

Emotional Intelligence and Employee Engagement: Key to Retention

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Abstract

The main aim of the current study was to examine the effect of emotional intelligence on talent retention through employee engagement. As talent retention is an outcome of employee engagement hence its worth to study it in relation to engagement. Data was gathered from 100 respondents of IT sector using random sampling. The study used a self administered questionnaire to collect the primary data. Participant completed two surveys: (1) Emotional Intelligence Appraisal (Bradberry and Greaves, 2003), which measures (a) self-awareness, (b) self-management, (c) social awareness, (d) relationship management, and (e) overall emotional intelligence; and (2) Employee engagement questionnaire (Schaufeli et al., 2006) which assess employees engagement. The results were in the expected direction and fulfilled the research aims of the current study. The statistic results revealed that there is a significant strong relationship between the two main variables of the study, namely EI and Employee engagement. Out of the four variables of Emotional intelligence social awareness and relationship management was found to have a positive and significant relationship with employee engagement. The present study indicated that a good level of engagement may lead to high employee retention.

Keywords: Emotional intelligence, Employee engagement, Self awareness, Self management, Social awareness, Relationship management, Retention.

Introduction

With increase in globalization and competitiveness, retaining employees is becoming a very difficult challenge. In today's uncertain environment, organization's success depends on its ability to recruit, employ and retain skilled employees. Competition and the lack of availability of highly talented and skilled employees make finding and retaining talented employees' major priorities for organizations (Fegley, 2006).

In order to attract and retain the best talent anywhere in the world, an organization must have the engaged workforce. Engaged employees are those who work to promote the organization by performing above and beyond of what they are expected to do, even when the conditions in which they work becomes unfavorable.

Since human asset plays a vital role in achieving success, researchers are seeking for appropriate managerial ways to rise up the level of employees' engagement. Today's organizations demands high emotionally intelligent managers who could effectively understand their own emotions and those of others. According to Rosete and Ciarrochi (2005), managers who rate higher in EI are in a better position to develop effective and long lasting relationships with other groups. So, emotional intelligence is one of the key determinants of success in leading people in business.

In this study we hypothesized that the more emotional intelligent the manager was, the more likely the employees would be to demonstrate the behavior that define employee engagement. The finding of this research is discussed for building talent retention which is an outcome of employee engagement.

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Emotional Intelligence

The construct of Emotional Intelligence (EI) is one of the most frequently researched topics in organizational study as it is a significant aspect in interpreting and analyzing human behavior at work. The concept of emotional intelligence evolved from the theory of social intelligence, which involves the ability to understand and interact with others. The term emotional intelligence was first used by Salovey & Mayer (1990). According to Salovey & Mayer emotional intelligence is defined as “the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions”. This term was later popularized by Daniel Goleman's book. “Why it matters more than IQ”. To achieve the objectives of the organization, a manager needs to understand their employees' feelings and emotions and build strong and close relationships with them. Cherniss (2003) noted that a leader who has a high level of emotional intelligence will have a greater effect on an organization than a leader with a low level of emotional intelligence.

In this research paper, emotional intelligence has been discussed on the basis of four- component model of Goleman. Hence it has been discussed with the help of following dimensions:

- Self – awareness – Self awareness is being conscious of one's emotions and how they affect thoughts and behavior.
- Self – management- It is the ability to control impulsive feelings and behaviors, taking initiative and managing emotions.
- Social awareness – social awareness is understanding the emotions and concerns of other's people and recognizing the power of dynamics in a group or organization.
- Relationship management- It is all about knowing how to develop and maintain good relationships

Employee Engagement

The concept of employee engagement is relatively recent. The term “employee engagement” first formally appeared in academic literature in 2002 (Harter et al., 2002), defined as “the individual's involvement and satisfaction as well as enthusiasm for work” (p. 269). The literature concerning employee engagement poses a challenge due to the fact that there is no one universally applied definition to cover the topic of employee engagement. For example, Saks (2006) defined engagement as “the degree to which an individual is attentive and absorbed in the performance of their roles” (p. 602). Harter et al. (2002) defined employee engagement as an “individual's involvement and satisfaction with as well as enthusiasm for work” (p. 269). Macey & Schneier, 2008 defined it as the positive feeling that employees have towards job and also the motivation and effort they put into it. Schaufeli and Bakker (2003) defined engagement as a positive, fulfilling, work-related state of mind characterized by vigor, dedication and absorption. Finally, Kahn (1990) was accredited with conceptualizing the term personal engagement which he defines as “the harnessing of organization members' selves to their work roles.” In examining these definitions collectively, employee engagement would appear to be an amalgamation of several, older I/O psychology constructs such as organizational commitment, organizational citizenship behaviors, and job satisfaction. Many organizations believe that employee engagement is a dominant source of competitive advantage and thus, have been drawn to its reported ability to solve challenging organizational problems such as increasing workplace performance and productivity amid widespread economic decline (Macey and Schneider, 2008; Macey et al., 2009). Engaged employees within an organization provide a competitive advantage to organizations, as explained by the resource-based view (RBV) of the firm (Joo and Mclean, 2006), and hence there is a need to continuously engage employees. Employee engagement as a key to the retention of talent (one-of-a-kind hire in 100 employees; Glen, 2006) is an area in which the lead has been taken by practitioners (Parsley, 2006; Baumruk et al., 2006; Woodruffe, 2005; Gallup Management Journal, 2006; Bennett and Bell, 2004; Hay Group, 2002).

Employee Retention

Employee retention refers to the ability of an organization to imbibe its employees. Retaining of employees is critical to business success because it is necessary to retain talented and high-rated performers and keep them from getting poached to competitors. Cascio (2003) describes retention as initiatives taken by management to keep employees from leaving the organization, such as rewarding employees for performing their jobs effectively; ensuring harmonious working relations between employees and managers; and maintaining a safe, healthy work environment. Since low talent retention produces a substantial drain on corporate resources, leaders need to know which practices work and what they should focus on to retain and motivate their workforce. For instance, an employee engagement strategy allows employees to be more connected and involved with the organization. Romzek (1989) analyzed that employees having higher involvement in their work and organization have better relations with their families and social environment which creates a psychological attachment with the organization. Employees who are satisfied have higher intentions of staying with an organization, which results in decreased turnover (Mobley et.al).

Emotional intelligence and employee engagement: Past research

Only a paucity of empirical research has been published on the relationship between EI and engagement. Palmer, B.R & Gignac, G (2012) conducted an empirical research to find out the relationship between emotional intelligence of managers and their employees level of engagement. The findings revealed that EI of managers were positively correlated with employee engagement scores. The study found that leaders with high EI were found to have mostly engaged and nearly engaged employees. Duran et al. (2010) examined the impact of EI within employees as a personal resource that facilitates employee engagement within themselves. Ravichandran et.al (2011) conducted a study on 119 employees of IT companies of Chennai to find out the relationship between emotional intelligence and employee

engagement. The study found a significant association between emotional intelligence and work engagement behavior.

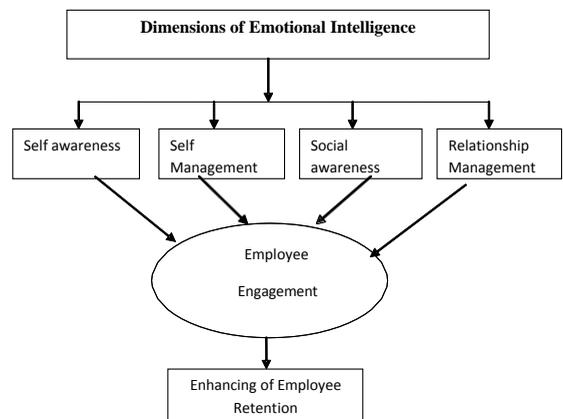
In light of the above, to our knowledge, there are very few published research available on the possible association between manager rated EI and subordinate self-rated employee engagement. In order to fulfill this existing gap this research paper aims to analyze the impact of managers EI on employee engagement which in turn improves the retention of employees.

Research Framework

In line with the view suggested in the literature, the study formulated the research hypotheses as below

- (i) H1: Self-awareness is a significant predictor of employee engagement;
- (ii) H2: Self-management is a significant predictor of employee engagement;
- (iii) H3: Social awareness is a significant predictor of employee engagement,
- (iv) H4: Relationship management is a significant predictor of employee engagement.

Figure 1: Research Framework



Research Methodology

This section discusses sample size, data collection along with suitable statistical test used for evaluating hypotheses.

Sample and Data Collection

A total of 120 self-administered questionnaires were distributed at managerial level. Against the targeted sample of 120 questionnaires, 100 questionnaires have been collected and analyzed. Exploratory study used a sample of 100 managers to find out the relationship between emotional intelligence and employees engagement. The questionnaire were distributed to the middle level managers to rate their own level of engagement and supervisor’s level of emotional intelligence.

Data Collection Instrument

In order to collect the data structured questionnaire was designed. The entire questionnaire was divided into three sections. The first section inquired about the demographic information of the respondents. The second focused on EI (Independent variables) and third section focused on employee engagement (Dependent variable).

The Emotional Intelligence Appraisal developed by Bradberry and Greaves (2003) measures 4 dimensions of emotional intelligence including: (1) self-awareness, (2) self-management, (3) social awareness, (4) relationship management, and it provides as overall score for emotional intelligence. Items target the existence of skills reflective of the above components and are rated using a six point frequency scale where 1 reflects “never” exhibiting a behavior and 6 reflects “always” exhibiting a behavior. The statistical validity indicates that the reliabilities for the four components of Goleman’s Emotional Quotient model, measured through the Emotional Intelligence Appraisal, yield coefficient alpha’s ranging from .79 to .90

Employee engagement was measured using the short version of the Utrecht Work Engagement Scale (UWES) (Schaufeli et al., 2006), using a seven-point Likert scale (1Not probable; 7Most probable).

Findings

DESCRIPTIVE Analysis

Respondents for the present study are 100 individuals working in different IT Companies of Delhi /NCR of India. From these individuals 65 respondents were male, while the rest consisted of female respondents. Of the subjects, only 23 percent were represented by the age of 25 and less years old, while 38 percent came from 25-30 years of age. On the other hand, 27.5 percent were from 35-40 years of age and 11.5 percent were above 40 years of age. About 30 percent of the respondents completed their education up to graduation followed by 49.5 percent of post graduate respondents as compared to a smaller number of respondents who pursued higher educations. . While looking into the designation it was found that 38% of respondents were managers, 54% of them were middle level managers and 8% were of other designation. While drawing the total experience profile of the respondents it was seen that 50% of them had an experience of 2 to 5 years, followed by 42% with an experience of 5-10 years and 8% with an experience of 10 to 15 years.

Multiple Regression Analysis The Relationship between Emotional intelligence and Employee Engagement

Table 1

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .573 ^a | .329 | .301 | 20.172 |

- a. Predictors: (Constant), Relationship Management, Social Awareness, Self Management, Self Awareness

As the statistical results shown in table 1, regression coefficient value on the relationship between Emotional intelligence and Employee engagement is 0.573. This shows a strong relationship between the variables. R^2 is the square of the multiple correlation coefficients. It indicates the proportion of the variance of the dependent variable explained by the independent variable. The R square is 0.329 which means that 32.9% percentage of variation in independent variable is explained by the four dimensions of emotional intelligence but 68.1 percent remains unexplained.

- a. Predictors: (Constant), Relationship Management, Social Awareness, Self Management, Self Awareness
b. Dependent Variable: Employee Engagement

In the table 2, the result of the Anova showed that the F ratio obtained (F is 11.634) and the model is significant at .000.

- a. Dependent Variable: Employee Engagement

The regression results in table 3 showed that social awareness ($\beta = 0.503$, $p < .05$) and relationship management ($\beta = 0.511$, $p < .05$) are significant determinants of Employee engagement. While the other two variables self awareness ($\beta = 0.070$, $p > 0.05$) and self management ($\beta = -0.164$, $p > 0.05$) were found not to have any influence on employee engagement. Thus the hypothesis H3 and H4 are confirmed.

Discussion and Conclusion

This study is designed to gain an insight into the development of employee engagement on the basis of emotional intelligence competencies. It has been proposed in the study that it is essential for the executives of the present day business to possess high emotional intelligence which have an impact on the employees' level of engagement. In this study, the EI of managers was found to substantially correlate with direct report ratings of employee engagement. The result indicates that out of the four clusters, the highest scoring is for relationship management followed by social awareness. It therefore

Table 2

ANOVA^b

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|--------|-------------------|
| 1 | Regression | 18935.380 | 4 | 4733.845 | 11.634 | .000 ^a |
| | Residual | 38655.610 | 95 | 406.901 | | |
| | Total | 57590.990 | 99 | | | |

Table 3

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|-------------------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 30.031 | 8.183 | | 3.670 | .000 |
| | Self Awareness | .070 | .137 | .045 | .514 | .608 |
| | Self Management | -.164 | .169 | -.084 | -.971 | .334 |
| | Social Awareness | .503 | .083 | .514 | 6.057 | .000 |
| | Relationship Management | .511 | .243 | .185 | 2.099 | .038 |

suggests that people who are more competent in social awareness and relationship management could easily pave the way for high employee engagement.

In our introduction, we posited that this information may prove useful to those who are challenged with the task of improving employee engagement for the purpose of enhancing talent retention. Indeed the findings of this investigation suggest that engagement and its outcomes might increase from increasing the EI of an organization's management. Emotional intelligence of managers could be increased either by providing learning and development intervention to the managers or by hiring and promoting people into management roles that are high in EI. The possible explanation for this finding might be that managers high in EI may have an emotional impact on their employees making them more engaged at work.

Emotionally intelligent leaders would be more acute in sensing the emotional cues in their subordinates and hence respond in an appropriate manner. They will be able to create a favorable emotional climate within the organization, which fosters positive attitudes which affects employee engagement and their retention too.

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