

## **The Impact of Emotional Intelligence towards the Effectiveness of Delegation: A Study in Banking Industry in Malaysia**

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### **Abstract**

*This paper as a quantitative research looks at the manager's Emotional Intelligence quality on one of the important aspects of management which is delegating tasks and authorities to subordinates. This study aims to investigate the impact of Emotional Intelligence competences, such as Awareness, Emotional control, Empathy and Emotional Response on conduction Effective Delegation, in banking industry in Malaysia.*

**Key words:** Emotional Intelligence, Awareness, Emotional control, Empathy and Emotional Response on conduction Effective Delegation.

### **1. Introduction**

The Malaysian organizations are now more complicated due to the use of new methods of management against old and traditional way of managing people or one organization style. Since Malaysia's previous successful Prime Minister Tun Dr.Mahathir Mohammad drew the Malaysian vision of 2020, investing and studying on the human resources capital had been done in Malaysian organization in order to achieve the national vision in future. To meet these challenges, Malaysian organizations focused on leadership quality and its constituents to built qualified leaders and managers to increase organizational effectiveness. Nowadays when scientific approach is combined with personal managerial skills it caused more complex and more bureaucratic hierarchies in organizations, where adaptation with these techniques is highly expected. In the year 2010, business efficiency ranking issued by IMD, Malaysia is ranked as 4<sup>th</sup> in the field of business efficiency in the world. (The IMD world competitiveness yearbook 2010). With this growth that Malaysia has made in the last ten years of performing and examining new methods of management in companies and organization Malaysia today becomes one the competitive countries for providing facility to ease business and office affair and service.

As one of the basic infrastructure of country, Malaysian banking industry plays very important role to provide investing opportunity and providing loan for various businesses in Malaysia. Due to this fact Malaysian government and Bank Negara Malaysia as the central bank pay attention to commercial banks and their performance. As organizations and their environments have transformed quickly over the past years a new style of leadership, one that is less bureaucratic and more democratic, is required in order to measure the organizations survival and performance (Johnson 1995). The preferred industry for this research paper is banking industry in Malaysia. Effective leadership is instrumental in ensuring organizational performance (Cummings and Schwab, 1973; Hellriegel, Jackson, Slocum, Staude, Amos, Klopper, Louw and Oosthuizen, 2004).

In the result of near fifty years of study about leadership personality and leadership style many methods and theories have been proposed which all of them asserted to develop and increase the organizations overall performance. Malaysian organizations, particularly banking industry needs to be more efficient and competitive with other main banking cartels worldwide. This is important when they have the opportunity of representing Islamic banking in Islamic countries. Therefore there is a demand for managers with strong ability to lead this boost the bank's performance. Emotional intelligence (EI) as being discussed plays significant role in manager's performance, especially when delegation of work and power are concerned. The objective of this research is to investigate the manager's emotional intelligence level in commercial banking sector in Malaysia, and the relationship between emotional intelligence level and the degree of effective delegation in their office.

Furthermore various aspect of emotional intelligence will be studied to find out which area or which competency of EI has more impact on effective delegation. The focus of this paper is on managers in commercial banking sector in Kuala Lumpur city, Malaysia. When the relationship between manager's level of EI and the level of effectiveness for delegating job, are clearly defined by this paper, banking industry in Malaysia is able to have better and clearer recruitment criteria for managers. Banks can also provide proper training for staff and managers to improve their EI level to increase effectiveness of organizations. In conclusion we can define the objectives for this paper are:

- To investigate if the manager's EI has significant impacts on effectiveness of task delegation.
- To analyze and provide better understanding of EI's core competencies and the way to create effective delegation in organizations. Therefore this will offer tolerable plan for recruitment and staff training, especially in banking sector.
- To recognize which elements of EI have more impact on the effectiveness of delegation.
- To investigate the intellectual part of the management in banking sector in Malaysia, thus will increase the knowledge and experiences toward the administration jobs in organizations and to discover the gaps which cause poor performance.

## **2. Literature Review**

The history of using emotional intelligence concept goes back to the era of intelligence testing movement, when Professor E.L Thorndike expressed the theory of "social intelligence" in 1920 as "the ability to understand and manage men and women, boys and girls, to act wisely in human relations". Later on in 1940 researchers described two types of intelligence, "intellective" and "non-intellective", under the theory of intelligence quotient (IQ) which was the traditional way to define the emotional intelligence. They defined intellective intelligence as a set of skills and defined non-intellective as social emotional skills. (Freshman and Rubino, 2002). After that, they redefined the non-intellective intelligence as affective and connective abilities, which are related to a person's attitude and behavior and also resistance to change. Thorndike's 1920 then Wechsler's 1940 researches remained insignificant till Howard Gardner offered the theory of "multiple intelligence" in 1983, where he named seven aspects of intelligence such as cognitive ability, math, kinesthetic, spatial, musical talent, verbal and communication.

Again in the same year of 1983 Gardner mentioned the theory of interpersonal intelligence, which was the person's ability to understand others. It was also being referred to as skills to contemplate and receive other emotions as well, to have better communication and mutual understanding in daily life or in work place. Then the word Emotional Intelligence became more useful. The usage of EI for emotional intelligence became prevalent since 1990, when Mayer and Salovey, assigned the letter EI instead of EQ. They defined EI as "an ability to recognize the meaning of emotions and their relationships, and reason thus solve problems on the basis of them". Years back then, there were growing interests on the concept of emotional intelligence. Dr. Daniel Goleman (1995) has done a lot of research and contributions for this topic. Organizations also showed increasing attention on emotional intelligence, where they had been looking for alternatives to increase and build new competitive advantages in their field of operation. There had been lack of study on relations between emotional intelligence and its positive impact on corporate world. (Damasio, 1994; Goleman, 1996).

The most succinct definition of EI was offered by Martinez (1997).He described emotional intelligence as "an array of non-cognitive skills, capabilities and competencies that influence a person's ability to cope with environmental demands and pressures". He defined the EI, against most common definitions, as non-cognitive skills, which surrounds skills that help person in dealing with daily life.

But Goleman (1997) said that, this does not mean to reject the past and traditional definitions of EI, as they are also relevant to a person's day to day life and abilities and performance. So we should consider both traditional definitions and EI concepts.

### **2.1 Emotional Intelligence and Performance**

Goleman (1998), acknowledged that, even the EI's competencies are quite comprehensive and are able to precisely measure the individual's EI level, but they still cannot precisely reveal the impact of EI on individual's performance in the workplace. Although the measurements are capable to evaluate people's ability and determine how they are able to do the tasks, they cannot predict the people's performance in future.

Another factors like motivation and employee's values must also be considered in order to examine and investigate how loyal and compatible they are to the organization, and to what extent do their visions and cultures are matched with organization's visions and cultures.

### **2.2 Benefits of Emotional Intelligence in Manager's Performance**

Managers with high EI level are able to identify talents among employees, decentralize the management process, then delegate tasks to staff, so the employees themselves will find this great opportunity to exploit and discover their talents. This feature of managers will boost performance among employees via creativity and innovation.

Manager's roles in organizations are defines by behaviors, traits, and features, of the managers. Moreover the management's knowledge would be reflected by manager's behavior and qualities. The effect of personality in successful management is undeniable, among the all personality features; the charisma of manager has significant impact on his leadership style. Charisma is important to attract and to charm people, and brings attention to managers. So this factor could help managers to delegate tasks more effectively because in workplace staff could be fascinated by manager and will listen to them accordingly. In today's business environment managers and employees must learn to cooperate as a team. Valued management styles in these business environments involved some tools for operating effectively, trust among team, members and faith in manager's ability and motivation to staff from manager. These concepts would be fulfilled when managers are working with the ability of their emotional intelligence competencies which are self awareness, self control, empathy, and emotional responses.

### **2.3 Emotional control (Balance)**

"Intelligence is largely at the mercy of self-control". (Walter Mischel, Stanford University). People could have different feelings and emotions regarding one objective. The role of emotion-control is to understand different kind of emotions and control impulse action which is more fit to situation. In managerial position, manager must be capable to control their emotions and manage them and find more effective tactics. Stress management is also one of the roles of emotion control, finding ways to reduce stress in workplace and among workers. Emotional control as an important competence of EI is the way to recognize and understand one's feeling, and use this feeling to improve attitude and behavior.

### **2.4 Emotional Awareness**

Emotional awareness is the sense that enables individuals to have more precise and accurate insight of his or her, own moods and emotions. In 1994 Mayer and Stephens introduced the concept of State Meta-Mood Experience Scale (SMMS), the sentimental usage of meta-cognition for describing the self-awareness. With the sense of self awareness people could get clearer vision about their own feelings and moods which foster better decision for their subordinate and be more effective in their lead roles because they could be aware of their strengths and weaknesses. Daniel Goleman (1998) defined self-awareness as tool to have better and deeper understanding of individual's emotions and feelings as well as understanding logic relation between actions and behaviors. Goleman also believed that self awareness has three dimensions, "Emotional self-awareness", "Accurate self-assessment", "Self-confidence".

Self-assessment refers to identifying and knowing our own strengths and weaknesses. It also means the ability which helps us to learn from our past experiences and avoid doing mistakes in future and use useful experiences in our daily life. Managers with accurate self-assessment welcome criticize and feedback from staff, so as to improve and catch up in the areas that they are not performing well. Self-confidence is one of the most important impressions of having high EI level; self-confidence is one of the important key elements of doing effective delegation. Managers with this factor are capable of performing with self assurance and be conclusive in their decision making process. Goleman (1998) also stated that this factor is an essential condition or the sine qua non of predominant performance.

### **2.5 Emotional Diagnosis (Empathy)**

Empathy is one of the subsets of social awareness. It is related to the ability to understand the other's emotions and treat them based on their emotional reaction. Empathy consists of receiving and considering what others are feeling, even they do not tell their feelings to us. A manager with intense empathy sense always feels the camaraderie with his peers and eager to treat them gently. Empathy as been told is one of the subsets of social awareness, together with organizational awareness, empathy is ability to evaluate and recognize emotions thus see the realities in them. In the banking industry which is the scope of this paper, manager's role is to connect empathy with customers, refer to service orientation of manager, and to fulfill the customers need and demands.

Then sympathize clients and often unexpressed demands and then matching them to one's products or service are the essence of service orientation. (Goleman 1998)

## 2.6. Emotional Response

The definition of emotional response refers to the excited state of mind, reactions or feelings in reacts to certain thoughts or manners. One issue could cause different reaction in people. People's reaction and respond to their problems could be genetically or could be acquired. At the work place employees could face to some issue and they show different response to them. High level of emotional intelligence will assist employees to manage and control their responses to problems like anger, boredom, confusion, guilt, bullying, and etc. successful managers with high emotional intelligence are able to control their emotions at all the time, and avoid improper and fast response to their issues. (Robert Pennington and S.Haslam, 2008)

## 2.7. Definition of Delegating

By knowing the rules and techniques for delegating effectively managers are able to save time and allow other employees to participate and grow thus keep them motivated. It is the manager's duty to identify and empower the right persons to delegate the task and authority in the right manner. This requires managers with high level of emotional intelligence to find the right person, because poor and weak delegation could demotivate and confuse the person with new responsibility delegated to him. As a result he will fail to deliver the job in due time.

Managers usually avoid delegating to others, because they know it requires lots of efforts in advanced. They avoid delegation, because they are afraid that other employees, will learn what they know and later they will use this ability against the managers. But there are two important issues which simply explain why managers should delegate: (Developing Managerial Skills, D.Whetten, 1946)

- If you are manager and leader in a team or organization, your ability and skills are in better use when you develop and set new strategy and guideline for the team, or by doing the tasks by yourself, when you waste the time to use your abilities in efficient way.
- By involving other staff in team, you will let other people's skills and abilities grow as well. This will help the manager when there is the same project in the future. Managers can delegate task to those staff, with more confidence and passion, and they are able to get the job done with minimal supervision.

In the following table the benefits of effective delegation is shown:

Table 2.1: Benefits of Effective Delegation

Time	Will increase manager's free time.
Development	Will develop merit and increase the knowledge of staff.
Trust	Will bring the trust between managers and staff.
Commitment	Will increase the staff's commitment to organization.
Information	Will enhance decision making with more precise information.
Efficiency	Will improve the efficiency of decisions.
Integration	Will strength integration between managers and staff performance.

Source: Obtain from Developing Managerial Skills (David Wheeten and K.S.Cameron, 4<sup>th</sup> edition chapter 4, 1964)

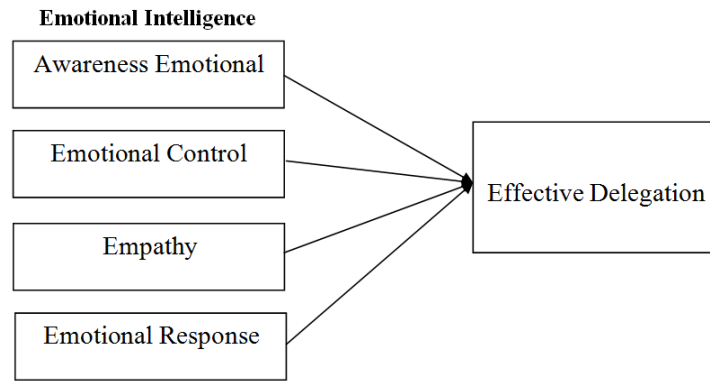
## 2.8. Emotional Intelligence and Effective Delegation

Studies have shown the significant impacts of managers and leaders with high emotional intelligence level on employees. Their behaviors, their ways to communicate and their decisions, have all influenced on organization's fate and employee's performance. However, it is still a major question to what extent do leaders and managers have positive influence on their employees and on function of organizations. (George, 2000). The impact of emotional intelligence of managers towards the leadership aspect in delegation process, still have not been figured out yet.

Some researchers mentioned that EI actually creates differences between average managers and effective managers in terms of ruling of others, with a degree of 90 percent. (Goleman, 1998). But not enough and precise researches have been done to prove, this theory if EI really contributes up to 90 percent to leadership effectiveness or not. Most of the relevant articles acknowledge that there is a positive relation between EI and effective leadership. (Goleman et al, 1998; Dulewicz et al, 1999; Geroge, 2000; Palmer,2001; Boyatzis and Mckee, 2002).

**3. Theoretical Framework & Method**

After studying and reviewing literature review, the frame will be as following:



In this frame work Awareness Emotional, Emotional Control, Empathy, and Emotional Response are independent variables, and also Effective Delegation is considered as a dependent variable.

Since this research is a quantitative based on above framework, hypotheses are defined as following:

- H1: There is a positive and significant correlation between emotional awareness and effective delegation.
- H2: There is a positive and significant correlation between emotional control and effective delegation.
- H3: There is a positive and significant correlation between empathy and effective delegation.
- H4: There is a positive and significant correlation between emotional response and effective delegation.

In nearly 63 branches of bank in Kuala Lumpur, 135 questionnaires were distributed among managers. Out of them, 100 of questionnaires have been collected as a primary data for this research. The statistical Package for the Social Science or SPSS software version 17 was used to analyzed and testing the data. For testing the hypotheses of this research, Pearson correlation coefficient analysis will used to investigate the accuracy of relationship among emotional intelligence score and its competencies (Awareness, emotional control, empathy, and emotional response) and effective delegation score. For testing the linear relation between two variables Pearson r will be used. A correlation coefficient of -1.00 or +1.00 demonstrates perfect positive correlation, and if Pearson r=0 then there is no relation between variables. (Sprinthall, 1997)

**4. Discussion and findings**

After using mentioned methods and software, these tables are obtained;

**Cronbach's Alpha**

	No of Items	Cronbach's Alpha
Emotional Intelligence Score	12	0.775
Effective Delegation Score	26	0.829

Correlations

		EA	EC	EMP	ER	EI
EA	Pearson Correlation	1	.119	.075	.122	.521(**)
	Sig. (2-tailed)	.	.240	.458	.228	.000
	N	100	100	100	100	100
EC	Pearson Correlation	.119	1	.301(**)	.139	.646(**)
	Sig. (2-tailed)	.240	.	.002	.167	.000
	N	100	100	100	100	100
EMP	Pearson Correlation	.075	.301(**)	1	.258(**)	.650(**)
	Sig. (2-tailed)	.458	.002	.	.010	.000
	N	100	100	100	100	100
ER	Pearson Correlation	.122	.139	.258(**)	1	.610(**)
	Sig. (2-tailed)	.228	.167	.010	.	.000
	N	100	100	100	100	100
EI	Pearson Correlation	.521(**)	.646(**)	.650(**)	.610(**)	1
	Sig. (2-tailed)	.000	.000	.000	.000	.
	N	100	100	100	100	100

By analyzing the data, it's been revealed that there is statistically positive and significant correlation between emotional intelligence level of bank managers and the ability to conduct effective delegation. In addition, the emotional intelligence competences (emotional awareness, emotional control, empathy, and emotional response) also found to have positive and significant impact on effective delegation. Therefore emotional intelligence domains of this research identified as essential factors which contribute significantly to effective delegation, which could lead to increase competitiveness and productivity of the commercial banking industry in Malaysia.

### 5. Conclusion

Conducting the effective delegation as one of the essential managerial skills which could increase productivity and competitiveness in workplace, have been relatively linked to the emotional intelligence in this research. Many researchers have been proposed and explained that there is a relation between emotional intelligence and effective leadership, but there is still lack of enough support for this theory, some research have been conducted to provide indicative prove for this correlation by Higgs and Rowland (2000). This research also provides prove for relation between manager's emotional intelligence and one of the effective leadership aspects, which is effective delegation. In order to stay competitive and effective, it's essential for bank managers to be aware of their own emotions and be aware of the key role that they play in organization, the role of leading organization to be more effective. It's very important that managers be able to balance between their own emotion and intellect. In the end, important role of the emotional intelligence and its competencies and their contribution to the organizational performance and other aspect of managerial skills, are worthy to more investigation and research.

### 6. Recommendation for Further Research

Even though the results and finding of this research variables, the emotional intelligence concept and one of the important managerial skills which is delegation posited by David Whetten and Daniel Goleman, still there is a demand for further investigation on these concepts and their relationship. Further study must also consider more information regarding the definition of emotional intelligence and its validity and set the different emotional intelligence competencies and the correlation between them. Future study and research considering the comparisons of emotional intelligence domains, with different method of data gathering from individuals or groups of employees such self report, self score, direct report, etc could result more detail in understanding of important role of each EI domain to each different segment of employees and group.

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