

## THE ROLE OF EMOTIONAL INTELLIGENCE IN THE PERFORMANCE OF AN ORGANISATION: A CASE STUDY APPROACH

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### ABSTRACT

*The dynamism of the business environment has pressured organisations to search for an asset which cannot be copied or substituted. This strategic asset could be the skills possessed by the workforce. The employees possess 2 sets of skills; technical and soft skills. These soft skills includes emotional intelligence. The purpose of the study is to examine the role of emotional intelligence in the performance of an organisation. To conduct the study, a successful organisation was chosen and a total of 110 of their employees took part in this study. It was found that emotional intelligence improves interpersonal skills of employees and improves their decision-making skills.*

Keywords: Dynamic, Productivity, Interpersonal, Core competency, Competitive Advantage

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### Introduction

#### INTRODUCTION

There has been much changes in the business environment. This could be partly due to the policies changed by the heads of government. Competition is stiffer especially with more free trade agreements being signed. Foreign direct investments brings much development to the host country. At the same time, it increases the level of competition at the home country. Local organisations need to improve their performance in order to survive in this tough business environment.

Improving the competitive edge requires a good strategic asset which cannot be copied or substituted. The characteristic of a core competency focuses on skills possessed by the employee of the organisation. In general, employees are equipped with basic knowledge, skills and abilities. In terms of skills, there are 2 types of skills, which are technical and non-technical or soft skills. While technical skills refers to the skills required to perform the assigned task, soft skills refers to the interaction skills of the employees. According to Goleman (1995), soft skills especially emotional intelligence is more important than technical skills.

Like most developing countries, Malaysia too, face the challenges in this tough business environment. Organisations in Malaysia has to improve in their performance so that they are able to survive and keep moving forward. In Malaysia, a majority of the workforce are in the manufacturing industry. The manufacturing industry in Malaysia has come a long way, from the 1970s till now. While the industry has managed to improve and balance the economy, changes do happen and the industry needs to improve or be overwhelmed by foreign investors. The purpose of this study is to examine the role of emotional intelligence in the performance of an organisation using a case study approach.

#### ISSUES AND CHALLENGES

The organisation's workforce is the main key area. The well-being of the employees impacts the efficiency and output of the organisation. Many research findings have suggested that a forward-looking employee would be more creative and inventive and integrates the organisation's level of competitive advantage into their lives (Dhas & Karthikeyan, 2015). Workplaces have become complicated as the business environment becomes more intensified. The performances of these employees could be affected and this may have an impact on the organisation's performance. Emotional Intelligence has been said to benefit individuals, in terms of their performance and career success. Some researchers have tried to link emotional intelligence towards the performance of an organisation. Research linking emotional intelligence towards organisational performance began in the early 1990s (Cartwright & Pappas, 2008). In spite of all that, there is still much areas that has not been uncovered. One of the gaps include the study in a developing country (Rahim & Malik, 2010). In the context of a country, there is a need to have a substantial pool of skilled manpower which will enhance the level of productivity, promote innovation and improve the economy of the country (RSMSBA, c 2014). Developing countries depend largely on their workforce to push the industry further. Many organisations in the manufacturing industry are not fully mechanised due to the specific nature of their product which requires good craftsmanship. Several studies has been conducted to examine and analyse factors that influences performance in an organisation. Despite these emphasis, the evidence has been sparse (Wulf & Stubner, 2008; Zeidner, Matthews, & Roberts, 2009) and weak (Rahim & Malik, 2010; Stein, Papadogiannis, Yip, & Sitarenios, 2009). There is also a strong need to narrow the gap between developing and developed countries. Narrowing the gap would also reduce world poverty. It has seemed vital and essential for further analysis to be conducted in a developing country, particularly if there is a significant contribution to the theory and knowledge (Rahim & Malik, 2010).

#### EMOTIONAL INTELLIGENCE AND ORGANISATIONAL PERFORMANCE

Using the Resource Based View model, the capabilities of the organisation comprises of the set of competencies, skills and abilities which coordinates the sets of tasks to achieve the goals set by the management (de Castro Moura Duarte, Brito, Di Serio, & Martins, 2011). These sets of competencies, skills and abilities would be the resources owned by the organisation. The model focuses on the tangible and intangible resources that the organisation possesses. Organisations have turned their focus on the intangible resources which could be the competitive advantage that would enhance the strength of the organisation. Some of the intangible resources includes the dynamic capabilities that the employees possess (Teece, Pisano, & Shuen, 1997). These dynamic capabilities cannot be substituted and can be reflected as an competitive edge for the organisation. In these dynamic business environment, organisations need employees who possess unique skills and abilities which are powerful. These intangible resources could be the soft skills that employees possess. These intangible resource is suggested to be emotional intelligence.

Emotional intelligence has gained much recognition from many organisations especially in the service industry (Thorat, 2015). It acts as a tool to help employees balance their work and their personal lives. Employees in particular the executives face much challenges in their workload, especially during situations where they need to meet critical deadlines. These deadlines may require them to work long hours or even during weekends. Emotional intelligence is suggested to act as the skill for the employees to manage these situations better. With these in place, their performance is expected to improve.

According to the Genos Emotional Intelligence (previously named as Swinburne University Emotional Intelligence Unit), there are five key emotional competencies that can be used in a workplace environment (Palmer & Stough 2001). “Emotional Recognition and Expression” – refers to the employees’ ability to determine their own sensitivity and emotive states and the power to express their inner feelings to their fellow colleagues at the workplace. “Understanding Others Emotions” – refers to the employees’ ability to determine and comprehend the sensitivity of their fellow colleagues and those that manifest in response to workplace environments and staff meetings. “Emotions Direct Cognition” – refers to the point to which feeling and affectional cognition are integrated in decision-making and problem solving situations. “Emotional Management” – pertain to the power to manage positive and negative emotions both within oneself and others. “Emotional Control” – pertain to the ability to effectively control strong emotional states experienced at work such as anger, stress, anxiety and frustration.

There are 5 emotional competencies, each competency suggests their impact on the individual which relates to the performance of the organisation.

## RESEARCH METHODOLOGY

Each organisation may have their own measurements of organisational performance. For this study, the authors have selected a particular organisation which can be categorised as successful. This particular organisation is one of the oldest plastic manufacturing organisation in Malaysia and its one of the top ten successful organisation in Selangor. The case study approach allows the researcher to achieve a high level of conceptual validation, to identify and to measure the indicators that best represents the theoretical concepts the researcher intends to measure (George & Bennett 2004). Social cultural variables tended to be a little difficult to measure. Analysing the performance of a single organisation provides an in-depth understanding of their success (Yin, 2009). Different cultural society may have differing perceptions towards certain issues especially in terms of expressing views on emotions. Asians in general are known to be less expressive as compared to the Westerners. Case studies have the ability to accommodate complex causal relations such as interaction effects.

A total of 110 employees from this organisation participated in the survey. 2 sets of questionnaires were distributed to these employees, the questionnaires comprised the statements on Emotional Intelligence (developed by Palmer & Stough 2001) and Organisational Performance (developed by Zulkifli & Perera, 2011).

## FINDINGS AND DISCUSSION

As seen in Table 1, it is noted that the employees level of Emotional Intelligence is fairly high (68.96%). A fairly high level indicates that the employees are able to manage their own emotions and are also in general able to understand the sensitivity of their fellow colleagues. one set of emotional competency (UOE) was found to be slightly lower than the other emotional competencies (ERE, EDC, EM and EC). This means that the employees are able to recognise their own emotions better and are also able to use their past experiences to make better decision making. This is seen in emotions direct cognition.

**Table 1 : Descriptive Analysis of the Level of Emotional Intelligence**

	N	Min	Max	Mean	%	Std. Dev.
ERE	110	2.75	5.72	4.1822	69.70	.70824
UOE	110	2.50	5.25	3.9631	66.05	.65974
EDC	110	2.33	5.76	4.1711	69.52	.73589
EM	110	2.67	5.67	4.1917	69.86	.71379
EC	110	2.67	5.33	4.1785	69.64	.65606
EI	110	3.15	5.24	4.1373	68.96	.51978

Reference : ERE - Emotional Recognition and Expression; UOE - Understanding Others Emotions; EDC - Emotions Direct Cognition; EM - Emotional Management; EC - Emotional Control.

In Table 2, it was found that the R square is 0.657, this means that 65.7% of the variations in Organisational Performance were attributed to the dimensions of Emotional Intelligence. The above average percentage showed that Emotional Intelligence does make an impact to the performance of the organisation.

**Table 2 : Model Summary between the dimensions of Emotional Intelligence and Organisational Performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.811 <sup>a</sup>	.657	.641	.41879

a. Predictors: (Constant), EC, UOE, ERE, EDC, EM

Using the hierarchical multiple regression analysis, it was found that o1 of the emotional competency, ie, understanding others emotions has a p value which is more than 0.05. The remaining four emotional competencies were found to have p values which is less than 0.05. These 4 emotional competencies are emotional recognition and expression, emotions direct cognition, emotional management and emotional control. These four emotional competencies were found to have significant positive relationship to organisational performance.

**Table 3 : Coefficient Analysis between the dimensions of Emotional Intelligence and Organisational Performance**  
**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
	(Constant)	.023	.331	.069	.945
1	ERE	.320	.070	4.565	.000
	UOE	.158	.082	1.931	.056
	EDC	.250	.072	3.477	.001
	EM	.164	.076	2.155	.033
	EC	.178	.069	2.596	.011

a. Dependent Variable: OP

Reference : ERE - Emotional Recognition and Expression; UOE - Understanding Others Emotions; EDC - Emotions Direct Cognition; EM - Emotional Management; EC - Emotional Control. OP - Organisational Performance

Using the t values of the emotional competencies, it was found that 2 emotional competencies have a rather high value, they are emotional recognition and expression and emotions direct cognition. T values signifies the impact of the variable to the dependent variable.

From the analysis, emotional intelligence plays an important role in the performance of the organisation. Based on the results as seen in Table 3, emotional recognition and expression, emotional management and emotional control (focuses more on interactive skills) and emotions direct cognition (focuses on the ability in problem solving situations) were found to have a positive and significant relationship to organisational performance.

Employees in an organisation need to work as a team and one of the key characteristics of working as a team is the interactive skills. Being able to express oneself allows the employee to correctly inform the others what is in their mind. This prevents miscommunication from happening in the workplace. Miscommunication leads to misunderstanding and creates disharmony. When this happens, employees may not feel happy and feelings of dissatisfaction starts to creep in. Like in any workplaces, at times, employees need to work under pressure. Under pressure and stress, employees need to be able to manage their emotions especially anger. Words, once spoken cannot be erased especially if hurtful words were used. This is where a good sense of emotional management and emotional control is needed to ease the situation.

Emotions direct cognition improves the employees decision making skills. Decision-making is a vital part of any business entity and its a key function to the success of the organisation. While some employees may prefer factual decision making, some prefer using their gut feelings which is based on their years of experience. Making decisions that produce successful results for the organisation makes employees look and feel good. This improves the employees leadership skills. Decision making does not allow for second guessing. A good employee must make the decision based on the available information and proceed with a quick and professional judgment. The future of the organisation depends on the decision made.

## CONCLUSION AND AREA OF FUTURE RESEARCH

The purpose of the study was to examine the role of emotional intelligence in the performance of the organisation. To complete the study, a successful organisation was chosen. From the study, it was found that emotional intelligence improves workplace relationships and decision-making skills. While it may seem trivial, workplace relationships acts like a support to other fellow colleagues when one member is troubled. A good workplace relationship strengthens the team work and spirit of unity among them. Decision-making skills is essential especially in a dynamic business environment. Employees especially those in the upper levels of management needs to make good professional judgment. The fate of others in the lower management depends on this.

The study was conducted on one organisation in a particular industry. The results would only be applicable to organisation in the similar industry. Future studies may include other organisations. Also, in this study, only 2 variables were used, ie emotional intelligence and organisational performance. Based on the R value, emotional intelligence accounts for almost 60% of the variations. This meant that, there could be other variables that may play a role which has not been used in this particular study. These other variable could include mediating variables.

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