



IMPACT OF EMOTIONAL INTELLIGENCE IN CORPORATE DECISION MAKING

CA[Dr.] Abha Mathur

Associate Professor , Satyawati College ,
University Of Delhi , Ashok Vihar- Delhi.



ABSTRACT

This article establishes a relationship between Emotional Intelligence & Decision Making in Organizations. Managers make decisions in an environment of uncertainty and risk and they really muddle through such as environment by making decisions which are partly rational and partly sub-rational and sometimes even irrational. The emotions which directly affect on day to day life are happiness, fear, anger, affection, shame, disgust, surprise, lust, sadness and love. Emotions are complex state of human mind involving bodily changes of widespread character such as breathing, pounding heart, flushed face etc and on the mental side a rate of excitement or perturbation marked by strong feelings. If a manager has emotional skills, it is most likely that he/she will get promoted because of good Decision Making. Emotional intelligence (EI), also known as Emotional Quotient (EQ), is the capability of individuals to recognize their own emotions and those of others discern between different feelings and label them appropriately, use emotional information to guide thinking and behavior, and manage and adjust emotions to make better decisions or achieve one's goals. This state of mental health, definitively, impacts every Decision in an Organization. Therefore, this area has attracted the attention of researcher, precisely because there is no standard method for taking an effective decision yet every decision is expected to be creative and effective. Thus, in view of the fact that, the subject invokes so much curiosity and provides so much scope to investigate Emotional Intelligence with respect to decision-making, an attempt has been made to study decision-making with Emotional Intelligence. The author developed a conceptual framework for examining the impact of EI/EQ in Decision Making in Organizations by using a questionnaire developed by Prof NK Chadha containing 15 questions and interviewing about 150 respondents

KEYWORDS: Emotional Intelligence, Emotions, Emotional Quotient (EQ), Decision Making.

INTRODUCTION

Emotional intelligence is the ability to identify and manage your own emotions and the emotions of others. It is generally said to include three skills: emotional awareness; the ability to harness emotions and apply them to tasks like thinking and problem solving; and the ability to manage emotions, which includes regulating your own emotions and cheering up or calming down other people. It is the capacity to be aware of, control, and express one's emotions, and to handle interpersonal relationships judiciously and empathetically. **Salovey and Mayer** first coined the term "**Emotional Intelligence**" in 1990 and have since continued to conduct research on the significance of the construct. Their pure theory of emotional intelligence integrates key ideas from the fields of intelligence and emotion. From intelligence theory comes the idea that intelligence involves the capacity to carry out abstract reasoning. From emotion research

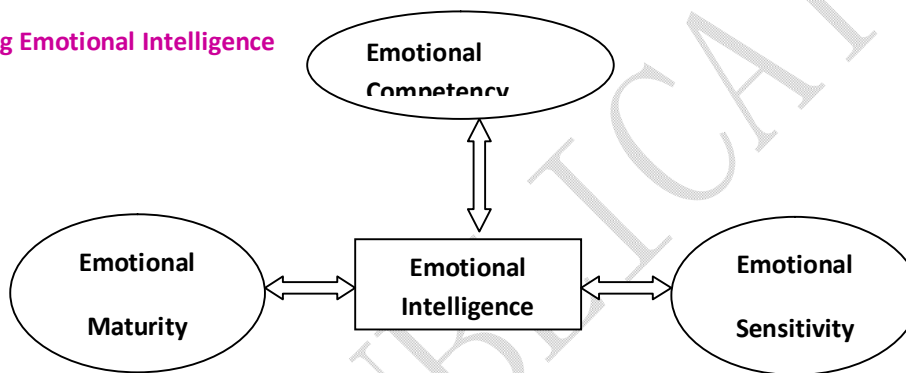
comes the notion that emotions are signals that convey regular and discernible meanings about relationships and that at a number of basic emotions are universal. They propose that individuals vary in their ability to process information of an emotional nature and in their ability to relate emotional processing to a wider cognition. They then posit that this ability is seen to manifest itself in certain adaptive behaviors. **The emotions which directly affect our day to day life and decisions of every type are happiness, fear, anger, affection, shame, disgust, surprise, lust, sadness and love. Therefore before, defining 'Emotional Intelligence' it would be appropriate to define emotion which is a key ingredient here. 'Emotions originate from Exposure to specific situations'.** Emotions are complex state of human mind involving bodily changes of widespread character such as breathing, pounding heart, flushed face etc and on the mental side a rate of excitement or perturbation marked by strong feelings.

Emotional Intelligence is right mixture of **"The Head and the Heart"**.

Dimensions of Emotional Intelligence

The three dimensions of Emotional Intelligence are **Emotional Competency, Emotional Maturity & Emotional Sensitivity**

Defining Emotional Intelligence



"Emotional intelligence is the ability of an individual to appropriately and successfully respond to a vast variety of Emotional stimuli being elicited from the inner self and immediate environment".

It is now a widely accepted fact that emotional intelligence {EI}, rather than IQ is the true measure of human intelligence.

"Scientists are shifting their focus from the hardware of the brain to the software of mind".

Bhagwad Gita – Arjun to Krishna – "Mind is very restless, forceful and strong, O Krishna – it is more difficult to control the mind than to control the wind. Yes, stated Lord Krishna-it is difficult, but with constant practice and control over the emotions, it can be made possible." It is interesting to see that teachings of **'THE BHAGVAD GITA'** are directly relevant to today's corporate world. These will have a positive relevance to our Manager's ability in following areas such as ways to succeed, methods to resolve conflicts, tackle jealousies, believe in *Karma & path of action & tackling emotions the Bhagwad Gita way*.

The Managers can build them up emotionally, not only forgetting promotions, but also for busting stress, solving problems, taking a mature outlook at a conflict or a power game which requires real intelligent handling both from Head and Heart.

OBJECTIVES OF THE STUDY

- To find gender differences, if any, with regard to decision making & emotional intelligence
- To find significant difference, if any, between senior level & middle level managers with regard to chosen variable for the study.

- To make a comparison between more experienced managers with that of less experienced managers with respect to chosen variable for the study.
- To develop training Module and HR Intervention.

HYPOTHESIS

- Male managers do not differ from female managers with regard to decision making, as they have same level of emotional intelligence .
- Senior level managers do not differ from middle level managers with regard to decision making & emotional intelligence
- The managers with more experience differ in decision making in comparison to the managers with less experience & have different level of emotional intelligence

REVIEW OF LITERATURE

Zakay (1984) – studied the evaluation of managerial decisions' quality by managers. A 25 item questionnaire was administered to 145, 30-45 year old mid-level managers who assigned each item a score according to its suitability as a criterion for a decision 'goodness' to explore subjects' criteria in evaluating the quality of managerial decisions. Factor analysis yielded 8 meaningful factors: goodness of outcomes, correctness of decision process, information utilization, realism and resources, ethics, subjective rationality acceptance, and feelings and social compromise which represented Ss' Criteria for decision goodness.

Fredrickson (1985) – studied effects of decision motive and organizational performance level on strategic decision processes. Noting that managers make strategic decisions in response to both problems and opportunities and whether their firms are performing poorly or well, the present author investigated effects of these two motives and of organizational performance level on strategic processes.

Sharma (1995) linked Personality and Emotional Intelligence and concluded that EQ was a major contributing factor to academic achievements.

Goldman's (1990) research determined that a manager's EQ skills were twice as important as the typical skills, most managers are evaluated by in companies. He concluded that EQ skills became more important and desirable as the manager moved up in the career. The study also revealed that as a person goes higher up in the hierarchy, he becomes more and more emotionally intelligent. The managers in the category of 'more experienced managers', had a significantly high Emotional Intelligence

Study conducted by **Beisswanger, Stone, Hupp and Julie (2003)** on "Risk taking differences in deciding for oneself versus for a friend" concluded that a decision-maker is more likely to consider the potential negative outcome to be important while deciding for themselves than when for deciding for other people. However women were more concerned about the negative outcomes for both.

Mayer and Salovey's conception of emotional intelligence is based within a model of intelligence, that is, it strives to define emotional intelligence within the confines of the standard criteria for a new intelligence. It proposes that emotional intelligence is comprised of two areas: experiential (ability to perceive, respond, and manipulate emotional information without necessarily understanding it) and strategic (ability to understand and manage emotions without necessarily perceiving feelings well or fully experiencing them)

In context of women it has been opined by **Kanter's (1979)** "Analysis of women in corporations also emphasizes that men in the organisations tend to exclude women from informal interaction patterns whether the example is women, minority groups, young people, old or whatever the exclusion of qualified personnel, diminishes the likelihood that decision will be in the best interest of the organization".

Research on the predictive significance of **E.I. over I.Q.** was spurred by **Goleman's** initial publication on the topic which claimed that **emotional intelligence could be "as powerful, and at times more powerful, than I.Q."** Much of this claim was based on past research revealing that the predictive nature of I.Q. on job performance was not promising, with I.Q. accounting from 10-25% of the variance in job performance. The results of longitudinal studies further implicated emotional intelligence as being important. One study

involving 450 boys reported that I.Q. had little relation to workplace and personal success; rather, more important in determining their success was their ability to handle frustration, control emotions, and get along with others. Although this study did not attend to emotional intelligence directly, the elements which it addressed are the ability to regulate one's emotions and understand and emotions of others.

In later work, **Goleman (2001)** attempted to, theoretically clarify the relationship between I.Q. and E.Q., and their respective applicability to job performance. He described I.Q. as playing a sorting function, determining the types of job individuals are capable of holding. He theorized that I.Q. is a strong predictor of what jobs individuals can enter as well as a strong predictor of success among the general population as a whole.

Cavallo and Brienza (2002) have conducted a detailed study to find out if there was any relationship between emotional competence and leadership excellence.

RESEARCH DESIGN & METHODOLOGY

A collective study of managers both from private as well as public sector undertaking taking into consideration both male as well as female managers in different levels for making a comparative study has been proposed.

Statistical Treatment of the Data

On the basis of the scoring chart as given earlier in this chapter, the questionnaires were scored. The raw data was tabulated for each variable being studied separately. The computation of the raw data was done in order to do the following statistical analysis.

1.-Descriptive Analysis- This was done to obtain mean & standard deviation of each variable for each category under investigation.

2. Inferential Analysis- This included t-test's, which was computed to determine whether significant differences in emotional intelligence with respect to decision making existed. The purpose of inferential statistics is to take into account the chance factors associated with sample selection when **drawing conclusions from the results.**

Organizations Studied

To accomplish the purpose of the study the data has been collected from a wide range of sources so that a heterogeneous group is reached in order to get unbiased results. A total of 150 questionnaires were distributed in Government Organizations, PSUs, Private sector Organizations and Principals and Head of Departments of some Delhi University Colleges .

Sample Size

The sample consisted of managers at both senior & middle levels, male & female managers, and private & public sector enterprises. It was a non-probability incidental sample. A total of 150 questionnaires were distributed in about 17 organizations.

Care was exercised while distributing the questionnaires, that, managers from all areas & departments should be covered to arrive at more authentic results.

Procedure for Data Collection

In all the organizations the HRD departmental head was contacted personally to obtain a list of personnel. Attempts were made to pick out on a random basis equal number of male & female managers from one organization placed in different departments & units. There was an interesting revelation was that female managers were more meticulous & particular about completing each & every question as compared to male managers who were in some cases casual about filling up each & every question. Most of the rejected questionnaires were the ones filled up by the lower and middle level male managers. The

respondents were made clear about the purpose of the study & accordingly, confidentiality of their response was assured.

Emotional Intelligence Measure

To study EQ level in managers, a questionnaire developed by Prof. N.K. Chadha has been used, which has been taken from the book "Emotional Intelligence at work" by Singh (2001). The questionnaire has a set of 15 situations each of which has options out of which the respondent was asked to tick the chosen one. The interpretations of score could result in the following categories.

1. Extremely High EQ
2. High EQ
3. Average EQ
4. Below average EQ
5. Try some other day category

The scoring key to the said fifteen questions is as follows.

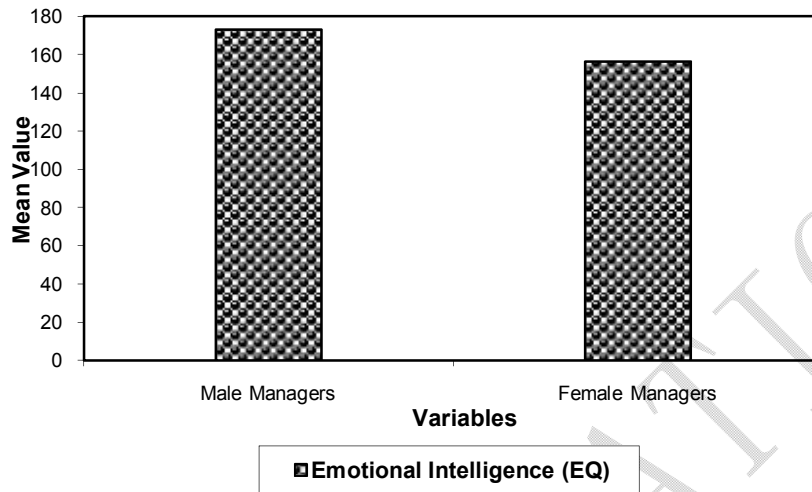
Question	A	B	C	D	E
1	0	20	0	5	0
2	5	0	5	20	0
3	0	5	5	0	20
4	20	5	5	5	0
5	0	10	20	0	5
6	5	0	20	20	0
7	20	0	0	10	5
8	0	20	15	0	0
9	5	0	0	5	5
10	0	0	5	20	10
11	20	5	5	0	5
12	20	0	0	5	5
13	0	5	10	20	5
14	0	0	5	20	5
15	20	0	0	5	5

RESULTS

Comparison between Male and Female Managerial Staff With respect to Emotional Intelligence

	Male Managers		Female Managers		t-Value
	Mean	SD	Mean	SD	
Emotional Intelligence	173.15	57.14	156.43	66.53	1.655

Bar Diagram showing Comparison between Male and Female Managerial Staff with respect to Emotional Intelligence



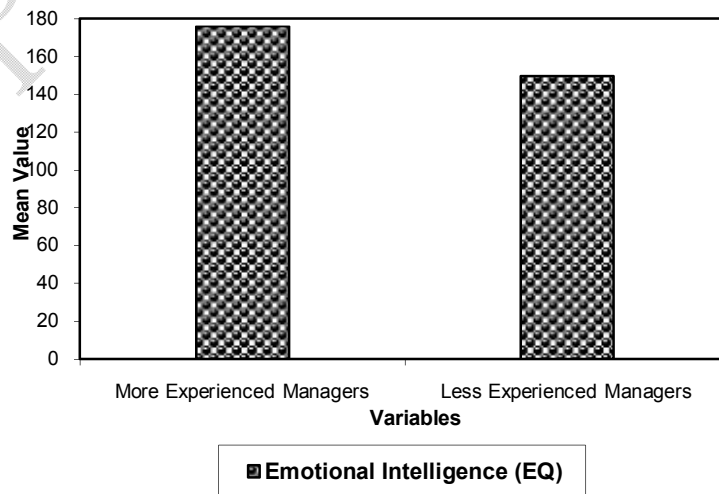
Emotional Intelligence showed a mean score of 173.15 for Male Managers as compared to a score of 156.43 for Female Managers. The Male Managers displayed a higher EQ level as compared to Female Managers in terms of t-value.

Comparison between More Experienced and Less Experienced Managers with respect to Emotional Intelligence

	More Experienced Managers		Less Experienced Managers		t-Value
	Mean	SD	Mean	SD	
Emotional Intelligence	175.76	65.13	149.58	53.54	2.683**

** p < .01

Bar Diagram showing Comparison between More Experienced and Less Experienced Managers with respect to Emotional Intelligence

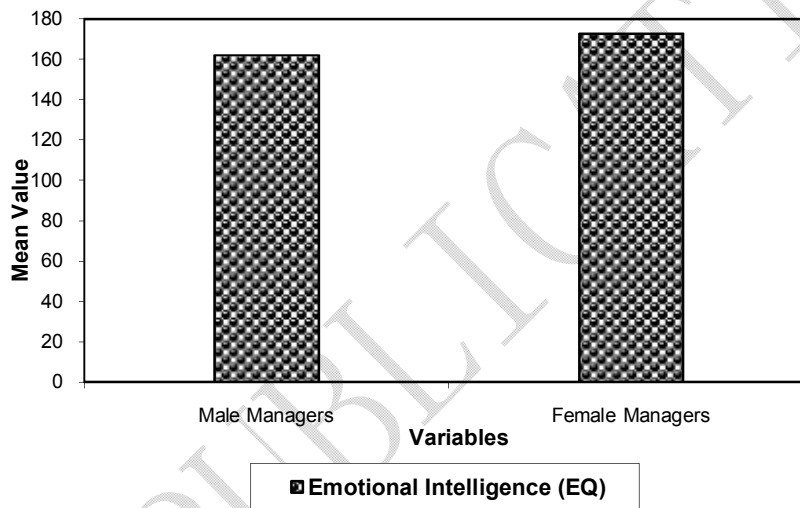


The table is clearly indicative of the fact that Managers with higher experience have a higher Emotional Intelligence of 175.76 as compared to the Emotional Intelligence score of 149.58 relating to Managers with less experience. On a rating scale of 300, the mean score of 175.76 for Managers with higher experience is significant. The t-value test also showed a significant difference between the two. The t-value being 2.683.

Comparison between Higher Level and Middle Level Managers With respect to Emotional Intelligence

	Higher Level		Middle Level		t-Value
	Mean	SD	Mean	SD	
Emotional Intelligence	161.90	62.12	172.58	61.72	0.997

Bar Diagram showing Comparison between Higher Level and Middle Level Managers with respect to Emotional Intelligence



On the dimension of Emotional Intelligence, it was observed that middle level Managers showed a higher Mean value of 172.58 as compared to the mean value showed by higher level Manager, which were 161.90. In terms of t-value there seems to be no significant difference. Out of a total scoring scale of 300 points, both higher Level and Middle level Managers showed an averagely high emotional intelligence. Based on the results, following conclusions were drawn for HR intervention

CONCLUSIONS FOR H.R. INTERVENTION

- The present study revealed that, though, there was no significant difference between male and female managers with respect to Emotional Intelligence but on the basis of mean values, the male managers were more Emotionally Intelligent as compared to female managers..
- The higher level and middle level managers showed no significant difference. If mean values are compared surprisingly, the middle level managers had a higher mean value as compared to higher level managers. Again the very logical result has been indicated while comparing more experienced managers and less experienced managers. There appears to be a very significant difference, the t-value being 2.683. Even in terms of mean values the more experienced manager had definite higher mean value in comparison to less experienced managers.

- Male managers are more suitable for hardcore jobs such as Production, Engineering, and Maintenance etc. whereas Female managers would excel in Advisory role.
- Whenever creativity is required Female managers would do well as they scored very high on feelings signifying that they use heart while deciding therefore, novel decisions requiring gut, creativity and intuition would be tackled best by female managers.
- Although TLM everywhere, is realizing that gone are the days of Golden Hand Shake, as it would be in the interest of the organization to retain people with more experience, because more experienced managers were found to be more trustworthy, informative & Dynamic. Intellect cannot over power wisdom and wisdom comes with experience, which is significant for strategic decisions, which are taken, using more EQ than IQ.
- Senior level managers would be, definitely, better off for taking critical decisions due to higher Emotional Intelligence (EQ).
- The most critical aspect today is management of high potential individuals and based on the research outcomes, the HR could divide task force in different levels and genders and then handle them, based on the EQ level and personality outcomes. Only after this, the desired Golden Handcuff scheme could be introduced so as to retain the worthy managers.
- A manager, irrespective of differences in gender, level or experience, is content with the role and is achievement oriented, makes use of sensation while deciding. This indicates that managers who are high on the said measures decide more realistically and factually USING MORE OF IQ THAN EQ.
- Manager with high Emotional Intelligence, who is well informed and adopts a supportive approach towards peers, subordinates and superiors uses intuition while deciding. This manager is creative and sees the world in holistic terms.
- Irrespective of difference in gender, level or experience, a manager who is high on EQ, is a free child with creativity and is supportive, uses feeling while deciding.

FUTURE STUDY

For further research in this area, which is so interesting, that just like the Bhagwad Gita, the more you go in depth more meanings, inferences and ideas you get, every time you go through it. Decision-making & EI are areas which can be tackled from many angles, making the research more insightful and detailed. Thus, following refinements and extensions of the present problem may be undertaken:

1. The sample could be increased, covering Export Houses, Banks, Stock Exchange Brokers to study decision-making & EI, under risk conditions, competition and crisis.
2. The organizations could be spread all over the country.
3. The educational background of the respondents should also be considered in order to study decision-making with the chosen variable EI. ,
4. In order to validate the result, observations, in-depth interviews and projective techniques could be employed.

LIMITATIONS

- The total sample size was 150 managers only, when 350 questionnaires were distributed.
- The study was confined to Delhi based companies even though some of them had Branch offices outside Delhi as well.
- Only 17 Organizations were selected. The distribution between Government PSU(s), Private sectors and Educational Institutions was not equal.
- The Questionnaires might not have tapped all dimensions of the chosen variables, particularly work-culture measure as it is a complex phenomena.
- The study did not consider the educational background and cultural background of the managers.

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CA[Dr.] Abha Mathur

Associate Professor , Satyawati College ,University Of Delhi , Ashok Vihar- Delhi.