

## **IMPACT OF EMOTIONAL INTELLIGENCE ON MANAGERIAL EFFECTIVENESS (A CASE STUDY)**

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### **ABSTRACT**

With the advent of the 21st century, the role of emotional intelligence is important to provide their services in the perspective of managerial effectiveness. In this study, the researcher has attempted to examine the impact of emotional intelligence on managerial effectiveness in Employees State Insurance Corporation.. This sector is very vital to protect the employees and very much conscious about their social security. An amplified reliance on computerized technology, tele-working, self-regulated work and team work; all these changes move towards a more flexible and elastic personnel management, both in number of increasing human power and in their skills and competencies. The adjustments with the changing conditions of work and employment are responded by significantly. With the growth of information technology, leaner & flexible processes have increased the demand for competent managers for handling the multi – task. For this study total 400 employees of Employees State Insurance Corporation were selected to examine the impact of emotional intelligence on managerial effectiveness.

**KEYWORDS:** Emotional Intelligence, Managerial Effectiveness, Work and Employment, Competency.

### **INTRODUCTION**

India's population although their capacities to pay insurance premiums are very low mainly consisting of middle and low-income segment requires the stipulation of social security. In India, only 3% of population is covered by some type of health insurance, either social or private due to unawareness of the schemes of Employees State Insurance Corporation.. The existing mandatory health insurance scheme in India for Organized Sector is – Employees' State insurance Scheme (ESIS) and Central Government Health Scheme (CGHS). The Employees' State Insurance (ESI) Scheme is more appropriate and significant because this was the first social insurance measures introduced in India.

The first social insurance measures introduced in India was the Employees' State Insurance (ESI) Scheme which is more relevant and implemented and administered through Employees State Insurance Corporation (ESIC). Over the last six decades ESI Scheme of India is a major multi-dimensional social indemnity and medical care programme that has emerged with its exceptional growth in lieu of geographical & demographic coverage, multi-faceted services and an infrastructure that has no analogous. Despite all the efforts made by the Corporation for the efficient performance of the ESI Scheme in the country, public perspicacity of the Corporation has not been very positive. Therefore, this study examines the impact of emotional intelligence in handling the managerial tasks efficiently and effectively and insured persons for the delivery of services by Employees State Insurance Corporation..

### **Emotional Intelligence & Managerial Effectiveness**

In today's globalized era, it is an undeniable fact that only high performing organizations employing highly result-oriented managers can survive & grow. However, to hire the good performers with result oriented potentiality, no doubt is the big challenge. The managers who are emotionally intelligence to diagnose and monitor the internal environment of their own and other's minds and showing a remarkable skillfulness in managing their relationships with others in ways that produces winning outcomes. Managers with sheer emotional intelligence scan & adopt with the external environmental changes by giving feedback. It is also argued that emotionally intelligent managers think clearly and remain focused under pressure. The potential

managers are able to make sound decisive decisions, despite uncertainties in demands, changing priorities and changes in their life.

There has been a growing interest from the last decade in the role of emotions on managerial behavior. In organization through change efforts, leadership effectiveness, training and organizational performance, the role of emotional intelligence contributed through the managerial effectiveness. Previous studies have indicated positive relationship between emotional intelligence and managerial effectiveness. The past studies also examined the relationship between emotional quotient and dimensions of managerial effectiveness. They found that self-awareness of managers to be positively correlated with interpersonal, integrity, resilience and intuition.

In this study, there are three dimensions of managerial effectiveness have determined as below:

**Personal Effectiveness-** It arises when the individual himself knows what he wants to do, and then works hard to achieve the same. Employees are able to coordinate various task groups to achieve the results. They can handle conflict effectively. Employees have a positive attitude towards resolving problems in order to overcome the hurdles which may create a barrier in completing the tasks.

**Inter-Personal Effectiveness** - When an individual has good interpersonal relations and can make people work to the best of their ability with the help of available resources to maximize the net output of the organization. Employees are capable in presenting facts in a logical and clear manner. They have enough skills to create an organizational climate to help people in utilizing their competencies fully and effectively.

**Functional Effectiveness** - When an individual is able to carry out the overall managerial function effectively like planning, organizing, coordinating and analyzing. It leads to divide time effectively between various job aspects for employees. Regarding their strengths, they are well aware and also they understand their subordinates' strengths for accomplishing the task efficiently. They set definite goals for starting any work. They contribute effectively in increasing the productivity of their organization.

The study asserts that in Employees State Insurance Corporation, how emotional intelligence influences manager's goals and objectives, thus insuring a shared vision. Managers can use intense emotions as signals to direct their attention to issues in need of immediate attention and can use emotions to prioritize demands. They can also better anticipate how well their subordinates will react to different circumstances and changes. Therefore, recruiting effective managers possessing attitudes and behaviors like receptivity to feedback, self-disclosure, action orientation, perceptiveness (Pareale, 2002) and with high emotional intelligence can generate excitement, enthusiasm, and optimism in the work environment and also be able to maintain an atmosphere of cooperation and trust through the development of high quality interpersonal relations. Such managers can effectively instill in others an appreciation of importance of work activities and convey the message to their subordinates that they are optimistic about their personal contributions. It is better to go in-depth of understanding of emotions and its role in increasing the efficiency of managers.

#### **Importance of Emotional Intelligence for Managerial Effectiveness**

The emotional intelligence helps the managers to maximize their output by building an effective team. The managers who have emotions they can solve problems effectively and also capable of presenting facts in a logical and clear manner. In various situations, managers have to delegate task along with responsibility and authority so in that circumstances they use their emotional intelligence to take decisions in organizational aspects. Managers contribute effectively in increasing the productivity of the concerned departments in order to help subordinates set their goals in line with the organizational goals. In this way they change old procedures for new to improve departmental working.

#### **LITERATURE REVIEW**

**Khattak, M., Shah, T., & Said, B. (2014)** have recognized the importance of emotional intelligence by considering it as an important factor for determining organizational success and employees' well-being in ESIC. The trust is a complex and multidimensional construct, a long debate is prevailing in literature regarding how trusting relationships can be created. The aim of this research is to add something to the trust literature, by finding out the significant predictors and outcomes.

**Khamaria et al. (2014)** examined the efficacy of emotional intelligence for determining managerial effectiveness. 350 respondents were selected from 108 teams in the ESIC who supervised a appraisal of team members' emotional intelligence. As a team member participants completed a problem-solving task and afterwards reflected on the conflict resolution strategies used to accomplish the team effects. In lieu with the expectations, emotional intelligence indicators were positively associated with managerial effectiveness in terms of team performance and were differentially linked to conflict resolution methods.

**Krystyna Golonka & Justyna Mojsa-Kaja (2013)** in their study 'Emotional Intelligence and Roles-Analysis of Interdependence with regard to managerial effectiveness' examined the factors determining the managerial effectiveness which is an important area in the science of Management. The aim of this study is to describe the association between the manager roles and factors related with psychological, such as the ability to recognize and normalize emotions, which comprise important aspects of emotional intelligence.

**Singh & D. Garg (2013)** focused in their study that teams with higher Emotional Intelligence levels were more likely to use collaboration and conflict resolution. For their research they have selected ESIC employees and found that teams that displayed a higher Emotional Intelligence level simultaneously did well with team problem solving as opposed to those teams whose Emotional Intelligence levels were lower.

## **RESEARCH METHODOLOGY**

### **Objective of the Study**

To study the impact of Emotional Intelligence on Managerial Effectiveness in Employees State Insurance Corporation (ESIC).

### **Hypothesis of the Study**

H<sub>01</sub>: Emotional Intelligence does not have a significant impact on Managerial Effectiveness.

**Research Approach:** Descriptive approach was undertaken for the study to examine the impact of the emotional intelligence affecting managerial effectiveness.

**Universe:** The population is consisted of ESIC employees 4.3 lacs in India, 1200 employees in M.P and 400 employees in Indore city.

**Sample Size:** The population of the study consists of 400 employees. For effective coverage and lower cost, Convenience Sampling Technique was used to select the participating respondents.

### **Data Collection**

The data collection methods were used in this research involves the search for primary data. For the primary data a survey was conducted by a carefully developed questionnaire, to measure the variables of emotional intelligence and managerial effectiveness. The study depended mainly on the primary data collected through a well-framed and structured questionnaire to elicit the well-considered opinions of the respondents. A close-ended questions were asked to analysis the pre-determined objectives. Closed questions enable subjects to make a quick decision which enhances the enthusiasm and commitment of the subjects. Closed questions also facilitate the quick coding of information for analysis (Sekaran 2003).

**Survey Instrument:** A self-structured questionnaire was based on five point Likert Scale constructed to accomplish the objectives of the study.

### **Statistical Analysis of Data**

The statistical package for social science (SPSS, Version 20.0) was used to analyze the quantitative data. The reliability test was conducted to verify the internal consistency of the variables obtained in the sample. The Correlation & Regression Analysis was applied.

H<sub>01</sub>: Emotional Intelligence does not have a significant impact on Managerial Effectiveness.

		Managerial Effectiveness	Emotional Intelligence
Pearson Correlation	Managerial Effectiveness	1.000	.863
	Emotional Intelligence	.863	1.000
Sig. (1-tailed)	Managerial Effectiveness	.	.000
	Emotional Intelligence	.000	.
N	Managerial Effectiveness	400	400
	Emotional Intelligence	400	400

Above table shows the correlations and it is evident from this table that Pearson’s correlation coefficient between Emotional Intelligence and Managerial Effectiveness is 0.863 which is significant since the significant value (p- value) 0.000 is less than 0.05. Therefore, we may conclude that there is significant association between Emotional Intelligence and Managerial Effectiveness. Furthermore, since the value of correlation coefficient  $r$  suggests a strong positive correlation, we can use a regression analysis to Model the relationship between the variables.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.863 <sup>a</sup>	.745	.745	9.60924	.745	1165.725	1	398	.000

a. Predictors: (Constant), Emotional Intelligence

Over all model summary shows the value of multiple correlation coefficient  $R=0.863$ , it is the linear correlation coefficient between observed and model predicted values of the dependent variable, Its large value indicates a strong relationship.  $R^2$  the coefficient of determination is the squared value of the correlation coefficient. Adjusted  $R^2=0.745$ ,  $R^2$  change is also 0.745 and these values are significant which shows that overall strength of association is noteworthy. The coefficient of determination  $R^2$  is 0.745; therefore, 74.5% of the variation in Managerial Effectiveness is explained by Emotional Intelligence.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	107640.091	1	107640.091	1165.725	.000 <sup>b</sup>
	Residual	36750.299	398	92.337		
	Total	144390.390	399			

a. Dependent Variable: Managerial Effectiveness

b. Predictors: (Constant), Emotional Intelligence

ANOVA is used to exhibit model’s ability to explain any variation in the dependent variable. ANOVA table exhibits that the hypothesis that all model coefficients are 0 is rejected at 1% as well as 5% level of significance which means that the model coefficients differ significantly from zero. In other words we can say that there exists enough evidence to conclude that slope of population regression line is not zero and hence, emotional intelligence is useful as predictor of managerial effectiveness.

Table 4: Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	8.485	1.967		4.314	.000	4.618	12.351
1 Emotional Intelligence	1.162	.034	.863	34.143	.000	1.095	1.229

a. Dependent Variable: Managerial Effectiveness

In the table, the model explains about 74.5 per cent coefficient of determination between Emotional Intelligence and Managerial Effectiveness and hence, Emotional Intelligence is useful as predictor of Managerial Effectiveness. From the table of coefficients, the regression equation can be obtained as

$$\text{Emotional Intelligence} = Y = 8.485 + 1.162X_1 \text{ Managerial Effectiveness}$$

**Findings:** The hypothesis namely, Emotional Intelligence does not have a significant impact on Managerial Effectiveness” is not supported so it is concluded that emotional intelligence have a significant impact on managerial effectiveness. The findings of this study is in alien with the study conducted by T. Sharma (2016) investigated the role of emotional intelligence in decision making ability which is a dimension of managerial effectiveness. The findings revealed that the hypothesis concluded that there is significant association between Emotional Intelligence and Managerial Effectiveness. Therefore, hypothesis is supported. The finding disclosed that managing emotions at workplace and also take decisions intelligently leads to the efficacy in performance. The study is in line with the study of N. Tiwari (2016) aimed the positive relationship between emotional intelligence and decision making capability for the betterment of any organization.

The result indicated that emotional intelligence has positive association with managerial effectiveness as it helps in taking decision for the betterment of organization. It also sharpens the skills of managers for the development of professional assignments. Emotional intelligence provides an individual an ability to use his or her awareness and sensitivity to discern the feelings underlying interpersonal communication, and resist the temptation to respond impulsively and thoughtlessly. This helps in predicting the workplace to be less stressful. Another important outcome of the study is the positive impact of emotional intelligence on the managerial effectiveness. The study also brought forward the fact that in India, organisations focus more on managing emotions, self-awareness, motivating oneself, empathy and social skills that are directed towards developing the expertise of their employees.

Hence, the focus of the organizations has shifted towards understanding as well as developing the behaviour of the employees, so that they can really prove to be productive as well as effective for the organization. Since every human being is a unique entity as far as his psychological framework is concerned, therefore all human beings in an organization cannot be treated alike. Hence a need was felt for managing people in such a way that their emotional arrangement is given due consideration. Emotional intelligence seems like a logical framework to help build such behaviours and relationships. As the job of the Employees State Insurance Corporation. is always in team work and for efficiency, their emotional intelligence has to play an important role.

## CONCLUSION

The study found that there is a positive association between emotional intelligence and managerial effectiveness. This study has great significance as no such study has been under taken earlier on Employees State Insurance Corporation. with respect to determine the impact of emotional intelligence on managerial effectiveness. It is important that, an attempt is made to study the level of emotional intelligence of the managers who influence the managerial effectiveness. The present study has great significance because standardized emotional intelligence scale offered a basis for assessment of emotional intelligence for

workers. Emotional intelligence is totally dependent on the environment. It is related neither to development of some organ nor to physiological process. There is ample scope for its development at any age. So the results of this study will be useful to the managers to improve their emotional intelligence. Emotional intelligence gives new approach to them in innovating concepts and skills.. This approach embraces them and putting their efforts in a more complete way than traditional manner. Quality emotions and feelings help them in managing the team effectively and efficiently.

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