

MEDITATING EFFECTS OF JOB SATISFACTION IN THE RELATIONSHIP BETWEEN EMOTIONAL INTELLIGENCE AND ORGANISATIONAL PERFORMANCE

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ABSTRACT: *Globalisation has sparked many developments around the world. This has complicated the business environment. With the trade agreements being organized and conducted, the business environment has become complex. Organisations need to be competitive to sustain. The need to identify their competitive edge becomes urgent. Ideally, a good core competency needs to fulfill certain conditions for example, rare and unique. The workforce represents a good core competence as its rare and cannot be substituted. 2 elements of the workforce are being focused in this study, they are Emotional Intelligence and Job Satisfaction. The study seeks to determine the mediating effects of Job Satisfaction among the executives in an organisation. A total of 110 executives participated in this study. They were given a set of questionnaires to complete. A hierarchical multiple regression analysis was used to determine the mediating effects. It was found that Job Satisfaction has partial mediating effects to Organisational Performance.*

Keywords: People, Environment, Productivity

1. INTRODUCTION

In 2016, the Trans Pacific Partnership Agreement has been signed by many countries around the world. The Trans Pacific Partnership Agreement focuses on encouraging a freer trade among the countries involved. Malaysia happens to be a member of the Trans Pacific Partnership Agreement. Besides this agreement, Malaysia is also a member of the Asian Economic Community which has been established by the Association of South East Asian Nations. The main objective of these agreements is to facilitate trade and reduce the number of trade barriers among member countries. As the trade barriers reduce, foreign organizations are able to establish their businesses with ease among the trade partners. Competition between foreign and local organizations will be fierce. Local organizations have to face this tremendous challenge by improving their level of competitiveness. The need to strategize their business performance or performance of the organisation becomes crucial.

Business leaders need to look within the perimeter of their organisation. Forces that exist in the external environment such as the political and legal elements, changes in the economy, social and technology are beyond the control of the leaders. Forces that exist within the perimeters of their organisation are the people and equipment. People would include not only the employees but also the suppliers and customers that the respective organisation deals with. Forces that are within the organisation which the business leader can control are their own employees through soft skills management. These soft skills include Emotional Intelligence such as interpersonal and intrapersonal skills.

Emotional Intelligence has been linked to performance [1]. Despite the numerous studies conducted linking Emotional Intelligence to performance, the results has been weak and inconsistent [2]. Each organisation in the business environment has their different missions and visions. Different organizations may serve different market segments, some organizations focuses on the industrial consumers while others may choose to focus on the household segment. With these differences, the performance of each organisation may be influenced by different factors which would affect the performance of the organisation. Organisations in the service

sector focuses on their front line employees while for organizations in the manufacturing sector focuses on other areas in the organisation such as product certifications. Even though Emotional Intelligence has been given the emphasis, the evidence has been sparse [3]. This sparseness has led to many doubts and this demands further studies to be conducted especially in other organizations from different sectors [2].

In relation to the performance of the organisation, it has been suggested that a satisfied employee would be more productive while a dissatisfied employee would not want to work harder for the organisation [4]. Productivity would be affected. Job satisfaction can be likened to an employees' emotional reaction to the workplace situation. The employee's attitude will be reflected in their feelings towards the job; which could include the colleagues at the workplace, policies implemented by the management, the career opportunities available in the workplace and also the remuneration received. Employees who are not satisfied with the organisation are more likely to instigate other employees to behave counter-productively. They are likely to work less conscientiously. Being conscientious is part of contextual performance. Contextual performance is measured by Organisational Citizenship Behaviour. Both Job Satisfaction and Organisational Citizenship Behaviour prevail in the work environment and these variables do affect performance indirectly and directly. For the purpose of the current study, the effects of Job Satisfaction will be focused.

However, findings for Job Satisfaction has been inconsistent [5,6]. Many studies were conducted to determine the relationship between Job Satisfaction and individual performance [7]. Studies conducted to determine the relationship between Job Satisfaction and Organisational Performance had mixed findings. Some studies claimed to have had positive relationships, others argued that the relationship is not significant.

There were previous studies linking Job Satisfaction to performance of the organisation but the mediating effects of these variables were not examined thoroughly [8]. There could be some missing links that exists in these relationships.

These missing links acts like the mysterious mechanism that lies inside the black box. More information on these missing links would improve knowledge of Job Satisfaction [9]. The improvement of such knowledge helps business leaders and policy makers implement better policies which will motivate the employees to work harder for the organisation. The improvement of productivity increases performance.

2. PROPOSED RESEARCH

The purpose of the study is to analyse the mediating effects of Job Satisfaction between Emotional Intelligence and Organisational Performance. The hypothesis of the study would be as follows:

H1 : There would be te relationship between Emotional Intelligence and Organisational Performance with Job Satisfaction as the mediating variable.

2.1 Strategy

The study used the case study approach to analyse the mediating effects of Job Satisfaction. A case study approach allows a more indepth study of the variables in the particular organisation [10]. The organisation chosen for this study is a plastic manufacturer and they have been in business for about 50 years. The organisation is also one of the oldest in Malaysia [11]. The organisation has also ventured into higher end markets and they have produced products for the automotive and medical industry. This is seen as a step further into the industry [12].

2.2 Method

The target respondents are the executives in the organisation. Executives represent part of the manpower succession planning for any organisation. The need to exercise proper judgment and maintaining good interpersonal relationship with everyone in the organisation is important in creating a conducive work environment. The total number of executives in the organisation is 110.

There are 3 variables in this study, Emotional Intelligence (independent variable), Job Satisfaction (mediating variable) and Organisational Performance (dependent variable). The GENOS Emotional Intelligence questionnaire would be used to measure the level of Emotional Intelligence among the executives [13]. The Emotional Intelligence construct has five elements; they are “Emotional Recognition and Expression; Understanding Others Emotions; Emotions Direct Cognition; Emotional Management and Emotional Control”. The Job Satisfaction questionnaire developed by Warner would be used [14] while the scales developed to measure Organisational Performance developed by Zulkifli and Perera would be used [15]. The process would take about 30 minutes to complete. The questionnaires are distributed by a representative of the organisation.

The mediation effect was tested by using the hierarchical multiple regression analysis. The suggested four conditions of mediation would be followed [16]. The first condition states that both the dependent and independent variables in the regression model should be directly related with each other. The second condition states that the independent variable should be related with the mediating variable. The third condition states that the mediator variable should be significantly associated with the dependent variable. The last condition states that when the mediating variable is entered

into the regression equation, then the direct relationship between the dependent variable and independent variable would change. If the direct relationship becomes substantially weak, the mediation effect is considered to be partial. If the direct relationship becomes insignificant, the mediation effect is considered to be full or complete.

2.3 Findings

The objective of the study was to analyse the relationship between Emotional Intelligence and Organisational Performance with Job Satisfaction as the mediating variable. Based on the R Square value (seen in Table 1a), it was found that more than 90% of the variations are caused by these variables. A high R square value shows that strength of the variations. The relationships were found to be significant as the p values are less than 0.05 (seen in Table 1b). It was noted that the beta coefficient values has reduced substantially (from 0.955 to 0.851, as seen in Table 1c). The substantial reduction in the beta coefficient values shows the mediating effect of Job Satisfaction is partial. The substantial reduction fulfils the conditions as set by Baron & Kenny. The partial mediation effect shows that Job Satisfaction does influence the relationship between Emotional Intelligence and Organisational Performance. Based on the results, the hypothesis is accepted and it can be written as follows:

H1: There would be a relationship between Emotional Intelligence and Organisational Performance with Job Satisfaction as the mediating variable. Job Satisfaction was found to have a partial mediating effect.

Table 1a: Model Summary : Relationship with Job Satisfaction as the mediating variable

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.955 ^a	.911	.911	.20882
2	.958 ^b	.917	.916	.20305
3	.960 ^c	.921	.919	.19932

- a. Predictors: (Constant), JS
- b. Predictors: (Constant), JS, ERE
- c. Predictors: (Constant), JS, ERE, EDC

Table 1b: ANOVA ^a: Relationship with Job Satisfaction as the mediating variable

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	48.481	1	48.481	1111.849	.000 ^b
	Residual	4.709	108	.044		
	Total	53.190	109			
2	Regression	48.779	2	24.389	591.557	.000 ^c
	Residual	4.412	107	.041		
	Total	53.190	109			
3	Regression	48.979	3	16.326	410.939	.000 ^d
	Residual	4.211	106	.040		
	Total	53.190	109			

- a. Dependent Variable: OP
- b. Predictors: (Constant), JS
- c. Predictors: (Constant), JS, ERE
- d. Predictors: (Constant), JS, ERE, EDC

The partial mediation effect of Job Satisfaction showed that it does intervene in the relationship between employees’ level of Emotional Intelligence and performance of the

organisation. If employees are satisfied with working in that organisation, they are more likely to perform better. A better performance would result in a higher level of productivity and as a result, the organisation's performance would also increase.

Table 1c: Coefficients : Relationship with Job Satisfaction as the mediating variable

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.048	.137		-.349	.728
	JS	1.019	.031	.955	33.344	.000
2	(Constant)	-.159	.139		-1.142	.256
	JS	.955	.038	.894	25.021	.000
	ERE	.095	.035	.096	2.687	.008
3	(Constant)	-.231	.141		-1.645	.103
	JS	.908	.043	.851	21.192	.000
	ERE	.087	.035	.088	2.504	.014
	EDC	.075	.033	.079	2.245	.027

(Reference : ERE – Emotional Recognition and Expression; UOE – Understanding Others Emotions; EDC – Emotions Direct Cognition; EM – Emotional Management; EC – Emotional Control; JS – Job Satisfaction; OP – Organisational Performance)

Findings of the study agree with earlier studies conducted by other researchers [4]. It also helps to shed more light and improves the information, with this the level of inconsistencies will be reduced [7], [6], [5], [8]. Each organisation may have different characteristics and this might have certain influences on the results. The current findings focused on the direct effects of Emotional Intelligence and the indirect effects of Job Satisfaction on Organisational Performance.

3. CONCLUSION

Many studies were conducted to determine the relationship between Emotional Intelligence and Organisational Performance and Emotional Intelligence and Job Satisfaction. Few studies have been conducted to test the mediation effects of Job Satisfaction in the relationship between Emotional Intelligence and Organisational Performance. Findings of the study have shed some light into the mediation effects that exist in the work place. Job Satisfaction was found to have a partial mediation in the relationship between Emotional Intelligence and Organisational Performance. Results of the study have tried to narrow the research gap. It enhances the theoretical knowledge on human resources at the workplace. Policy makers would be able to implement better rules and conditions for example on the key performance index that determines the bonus to be rewarded to the employee as a token for their contribution to the organisation.

For future research purposes, it is suggested that the study be replicated to other organizations in the same industry to determine the level of generalisability. With more studies conducted, the level of inconsistency that existed can be reduced [7]. Previous studies were focused more towards individual performance rather than the performance of the

organisation. Besides Job Satisfaction, there are also other variables that play a role in the workplace, ie, Organisational Citizenship Behaviour. Results of these findings would improve the knowledge of human resource practices at the workplace. Policy makers would find the results useful in implementing new work practice guidelines.

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