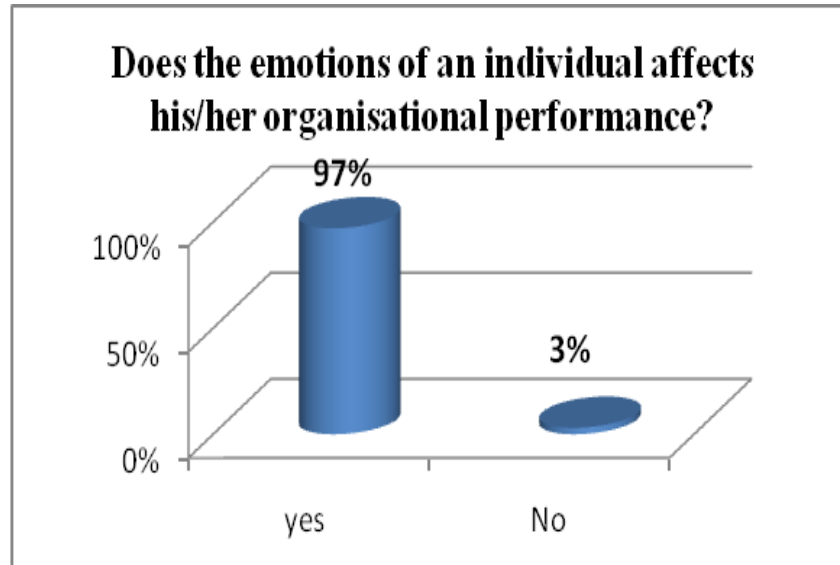
## OBJECTIVES OF THE STUDY

1. To determine the need of emotional intelligence and their impact on employees performance as well as organizational effectiveness.
2. To examine factors that influence emotional intelligence in the organizations.
3. To find out what are the factors that plays important role in emotional intelligence.



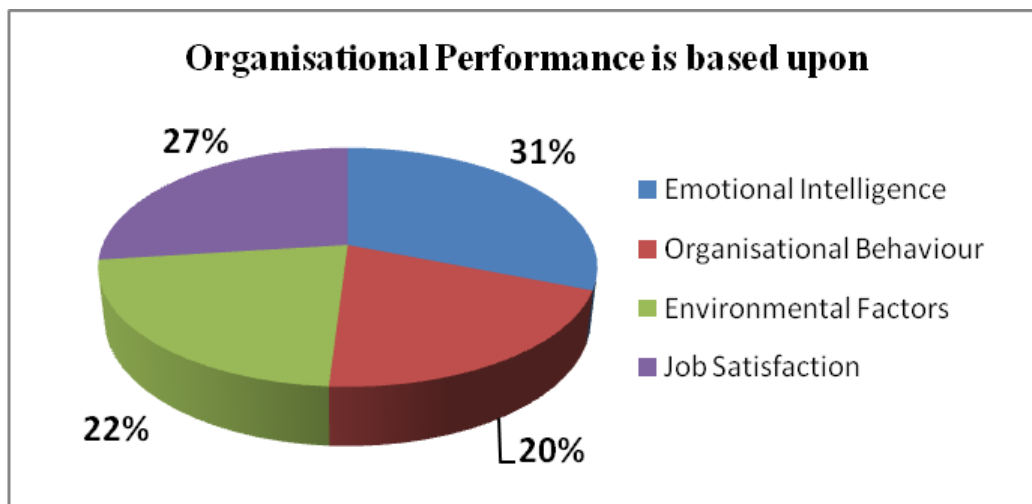
4. To determine the role of different factors of emotional intelligence in organizational performance.

## DATA ANALYSIS AND INTERPRETATION



**Fig4:Effect of Emotions on Organisational Performance**

The above graph shows that out of 100 respondents 97% says that the emotions of an individual affects his/ her organisational performance and 3% says it hardly makes any difference.



**Fig5: Factors on which Organizational Performance is based upon**

The study shows that Organizational Performance is based upon four factors 31% says its Emotional Intelligence, 27% says Job Satisfaction, 22% feels its Environmental Factors and the rest 20% says its Organizational Behavior.



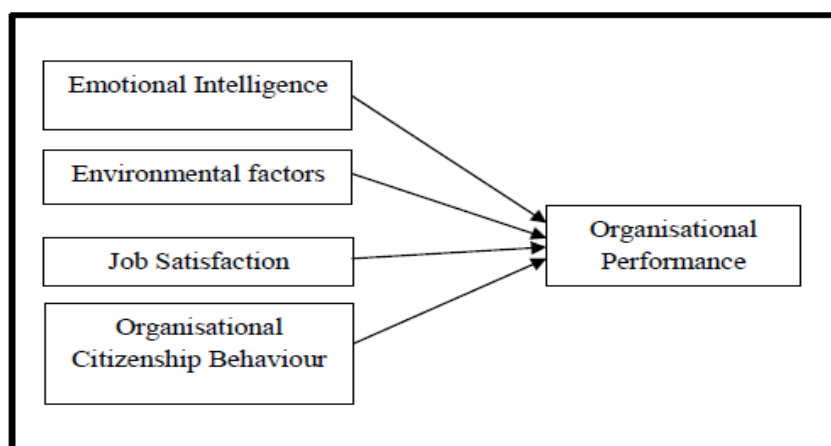
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## **THE EFFECTS OF EMOTIONAL INTELLIGENCE ON ORGANISATIONAL PERFORMANCE**

Organizations are the best settings that require interpersonal interaction. Most of these interactions are related to the performance of job duties, for example, serving customers, receiving instructions and reporting to supervisors, or cooperating and coordinating with colleagues etc., Employees with high levels of EI are those who can make use of the antecedent- and response-focused emotional regulation effectively, and master their interactions with others in a more effective manner. Emotional intelligence is a set of competencies where personal competence and social competence plays a vital role in directing and controlling one's feelings towards work and efficiency at work. These competencies are the major factors and his ability to control and manage his moods and impulses on the job. Knowing one's emotions and feelings as they occur, and tuning one's self to the changed situation, requires the emotional competency, emotional maturity and emotional sensitivity that are demanded on the job. In a work situation, performance of the employees depends on working with group of people with different ideas, suggestions, and opinions. Effective use of emotional intelligence gives better team harmony. Leaders, in particular, need high emotional intelligence, because they represent the organization to the customers, they interact with the highest number of people within and outside the organization and they set the tone for employee morale. Leaders with high emotional intelligence are able to understand their employee's needs and provide them with constructive feedback. Success in sales requires emotional intelligence ability to understand the customer and provide service to customers. Emotional intelligence was used in organization supports in identification of employees' emotional intelligence level and its impact on employee performance on the job. Emotional intelligence represents a set of competencies that perceive, understand and regulate emotions in one-selves and in others. These emotional competencies are learned capabilities based on the level of emotional intelligence that lead to superior efficiency in performance. The emotional intelligence model developed by Daniel Goleman is used widely to understand the emotional intelligence of the employees in most of the organization. The studies, together with the Goleman's observation proves that EI is related to job performance, lead to the first proposition: Proposition P1: Greater the Emotional intelligence greater in job performance.



EI should also be related to other affective job outcomes such as job satisfaction, organizational commitment, and turnover intention. The ability to apply antecedent and response-focused emotion regulation should enable employees to have better relationships with co-workers and supervisors, as well as greater satisfaction in their jobs. The continual presence of positive emotional states of the employees will also lead to positive affection towards the work environment and the organization. As a result, the positive experience on the job and positive affective emotions also should make employees more committed to the organization and less likely to leave their jobs. Therefore, following the arguments lead to proposition that: Proposition P2: Higher the Emotional intelligence higher is the job satisfaction. Proposition P3: Increase in Emotional intelligence lead to increase in organizational commitment. Proposition P4: Higher the job satisfaction, higher the organizational commitment. Proposition P5: Increase in Emotional intelligence leads to decrease in turnover intention. While the above arguments about the effects of EI on job outcomes may be reasonable, it is difficult to argue that the effects of EI on job outcomes will be the same across job categories. There are many jobs that require extensive interaction with customers (e.g., in service industries) or co-workers (e.g., team-oriented jobs). In contrast, job incumbents in other occupations may undertake minimal interaction with others (e.g., production-line workers)



**Fig6: Factors affecting Organizational Performance**

## CONCLUSION

Now-a-days job satisfaction is a key aspect for employees. Due to high Stress employees shows his intellectual, physical and social resources to meet the needs of the situation like work over loading stress, clash with colleagues etc. Emotional intelligence constraints are





also an important factor for organization that they provide their employees e.g. self awareness, social awareness and self management association with higher management, improve the employee confidence level so that they work more efficiently. If the employees knowing their own emotion and they are able to manage them they work more efficiently and productively. Employees also recognizing and appreciating emotions of other colleagues as well due to high job satisfaction productivity increase and employees motivate boost up. In most private organizations like banks and telecom sector emotion intelligence and high job satisfaction increase the productivity. Important for institutions to contact a feeling of job satisfaction that work produced is a rather weak relationship. It is commonly noticed that work satisfaction is interrelated with personal life satisfaction. A management needs to develop emotional intelligence skill to improve performance of employees and organization productivity. From the above studies we can conclude that Emotional Intelligence is a key analyst for employees to supervise their own emotions. The study also shows that employees with high Emotional Intelligence competencies have better job performance than employees with low Emotional Intelligence competencies. It has been commonly notice that in any industry job satisfaction factor enhances the employee's social life and also productivity of organization, due to appreciation and reward. Manager plays a key role for organizational development, and also has emotional competences about the management of employees and their work life. It is found that high emotional intelligence of employees' leads to better work performance and thereby increasing the organization commitment, which in-turn leads to decrease in turnover intention. The research studies leads us to believe that employees react positively and take a devoted importance to contribute and ready to search capabilities and efficient learning for personal Emotional Intelligence.

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