

RESEARCH ARTICLE

The influence of emotional intelligence sustaining future business performance

Susan Tee Suan Chin

Faculty of Business, Multimedia University, Melaka 75350, Malaysia; tschin@mmu.edu.my

ABSTRACT

The business environment has been unstable and unpredictable. In the past few years, the business world has seen not only natural causes but also human causes which affects the stability of the environment. The COVID-19 and riots are some examples of these situations which influences the future of the business environment. Despite of all these uncertainties, business leaders need to be able to formulate strategies that will see the organisation sustaining to the future. It was argued that employee's attitudes influenced by the level of emotional intelligence would be a strong competence towards sustaining and sustainability. To examine this relationship between emotional intelligence and sustaining business performance, a local manufacturing organisation in Selangor was chosen. A total of 110 executives in the organisation participated in the study. The GENOS emotional intelligence questionnaire was used in the study. Based on the findings, emotional intelligence does sustain the performance of the organisation.

Keywords: workplace; competency; productivity

1. Introduction

Growth is crucial to the long-term survival of a business. It helps the organisation to acquire assets, attract new talent and fund investments. It also drives business performance and profit. It is the objective of every business leader that their organisation is growing and improving itself phase by phase. The organisation would be able to take the opportunities at the environment and to be a market leader. Business leaders focuses on the future of their business operations—ensuring that the organisation will continue to grow indefinitely. In order for that to happen, business leaders need to ensure their organisation is resilient and will be able to sustain itself for the future. The last few years saw a virus almost crippling the business environment. Many heads of state and country had no choice but to implement control orders in a bid to stop the spread of the virus. Unfortunately, some organisation could not withstand this and had to shut down. However, there are some organisations who are able to sustain itself. The purpose of this paper is to determine the influence of emotional intelligence in sustaining the business performance.

2. Sustaining business performance

Sustaining business performance through the achievement of business goals and objectives drives business organisations to succeed^[1]. However, the road to success is fraught with challenges that could stall growth while at the same time draining the fulfillment already achieved. They could also drain the resources

ARTICLE INFO

Received: 24 August 2023 | Accepted: 7 October 2023 | Available online: 22 December 2023

CITATION

Chin STS. The influence of emotional intelligence sustaining future business performance. *Environment and Social Psychology* 2024; 9(2): 2001. doi: 10.54517/esp.v9i2.2001

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of the business organisation. Managing a stable and reliable business in a volatile business environment requires a new set of skills^[2]. Business conditions are continually changing increasing the risk of highly unpredictable performance. These collectively create complexity, which describes a business environment where change is the new normal.

Volatility, uncertainty, complexity, and ambiguity (often termed the VUCA environment) demand that businesses plan strategically but also maintain the capability to flex dynamically to manage increasing levels of unpredictability and uncertainty. It was highlighted the three to the long term intention of organisations are direction, discovery and destiny^[3]. In their definition of long term means sustainaing the business performance indefinitely. Sense of direction implies the competitive position of the organisation in the long run perspective. It would be view looking at the future and having a strong competitive position. Sense of discovery looks to the intention of being different from the competitors through the contribution and attitudes of the employees. In sense of destiny, referring to the future of the organisation, the focus is on the emotional It is a goal that is being perceived as worthwhile to be an asset to the organisation. And accordingly, the employees represent a set of unique competency.

‘Competency’ focuses on behaviour, motivations and other personal traits and it is used in reference to superior performance and high motivation^[4]. This characterisation is attribute-based, as it originates from looking at the personal attributes of the individual^[5]. The term competences is often associated, or used interchangeably, with competence, skills, abilities, capabilities, capacities, and similar concepts. In reference to sustainability, sustainability competences is interlinked with knowledge, skills, attitudes, and values that enable effective, embodied action in the world with respect to real-world sustainability problems, challenges, and opportunities.

There are several models or frameworks available for performing an organisational performance assessment. The nature of the organisation, the goal of the assessment, and the environment in which the assessed organisation operates all influence the framework (or combination of frameworks) that should be used. Typically, case study methodology is used in organisational assessments. Remaining competitive and profitable in addition to meet environmental and social demands, mandated by regulation and valued by the stakeholders, is a current challenge for organisations. Organisations need to sustain themselves for the future.

Organizational sustainability is about equipping organizations with the people and structures necessary for success in the global marketplace.

3. Emotional intelligence

An organization is represented as a group of individuals who work together in an organized way for a shared purpose. The current pandemic is urging everyone that mental health must be on the list of one of those purposes as the work environment and the behaviours related to it are determining characteristics that may unleash side-effects in employees’ well-being^[6]. Emotional intelligence refers to the individual’s ability to recognize, understand, and manage their own and others’ emotions. When the individual can manage their emotions, they will respond much effectively to any given situation vs responding instinctively in a fight, flight, or freeze mode (behaviours led by the reptilian brain). It helps individuals to deal with stress and see clearly, making better decisions in their life. It builds up the individual’s resilience: the ability to bounce back in the face of setbacks^[7].

Emotional Intelligence is the ability of the individual to manage both their own emotions and understand the emotions of people around them^[8]. Many of the core competencies for soft skills have a foundation in emotional intelligence skills. Emotional intelligence is a learned ability to identify, experience, understand,

and express human emotions in healthy and productive ways. The Genos – previously named as Swinburne University Emotional Intelligence Unit – claimed that five key emotional competencies are applicable to the workplace situation^[9]. A construct based on behaviour, the Genos Emotional Intelligence Inventory (Genos EI) measures emotional intelligence. It gives information about how well a person exhibits emotionally intelligent workplace behaviour from the most reliable source possible: those who regularly observe the person in action.

First, emotional recognition and expression refers to the ability to identify one's own feelings and emotional states, and the ability to express those inner feelings to others. Second is understanding the emotions of others which is defined as the ability to identify and understand the emotions of others and those that manifest in response to workplace environments and meetings of staff members. Emotions direct cognition refers to the extent to which emotions and emotional knowledge are incorporated in decision-making or problem-solving situations. Additionally, emotional management relates to the ability to manage positive and negative emotions both within oneself and others. Apart from that, emotional control is described as the ability to control strong emotional states experienced at work such as anger, stress, anxiety, and frustration effectively. Employees with high levels of emotional intelligence would be able to identify how they are feeling, what those feelings indicate, and how those emotions impact their behavior and in turn, the feelings of their colleagues at the workplace.

High levels of emotional intelligence overlapping strong interpersonal skills especially in the areas of conflict management and interpersonal communication are crucial skills in the workplace. Employees who can self-regulate their emotions are often able to avoid making impulsive decisions. They are able to think objectively before they act. Operating with empathy and understanding is a critical part of teamwork. If an employee is able to attribute someone's behavior to an underlying emotion will help them manage relationships and make others feel heard. The coronavirus pandemic is a test to an individual's resilience. Employees need to be resilient during the pandemic as not only everyone in the organization is affected but it is the whole world. The five dimensions of competencies especially emotions direct cognition focuses on how individuals assessed the situations at the workplace and using positive assessments to motivate them in managing their current life. Positive emotions strengthen the employee to manage during critical situations^[10].

The research questions for this study are as follows:

- 1) How will emotional recognition and expression sustain business performance?
- 2) What is the relationship between understanding others emotion and business performance?
- 3) What is the impact between emotions direct cognition and business performance?
- 4) Does emotional management improve business performance?
- 5) Does a good emotional control improve business performance?

The research objectives for this study are as follows:

- 1) To determine the relationship between emotion recognition and expression and business performance.
- 2) To investigate the relationship between understanding others emotions and business performance.
- 3) To analyse the relationship between emotions direct cognition and business performance.
- 4) To study the relationship between emotional management and business performance.
- 5) To check the relationship between emotional control and business performance.

The research hypotheses are as follows:

- 1) There is a relationship between emotional recognition and expression and business performance.
- 2) There is a relationship between understanding others emotions and business performance.
- 3) There is a relationship between emotions direct cognition and business performance.

- 4) There is a relationship between emotional management and business performance.
- 5) There is a relationship between emotional control and business performance.

4. Research methodology

The purpose of this study is to examine the relationship between emotional intelligence and business performance of an organisation from the manufacturing industry. Malaysia's manufacturing sector continues to play a vital role in the country's economic transformation^[11]. Its contributions to the nation's export revenue and job creation ensured the country's growth despite global economic uncertainties. The priority will remain on producing more high value-added, diverse and complex products, particularly in the catalytic sub-sectors, namely electrical and electronics (E&E), machinery and equipment (M&E), and chemicals and chemical products. The other two high potential growth sub-sectors, namely aerospace and medical devices will also be pursued.

Sampling plan

A successful manufacturing organization in Selangor, Malaysia has been chosen for the study. This organization has been in existence for more than 50 years. The organization started from a 2 men team to a team of more than 1000 employees with branches in Penang, Selangor and Melaka. The organization has also adopted the concept of digitalization. Their latest investment in Melaka is situated in a smart investment centre or known as SIC. The SICs uses the latest advancement in technology in their methods of production. The SICs are in line with the government's effort to move towards Industrial Revolution 4.0 (IR 4.0).

This study employed a case study methodology. When the goal of the study is to obtain specific, contextual, in-depth knowledge about a particular real-world subject, a case study is an appropriate research design. It enables the researcher to examine the case's essential traits, significance, and implications. Every organisation is different. The value, rareness, imitability, and organisation (VRIO) framework evaluates organisational resource characteristics based on these four mechanisms to determine their uniqueness. Thus, knowledge of the pertinent company resources and capabilities is necessary for developing successful business strategies.

The organisation has 110 executives and due to the restrictive sample size, all of them will participate in the study. Until to date, the organization has not retrenched any of their employees. 3 sets of questionnaires were distributed to all the executives with the help of the Human Resource personnel. The Genos Emotional Intelligence questionnaire has been used to examine the level of emotional intelligence among the executives in the organization^[9]. The Genos Models comprise of a set of emotionally intelligent behavioural competencies. Competencies represent skills and behaviours, based on underlying abilities and experiences, that are measurable and observable. The Genos model looks at demonstrated emotional intelligence. For business performance, the financial rates which includes sales, profits and market share are used to examine performance.

5. Findings and discussion

Table 1 shows the demographic analysis of the respondents from the organisation. A majority of the executives are males and about 60% of them are more than 40 years old. 58.18% of them have worked in the organisation for more than 10 years. This may indicate that the employees are satisfied with the management style. 56 executives are in the production area (Production = 21; the Engineering = 30; Store and Logistics = 6), while 54 are with the administration side (Human Resource = 21; Finance and Accounts = 12; Sales and Marketing = 20). Based on the manpower distribution, it was found that the management focused on 2

departments; i.e., engineering and sales and marketing. They need the 2 sets of departments to ensure that there is sales and the product meets the quality standard set by the customers.

Table 1. Respondents' demographics.

| | | Frequency | Percentage | Cumulative Percentage |
|----------------------|---|-----------|------------|-----------------------|
| Gender | Male | 70 | 63.6 | 63.6 |
| | Female | 40 | 46.40 | 100.0 |
| Age group | Less than 30 years old | 2 | 1.82 | 1.82 |
| | More than 31 but less than 35 years old | 18 | 16.36 | 18.18 |
| | More than 36 but less than 40 years old | 30 | 27.27 | 45.45 |
| | More than 41 but less than 45 years old | 40 | 36.36 | 81.81 |
| | More than 46 years old | 20 | 18.19 | 100.0 |
| Nationality | Malaysian | 110 | 100 | 100 |
| Marital Status | Single | 6 | 5.46 | 5.46 |
| | Married | 104 | 94.54 | 100.0 |
| Department | Human resource and administration | 21 | 19.09 | 19.09 |
| | Finance and accounts | 12 | 10.91 | 30.00 |
| | Production | 21 | 19.09 | 49.09 |
| | Sales and marketing | 20 | 18.18 | 67.27 |
| | Engineering | 30 | 27.27 | 94.54 |
| | Store and logistics | 6 | 5.46 | 100.0 |
| Education Level | Diploma and lower | 48 | 43.64 | 43.64 |
| | Bachelor's degree | 58 | 52.73 | 96.37 |
| | Master's degree | 2 | 1.82 | 98.19 |
| | Professional qualification | 2 | 1.81 | 100.0 |
| Length of Employment | Less than 2 years | 4 | 3.64 | 3.64 |
| | More than 2 but less than 5 years | 12 | 10.91 | 14.55 |
| | More than 5 but less than 10 years | 30 | 27.27 | 41.82 |
| | More than 10 years | 64 | 58.18 | 100.0 |

The research question was to examine the relationship between emotional intelligence and business performance. As seen in **Table 2**, it was found that based on the 5 dimensions of emotional intelligence, only understanding others emotions was not found to have a significant relationship with business performance as $p > 0.05$. From the remaining 4 dimensions of emotional intelligence, emotional recognition and expression was found to have a high t value. A high t value indicates a stronger effect to the outcome variable, in this case, it is business performance. Emotions direct cognition was also found to have a high t value. From the analysis, emotional recognition and expression and emotions direct cognition have been found to have a stronger impact towards business performance. These soft skills look into the individual knowing themselves and are able to solve issues or problems in the organisation. It is noted that 65.7% of the variations in business performance is related to emotional intelligence. A high percentage showed the importance of the skill in enhancing the performance in the organisation. This is more so during a volatile and uncertain situation like the pandemic.

During periods of uncertainty, employees are expected to be able to understand the situations experienced by the organisation. The soft skills needed during such times includes; conflict resolution, flexibility and problem solving. These soft skills relate to emotions direct cognition, how emotions aids the individual to

decide in a more effective way. Soft skills such as teamwork, communication, dependability and adaptability are reflected in emotional management and emotional control. The pandemic has created feelings of uneasiness and panic among many. These feelings affects the emotional stability and employees need to be able to manage and control the extremes of their emotions so that there would be harmony.

Table 2. Regression analysis between emotional intelligence and business performance.

| Model | | Unstd Coeff | | Standardised Coefficients | t | Sig. | Hypothesis results |
|-------|------------|-------------|------------|---------------------------|-------|-------|--------------------|
| | | B | Std. Error | Beta | | | |
| 1 | (Constant) | 0.023 | 0.331 | | 0.069 | 0.945 | |
| | ERE | 0.320 | 0.070 | 0.325 | 4.565 | 0.000 | Accepted |
| | UOE | 0.158 | 0.082 | 0.149 | 1.931 | 0.056 | Rejected |
| | EDC | 0.250 | 0.072 | 0.263 | 3.477 | 0.001 | Accepted |
| | EM | 0.164 | 0.076 | 0.168 | 2.155 | 0.033 | Accepted |
| | EC | 0.178 | 0.069 | 0.167 | 2.596 | 0.011 | Accepted |

a. Dependent variable: BP

| Model | R | R Square |
|-------|--------|----------|
| 1 | 0.811a | 0.657 |

Key: ERE—Emotional Recognition and Expression; UOE—Understanding Others Emotions; EDC—Emotions Direct Cognition; EM—Emotional Management; EC—Emotional Control; BP—Business Performance.

Based on the 5 hypotheses, only 4 is accepted. The p value in the regression analysis of understanding other emotions and business is more than 0.05. This hypothesis is rejected. This would indicate the employees in this organisation felt it is not necessary to have a good understanding of the colleagues in the workplace. As long as they can recognized the emotions of their colleagues, that would be good enough.

6. Conclusion

The purpose of the study was to examine the relationship between emotional intelligence and business performance. In the analysis, it was found that emotional intelligence does enhance the performance of the business. From the dimensions of emotional intelligence, emotional recognition and expression, emotions direct cognition, emotional management and emotional control were found to have a positive and significant relationship. These 4 dimensions focuses on good communication along the colleagues, good teamwork spirit, conflict resolution and good problem-solving skills.

Area of future research

The current study focused on a successful organisation in the manufacturing industry. Findings from the study may not be generalized to organisations from other industries. Moreover, in this study, the variables are the dimensions of emotional intelligence. For future study, it would be beneficial to examine the effects of emotional intelligence from organisations from other industries such as automobile, construction or oil and gas. By reviewing the study in other business sectors would increase the knowledge gained and would be useful for organisations if they would like to apply emotional intelligence into their organisation.

Conflict of interest

The author declares no conflict of interest.

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