

RELATIONSHIP BETWEEN INTERPERSONAL
SKILLS, EMOTIONAL INTELLIGENCE AND
MANAGERIAL PERFORMANCE AT
INDAH WATER KONSORTIUM SDN BHD

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DEDICATION

To the All Mighty for His love and strength.

My beloved parents, Mr.S.Kanthasamy and Mrs.Ravathi Naidu for their unconditional love, prayers and for being with me and supporting me throughout this journey.

My sister, Shamunee who constantly encourages me in pursuing my dreams.

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**HUBUNGAN ANTARA KEMAHIRAN INTERPERSONAL DAN KECERDASAN
EMOSI TERHADAP PERKEMBANGAN DAN PENCAPAIAN PARA
PENGURUS DI INDAH WATER KONSORTIUM SDN BHD**

ABSTRAK

Di era ini, para pengurus bertanggungjawab untuk mengenalpasti kekuatan mereka, supaya mereka boleh menggunakannya secara efektif untuk memberikan motivasi kepada pekerja mereka, memperbaiki tahap pengurusan mereka dan mencipta satu persekitaran dimana kemahiran mereka boleh dikenalpasti. Maka, tujuan kajian ini adalah untuk menyiasat perhubungan antara kemahiran interpersonal, kecerdasan emosi dan kesan komitmen terhadap organisasi seseorang pengurus terhadap perkembangan dan pencapaian mereka. Bagi menjalankan kajian ini, 100 borang soal selidik telah diperolehi daripada pengurus-pengurus di Indah Water Konsortium Sdn Bhd. Metodologi yang telah digunakan untuk kajian ini adalah analisis frekuensi, analisis faktor dan analisis regresi. Kajian ini menunjukkan bahawa hanya dua faktor kemahiran interpersonal iaitu motivasi dan pentaksiran mempunyai hubungan positif dengan pencapaian pengurusan. Kecerdasan emosi tidak mempunyai hubungan signifikansi dengan pencapaian pengurus. Selain itu, analisis regresi menunjukkan bahawa hanya komitmen afektif mempunyai kesan terhadap perkembangan dan pencapaian pengurus. Oleh demikian itu, untuk menjadi seorang ketua yang berjaya dan mampu untuk mengendalikan pencapaian mereka, para pengurus hendaklah melengkapkan diri mereka dengan pengetahuan yang cukup, memperbaiki kemahiran interpersonal dan mengurus kecerdasan emosi mereka.

ABSTRACT

Every manager has that something special that makes them most effective as a manager of people and a leader in an industry. When a manager can identify their strengths, they can use that to effectively inspire their employees, enhance their managerial performance and create a healthy working environment. Managers today have to handle issues pertaining to performance objectively and decisively, as well as to provide their employees, feedback on a regular basis and guidance in order to assist them in improving their performance. Hence, this study attempts to examine the relationship of interpersonal skills, emotional intelligence as well as the moderating effect of the manager's organizational commitment towards their performance. This study involves a questionnaire based survey of selected 100 managerial staffs from Indah Water Konsortium Sdn Bhd. The frequency analysis, factor analysis, reliability test and hierarchical regressions analysis was used to analyze the results of the research. The results of this study indicated that only two items of interpersonal skills which are motivating and assessing have positive and significant relationship with managerial performance. Emotional intelligence, on the other hand does not have any significant relationship with the performance. Meanwhile, hierarchical regression analysis shows that only the interaction terms of affective commitment and assessing has moderating effect on managerial performance. Thus, in order to be a successful leader and manage their performance, managers at IWK need to equip themselves with sufficient knowledge, improve their interpersonal skills as well as to manager their emotional intelligence.

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Managers and managerial staffs are perceived as one of the most important asset for an organization. In the past, they were considered as leaders who are responsible for developing and clearly communicating challenging, achievable, relevant, and measurable work goals to their subordinates. But, in this era of modern business, the roles of managers and managerial staffs are becoming more crucial from day to day. The paradigm shift has pushed the managers to implement appropriate leadership styles and managerial skills in establishing a motivating and healthier working environment within their organization.

Managers today have to handle issues pertaining to performance objectively and decisively, as well as to provide their employees, feedback on a regular basis and guidance in order to assist them in improving their performance. Furthermore, they have to ensure that their employees are given the opportunity to develop themselves by providing them necessary coaching and counseling as required.

What makes a manager successful has been a central research question of organizational scientist for decades. According to Carmeli (2003), studying managerial skills, seems to be one promising stream of research that has a potential for providing answers to the dilemmas pertaining performance faced by the managers. Hence, the purpose of undertaking this research is to focus on the relationship among behavioral

variables and managerial performance, as well as to study the effect of organizational commitment as the moderator for managerial performance.

Generally, there are certain factors that determine whether a manager is performing or not. Literatures from Clarke and Hammer (1995), and Reichers (1986) state that managers who constantly perform well in their job produces high quality output, able to handle crucial situations and issues decisively and objectively, demonstrates high commitment to organizational values, provides sufficient feedback about job performance and maintains good rapport with subordinates. On the other perspective, factors and symptoms that shows a manager is not performing are high level of absenteeism among the managers, high employee turnover, increase in sabotage, failure to demonstrate commitment to organizational values, randomly changing goals without explaining why and not performing well in their daily tasks.

This study revolves around the managerial performance at Indah Water Konsortium Sdn Bhd (IWK). IWK was chosen for this study in an attempt to find solutions and answers to the current managerial performance issues occurring at the organization. In addition, the alarming rate of high employee turnover and absenteeism among the managerial staffs at IWK are also the reason for undertaking this research at the organization.

IWK is the national sewerage company providing sewerage services to over 18 million users in the country. The company operates and maintains 8,414 public sewage treatment plants and network pumping stations, 14,148 km of underground sewerage pipelines, providing scheduled desludging services to over 350,000 individual septic tanks as well as planning and developing a sustainable sewerage infrastructure and

systems for the nation. In addition, the provision of continuous services to preserve the environment is central to the company's mission. Furthermore, as a Standard Operating Procedure, all inquiries, requests or complaints must be acknowledged within 24 hours.

The indications that the managerial staffs at IWK are not performing are increased level of absenteeism and high employee turnover which are related to organizational commitment , not being able to achieve the Key Performance Indicator (KPI) target for the year which are related to interpersonal skills and emotional intelligence and not being aware of the Standard Operating Procedures (SOP). Information from the management showed that the managerial staff turnover has increased from 10 percent in year 2008 to 21 percent in year 2009. On the other hand, absenteeism among managerial staffs has increased from 20 percent in year 2007 to 35 percent in year 2008 (Human Resource department, IWK).

Moreover, statistics from the company showed that the overall KPI for managers at IWK has decreased. The table 1.1 below shows the comparison of the KPI achievements for managers from year 2007 to 2008. The KPI results were divided into the performance of managers from four regions of IWK which are the Northern region, Central region, Eastern region and Southern region. The minimum KPI target which is supposed to be achieved by the managers is 90 percent. Statistics showed that the overall achievement has decreased and out of the four regions, managers from the Northern regions are the only ones who achieved their KPI target for the year 2008.

Table 1.1
Comparison of KPI Achievement for Managers from Year 2007 to 2008

Region	Target (%)	Achievement Year 2007 (%)	Achievement Year 2008 (%)
Northern Region	90	98	93
Central Region	90	90	75
Eastern Region	90	95	85
Southern Region	90	91	80

Source: Statistics derived from the Operations and Maintenance department, Indah Water Konsortium Sdn.Bhd.

In addition, some of the managers who have serve less that five years in the organization, are not competent enough and do not have the ability to solve crucial problems analytically and make immediate decisions as well as have poor rapport with their staffs. These are the reasons for choosing IWK as the place to conduct this research (Rao, 2007).

For the purpose of this study, two main behavioral variables, which are emotional intelligence and interpersonal skills, are chosen as the determinants of managerial performance and success at the organization. Having positive interpersonal skills increases the productivity in the organization as the number of conflicts is reduced. Interpersonal skill is chosen as one of the important variable because IWK is a service company and its main objective is to provide effective and good service to its customers. Thus, this variable plays an important role in enhancing the manager's performance because one of the items in the manager's KPI is the customer's level of service which involves communication and interpersonal skills.

On the other hand, emotional intelligence is also one of the variables which was chosen for this research. In the 1900s, even though traditional definitions of intelligence

emphasized cognitive aspects such as memory and problem solving, influential researchers in the intelligence field of study such as Thorndike (1920) had begun to recognize the importance of the non-cognitive aspects. He used the term emotional intelligence to describe the skills of understanding and managing other people. Whereas, emotional intelligence, according to Goleman (1998), is the capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions as well in us and in our relationships with others. Emotional intelligence is chosen because most of the managers at IWK are young and have less than 5 years of service at the organization. This causes the managers to lack sufficient analytical thinking ability in order to solve certain issues at the organization decisively and objectively. Hence, emotional intelligence plays an important role in enhancing the manager's ability to solve crucial issues.

Organizational commitment is chosen as the moderator because it is a psychological state that characterizes the employee's relationship with the organization. This has implications in terms of continuing an employee's membership in the organization. A committed employee is one who stays with the organization under any favorable or unfavorable circumstances affecting the organization (Meyer & Allen, 1997). Furthermore, it is chosen as the moderator because organizational commitment is related to employee turnover and absenteeism at the organization. By studying this variable, these issues can be resolved.

These variables play important roles in determining the managerial performance in an organization. Thus, this research will definitely be beneficial to the organization to increase and improve their performance as well as to sustain their position.

1.2 PROBLEM STATEMENT

Devising more effective ways of managing the performance of key managerial employees has become a cornerstone of organizational development in recent years (Cheng, Dainty & Moore, 2005). There are a number of published articles related to managerial performance. But, the criticisms on these topics are most often limited to the relationship among technical variables only and there is a lack of understanding of behavioral variables. Examples of technical variables are work competence, meeting deadlines, and achieving high standard and quality of work. Furthermore, this type of research is new to the Malaysian context. Thus, this research attempts to investigate the relationship among behavioral variables such as emotional intelligence and interpersonal skills towards managerial performance, as well as looking into the moderating effect of organizational commitment.

This research examines relationships of interpersonal skills and emotional intelligence among the key managerial employees in Indah Water Konsortium Sdn. Bhd, which is Malaysia's national sewerage company. Behavioral variables are seen to play more important roles compared to technical variables in determining the success of managers in the organization. This is because the issues pertaining performance at IWK emphasize more on the trait and behavioral factors such as poor communication skills, high absenteeism, high employee turnover and poor analytical and decisive thinking among managers.

Emotional intelligence and interpersonal skills are expected to enhance and improve the managerial performance at IWK. This is because, by knowing how to manage and understand other's emotions, as well as having good interpersonal skills,

managers at IWK will be able to create good rapport with their subordinates. This will eventually reduce sabotage from occurring. In addition, managers who use emotions in an adaptive way will be able to think analytically and make sound decisions about an issue. All these will eventually result in higher performance and reduce the rate of employee turnover at the organization.

According to past researchers such as Carmeli (2003) and Chaint (2009), the lack of sufficient interpersonal skills and emotional maturity has caused many organizations to suffer from various managerial performance dilemmas such as turnover, lack of commitment, absenteeism and sabotage. Though growing evidence indicates that emotional intelligence competency has the potential to improve performance on both personal and organization levels, we are still in the phase of understanding the extent to which members with high emotional intelligence would be more valued than the less emotionally intelligent members of their organization.

In addition, one of the criticism of the influential work of Goleman (1998), is that the main argument stating that managers with high emotional intelligence competencies are likely to provide their organizations with unique contribution has not yet received much empirical attention and support, particularly with regard to various important work-related attitudes, behavior and outcomes that may serve as good indexes for such investigation. Thus, this study attempts to narrow this gap by empirically testing the degree to which emotionally intelligent managers develop better job performance.

In the context of interpersonal skills, it is essential for managers of all levels to have strong social skills in order to have a good rapport with their employees, as well as to create efficient and effective teams. These skills are particularly important but rarely

found in managerial staffs that are from the finance, technical and computer background, because they are perceived to have the know-how exclusively in numbers, systems and processes instead of words. This needs to be focused because interpersonal skills are crucial to the success of the organization and it is important for managers to create and bond new relationships with the other departments to carry out certain strategies. Besides that, many of the managerial mistakes that can be observed in organizations are caused by too narrow a definition of interpersonal skills. Managers may jump into conclusions which are dysfunctional and this may preclude the possibility of solving the actual problem.

Hence, this paper aims to investigate what interpersonal skills and emotional intelligence that enhance employee commitment to their organization and improve the managerial performance.

1.3 RESEARCH OBJECTIVES

This research aims to investigate what interpersonal skills and emotional intelligence that enhance an employee's commitment to their organization and improve the managerial performance. Furthermore, the objective of this study is to investigate the behavioral factors that contribute to organization's managerial performance and organizational commitment. The objectives are as follows:

1. To identify whether emotional intelligence have a relationship with managerial performance.
2. To identify whether interpersonal skills have a relationship with managerial performance.

3. To study the moderating effect of organizational commitment towards the relationship between interpersonal skills and emotional intelligence on managerial performance.

1.4 RESEARCH QUESTIONS

Three research questions were developed to examine the relationship between interpersonal skills, emotional intelligence and managerial performance. The questions constructed are as follows:

1. Do interpersonal skills influence managerial performance?
2. Do emotional intelligence influence managerial performance?
3. Does organizational commitment moderate the relationship between interpersonal skills and emotional intelligence on managerial performance?

1.5 SIGNIFICANCE OF THE STUDY

There are many various reasons for undertaking this research. This study will provide those who are interested in managerial performance with insights into managerial behaviors and with ideas regarding ways and means of improving managerial performance. Thus, this research is useful and helpful to managers, organizations as well as scholars.

This study is useful to scholars because the result of this study can theoretically contribute to the literature in various ways. Firstly, it tests the hypotheses regarding the role of interpersonal skills and emotional intelligence in affecting the manager's performance. Furthermore, this type of study which emphasizes on both interpersonal

skills and emotional intelligence as well as the moderating effect of organizational commitment is very limited in the Malaysian organization context. This current research is also one of the pioneer studies to be conducted in the Malaysian sewerage and water industry.

This research differs from the past researches because it studies the relationship of both the behavioral variables which are interpersonal skills and emotional intelligence as well as the moderating effect of organizational commitment towards managerial performance. Most of the previous literatures and researches only concentrate on one of the behavioral variable and does not take the moderating effect of organizational commitment into consideration because commitment is not highly related to emotional intelligence and interpersonal skills. Usually organizational commitment is studied mostly on issues pertaining turnover and perceived organizational support.

This study is useful to scholars because the findings of this current study are different from most of the previous studies. This can be perceived as an added advantage and can be useful for scholars because it views the relationship of the behavioral variables and commitment towards managerial performance in a different point of view.

Although in general the findings of this research contradicts from the previous literatures, but there are some findings that supports the current literature on the relationship between these variables by significantly accepting the hypotheses of the two items of interpersonal skills.

Despite that, this study can also help IWK in the practical way. By studying the significance of these variables, the organization can learn the factors and items that are essential in improving the performance and in building interpersonal skills and emotional

intelligence. From the study, it is proven that higher the assessing by managers, it will result in higher managerial performance and motivation can also contribute to higher performance. Hence, managers at IWK should concentrate on these two factors in order to enhance and improve their performance. The findings showed that managers should coach their subordinates and provide relevant and sufficient feedback on job performance.

On the other hand, although the findings on emotional intelligence indicated that there are no positive and significant relationship towards managerial performance, managers at IWK should consider improving their emotional intelligence skills in order to make objective and decisive decisions as well as to use their emotions in an adaptive way.

Furthermore, IWK can also use this research to identify the skills that are lacking in managers in order for them to perform well. This will reduce the managerial issues such as turnover, absenteeism, and sabotage among the managerial staffs from occurring.

In addition, understanding the moderating effect of organizational commitment can help to enhance the managerial performance and commitment among the employees. This research is undertaken to identify which of the behavioral variables help the managers to engender subordinate commitment to the organization. Furthermore, it helps the top managers to learn the importance of organizational commitment in order to develop their key personnel so that they could perform effectively in their managerial work or organizational work setting.

Finally, this study also highlights the importance of human resource managers and trainers in assessing the interpersonal skills and emotional maturity of new recruits and enhancing the interpersonal skills of the existing managerial workforce.

1.6 DEFINITION OF KEY TERMS

This research paper comprises of several key terms such as:

i) Managerial Performance

There are no specific definitions for managerial performance. However, Whetten (2001) stated that managerial performance is related to management skills that form the vehicle by which management strategy, management practices, tools and techniques, personality attributes and style of work produces effective outcomes in organizations.

ii) Interpersonal Skills

Interpersonal skills refer to the level of mental and communicative algorithms applied during social communications and interactions in order to reach certain effects or results. This skill area includes working as a team to complete a project or solve a problem, facilitating group interactions, leading others and listening to others (Boyatzis & Renio, 1989; Mintzberg, 1973; Kotter, 1988; Cockerill, 1989; Schrodder, 1989; and Davis, Skube, Hellervik, Gebelein & Sheard, 1996).

- Level of Structuring – The level of envisioning, target setting and prioritizing.
- Level of Motivating – The level of enthusing individuals, team building and innovating.

- Extent of Assessing/Rewarding – The extent of giving positive and negative feedback, coaching and encouraging development.
- Extent of Leading – The extent of giving direction, sensitizing, focusing, information searching, scanning and differentiating.

iii) Emotional Intelligence

Emotional intelligence is linked to abilities that involve the level of skill in managing emotion in oneself and others and that are predictive of superior performance in work roles (Goleman, 1995, 1998). It can also be defined as the level of ability to perceive emotion, integrate emotion to facilitate thought, understand emotions and to regulate emotions to promote personal growth (Mayer & Salovey, 1997).

iv) Organizational Commitment

Organizational commitment is a psychological state that characterizes the employee's relationship with the organization. A committed employee is the one who stays with the organization through thick and thin, attends work regularly, puts in a full day, protects company's assets, shares company goals and others. There are three main dimensions in organizational commitment. The dimensions are normative commitment, continuance commitment and affective commitment (Meyer & Allen, 1991).

- Normative commitment – The level of employee's feelings of obligation to remain with the organization.

- Affective commitment – Level of affective or emotional attachment to the organization such that the strongly committed individual identifies with, is involved in, and enjoys membership in the organization.
- Continuance commitment – The level of tendency to engage in consistent lines of activity (Becker, 1960).

1.7 ORGANIZATION OF REMAINING CHAPTERS

This paper was organized in which the current chapter is the introduction. This chapter has presented the background of the study undertaken, the problem statements, research questions, research objectives and the significance of the study. The second chapter is the review of literature that outlines previous studies and chapter three will illustrate the data and variables. Meanwhile, Chapter four will present in detail the results and findings of the research and this will be summarized in chapter five. Apart of the summary, chapter five will also state the research limitation and suggestion for future research.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

For better understanding of the present study on the relationship between interpersonal skills, emotional intelligence and managerial performance as well as the moderating effect of organizational commitment, a comprehensive search of previous literature has been undertaken. As such, this chapter was organized in the manner to give an overview of literature, underlying theory, literature review, theoretical framework and the hypotheses development.

2.2 REVIEW OF THE LITERATURE

This section, reviews selected literature regarding the relationship between interpersonal skills, emotional intelligence, managerial performance and the moderating effects of organizational commitment.

2.2.1 Managerial Performance

Managerial performance is perceived as a very crucial and important factor to the organization's success. Today, issues on managerial performance especially the factors contributing to effective managerial performance are being widely discussed. There are many past research and literatures pertaining managerial performance. Whetten (2001) defined managerial performance as the management skills that form the vehicle by which

management strategy, management practice, tools and techniques, personality attributes and style work produce effective outcomes in organizations.

According to Hughes, Ginnet and Curphy (2009), ability to solve problems and make sound decisions, functional know-how and the ability to get things done through others are the three critical ingredients and factors that most organizations are seeking from the managers. Hence, managers are often expected to produce required results with limited time and resources. In addition, Nickolas (2008) stated that managers are expected to achieve stability in results despite widely and sometimes wildly varying circumstances and this requires them to vary their actions. Similarly, what makes a senior manager successful has been a central research question of organizational scientists for decades. Underlying this interest is the assumption or observation regarding the impact of upper-echelon managers on important issues of strategic vision, strategic positioning, strategic and tactical moves, among others aimed at improving overall organizational performance (Finkelstein & Hambrick, 1996; Hambrick & Mason, 1984).

According to Armstrong (2003), as part of this movement, the establishment of the competence or the competency of individuals, within both their general contribution to the organizational role, is central to defining the necessary routes to further development within the organization. However, Nordhaug and Gronhaug (1994) stated that the concept of competence has different meanings, and it remains one of the most diffuse terms in the organizational and occupational literature. Armstrong (2003) found that competency assessment was perceived as a powerful tool to underpin many contemporary human resource management practices. He added that this type of

assessment can assist to define the job-role characteristics and desired levels of performance.

Within traditionally structured organizations, managerial performance system tend to rely upon competence-based approaches where managers are appraised against a range of technical job function requirements and in relation to outturn performance criteria or metrics (Martin & Staines, 1994). This statement is also agreed by Stuart and Lindsay (1997) where they mentioned that managerial performance is focused more on the performance requirements of job positions than on the jobholders themselves. In addition, Garavan and McGuire (2001) also found that the competency based approaches, where managers' behavior are utilized as the basis of performance management and development activities are less commonly encountered. They also concluded that competencies can be useful means of improving performance. This approach relies upon predominantly input-based criteria, with a focus on person related variables that individuals bring to a job (Boyatzis, 1982; Spencer & Spencer, 1993).

In relation, Boyatzis (1982) describes job competency as an underlying characteristic of a person which results in effective and superior performance in a job. Bratton (1998), states that a core or personal competency is defined as any knowledge, skill, trait, motive, attitude, value or other personal characteristics essential to perform a job. In addition, this finding can be supported by the statement by Bergenhenegouwen (1996) where he argued that in a managerial context, managers must possess a range of personal competencies along with task-specific competences to perform effectively.

In relation, Cheng, Dainty and Moore (2005) suggested a more robust hybrid approach that draws on the best aspects of both approaches in order to offer a more

effective and innovative performance management paradigm. The hybrid approach is a new holistic managerial performance framework which has the systematic combination of both micro competencies and macro competencies, underpinned by role-focused measures. Micro competencies are clear descriptions of the work tasks managers should be competent at and macro competencies are what enable managers to complete those tasks effectively. Cheng et al. (2005) continued that the ability of this approach to identify and respond to changes in each of the three sections provides managerial framework within which the performance management function can achieve a more effective usage of resources.

In a similar study on managerial performance, Holmes and Joyce (1993) characterized three different approaches to measuring managerial performance, which were grounded in different job role contexts as follows:

1. Job-focused approach

Job-focused approach concentrates on identifying the key tasks of managerial work, specifying the key tasks and what is necessary for carrying out such tasks. Competence is expressed in terms of the job purpose and the standards of performance expected to be achieved, which is known as 'micro competence' (Elkin, 1990). Furthermore, under this approach, job was treated as existing independently of the jobholder, definable in terms of technical requirements. This approach can be analyzed completely into a coherent set of discrete elements (Cheng et al. 2005). Similar view is found in another study, where the Standards Programme defines 'competence' as a description of something which a person who works in a given occupational area should be able to do, it is a description of an action, behavior or outcome which a person should

be able to demonstrate (Training Agency, 1988, p.5). Where as, Collins Cobuild English Dictionary (1995) defines 'competence' as the ability to do something well or effectively. Besides that, a study by Mangham (1990) stated that adopting a micro competence or job-focused approach is normative and geared towards the development of identikit managers.

2. Person-focused approach

According to Holmes and Joyce (1993) this approach looks into the manager's performance in terms of their personal background, personality, values and motivation. In contrast with the job-focused approach, this approach views competency as macro in nature and macro competencies are of particular importance to the performance of managers when dealing with the complexity typical of managerial work (Brown, 1993; Spencer & Spencer, 1993).

3. Role-focused approach

The role-focused approach attempts to understand managerial performance by focusing on the social context in which performance is undertaken (Holmes & Joyce, 1993). The approach does not specify what a manager should do, but provides a framework in which such a specification can be made by the key parties involved.

This research undertaken is based on the micro competence of the job-focused approach because IWK emphasizes on the work tasks as well as the KPI and expects their managers to be competent at it. Elkin (1990) proposed that once the core of micro-competencies have been achieved and maintained, individuals may aspire to further growth. In comparison, competency according to McBer Associates which commenced in

1970 is not about micro-sized job tasks, but generic underlying characteristics that could be described as macro competencies (Cheng et al. 2005). In relation to that, Cheng, Dainty and Moore (2003) said that the comprehensive listings of micro-competencies might be acceptable in an environment with stable jobs, companies and markets, but in a turbulent and dynamic setting such as the construction industry, it would be a never ending task to manage such changes in micro-competencies. The view on the job-focused approach accords with functionalist approaches to organizational theory which have dominated managerial literature (Armstrong, 2003).

Besides that, Elkin (1990) also added that training is very crucial for a job-focused approach because this approach focused on output where the underlying characteristics of the employee are assumed to exist if the output standards are met. In contrast with Elkin's view, Scase and Goffee (1989) stated that although an increase in the education and training may improve the manager's technical and conceptual competences, but this could also heighten their feelings of disaffection unless there are more fundamental changes in the prevailing assumptions and values of many large organizations. On the other hand, Burgoyne (1993) mentioned that job-focused perspective is highly centralist because it determines the push for skill in job performance rather than understanding and fixing the output standards that regulate education and training.

May (1999) categorized management competencies as technical or behavioral. This current research is related to the behavioral competencies. The study by May (1999) stated that behavioral competencies may be categorized as either common or specific. In addition, all managers are expected to possess common competencies such as man

management competency, self confidence, communication skill and ability to work with managers from other disciplines. Furthermore, managers are required to have additional specific competencies such as negotiating skills, leadership and creative thinking.

Thus, all these past researches on managerial performance and the competencies support the framework and objectives and are the main factor for undertaking this current research and constructing the dependent variable.

2.2.2 Interpersonal Skills

This current research focused on the relationship between interpersonal skills and managerial performance. The relationship between interpersonal skills and managerial performance began to attract attention after the Second World War (Hunt & Baruch, 2003). Hogan and Warrenfelz (2003) defined interpersonal skills as competencies and behaviors that involve direct interaction such as communicating and building relationships with others. They also added that these skills are somewhat easier to develop. Similarly, in an article written by Professor M.S.Rao in December 2007, interpersonal skill which is also known as social skills or human skills was defined as the ability of a person to get along with other members in a group. He added that it can also be defined as the skills involved in understanding the relations between the people.

Papa and Graham (1991) measured managerial performance using a criteria proposed by Gatewood and Field (1987) where the subordinates and immediate supervisors were the assessors. The findings showed that interpersonal skills were the highest loading factor, explaining 39 percent of the variance (Avkiran, 2000). On the other hand, Goffee (1996) reports on subordinate appraisal of high performance

managerial competencies of bank managers in an effort to establish the accuracy of views held by senior human resource and line managers. The list of high-performance managerial competencies includes interpersonal items such as:

- Understanding the ideas.
- Concepts and feelings of others.
- Building empowered teams with shared goals.
- Creating a climate conducive to personal development.

In addition, an interpersonal skill is also hypothesized to impact on the entrepreneurial style of the bank manager (Avkiran, 2000).

In most organizations senior executives could be expected to have above average interpersonal skills. This competence is one of the factors that allow them to reach the top in what is essentially a political system (Hunt & Baruch, 2003). Mitzberg (1973) cited studies which indicated that managers spend 45 percent of their contact time with their peers, about 45 percent with people outside their units and only about 10 percent with their supervisors. This study obviously indicates the importance of interpersonal skills in every organization (Rao, 2007).

In a related study on interpersonal skills of managers, Langhorn (2004) indicated that the ability to maintain good relationships with those around is the key in delivering managerial performance. His findings showed that there is a significant relationship between interpersonal skills and managerial performance with the p-value of 0.023.

Rao (2007) also indicated that effective interpersonal skills contribute to better performance of the managers, higher productivity and profitability of the organization. He also concluded that whether it is a manager, leader or entrepreneur, possession of

interpersonal skills are an imperative for achieving the organizational goals and objectives.

In the business and managerial context, interpersonal skills can be defined as being sensitive in handling critical incidents and implementing executive decisions, acknowledging staff's good work, fostering a non-discriminatory work environment where staff can develop to their full personal potentials and delegating authority (Avkiran, 2000). Most of the literatures and findings from past researchers said that having positive interpersonal skills increases the productivity in the organization since the number of conflicts is reduced. Furthermore, these studies said that people with good interpersonal skills can generally control the feelings that emerge in difficult situations and respond appropriately instead of being overwhelmed by emotion.

A number of studies have tried to identify interpersonal skills essential in people management (Boyatzis, 1982; Whetten & Cameron, 2002). Similarly, Robbins and Hunsaker (2003) reviewed a large number of studies and synthesized the interpersonal skills that surfaced on most lists. Their findings indicated that most of these interpersonal skills fall into three main categories which are leadership, the process of communication and motivation. Under the leadership dimension, interpersonal skills relate to the leadership style, handling conflicts, running meetings, team building and promoting change. On the other hand, process of communication includes sending messages, listening and providing feedback. Mean while, motivating is broken down into goal setting, clarifying expectations, persuading, empowering and providing feedback.

The ability to communicate effectively with others is essential in enhancing interpersonal skills. This statement is supported by the above findings by Robbins and

Hunsaker (2003). Interpersonal communication explains “the means” by which organizational activities, such as managing, controlling, planning and leading are delivered (Bambacas & Patrickson, 2008). In addition, communication skill according to Chaint (2009) is the key ingredient in interpersonal skills. Furthermore, according to her poor communication skills can limit a person’s ability to achieve workplace prosperity. Pontius (2000) stated that communication involve writing, speaking, listening as well as presenting or a combination of these forms. Romano (2002) mentioned that managers could significantly minimize personnel problems and create a productive and harmonious work environment by using effective communication techniques. He also added that people communicate on two levels which are content and emotion. In a similar article on interpersonal skills, Jonah (2007) said that communication skills are vital to helping leaders achieve results with others.

Through listening and speaking, a manager can demonstrate respect, translate the vision of the company into action and establish as well as maintain positive work relationships. For Assistant Manager Debra Lucht of Minburn Telephone Co. the ability to communicate at every level within the organization is a highly esteemed skill. Effective communication develops and nourishes good human relationships vital to the success of the business. In addition, it develops a relationship of trust and respect that enables a leader to get the best from their team (Jonah, 2007). A study was conducted on the interpersonal communication skill and Bambacas and Patrickson (2008) found that interpersonal communication is one of the sets of skills needed by managers to achieve positive organizational outcomes. Similarly, in a study, skill was found to be a better