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RESEARCH ARTICLE

SIGNIFICANCE OF EMOTIONAL INTELLIGENCE IN LEADERSHIP ROLES FOR FINANCIAL PLANNERS

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Abstract

Emotional Intelligence is a necessity in our present times. It gives us the knowledge and integrity to manage ourselves and see through our goal attainment. Emotional Intelligence also serves a key role in our functionality as an individual both in personal life and in a professional arena. At work our social milieu as well as our team interaction makes a significant impact on our work performance. This is true for financial planners whose nature of work involves meeting financial targets and managing teams who may at times show a dip in performance. This paper is a correlational study that evaluates potential relationships of emotional intelligence (five components like self-awareness, managing others, managing emotions, empathy, and social skills) in senior managers. The outcome of this study reveals the need for the financial planning industry to acknowledge emotional intelligence as one of the key roles in self-awareness and social skills. The essence of this study is in realizing that the financial services industry intentionally attracts individuals who display essential sales and marketing characteristics and how EI complemented the sought-after behaviors needed in the industry. This study focuses on an innate ability that would alter existing characteristics; making individuals capable of managing stress, a factor that influences the success and profit of a company (Shah & Maheshwari, 2013).

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Introduction:-

In 1990 Peter Salavoy and John Mayer introduced Emotional intelligence (EI) in the journal *Imagination, Cognition, and Personality* defining it 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” (p. 189).

Mayer, Caruso & Salovey, 2004 define emotional intelligence as a “set of emotional and social skills that influence the way we perceive and express ourselves, develop and maintain social relationships, cope with challenges, and use emotional information in an effective and meaningful way is emotional intelligence”.

Later, in 1996, Daniel Goleman discussed EI as one of the most radical skills in work life balance. In his book *Working with Emotional Intelligence*, Daniel Goleman cites Harvard Business School research that determined that Emotional Quotient counts for twice as much as Intelligent Quotient and technical skills combined in determining who will be successful. In a 2003 Harvard Business Review reported that 80% of competencies that differentiate top performers from others were in the domain of Emotional Intelligence.

There is quantitative research on Intelligent Quotient which have been gaining popularity with respect to success in life, however this newest perspective in well-being has been a game changer of how intelligently we can manage emotions to be successful in life.

People who are emotionally intelligent use this innate ability very subtly to manage their social and as well intrapersonal interactions. People high on emotional intelligence can manage criticism from others without being defensive, take charge of a situation after committing an error, are assertive to say 'no' without being aggressive, open to communicate their feelings, understand and empathize with others and see their perspective without judgement as they are great listeners.

Before we investigate past literature and correlate those with the current findings, let us understand what the components of Emotional Intelligence are and how these five dimensions give a detailed understanding of human emotions. Goleman associated EI with leadership such as intelligence, toughness, determination includes:

Self-awareness-

innate ability to recognize feelings, responses to events and how these emotions influence our performance. This awareness helps in understanding strengths as well as managing personal limitations.

Managing emotions-

next step is to manage emotions which can get out of hands while multitasking and taking responsibility for your actions. This helps in regulating our social interactions.

Motivating oneself-

this is how we guide ourselves to achieve our goals. This facet of EI helps us move beyond our setbacks and constantly positive self-talk ourselves to stay strong.

Empathy-

this is an ability to understand how others are feeling and relate to them better. As knowing oneself is important, in a social setup it becomes crucial to understand what people are feeling and "walk in their shoes." Self-awareness is closely related to empathy.

Social Skill-

Being able to manage emotions in relationships and being able to influence and inspire others are essential foundation skills for successful teamwork and leadership.

Significance of this study:

There is a need to expand discussion as well as research for EI in the areas of high-pressured jobs like financial planners. Research shows that EI is instrumental in the workplace regarding employee job performance (Carmeli, 2003, Lopes et al., 2006). Past studies show that individuals with high EI can assess and understanding their feelings and emotions better while using more sophisticated methods to regulate feelings and behaviors to accomplish specific objectives (Salovey & Mayer, 1990).

Therefore, this study focusses on an individual's capacity to manage subsequent emotions while interacting with others in a stressful work environment.

Review of Literature:-

For any "leader to be successful in reflecting on experiences, interpreting environmental cues, relating to followers and developing relationships, emotional intelligent competencies" are a necessity (Watkins, Earnhardt, Pittenger, Roberts, Rietsema, & Cosman-Ross, 2017). Experts like (Barbuto & Burbach, 2006) have suggested that in bringing about change through higher performance, "leaders must fully engage and connect with their followers".

Available literature suggests the increasing importance of leaders to understand, recognize, as well as manage emotions for effective leadership (Foltin & Keller, 2012; Momeni, 2009; Srivastava, 2013).

In any situation of change, a key determinant to the level of success is the degree to which the leader can communicate a need for the change to members of the organization.

Leaders and team members “accurate social perception allows individuals to gain considerable knowledge of other group members’ attitudes, goals, and interests, which should enable influence by identifying, understanding, and addressing members’ unstated needs and creating goals that might be accepted” (Srivastava, 2013).

According to Kouzes and Posner (2007), leaders of organizations often lack the patience for getting things done because in addition to the organization’s vision, is a sense of urgency. Therefore, when team lag due to the leaders’ sense of urgency, the organization fails to realize the vision. Therefore, leaders identified as effective consider the needs and values of followers to create a community of shared values that will lead to the generation of a common course of action.

Another important skill that can enable leaders to listen, understand followers, and retain talent is empathy. Empathy is “putting yourself in the shoes of the other person” (Kirkpatrick, 1985). By recognizing the concerns of individual members, emotionally intelligent leaders use their social skills to convince those who seem reluctant to participate in the change efforts.

Methodology:-

We used a non-experimental, correlational analysis to assess dimensions of EI in leadership roles in financial planners. With the help of Inductive reasoning, we chose to provide descriptive analysis of financial planners using non-probability, purposive sampling criteria.

Research Tools

An Informed consent along with Emotional intelligence questionnaire from Leadership Toolkit used to collected quantitative data. We interacted with our sample who are currently senior managers for a training program.

Scoring and Interpretation

Self-assessed questionnaire we scored using a Likert scale (1 to 5) where number one indicates that the statement does not apply at all number three indicates that the statement applies about half the time and number five indicates that the statement always applies to self. Questions were based on five emotional competencies i.e., Self- awareness, managing emotions, motivating oneself, social skills and lastly empathy. Researcher interpreted total score on each of these dimensions where a score between 35-50 was a strength area, 18-34 needed attention and 10-17 needed priority to develop.

Hypotheses

HO. Senior Managers will not have above average emotional intelligence scores.

H1. Senior Managers will have significantly higher scores in their emotional competencies.

HO. To assess Emotional Intelligence in Financial planners there will be no statistical difference between its components i.e., self-awareness (SA), managing emotions (ME), managing others (MO), social skills (SS) and empathy (EM).

H2. There will be statistical differences in components of emotional intelligence.

Results:-

For analyzing results, we tabulated EI scores for ninety-seven senior managers (forty-one females and fifty-six males). Researchers analyzed data with the help of quantitative analysis as shown below.

Table 1:- Mean scores of components of EI in Senior Managers.

Components of EI	Mean	SD	Correlation between variables	
Self-Awareness	39.74	6.35	Self-Awareness and Empathy	0.55*
Managing Emotions	32.55	6.16	Managing Emotions and Managing Others	0.46
Managing others	37.98	5.81	Managing Emotionsand Social Skills	0.46
Social Skills	39.42	6.07	Managing Emotionsand Managing Empathy	0.47
Empathy	36.79	6.32	Managing OthersandSocial Skills	0.47

*p value significant at 0.05 level

To find out correlation between five EI components, we used measures of central tendency and Pearson's correlation. Our sample showed significantly higher emotional intelligence scores and in specific highest scores in two competencies like self-awareness and social skills.

There was a positive correlation between all the five components of EI. However, amongst all of them **Self-Awareness and Empathy** was most significantly correlated ($r=0.55$ at p value significant at 0.05 level).

Table 1 shows our sample high scores on all dimensions of EI, thus rejecting null hypothesis and accepting alternate Hypothesis 1 that states that Senior Managers will have significantly higher scores on their emotional competencies.

To find out, if there is a significant difference between EI scores of participants on all five dimensions, we used one way ANOVA for analyzing statistical evidence that the population means are significantly different.

Table 2:- One way ANOVA of EI scores in Senior Managers.

One way ANOVA- Summary of Data						
	SA	ME	MO	SS	EM	Total
N	97	97	97	97	97	485
$\sum X$	3855	3158	3685	3824	3569	18091
Mean	39.7423	32.557	37.9897	39.4227	36.7938	37.301
$\sum X^2$	157083	106458	143235	154292	135163	696231
SD	6.3546	6.161	5.8122	6.0722	6.3294	6.6522
Result Details						
Source	SS	df	MS			
Between-treatments	3269.0186	4	817.2546	F = 21.6**		
Within-treatments	18149.0309	480	37.8105			
Total	21418.0495	484				

**The p-value is $< .00001$.

After we found a significant F-statistic that is variation between sample means / variation within the sample of senior managers, we dived deeper into analyzing our sample through Tukey's HSD to find out which specific groups' means (compared with each other) are difference in their mean scores.

Table 3:- Post Tukey HSD Comparison between EI scores for senior managers.

Pairwise Comparisons	Mean score comparisons	Honest Difference	Significant	Q.05 = 3.8724 Q.01 = 4.6289
Self-awareness and Managing Emotions	M1 = 39.74 M2 = 32.56	7.19		Q = 11.51** (p = .00000)
Self-awareness and Empathy	M1 = 39.74 M5 = 36.79	2.95		Q = 4.72* (p = .00802)
Managing emotions and others	M2 = 32.56 M3 = 37.99	5.43		Q = 8.70** (p = .00000)
Managing emotions and social skills	M2 = 32.56 M4 = 39.42	6.87		Q = 11.00** (p = .00000)
Managing emotions and Empathy	M2 = 32.56 M5 = 36.79	4.24		Q = 6.79* (p = .00002)
Social skills and Empathy	M4 = 39.42	2.63		Q = 4.21* (p = .00002)

	M5 = 36.79		.02530)
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*p-value is <.005 **The p-value is < .00001.

The above table shows pair-wise comparisons of EI components which showed significant difference from each other in the same sample population.

Our analysis shows that there was maximum difference in group scores for **Self-awareness and Managing Emotions** in senior Managers (M1 = 39.74, M2 = 32.56, HSD=7.19, Q = 11.51 significant at p value = .00000) followed by **Managing emotions and social skills**(M2 = 32.56 and M4 = 39.42, HSD= 6.87, Q = 11.00 significant at p value = .00000) and **Managing emotions and others** (M2 = 32.56, M3 = 37.99, HSD=5.43, Q = 8.70 significant at p value = .00000) and then **Managing emotions and Empathy**(M2 = 32.56, M5 = 36.79, HSD= 4.24, Q = 6.79significant at p value = .00002).

To make the analysis simpler, we can say that senior managers in our sample were higher on self-awareness, social skills and managing others as compared to managing emotions and empathy.

As shown in Table 2 and 3 F value and mean difference between EI components showed statistical difference hence rejecting null hypothesis and accepting Hypothesis 2 that states that there will be statistical difference in components of emotional intelligence.

Discussion:-

Emotional Intelligence is our capability to understand as well as explain our feelings. It also expands to connecting well with people we interact with and how we manage them in our social settings. Out of five components of emotional intelligence two are intrapersonal focused and the rest three interpersonal. Intrapersonal competencies like self-awareness and managing emotions define how we acknowledge what we are “feeling” to ourselves and manage them with responsibility.

Interpersonal like social skills, managing others and empathy explain our reaction patterns towards other’s feelings and actions. Our ability to express our beliefs in an assertive manner keeping in mind other’s opinion is a hallmark of emotional intelligence.

Leaders in financial sectors must focus on confident team building who can be productive and trustworthy. This skill enhances leaders to resolve conflicts while working in stressful work environments and meeting deadlines without arguments. Senior managers manage the needs of their clients and at the same time aspire their team to work towards a common goal, emotional intelligence helps leaders to be better listeners and negotiators.

Present study supports research findings by Carmeli, A. (2003) whose results indicate that emotional intelligence augments positive work attitudes, altruistic behavior, work outcomes, and moderates the effect of work-family conflict on career commitment but not the effect on job satisfaction. Hence, having senior executives with high emotional intelligence is a necessity for attaining sustainable results.

Limitations and Future Recommendations

Present research used self-reported questionnaire as a part of training program and would like to recommend using combination of tools to assess emotional intelligence with personality inventory and a socio-demographic inventory to understand factors contributing towards EI competencies in financial managers. Also, future research larger samples with different key positions would be beneficial. A cross-sectional meta-analysis while comparing industries would be the third recommendation.

Conclusion:-

Present research attempted to look at emotional intelligence in financial planners and understand which all facets of EI influence their personal and career growth. Results indicated that our sample population had higher EI scores in areas of self-awareness, social skills and managing others.

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