

The Effect of Leaders' Emotional Intelligence on Employees' Organization Commitment in Malaysia

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Abstract

It is utmost important for manufacturers to improve competitiveness and leaders' characteristic is vital to make this goal attainable. Leaders' emotional intelligence (EI) is crucial in this aspects. One of it is to boost employees' commitment and improve productivity of employees. This paper looks into the relationship between leader's EI and organizational commitment (OC) of their subordinates. Two types of organization which is a multi- national company and a locally owned company are chosen to conduct this comparative study. The correlational analysis was conducted on these 2 companies and indicated a statistically significant and a positive relationship between the 4 dimensions of EI and OC.

Keywords: Emotional intelligence; leadership; organization commitment; manufacturing; affective.

1. Introduction

A key function of Emotional Intelligence (EI) is to facilitate collective understanding and build positive human relations in organizations, by equipping managers with the requisite skill set to enhance staff performance and commitment (Jewell, 2007).

EI is increasingly being used by researchers and organizations to assess people behavior, attitudes, interpersonal skills and to gauge the organizational commitment of managers and lower line staff. As an indicator, data on Emotional Intelligence is now being employed manpower planning, job profiling as well as recruitment and selection processes (Jewell, 2007).

Organizational commitment precipitates employee loyalty, wherein individual workers demonstrate their dedication to an organization irrespective of its successes and failures (Meyer & Allen, 1997). Often times this is gauged through behaviors such as regular attendance at work - putting in a full day or long hours; protecting company assets, voluntarily taking on new roles outside of one's job description and sharing company goals and values. Commitment is often taken as an indication of an employees' desire to remain with an organization (Long & Perumal, 2014). Organizations generally view having committed employees as an advantage.

Law et al (2004) declared that leaders with higher EI typically performed better. Therefore, a positive leader-subordinate relationship in a more conducive working environment would lead to a higher organization commitment by the subordinate. Rayton (2006) suggested that there is a strong possibility that another variable influenced job satisfaction and organization commitment. It is posited in current research that the missing variable is EI. Thus this research will contribute to this body of knowledge if a relationship does exist between leaders EI and OC of subordinates.

1.1 Rationale of Study

Emotional Intelligence (EI) has been reviewed and studied extensively, but predominantly in the United States, Europe and Australia (Densten, 1999). It is arguably viewed as a germane concept to deconstruct given the influx of Multi-National Companies shifting from West to East, yet very few studies have been conducted in Asia. With the era of globalization and the fact that many Multi-National Companies (MNC) have opted to move their production plants into South East Asia, this study seeks to examine the adoption of EI models in Malaysia, a hub for transnational trade and activity but also a more conservative region than its Western counterparts.

2. Literature Review

2.1 Theories on Emotional Intelligence

There exist numerous theories on Emotional Intelligence, but for the most part utilized in research are the theories of Bar-On, Goleman, and Salovey and Mayer (Engstrom, 2005). Emotional Intelligence models by and large encompass 2 categories, namely ability-based and mixed models. The ability based model describes Emotional Intelligence as a complete form of mental ability or pure intelligence. On the contrary, the mixed models describe Emotional Intelligence as a combination of mental ability having elements of personality traits, skills and motivation. Both Goleman (1995) and Bar-On's (1997) research generated the mixed models of Emotional Intelligence.

Goleman (2001) defined EI as the capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships. He also introduced the 4 concept model in this book. The model is: Self awareness, Self-management, social awareness and Relationship Management. Self awareness being one's competency to study one's emotions and identify its impact while using instinct to guide their decisions. Self management is the controlling of one's emotions, urges, and adjusting to changing circumstances. Social awareness encompasses the competency to comprehend sense and respond to the emotions of others while understanding the concept of interaction of people. Lastly, relationship management, which is the competency to motivate, develop and influence others in managing conflicts.

2.2 Theories on Organizational Commitment

In the recent years, Organizational Commitment has been an area of interest among researchers because of its relationship with EI and the principle that it ultimately boil down to organizational success and efficiency (Meyer and Allen, 1997). There are a variety of definitions on Organizational Commitment that can be found in literature. Porter et al., (1974) described organizational commitment as being a composition of three major components namely; a strong belief in and acceptance of the organization's goals, a willingness to exert considerable effort on behalf of the organization, and a definite desire to maintain organizational membership. Buchanan (1974) defined commitment as being a bond between an individual and the organization, through his own definition of commitment. In 1997, Meyer and Allen defined OC to include that of a committed employee is the one who stays with the organization through thick and thin, attends work regularly, puts in a full day (and maybe more), protects company assets, shares company goals and so on. Meyer and Allen (1991) had defined OC to comprise of 3 types of commitment :-

a) Affective Commitment (AC)

It is identified as the emotional involvement, affinity, and association that an employee has with its organization and its goals (Meyer & Allen, 1993; Mowday et al., 1998). Meyer and Allen (1997) expanded on this definition to say that employees maintained association with the organization on their own accord and that was their way of portraying loyalty to the organization.

b) Continuance Commitment (CC)

Is when an employee remains in an organization as they feel that they need to, usually due to financial reasons, and they associate leaving with a loss that is associated with cost. Meyer and Allen (1997) extended on this to say that employees who share such a commitment with their employers found it that much harder to leave the organization.

c) Normative Commitment (NC)

Is when an employee feels for some reason an obligation to stay with the organization. Meyer and Allen (1991), defined it as a feeling of obligation, where else Weiner (1982), defines it as a generalized value of loyalty and duty.

2.3 The Relationship between Emotional Intelligence and Organizational Commitment

One of the earliest works done on this subject matter was by Abraham (1999) stressed that Emotional Intelligence prevents the individual from holding the organization responsible for every frustration and conflict on the job and, thus, prevents the erosion of commitment that results from indiscriminate fault finding. In this study he found that 15% of the differences in OC were explained exclusively by EI. Momeni (2008) in her study of Public Personnel in Iran showed that Manager's Emotional Intelligence has a positive association with their subordinates OC. The results of the analysis of the relationship between the dimensions of EI and OC showed a positive correlation between the dimensions of both

principles. The regression analysis that was conducted by Momeni indicated that 55% of the OC of employees is caused by the EI of Managers.

Nikolaou and Tsaousis (2002), in their studies found a positive correlation between 4 dimension of EI and employee OC. Namely, Perception and Appraisal (0.81), Control of emotions (0.94), Use of emotions (0.95) and Understanding and reasoning (0.90), these results were alpha reading measurements, on a population sample of 212 healthcare professionals.

Carmelli (2003), studied the relationship between EI and some OC factors such as behavior, performance and work attitudes, the results of this study showed a substantially positive relationship between EI and AC (.24) and (.32) for the relationship between EI and performance. The underlying results were that the various constructs of OC associated differently to factors such as job performance and work behavior.

Humphreys et al., (2005), found correlation between EI and AC, a construct of OC. Adeyemo (2007), Nigeria, also discovered a positive correlation via hierarchical regression analysis between OC and EI. Ultimately confirming that EI has a major influence on the constructs of OC. The research done by Abraham (1999) and Wong and Law (2002) which confirmed the positive relationship between EI and OC was supported by Perez et al (2005) in their study involving 167 adult professionals. Prati (2004), not only proved a positive relationship existed between EI and OC but also added emotional intelligence (change in $R^2 = 0.03$, $p < 0.01$) is a predictor of organizational commitment.

Despite all the positive correlations between EI and OC, there were some studies that cast a shadow of doubt between the relationships. Stewart (2008) in his study in the food industry stresses that there is no relationship between the total EI scores and OC for managers. However, he did mention that there was a possibility that because the relationship between customers and employees were brief therefore, the need for EI skills were minimum. Another point that was made in the defense of his study was that most of the managers in his study did not see a career path in their current job. Humphreys et al (2003) concluded in his studies that, follower EI was positively correlated to OC, thus his deduction of the relationship was that subordinate EI played a greater role in enhancing the subordinate OC than the managers EI.

3. Method

This study employed quantitative approach. This is a standardized approach that permit the study to be replicated in different areas or over time with the production of comparable findings. The population was basically white collared workers in both the locally owned company (LOC) and a multi-national company (MNC). The sampling frame was the leaders of the company from Executives to Managers and above, and their immediate subordinates. They were from Marketing, Research and Development, Finance, Customer Services, IT and Human Resources from all their subsidiaries across Malaysia. 56 Executives, Managers and above; 70 Clerical staff represented the MNC's 126 total sampling frame that sent back their questionnaires from the 150 questionnaires sent out. On the LOC, 55 executives, managers and above; 68 clerical staff represented the 123 of the total of 150.

The 4 dimensions of EI which are Self Emotion Appraisal (SEA), Other Emotion Appraisal (OEA), Use of Emotion (UOE), Regulation of Emotion (ROE) of leaders' and the respondent organization commitment are measured using questionnaires.

4. Result

Table 1 showed the result of correlational analysis on two types of organizations (Multinational and Locally Owned Companies). All dimensions of EI dimensions are significantly correlated with OC. The R^2 and the Adjusted R^2 value for both these organizations are also reported as shown in the table. The Adjusted R^2 explains that the data is 41% and 39% of the total OC of subordinates is affected by 4 dimensions of Emotional Intelligence, for the Multi National Company and the Locally Owned Company.

Table 1. Correlational Analysis

Participants of the Multi-National Company		
OC	EI Dimensions	Pearson Correlation
Total OC	SEA	**0.564
Total OC	OEA	**0.576
Total OC	ROE	**0.592
Total OC	UOE	**0.402

*p < .05 (2 tailed), **p < .01 (2 tailed) R² = 0.446 Adjusted R² = 0.407

Participants of the Locally Owned Company		
OC	EI Dimensions	Pearson Correlation
Total OC	SEA	**0.552
Total OC	OEA	**0.563
Total OC	ROE	**0.581
Total OC	UOE	**0.396

*p < .05 (2 tailed), **p < .01 (2 tailed) R² = 0.430 Adjusted R² = 0.391

Field independent learners readily separate key details from a complex or confusing background, while their field dependent peers have trouble doing this. For instance, field-independent learners tend to be analytical people; in language learning they tend to focus on form and accuracy; they look out for rules and patterns; they like to plan what they have to say or write; and they like abstract, impersonal, factual material. On the other hand, field-dependent learners tend to be synthetic people; in language learning they tend to focus on meaning and fluency; they collect examples of language use rather than form rules; they like to produce an oral or written text in a straightforward way, and later correct it if necessary; and they like material which is of a more concrete, human, social or artistic nature.

5. Discussion and Conclusion

The correlational analysis conducted on these 2 companies indicated a statistically significant and a positive relationship between the 4 Dimensions of EI and total OC. The results obtained from the Re-gression Model between the 4 Dimensions of EI as the Independent Variable and the total OC support the research done by Abraham (1999) and Momeni (2008). From the results, we can conclude that the 4 Dimensions of leaders EI does have a statistically significant positive relationship with the total con-structs of subordinates OC. From the results of this study, it supports the findings of Prati (2004) in which it was said that Emotional Intelligence is a predictor of the OC. However, the results also showed that there was no significant difference be-tween a MNC and a locally owned company. McEnrue & Groves (2006) suggested that the Human Resource Practitioners should concentrate on developing the attributes in their leaders such as understanding, assessing and the development of Emotional Intelligence.

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