

Impact of Emotional Intelligence on Organizational Climate: A study of Select Indian Insurance Organizations

ShuchiPriya Mittal

Abstract: The concept of emotional intelligence has gained much attention in the management literature as a factor useful in predicting individual performance at work and it has become necessary to understand and leverage it so as to gain sustainable competitive advantage by creating emotionally intelligent environment which will enable creation and maintenance of a positive supportive organizational climate by incorporating emotional intelligence competencies like self-awareness, commitment, optimism, interpersonal connectivity and personal integrity among employees. Today business organizations are realizing to focus at its human side and deal with the emotional dimension of human resource, to use it as a powerful tool to ensure organizational effectiveness and success in this ever changing and increasingly demanding business environment. Recently, some of the Indian business organizations have started concentrating on the emotional dimension of the human resource which deals with those non-cognitive human competencies and potentialities which have a significant impact on the various aspects of organizational climate and effectiveness. The current paper sets out to examine the relationship between the organizational climate in Indian Insurance organizations and emotional intelligence. The result suggests that core components of organizational climate, namely, leadership effectiveness, communication, stress management and trust levels among employees are significantly related with emotional intelligence competencies of employees and further, the dimensions of emotional intelligence, namely, self awareness, commitment, resilience, and interpersonal connectivity have a predictive relationship with leadership effectiveness, communication, stress management and trust levels among organizational members.

Keywords: emotional intelligence, organizational climate, leadership effectiveness, communication, stress management, trust.

INTRODUCTION

Companies today are not just competing on the basis of products or services any more rather on how well a company is managing its people because employee is the key channel of delivering customer satisfaction; and success of any organization is dependent upon the ability and motivation that employees bring to their work place.

Over the past two decades, the term emotional intelligence has received a lot of attention as a vital factor that is useful in understanding and predicting an individual's performance at work place. There is widespread recognition that emotional intelligence deserves special attention and there is need for the training and education for the same. Emotional Intelligence is undoubtedly an important concept from the perspective of the individual as well as the organizational effectiveness.

The concept of emotional intelligence is all about bringing intelligence to our emotions or in other words managing one's emotional life with intelligence. As Aristotle observed that the problem is not with emotionality, but with the appropriateness of emotions and its expression (Goleman, (1995). David Wechsler (1943) proposed that non-intellective abilities are essentially important for predicting success in life.

According to A.S. Reber (1985), the pragmatic interpretation of intelligence is "that which the intelligence tests measures namely I.Q". Essentially the same conceptual and practical definition can be applied to the Emotional Intelligence with the exception that the "environments" of relevance will be those with emotional content such as where high levels of interpersonal interactions take place and the "practical definition" will be an individual's EQ score (Bardzil and Slaski, 2003).

THE IMPACT OF EMOTIONAL INTELLIGENCE ON ORGANIZATIONAL EFFECTIVENESS

There is a growing awareness that emotional intelligence provides explanations about the factors that contribute to business success. But the concept of emotional intelligence is not new. It is based on along history of research and theory in personality and social, industrial psychology. Emotional intelligence has been studied by psychologist for many years and there is an impressive and growing body of research suggesting that emotional competencies contribute to success in business (Cherniss, 2000).

*ShuchiPriya Mittal is currently pursuing
doctoral program from the Faculty of
Management Studies, University Of Delhi, India,
Ph. +919818694021.*

The Emotional Intelligence intervention was partly a response to a problem that many businesses face today. There is a need to develop the highest standards of leadership skills, the challenges of high team turnover, ever increasing demands of customers for high quality goods and services, rapidly changing business environment, economic demands or escalating costs. What companies need is people who have both technical knowledge and social and emotional abilities which will enable them to delight the customers. There is a growing realization that emotional intelligence could contribute to developing those skills and abilities that are linked with this aspiration (OrmeandLanghom, 2003).

Managers, who have similar levels of IQ, are often differentiated on the basis of their EQ. In the times of job insecurity and when the very concept of a 'job' is being replaced by 'marketable skills', EQ is considered as the prime factor which makes and keeps people employable (Singh, 2006). Although, emotional intelligence competencies have for decades been referred to by various names- 'personality traits', 'soft skills', 'social skills', 'personal qualities', etc. But, now there is a precise understanding and growing importance of these abilities and a new name given to it is emotional intelligence or emotional quotient (EQ).

Farh et al. (2012) conducted a study to investigate the relationship between emotional intelligence and job performance of 212 professionals from different organizations and sectors. The study revealed that emotional intelligence is significantly positively related to performance under high managerial work demands context of jobs that require management of diverse workforce, functions and lines of business, since such job context, allowed individuals with high emotional intelligence to act in emotionally intelligent ways that enhances their performance.

1. LITERATUREREVIEW

EMOTIONALINTELLIGENCE

An individual's ability to appropriately identify, recognize and manage his emotions for his own well-being as well as the well-being of others is what is described as emotional intelligence. On one hand negative emotions like anger, fear, frustration, resentment, guilt, depression, loneliness, failure and lethargy, require emotional management and regulation so as to reduce their negative impact on organizational climate. On the other hand positive emotions that can be productively and profitably used to create and maintain positive or favorable work environment are motivation, appreciation, satisfaction, happiness, contentment, freedom and peace (Singh, 2001).

Sufficient data exist that suggest that Emotional Intelligence can be as powerful and at times more influential than IQ or pure Intellect; and while some scholars argue that IQ can't be changed much by experience or education; crucial emotional competencies can be learned and improved upon.

According to P.T. Joseph, SJ (2007) "Our emotions are forms of immediate experience. When we are experiencing our emotions, we are in direct contact with our physical reality. Our emotions are forms of energy, they are physical; they are expressed in the body even before we are consciously aware of them".

BardzilandSlaski (2003), proposed that development of Emotional Intelligence or EQ within organization can help to enhance quality of the customer's service experience through its contribution to a positive climate for services which will create an internal environment in which customer consciousness proliferates among employees and as a consequence employee's commitment increases which further leads to the successful accomplishment of organizational goals with increased productivity and profits. According to P.T. Joseph, SJ (2007) "an organization is only as effective as its leaders emotionally intelligent leaders evoke more from their people and achieve more in the marketplace".

Business organizations must pay immediate attention to develop emotionally intelligent environment that will enable creation of a positive service oriented climate through development and enhancement of emotional intelligence competencies among employees. Therefore, the present study is focused to assess the impact of emotional intelligence on organizational climate in different organizations in the Banking industry. The study also analyses the impact of eight key dimensions of emotional intelligence on the core components of organizational climate.

For the purpose of the present study, emotional intelligence has been discussed with the help of following dimensions:

1) Self-Awareness: It comprises of knowing one's emotions, preferences, resources; recognizing feelings as they occur and discriminating between them. It helps an individual to get a clearer picture of what he wants in life and work towards it. Self-awareness competency is a crucial ability to make employees effective in their communication. It is an important competency for developing leadership effectiveness.

2) Commitment: It is the ability to display dedication to a course of action in spite of self-doubt, challenges and setbacks. It is a key factor of organizational performance. It is often identified in terms of job involvement, loyalty and subordination of self-interest. Committed employees demonstrate high job performance and job satisfaction (Meyer and Allen, 1997).

3) Emotional Resilience: It involves the ability to perform well and consistently in a range of situations and when under pressure. It is the ability to recover quickly from difficult and problematic situations. This competency helps in preventing an escalation of those negative emotions that may cause or increase stress and mistrust among employees.

4) Optimism: It is the ability to remain hopeful and confident in the face of challenge, rejection or failure. It includes the ability to have a positive attitude towards self and others. This ability is the integral part of stress management strategies.

5) Compassion and Empathy: It is an important social competency and a crucial component of emotional intelligence. It

involves understanding other's feelings, needs and concerns, having a service orientation, and to use this awareness effectively in interacting with them and arriving at decisions impacting them. This ability helps in building and enhancing high trust levels among employees.

6) Interpersonal Connectivity: Interpersonal connection is all about building a strong network of cooperative and mutually beneficial relationships. It is the ability to induce desirable responses in others. It involves developing and maintaining positive relationships with organizational members. It is the most important competency to be stressed upon, as it helps in building and enhancing a congenial, positive or supportive organizational climate with enhanced individual and organizational effectiveness.

7) Personal Integrity: Conscientiousness, credibility and integrity enables an individual to act consistently and in line with the ethical requirements. This includes not only being honest with oneself but, also with others. It involves acting congruently with one's moral values and principles. This ability helps in the creation of ethically correct internal environment where employee's thoughts, words and actions are all well aligned.

8) Emotional Regulation: It comprises of managing one's internal states and impulses. It includes self-control, adaptability, and self-monitoring, which refers to an individual's ability to handle feelings and adjust his or her behaviour to current situational factors so as to react appropriately. Kavitha and Salimath G., (2011), found that the inspirational motivation and individualized consideration components of transformational leadership were significantly correlated with both the ability to monitor and manage emotions in one and others. Those leaders who considered themselves, to motivate and inspire subordinates to work towards common goals, reported that they monitored and managed emotions both within themselves and others.

ORGANIZATIONAL CLIMATE

Organizational climate comes from top management, pervading organization by intent, percolating from vision and mission of the organization. Organizations that are successful in today's business world are likely to be those that take a more of proactive approach to the development of favourable or positive organizational climate. Therefore, managers should know the art of managing organizational climate, and must develop and maintain a favourable organizational climate to enhance organisational effectiveness.

Organizational climate has a pervasive influence on a wide range of organizational behaviour such as job satisfaction, quality of group interactions, leadership, trust levels amongst employees, and, even efficacy of training programs. Indians are by and large collectivist. They perceive themselves as being embedded in their groups and collectives as well as in their physical settings. Hence, they are field dependant and sensitive to environmental cues (Sinha, 1980). It is therefore, most important for management to cultivate and nurture a positive or favourable organizational climate.

According to Schneider 1975, organizational climate is the global or summary perception of the norms and practices of an organization. Organizational climate provides standards which guide employees' behaviour. Organizational climate is not only determined by the organizational characteristics, but, it is also subject to direct influence from the psychological characteristics of the employees.

Various definitions have been offered on the concept of organizational climate. These definitions are frequently inconsistent with one another as to what constitutes organizational climate. Lewin (1951) stated that the organization atmosphere is as important to human behaviour as is the field of gravity for the explanation of events in classical physics. Lewin used the concept of friendly, tense and hostile to describe dimensions of group climate (Wilfred Franklin Still, 1979).

Forhand and Gilmer, 1964, identified four dimensions of organizational climate that is, size, structure, system complexity, leadership styles and goal direction (James and Jone, 1974). Fredrikson, 1968, proposed that "closeness and supervision" (Leadership process) and "rules and regulations" (structure and control process) as key variables of organizational climate. Litwin and Stringer (1968) assumed that variable of organization climate under study was leadership style, that is, leadership process. Campbell et al., (1970), identified the following four factors of organizational climate; (1) Individual autonomy, (2) The degree of structure imposed upon the position, (3) Reward orientation, and (4) Consideration, warmth and support (James and Jone, 1974).

According to Denison, (1990), an organization climate that encourages employee involvement and empowerment in decision making predicts the financial success of the organization.

Ansari, 1990, used a modified version of Litwin and Stringer's climate scale consisting of 30 items. A factor analysis led to the identification of three major factors or dimensions of organizational climate (Sinha, 1995); (1) Reward and Participation, (2) Structure, and (3) Warmth and Support. Those employees who rated their organization high on these dimensions were assumed to consider the organization climate favourable and those who perceived their organization low on these factors felt that the organizational climate was unfavourable (Sinha, 1995).

A critical examination of the discussion presented above highlights that the theories on organizational climate are classified, based upon the perspective from which the study was conducted, and, though different people have identified different dimensions of organizational climate, most of the theories stress on the importance of leadership, trust and communication as the core components of organizational climate. Organizational climate is an umbrella term that encompasses numerous variables, but, to keep our focus on the most crucial dimensions of organizational climate, the present research identifies four key variables of organizational climate which are as follows:

Leadership Effectiveness: Most researchers evaluate leadership effectiveness in terms of the consequences of the leader's actions for followers and other organization stakeholders. The extent to which the leader's organizational unit performs its tasks successfully and attains its goals in terms of profits, sales, market share or attitude of followers.

Communication: Communication is almost universally accepted as the most frequent managerial activity found in today's organizations. People at work devote a great deal of their time in talking, discussing, debating, giving and taking instructions. Communication is an attempt to affect a transfer of messages, ideas or opinions between minds.

Stress management: Stress arises from the disharmony one feels between the self and all the forces which impinge upon that self. Organizations are increasingly realizing that they should be involved in managing their employee's stress because organizations are partly responsible for creating the stress, moreover, employees experiencing lower levels of harmful stress will function more efficiently and effectively.

Trust: Trust can be defined as confident reliance on someone, when you are in a position of vulnerability. There has been growing appreciation of the substantial and varied benefits that accrue when high levels of trust are in place within organizations. According to Sievers, trust constitutes an important source of social capital within organizations and lack of trust in organizations is too often neglected.

LINKAGES BETWEEN COMPONENTS OF ORGANIZATIONAL CLIMATE AND EMOTIONAL INTELLIGENCE

It is a fact that the degree of emotional intelligence varies among the members of an organization. Further, some people have a high involvement in their job when they see their organizational climate as favorable or democratic, whereas, they have low involvement when they see organizational climate as not favorable or autocratic. The understanding of what constitutes emotional intelligence would suggest ways of approach to improve the degree of emotional intelligence to be highest on one hand and the organizational climate on the other, so as to maximize organizational effectiveness by developing and maintaining a positive organizational climate.

Organizations that are successful in today's business world are likely to be those that take a more of proactive approach to the development of positive organizational climate. Favourable organizational climate helps to reduce negative aspects of work life that may inhibit a positive climate of service such as stress, low morale, and poor mental health. It is likely that positive reinforcement of a favourable organizational climate will enable development of a service oriented climate which is more conducive to both internal customer (employees) and external customer satisfaction.

In order to connect, the individual has to bring into play certain personal, social, and organizational competencies in mutually acceptable combinations for achieving organizational excellence. Thus, emotionally intelligent behaviour addresses the basic issues for bringing workplace effectiveness and helps to attain higher levels of organizational growth and excellence. This essentially aids in the process of developing congenial work environment in the organization leading to efficiency at the workplace and development and enhancement of human capital (Singh, 2010).

The present research identifies four key variables of organizational climate which are as follows:

Leadership Effectiveness

Communication

Stress Management

Trust

Leadership Effectiveness: Emotional intelligence is an important underlying attribute of top level leadership. Aspects of emotional intelligence identified as underlying attributes of effective leaders may provide additional selection criteria for identifying potentially effective leaders. Research on emotional intelligence and effective leadership may identify new sets of emotion-based skills, which could be used in leadership training and development programs to enhance leadership effectiveness. The knowledge gained from research into emotional intelligence and leadership may increase the understanding of effective leadership and help produce powerful tools for the selection, and training and development of leaders, potentially enhancing organizational climates and performance (Kavitha and Salimath G., 2011). Thus the following hypothesis is proposed:

Hypothesis 1 (H1): There is a significant positive relationship between Emotional Intelligence and leadership effectiveness.

Communication: Self-awareness and self-regulation competencies are crucial abilities to make employees effective in their communication. Self-awareness can be developed through the practice of seeking on-going feedback. By asking supervisors and co-workers for honest feedback on how your behavior is impacting them. Using opportunities to self-reflect upon adversity-business failures, demotions, missed promotions, unchallenging jobs, and personal trauma can also help in self-awareness. The ability to demonstrate yourself as a cooperative, contributing, and constructive member of the group, is critical for effective communication and long-term career success (Centre for Creative Leadership, 2003). On the basis of these findings the following hypothesis is proposed:

Hypothesis 2 (H2): Emotional Intelligence has a significant positive impact on communication within the organization

Stress Management: In the realm of stress management, emotional intelligence competencies of managing emotions, empathy and handling relationships will facilitate effective coping strategies to alleviate stress at both individual and organizational level, so as to reduce the negative impact of stress on the work environment. This further contributes towards the creation and

maintenance of a favourable organizational climate (Singh,2007). Thus, the following hypothesis is proposed:

Hypothesis 3 (H3): Emotional Intelligence helps employees to handle stress more effectively.

Trust: The rapidly increasing incidence of corporate crimes, industrial strikes, low morale, a decline in national character and other evils can be attributed to the lack of trust in the organizational climate. Psychological research has demonstrated that it is possible to develop an environment of emotional trust by increasing the levels of emotional intelligence amongst employees by asking them to unlearn bad emotional responses and equip them with the necessary emotional competence to deal with such situations. For instance, the ability to control negative emotions like anger, hostility and to develop empathy, trustworthiness is likely to create a positive organizational climate (Singh, 2006). On the basis of these findings, the following hypothesis is proposed:

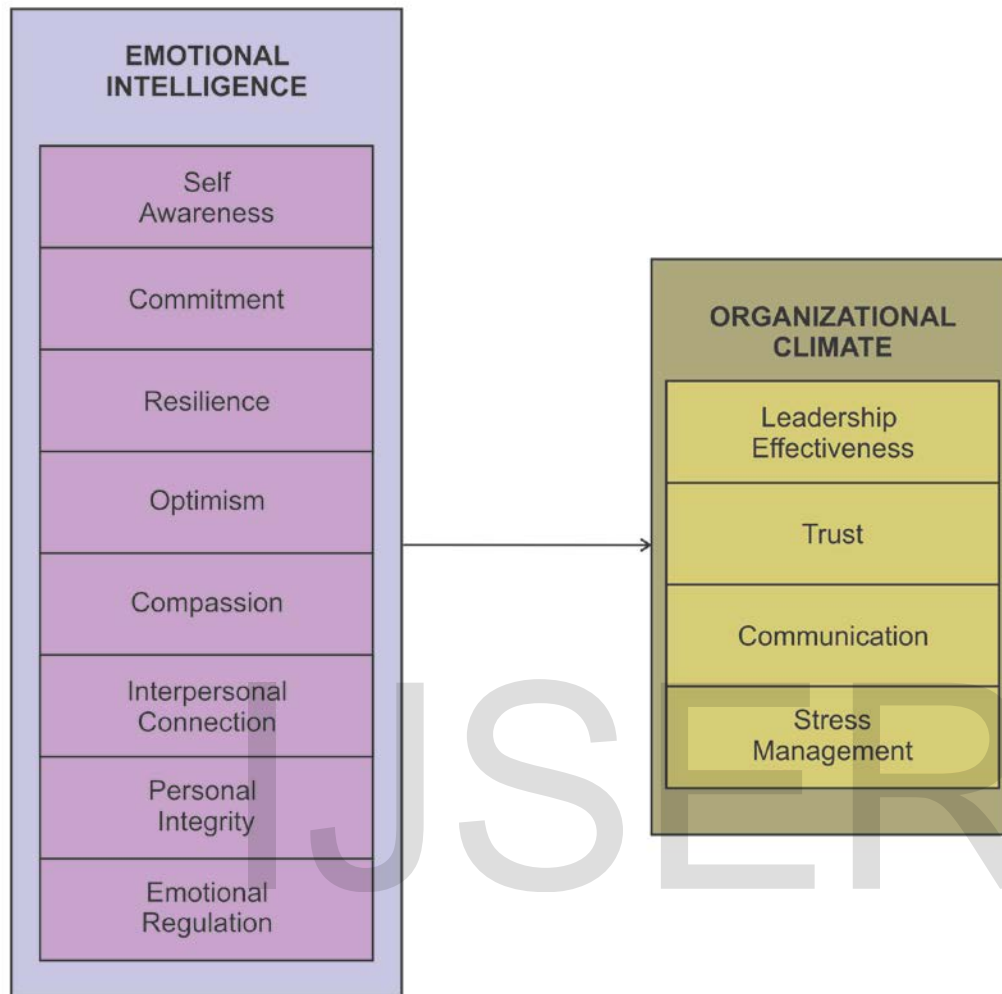
Hypothesis 4 (H4): Emotional Intelligence positively influences the trust levels among the employees.

Above discussions show cases that there are many exciting opportunities open to the organizations by making Emotional Intelligence programme an integral part of corporate functioning. But the exact nature of such Emotional Intelligence programme will depend upon organizational needs and the people involved. It requires concentrated effort from both the management and the employees. It requires abandoning past business philosophies and practices; and challenging the current assumptions and beliefs. Emotional Intelligence intervention is not an end in itself but an enabler in the search for new business opportunities and to create a positive service climate where everyone can unleash their potentials and creativity to the maximum extent for individual and organizations success.

CONCEPTUAL FRAMEWORK OF THE STUDY

The objective of the study is to develop a framework to identify the relationship between organizational climate and emotional intelligence competencies of executives in Indian banking and insurance organizations. The study conceptualized emotional intelligence and its eight dimensions, that is, self-awareness, commitment, emotional resilience, optimism, compassion, interpersonal connection, personal integrity, and emotional regulation as related to components of organizational climate that is, leadership effectiveness, communication, stress management and trust. Framework of relationship between variables of emotional intelligence with core components of organizational climate is presented in Figure 1. In this theoretical construct the dimensions of emotional intelligence are the independent variables and components of organizational climate are dependent variables.

Conceptual Framework of the Research Study



METHOD

SAMPLE OF THE STUDY

The sample of the present study consisted of lower and middle level managers working in different organizations in Insurance sector in and around Delhi. For the current study, the questionnaires were distributed to 500 respondents, from whom 260 correctly completed questionnaires have been obtained, yielding a response rate of 52%. The response rate was low due to the nature of the study. Questionnaires were distributed to the organizational members personally and they were asked to contact the researcher whenever they faced any difficulty in responding to the questionnaire. As the questionnaire was self-explanatory, the respondents were asked to fill out the questionnaire as per the instructions mentioned in it. The sample of 260 respondents was considered of sufficient size to provide the needed reliability and validity to the research study. The research design incorporated non-probability sampling based on convenience. According to Churchill (1979), this type of sampling can be adopted when the emphasis is on exploratory research. Sample consisted of 260 respondents working in different organizations of Insurance sector.

The questionnaire comprised of 5 sections. To begin with, the respondents were asked to give personal information pertaining to their department, designation, education, marital status, salary, etc. Section A of the questionnaire consisted of

items relating to the 8 key competencies of Emotional Intelligence measured with the help of 40 items with the highest score being 200. Section B of the questionnaire examines the various dimensions of Leadership effectiveness. Section C of the questionnaire, pertained to the items relating to the trust level among the organizational members. Section D of the questionnaire comprised of the statements that examines various aspects of effective communications. The last section of the questionnaire i.e. Section E contained statements pertaining to the Stress Management i.e. the behaviours which a respondent may exhibit when stressed and the degree of stress experienced by respondent at the workplace. Following research instruments were used in the development of the questionnaire:

The scales used in the questionnaire included the Likert scale. The Likert scale uses a rating of 1 to 5, where 1 indicates 'Strongly Disagree' and 5 indicates 'Strongly Agree'.

The scale used for the purpose of measuring Emotional Intelligence of the respondents is a standardized scale on Emotional Intelligence developed by P.T. Joseph, SJ, (2002) consisting of 40 items. (Cronbach Alpha Coefficient = 0.799)

For the purpose of measuring Leadership Effectiveness, the 16 items Leadership Effectiveness scale developed by P.T. Joseph, SJ, (2002) is used. (Cronbach Alpha Coefficient = 0.797)

To identify trust levels among the respondents the subscale of organizational climate questionnaire developed by Adrian Furnham and Leonard D. Godstein (1997) is used, consisting of 12 items. (Cronbach Alpha Coefficient = 0.791)

The scale used for the purpose of measuring effectiveness of communication is the subscale of organization climate questionnaire developed by Adrian Furnham and Leonard D. Godstein (1997), consisting of 15 items. (Cronbach Alpha Coefficient = 0.868)

A part of W.M. Randolph Warley Burnout Inventory (1992) is used to measure efficacy of Stress Management among respondents. The scale consisted of 19 items.(Cronbach Alpha Coefficient = 0.656)

DATA COLLECTION

The present study used self-administered questionnaire and standardized scales or survey instruments to collect primary data. These scales were adapted and customized in relation to the study undertaken. The questionnaire consisted of 110 items in six sections. Each section represented a research dimension that has been identified from literature study.

DATA ANALYSIS

The data obtained from the survey was entered into SPSS version 19 for processing, coding tabulation and analysis of data. The raw data was computed for doing the following quantitative analysis: Descriptive Analysis such as mean, standard deviation, Correlation Analysis, Multiple Regression analysis to test the hypotheses.

RESULTS

DEMOGRAPHIC PROFILE OF THE RESPONDENTS

The total sample size was 260. The group comprised of 80(30%) females and 180(70%) males. In the group 23% respondents were in the age group of 21 to 25 years and 39% respondents were in the age group of 26 to 30 years. 21% were in 31 to 35 years age category and 32% were in 36 to 40 years of age. The rest of the respondents were more than 40 years of age. While drawing the experience profile of the respondents, it was seen that 47% of them had an experience of 2 to 5 years, followed by 32% with an experience of 5 to 10 years. The rest of the respondents were found to be having more than 10 years of work experience. The sample profile showed that majority of the respondents were single i.e., 59% and 41% were married.

Relationship between the variables

TABLE 1: MEAN AND STANDARD DEVIATION OF THE EIGHT DIMENSIONS OF EMOTIONAL INTELLIGENCE IN THE INSURANCE SECTOR

S. No.	Variables	Mean score	Standard deviation	Total number of respondents
1.	Self-awareness	20.11(25)	1.749	260
2.	Commitment	20.83(25)	2.200	260
3.	Resilience	20.30(25)	2.386	260
4.	Optimism	20.17(25)	2.193	260
5.	Compassion	18.54(25)	2.658	260
6.	Interpersonal connectivity	18.96(25)	2.281	260

7.	Personal integrity	18.63(25)	1.515	260
8.	Emotional regulation	19.29(25)	2.638	260
	Emotional Intelligence Total	156.83(200)	11.312	260

Table 1 depicts the mean scores and standard deviations of the dimensions of emotional intelligence of respondents in Insurance sector. It can be observed that the emotional intelligence of the employees show a higher score on the mean indicating that executives in insurance organizations generally possess a high level of emotional intelligence. Besides this, the mean scores of majority of the respondents on various dimensions of emotional intelligence viz. self-awareness, commitment, resilience, optimism, compassion, interpersonal-connectivity, personal integrity and emotional regulation, fell in the extremely high category. Further it can be seen that employees reported highest mean scores for commitment dimension of emotional intelligence and reported lowest mean score for compassion i.e., 20.83 and 18.54 respectively. The next step in the study is to find out the relationship between the core components of organizational climate and the dimensions of emotional intelligence.

The correlation matrix in Table 2 shows the correlation coefficient between the core components of organizational climate and the dimensions of emotional intelligence. A correlation coefficient indicates the strength of the association between the variables. A correlation coefficient is considered significant if the p- value is less than 0.05. As shown in the Table 2, in the Indian insurance organizations, all the dimensions of emotional intelligence have a significant positive relationship with four key components of organizational climate, illustrating that dimensions of emotional intelligence have positive impact on organizational climate. The table shows the highest correlation with leadership effectiveness ($r=.518$, $p<.01$) followed by trust ($r=.496$, $p<.01$), communication ($r=.429$, $p<.01$) and stress management ($r=.276$, $p<.05$). The results depict significant positive correlation for all the factors of organizational climate. However, stress management was found to have the least association with emotional intelligence, though it is significant. Hence, hypothesis 1, 2, 3, and 4 are confirmed.

The table indicated that leadership effectiveness in Insurance organizations was found to have highest correlation with regard to personal integrity, followed by optimism and commitment. Interpersonal connectivity and resilience were found to have an almost equal correlation with leadership effectiveness. At the same time emotional regulation had the least correlation with leadership effectiveness showing that it had the least impact on leadership effectiveness. Self awareness was found to be negatively related to leadership effectiveness ($r= -.034$) and no significant relation was found between leadership effectiveness and compassion.

TABLE 2: COEFFICIENT OF CORRELATION BETWEEN THE DIMENSIONS OF EI AND VARIABLES OF ORGANIZATIONAL CLIMATE IN INSURANCE SECTOR

S.No.	Variables	Leadership Effectiveness	Trust	Communication	Stress Management
1.	Self-awareness	-.034	.018	.019	.170
2.	Commitment	.462**	.351**	.402**	.245*
3.	Resilience	.371**	.418**	.282*	.224
4.	Optimism	.528**	.422**	.422**	.134
5.	Compassion	.056	.211	.032	.145
6.	Interpersonal connectivity	.381**	.534**	.401**	.400**
7.	Personal integrity	.588**	.290*	.527**	.112
8.	Emotional regulation	.359**	.254*	.206	-.002
	Emotional Intelligence Total	.518**	.496**	.429**	.276*

**Correlation is significant at the 0.01 level, * Correlation is significant at the 0.05 level

MULTIPLE REGRESSION ANALYSIS

To gain an insight into the relationships further between the independent and dependent variables and to identify the predictive relationships between the two sets of variables, if any, multiple regression analysis was done. From the correlation tables, it can be seen that there are many significant linear correlation between the dimensions of emotional intelligence and variables of organizational climate in insurance sector. Multiple regression analysis was used to diagnose the relationship between dependent variables (criterion) and independent variables (predictors). A set of independent variables are weighted to

develop the regression equation or model to explain its relative contribution towards dependent variables. The dimensions of emotional intelligence were entered in the model as independent variables, while the factors of organizational climate were the dependant variables. The results are depicted in Table 3.1, 3.2, 3.3 and 3.4.

TABLE 3.1: PREDICTING LEADERSHIP EFFECTIVENESS FROM EMOTIONAL INTELLIGENCE VARIABLES IN THE INSURANCE SECTOR

Model	IV	R	R Square	Adjusted R Square	Unstandardized Coefficients B	Sig
1	PI	.588a	.346	.336	.616	.001
2	OPT	.640b	.410	.392	.346	.007
3	SA	.673c	.453	.428	-.311	.021
4	COM	.697d	.486	.454	.233	.046

**Correlation is significant at 0.01 level (2-tailed), *Correlation is significant at 0.05 level (2-tailed)

The Multiple Regression for the relationship between factors of emotional intelligence and leadership effectiveness in Insurance Sector is .697. When variables of emotional intelligence were entered in the equation for predicting leadership Effectiveness in Insurance Sector, personal integrity accounted for 34.6% of variance. The variability increased by 6.4%, 4.3% and 3.3% with the entry of rest of the Emotional Intelligence variables i.e. optimism, self-awareness and commitment. The final model to emerge from stepwise analysis contains only 4 predictor variables i.e. personal integrity, optimism, self-awareness and commitment for Leadership Effectiveness, accounting for 48.6% of the variation in the Leadership Effectiveness. This leads us to the acceptance of Hypothesis 1. However, resilience, compassion, interpersonal connectivity and emotional regulation were not included in the analysis as it did not significantly strengthen the model.

TABLE 3.2: PREDICTING COMMUNICATION FROM EMOTIONAL INTELLIGENCE VARIABLES IN THE INSURANCE SECTOR

Model	IV	R	R Square	Adjusted R Square	Unstandardized Coefficients B	Sig
1	PI	.527a	.278	.267	.783	.000
2	INTERCONNECTIVITY	.574b	.330	.310	.289	.026

**Correlation is significant at 0.01 level (2-tailed), *Correlation is significant at 0.05 level (2-tailed)

The Table 4 depicts the prediction of communication dimension of organizational climate from various factors of emotional intelligence in the insurance sector. The multiple regressions for the relationship between factors of emotional intelligence and communication in insurance sector is .574. The output indicates that when independent variable entered the regression equation, personal integrity accounted for 27.8% of the variation in the dependent variable communication with the entry of other emotional intelligence dimension i.e. interpersonal- connectivity, the variability increased to 33%. Hence, the table indicates that two emotional intelligence dimensions entered the regression equation with considerable tolerance and found to be significant with $p < .05$. On analysing the insurance organizations, it can be seen that only 2 dimensions of emotional intelligence contributed towards prediction of communication as dependent variable with 33% variability. Hence, Hypothesis 3 is confirmed.

TABLE 3.3: PREDICTING TRUST FROM EMOTIONAL INTELLIGENCE VARIABLES IN THE INSURANCE SECTOR

Model	IV	R	R Square	Adjusted R Square	Unstandardized Coefficients B	Sig
1	INTERPERSONAL CONNECTIVITY	.534a	.285	.274	.416	.000
2	OPTIMISM	.587b	.344	.325	.259	.016

**Correlation is significant at 0.01 level (2-tailed), *Correlation is significant at 0.05 level (2-tailed)

The Table 5 depicts the prediction of trust dimension of organizational climate from various factors of emotional intelligence in the insurance sector. The Multiple Regression for the relationship between factors of emotional intelligence and Trust in Insurance Sector is .587. The output indicates that when independent variable entered the Regression equation, interpersonal connectivity accounted for 28.5% of the variation in the dependent variable trust with the entry of other emotional intelligence dimension i.e. optimism, the variability increased to 34.4%. Hence, the table indicates that two emotional intelligence dimensions entered the regression equation with considerable tolerance and found to be significant with $p < .05$. On analysing the insurance organization, it can be seen that only 2 dimensions of emotional intelligence contributed towards prediction of Trust as dependent variable with 34.4% variability. Hence, Hypothesis 4 is confirmed.

TABLE 3.4: PREDICTING STRESS MANAGEMENT FROM EMOTIONAL INTELLIGENCE VARIABLES IN THE INSURANCE SECTOR

Model	IV	R	R Square	Adjusted R Square	Unstandardized Coefficients B	Sig
1	INTERPERSONAL CONNECTIVITY	.400a	.160	.148	.347	.001

**Correlation is significant at 0.01 level (2-tailed), *Correlation is significant at 0.05 level (2-tailed)

The multiple regressions for the relationship between emotional intelligence dimensions and Stress Management in the Insurance sector are .400. Only interpersonal connectivity variable of emotional intelligence entered in the equation for predicting Stress management in insurance sector. Interpersonal connectivity accounted for 16% of variance. As the model contained only 1 predictor variable, i.e., interpersonal connectivity in the insurance sector with 16% of the variability in the dependent variable, this leads us to the acceptance of Hypothesis 3.

RESULT SUMMARY

It can be observed that the emotional intelligence of the employees show a higher score on the mean indicating that executives in insurance organizations generally possess a high level of emotional intelligence. Further it is also seen that insurance sector reported highest mean scores for commitment dimension, whereas scored lowest in compassion dimension.

Based on the results of correlation analysis, emotional intelligence is found to have positive and significant impact on all the components of organizational climate under the study. This study indicates that there is significant positive relation between Emotional intelligence and leadership effectiveness. It is also observed that there is significant positive relation between emotional intelligence and stress management abilities of the respondents. Further, significant positive association was identified between emotional intelligence and trust levels among employees. Moreover, results indicate that emotional intelligence is significantly positively related to communication within the organizations.

Multiple regression analysis indicates that dimensions of Emotional Intelligence accounted for highest variance in leadership effectiveness i.e., 48.6%. Results indicate that emotional intelligence and its variables accounted for 33% variance in communication. It is also observed that dimensions of emotional intelligence accounted for 34.4% variance in trust in insurance sector. However, only one predictor variable, i.e., interpersonal connectivity accounted for 16% variability in stress management.

Results led by Multiple Regression Analysis also reveal that variables self-awareness, personal integrity, optimism and commitment are found to be significant predictors of leadership effectiveness. Similarly interpersonal connectivity and optimism are found to be significant predictors of trust levels among employees. Further interpersonal connectivity and personal integrity are found to be significant predictors of communication in all the four sectors. However, only one predictor variable, i.e., interpersonal connectivity is found to be a significant predictor of stress management in insurance sector.

IMPLICATIONS OR CONTRIBUTIONS

Employees must be sensitized on emotional competencies and imparted with emotional intelligence training programmes to

work on the competencies that are most pressing.

Corporate world should lay greater emphasis on inculcating personal integrity among employees by focusing on training employees to act consistently and congruently with their moral values and principles.

Interpersonal connectivity among employees must be strengthened by inculcating ability to build strong network of cooperative and mutually beneficial relationships among employees.

Service orientation should be emphasized among employees to understand needs and concerns of others to develop compassion for each other.

Business organizations must focus on building high trust levels among the employees to prevent escalation of negative emotions that may cause or increase distrust among employees and lead to unfavorable organizational climate by imparting emotional intelligence abilities like optimism and compassion which are found to be significant predictors of trust levels among employees. This will improve trust levels and cooperation among employees resulting in the creation of positive organizational climate.

The current study supports the proposition of incorporating emotional intelligence training and development programmes to develop and enhance leadership effectiveness. Organizations must pay immediate attention to develop effective leadership to gain sustainable competitive advantage, by incorporating competencies like self-awareness, commitment, optimism and personal integrity which are found to be significant predictors of leadership effectiveness and enable managers to deal with diverse work force, resolve conflicts, inspire employees to work towards common goals and reinforces effectiveness in decision making process.

Developing and enhancing emotional intelligence competencies of interpersonal connection, self-awareness and optimism will help employees to face constant pressures, conflicts and limits and there by making the organizational climate favorable and positive.

This study suggests that emotional intelligence intervention will improve and enhance communication among employees and team learning on one hand. And by inculcating emotional intelligence competencies of interpersonal connection, resilience, optimism and self-awareness, will enable employees to communicate positive emotions through verbal and non-verbal mediums and create positive organizational climate of open and clear communication on the other hand.

Today imparting emotional intelligence training as a part of continuing learning and development programme in organizations is of utmost importance. The comprehensive knowledge of emotional awareness and management must be intrinsically imbibed in the constant learning process of employees at all the levels. Regular investments in emotional training programmes will result in creating a positive service climate, in which empathy, open communication and customer consciousness proliferates among employees and this in turn will lead to better business results.

And most of all, emotional intelligence competencies should be incorporated in the curriculum of business graduates to prepare them for future responsibilities and challenges.

LIMITATIONS OF THE STUDY

The study was limited to the organizations located in Delhi. The sample was limited to private sector organizations only. Besides this, there was non-willingness on the part of the executives to participate in the study for the fear of being coated and identified. The study was based on self-reported data therefore; the findings may be biased by common method variance and spurious cause/effect inferences. Further, top management was not included as a part of the research study. The generalizations occurring from the study are more conducive and limited to a particular group of employees who participated in the study. The limitations come from the sampling techniques used, which is non-probability based convenience sampling.

CONCLUDING COMMENTS

The study reports an assessment of the relationship between the dimensions of emotional intelligence and components of organizational climate in Indian insurance organizations. This study is designed to gain an insight into the development of favorable, congenial or positive organizational climate on the basis of emotional intelligence competencies. In the present study, emotional intelligence competencies were identified and studied as independent variables that influence the core components of organizational climate. The findings of the study can lead us to conclude that employees in Indian insurance sector, perceived that the focus on emotional intelligence competencies in business organizations will be favorable for the creation and sustenance of positive organizational climate with effective leadership, better stress management, open and clear communication and high level of trust among employees. Therefore, it is suggested that incorporation of emotional intelligence competencies in the organizational context paves the way for favorable organizational climate with better business results. An attempt to inculcate emotional intelligence competencies among executives in the organization can go a long way to improve the overall organizational climate. These efforts are to be made from the management's as well as employee's side to develop and enhance organizational climate in which competencies are enhanced through regular training and development programmes, which adds up to the level of emotional intelligence of the executives.

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