

## Relationship of Emotional intelligence and innovative work behavior: A survey of microfinance institution in Kenya



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**ABSTRACT:** Emotional intelligence is a person's ability to recognize personal feelings and those of others and to manage their emotions. However, despite the wide interest, the concept of emotional intelligence and innovative work behaviour has often not been clearly defined in studies of the subject; indeed, the concept has become crucial for organization, yet less attention is given. Employees need to be both willing and able to be creative if a continuous flow of creativity is to be realized. The objective of this study was to determine the relationship between emotional intelligence and innovative work behavior in microfinance institution in Kenya. Emotional intelligence is increasingly being emphasized as an important concept that requires managers to improve their innovativeness. The study employed cross-sectional survey design. The institutions studied were selected using stratified random sampling technique. The two strata considered were deposit taking microfinance and non-deposit taking microfinance. Questionnaire was used to collect data from 155 branch managers and 465 subordinates of microfinance institutions. Data was analyzed by use of both descriptive and inferential statistics. Regression analysis was used to test the hypotheses. From each institution sampled the respondent was the branch managers who was in charge of day today running of the branch. Apart from the data from the managers each manager was rated by three support staff referred to as raters. Emotional competency Profiler was used to determine emotional intelligence of the managers. Emotional intelligence was taken as the independent variable while innovative work behavior was the dependent variable. Data was analyzed statistically using SPSS. Both descriptive and inferential statistics were carried out and hypothesis tested. Results showed that managers had moderate level of emotional intelligence. The study found a significant positive relationship between; emotional intelligence and innovative work behavior. It was concluded that emotional intelligence had an influence on innovative work behavior.

**KEYWORD:** Emotional intelligence, Profiler, Innovative work behavior, Managers, Rater

### INTRODUCTION

The concept of innovative work behaviour and emotional intelligence has recently emerged as the defining business issue, and has continued to receive extensive research interest. Emotional Intelligence is defined as the subset of social intelligence that involves 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 (Salovey & Mayer, 1990). Emotional Intelligence is further defined as an array of emotional and social abilities, competencies, and skills that enable individuals to cope with daily demands and be more effective in their personal and social life (Bar-on *et al.*, 2003). Strategic decision making in the dynamic and challenging world plays crucial role in terms of business management and this is brought about by the vital elements of emotional intelligence and innovative work behaviour. Innovative work behaviour is a crucial factor for managers and it enables them have the ability to try new things, innovate new ways of doing work and improve the business processes.

In recent years the importance of creativity and emotional intelligence on strategic decision making has increased owing to the dynamic changes in the global world.

Emotional intelligence enables managers to take and enjoy better relationship in organizations. Mayer *et al.* (2000) hypothesizes that those individuals with higher than average Emotional Quotient are more successful in meeting environmental demands and pressures. He views emotional intelligence as competency expected to augment positive attitudes towards work and driver positive behaviours and better outcomes. The concept emotional intelligence is trace to the era of Thorndike (1920) who originated the first theory of emotional intelligence that indicated his beliefs of different types of intelligence. The first of this branch, abstract intelligence, was measured using IQ tests. The second branch, is concrete intelligence that is used in

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understanding and manipulating objects and shapes. The third branch, social intelligence, was identified as “the ability to understand and relate to people”. This third branch is currently referred to as emotional intelligence, Bagshaw, (2000).

Over the years, the concept of emotional dimension of intelligence has been introduced in the published scholarly work of (Salovey & Mayer (1990).

The conceptualization of these concepts was in the form of social intelligence that indicates the ability to monitor individuals, others feelings and emotions, to discriminate among them and to utilize this information to guide one’s thinking and action. Mayer and Salovey (1997) interrogated emotional intelligence inform of the ability to perceive emotions, integrate emotions to facilitate thought, understand emotions, and to regulate emotions to promote personal growth. Khohar and Kush (2009) emotional intelligence is the capacity of a person to identify his/her emotions that enable him/her to become sensitive to those that he/she perceives from the environment and the circle of people he/she interacts with.

Mayer, Salovey, Curusio and Solevey (1998, 1999); Mayer, Salvoy, Curusio & Sitarenios (1997) discuss emotional intelligence as the ability to accurately identify and understand one’s own reactions and those of others. They subdivided these concepts of emotional intelligence to four categories. The first of this category, perceived emotions, involves inputting verbal and nonverbal information from the emotional system. The second category involves using emotions as part of cognitive processes. While the third category entails understanding emotions, which involves cognitive and feeling for others. The fourth, managing emotions, concerns the regulation of emotions in oneself and others.

The first comprehensive theory base for assessing emotional intelligence was the multifactor emotional intelligence scale refined and developed by (Mayer, Salovey, Curusio and Solevey, 1998, 1999, 2003). This was a performance measure, which requires the participant to fill complete tasks associated with emotional intelligence.

Reuven Bar-On (1998) emotional intelligence is being concerned effectively with oneself and others, relating well to people, adapting to and copying up with the immediate surroundings. Bar-On and Goleman (2000) develop emotional model on mixed intelligence consisting of cognitive ability and personality aspects and this emphasized on how cognitive and personality factors influence general well-being. The model uses the self-report measures of emotional intelligence and it is measured using the Emotion Quotient Inventory (EQI), the Emotional Competency Inventory (ECI), the Emotional Intelligence Appraisal (EIA), and the Work Profile Questionnaire – Emotional Intelligence Version (WPQ).

Bar-On's model of emotional intelligence relates to the potential for performance and success, is process-oriented rather than outcome-oriented (Bar-On, 2002). It focuses on an array of emotional and social abilities, including the ability to be aware of, understand, and express oneself, the ability to be aware of, understand, and relate to others, the ability to deal with strong emotions, and the ability to adapt to change and solve problems of a social or personal nature (Bar-On, 1997). The model, outlines five components of emotional intelligence: intrapersonal, interpersonal, adaptability, stress management, and general mood. Bar-On posits that emotional intelligence develops over time and that it can be improved through training, programming, and therapy (Bar-On, 2002).

Mayer *et al.* (2000) noted that a deficiency in emotional intelligence can mean a lack of success and the existence of emotional problems. Problems in coping with one’s environment is thought, by Bar-On, to be especially common among those individuals lacking in the subscales of reality testing, problem solving, stress tolerance, and impulse control. Bar-On considers emotional intelligence and cognitive intelligence to contribute equally to a person’s general intelligence which then offers an indication of one’s potential to succeed in life.

Daniel Goleman (1995) emotional intelligence is the capacity for recognizing our own and others feelings for motivating our self and for managing our emotions within our self and in our relationship. The model developed by Goleman (1998) outlines emotional intelligence as a skill that involves adeptness at handling interpersonal relationships. Goleman (1995; 1998) believes that social skills involve influencing tactics; effective communication; conflict management skills; leadership abilities; change management skills; instrumental relationship management; collaboration and co-operation abilities; and effective team membership capabilities, he developed the 137-item Emotional Quotient Test, which is comprehensive and effective in measuring the five dimensions of emotional intelligence.

Mayer *et al.* (2003) refined the emotional intelligence test. However, this instrument was designed for general measures of emotional ability of wide range in interpersonal context, the cost and the length of 141 items made it problematic for measures of consumer behaviour (Kidwell, Hardesty, & Childers, 2008; Peter & Krishnakumar, 2010).

Petrides *et al* (2003) originated traits model of emotional intelligence and mentions that traits emotional is comprehensive since the constructs consist of self- perceptions and behavioural dispositions that are compatible with the subjective nature of emotions. Palmer, *et al.* (2002), developed the mixed model of intelligence to assesses the five dimensions of emotional intelligence and include emotional recognition and expression, understanding emotions external, emotions direct, cognition, emotional management and emotional control.

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## Innovative work behavior

Innovative work behaviour is the intentional creations, introduction and application of new ideas within a work group or group organization in order to benefit role organization (West Farr 1989). It is crucial for management to have creativity for new things and to innovate and improve both production and service process.

Ability of an individual employee is crucial for continuous creativity and development for practical management of organizations, (Van de van 1986 & Janssen (2000). Scout and Bruce (1998) and Jessen (2000) describe innovative work behaviour as generation of ideas, creating support and implementing the new novel ideas.

Oldham & Cummings (1996); Amabile, (1988) accent in the definition of Innovative work behavior that it is related to employee creativity, where creativity refers to production of new and useful ideas inform of products, services, processes and procedures that are beneficial and result in innovative output.

Jong and Hardog (2008) further defined innovative work behaviour typically including exploration of opportunities, generation of new ideas, and behaviors directed towards implementing change, applying new knowledge or improving processes to enhance personal and/or business performance.

Mumford *et al.* (2002) assert that innovative work behaviour is the presentation and examination of some novel ideas that include regulation processes, problem solving and analysis, discovery of new ideas, development combination of ideas and the testing in the theoretical terms and finally the study of their benefits

Orhanand Dincer (2012) in his study of the relationship between emotional intelligence and innovative work behaviour in the banking sector in Turkish institutions found that there was significant relationship between emotional intelligence and innovative work behaviour. Mohammad and Mohadeseh (2014) observed that innovative work behaviour was an important component in management, particularly in turbulent business environments in which organizations are subjected to change. It is therefore important for employees and top management to embrace the creativity power.

It is basic that employees and managers who represent innovative power and thoughts should have attributes and traits of creativity so that they could lead the objectives and the strategies of the organization to the final destination (Aghaei Fishani, 1999). Scott and Bruce (1994) developed a six-item innovative work behaviour scale that covers idea generation, coalition building and idea realization. Scott and Bruce (1998) develop a shorter, four-item version of their measure's. Bunce and West (1995) used five items to measure the 'propensity to innovate', a measure that fits in with the definition of innovative work behaviour.

Spreitzer (1995) and Basu and Green (1997) further used four-item scales. Janssen (2000) develop multidimensional measure, using both self- and other ratings of employees that include items; idea generation, idea promotion, and idea implementation. However, there were strong correlations between these three behaviors and therefore he combined and used as a single additive scale. Krause (2004) and Dorenbosch *et al.* (2005) presented innovative work behaviour tapping two dimensions, idea generation and idea implementation.

## SIGNIFICANCE AND LIMITATION OF THE STUDY

The study shows appositve significant positive linear relationship between emotional intelligence and innovative work behavior. The study is important to the scholars and readers, the results of this study will add to the body of knowledge in the area of management, leadership, emotional intelligence and Innovative Work Behaviour as a crucial leadership trait.

The study made use of a cross-sectional survey which does not allow conclusions regarding causality nor does it fully capture the dynamic nature of the relationship between study variables as espoused by the managers. Replication of the findings in studies using different methods, for instance longitudinal design would be highly valuable.

## METHOD

Stratified simple random sampling technique was used for the purpose of this study to obtain a true and fair representation of the population. There were 847 branches of microfinance institutions in the two strata. For the purpose of this study, using (Cochran, 1977) sample size formula for continuous variables a total of 155 branches was taken as the sample size. The sample consisted of 47% of deposit taking microfinance and 53% of non-deposit taking. The manager and three raters were chosen giving total 620 respondents.

## MEASURES

Emotional intelligence of the managers was measured using a modified Emotional Intelligence Profiler (ECP) developed by Wolmarans (2001) and validated by Palmer *et al.* (2005). This instrument contains 46 items that identify and measure the key factors of emotional intelligence. The questionnaire covered factors that include emotional literacy EL, self-esteem/self-regard SE,

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self-management SM, self-motivation SM, change resilience CR, interpersonal relations IR and integration of head and heart IHH. The emotional competency profiler used a seven point Likert scale to measure levels of emotional intelligence competence of the manager. The study administered questionnaires to support staff so as to get holistic view of each manager emotional intelligence. Innovative work behaviour of the managers was measured using a questionnaire developed by Janssen (2000). The questionnaire describes the manager's innovative behaviour. This instrument had 31 items that captured the innovative competence of the manager. The quantification of innovative work behaviour was done using a seven-point Likert scale.

### Reliability and Validity of the instrument

Internal consistency of emotional competency profiler was tested by computing Cronbach's Alpha Coefficients. Cronbach's alpha coefficients exceeding the 0.7 level is acceptable in social research (Sekaran, 1992; Hair *et al.*, 2010). The Cronbach's alpha coefficients for emotional intelligence and innovative work behavior was 0.757 and 0.874 respectively.

Confirmatory factor analysis of the constructs was carried out, this helped in identifying usable items for each study construct. Expert opinion was sought where required.

## RESULTS

The sample consisted of 155 managers and 465 support staff/ raters. Out of the 155 who were expected to participate in the study 106 (68%) responded by completing and returning the questionnaire. Each manager, was to be rated by three subordinates who directly reported to them, also called raters in the study. Hence four hundred and sixty five questionnaires were distributed to the raters but 228, and this gave an overall response rate of 49%.

### Emotional intelligence

The construct of emotional intelligence key was used to generate the scores for each sub construct of emotional intelligence. The scores were summed up for all the managers and the means of each construct computed. The sample sizes, means, Standard deviations, standard error, for the managers' self –assessment (M) and support staff ratings (M) of each of the sub constructs of emotional intelligence.

Table 3 wolmarans, 2001 rating score any score dimension could be 7 and the minimum is 0. The mean between 0 and 3 represented low emotional intelligence, 3.1 to 4.5 moderate emotional intelligence and between 4.6 to 7, high emotional intelligence. From table 3, the self-rating (M) versus the support staff rating (Mr.), the self-rating mean scores for each dimension are higher than the support staff ratings. This is attributed to the fact that individual's respondent tends to see themselves more positive. The overall emotional intelligence of the managers and support staff were significantly different with managers =3.8 and support staff 2.95. The mean scores for the specific competencies were all higher for manager than for support staff. The mean score for innovative work behavior was higher for the managers with mean score of 3.5 compared with mean score of 3.1 for the support staff.

Correlation analysis was done to determine the relationship between emotional intelligence and innovative work behavior and results shown in Table 5, Results indicate a moderate positive relationship between emotional intelligence and innovative work behavior at 95 % confidence level  $R (.459)$  and  $p=000$ .

Regression analysis was done to test the null hypothesis.

$H_{01}$ : Regression analysis was done to test  $H_{01}$

By constructing the following linear model:  $IWB= B+B+EI+U$

Where EI= Emotional intelligence

(Independent Variable) B is the Y intercept

B is the Gradient/ Slope of the regression line and the  $IWB=$  innovative Work Behavior (Dependent Variable). Thus, the linear equation relating to innovative work behavior and emotional intelligence took the form:  $IWB=0.840+0.654* EI$ ,

The model has high correlation (adjusted  $R^2$  0.653 and significant ( $F=16.3$  and  $p$  value= 000

which is less than the significant level of 0.05)  $\beta$  the significance level of 0.05)

While  $\beta \neq 0$ .

ANOVA Values of large F and  $R^2$

Indicate that most of the variation in the dependent variable is explained by the regression model. The researcher therefore rejected the null hypothesis and concluded that there was sufficient evidence, at 95 % confidence level, that there a significant relationship positive linear relationship between emotional intelligence and innovative work behavior.

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## DISCUSSION

The result of the study indicated that emotional intelligence had a positive and significant relationship with innovative work behaviour. The hypothesis was therefore rejected. This finding supported prior researches by Mohammad and Mohammad 20014; Orhan & Dincer 2012; Hasan *et al*, 20011; Van de Ven (2006; and Janssen 2010). The results suggested that managers with higher level of emotional intelligence may result in higher level of better generation, application and implementation of novelty ideas.

The finding of the study further supported studies by Rego, Sousa, Cunha, Correia, and Saur (2007) who examined the relationship between leaders' emotional intelligence and creativity of their teams. The results revealed that emotionally intelligent leaders behave in ways that stimulate the creativity of their teams' members.

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**Table 1: Cronbach's alpha Reliability coefficient**

Variables	No of items used	Alpha
Emotional Intelligence	46	0.757
Innovative Work Behavior	31	0.874

Source: Survey data (2014)

**Table 2: Rotated Component Matrix<sup>a</sup> Innovative Work Behavior**

Item	Component	
	1 Idea Generation	2 Improvement
1. I Create new ideas		.783
2. I Find new approaches to execute tasks		.831
3. I mobilize support for innovative ideas		.684
4. I Acquire approval for innovative ideas		.817
5. I make employees enthusiastic about innovative ideas		.780
6. I acquire new knowledge		.714
7. I Look for opportunities to improve things		.736
8. I Consider innovative opportunities		.754
9. I wonder how things can be improved.		.774
10. I Explore new products or services		.744
11. I Search out new working methods, techniques or instruments		.645

Notes:

Eigenvalues	4.279	2.267
Percentage of variance	38.904	20.610
KMO Measure of Sampling adequacy	.800	
Approx. Chi-Square	974.574 (p-value< .05).	
Idea Generation Reliability:	.863	
Improvement Reliability:	.818	
Composite Cronbach’s alpha value:	.835	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

**Table 3: Descriptive Statistics for Emotional Intelligence**

	N	Min.	Max	Mean	Std. Error	Std. Dev.
<b>Managers Version:</b>						
Emotional Literacy	106	1.33	6.17	3.7730	.11984	1.23380
Self Esteem	106	1.50	6.17	3.8223	.11473	1.18126
Self-Management	106	1.50	6.50	3.9607	.11891	1.22422
Self-Motivation	106	1.67	5.83	3.8160	.10661	1.09760
Change Resilience	106	1.71	6.43	3.7399	.10927	1.12500
Interpersonal Relations	106	1.89	6.00	3.7209	.10262	1.05657
Integration of Head and Heart	106	1.83	6.33	3.7767	.10869	1.11907
<b>Raters Version</b>						
Emotional literacy	228	1.22	5.00	2.8782	.07631	.78566
Self Esteem	228	1.74	4.50	3.0278	.06157	.63388
Self-Management	228	1.83	5.17	3.0410	.05684	.58523
Self-Motivation	228	1.75	4.83	3.0047	.05426	.55862
Change Resilience	228	2.00	5.00	2.9648	.05301	.54581
Interpersonal Relations	228	1.41	4.22	2.5268	.06654	.68512
Integration of Head and Heart	228	1.83	4.33	3.2478	.05020	.51688
El Managers Version	228	2.08	4.14	3.8014	.03666	.37749
El Rater Version	228	1.82	6.02	2.9558	.10043	1.03398
El of the Managers	228	2.04	5.08	3.3787	.06496	.66883

Source: Survey data (2014)

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**Table 4: Descriptive Statistics IWB**

Category	N	Min	Max	Mean	SD
IWB Managers' Version	106	1.80	6.17	3.5167	.97540
IWB Rater Version	106	1.54	5.47	3.1453	.97215
IWB of the Manager	106	1.67	5.80	3.3310	.94841

Source: Survey data (2014)

**Table 5: Correlation Matrix (N=106)**

	1	2
1. Emotional Intelligence	1	
2. Innovative Work Behavior	.459**	1

Source: Survey data (2014)



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