

Effect of Emotional Intelligence on Employee Performance in Almasi Beverages Limited, Kenya

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Abstract

Emotional intelligence is a crucial factor for organization's performance and growth for it plays an important role in performance of today's competitive organizations and is an essential factor responsible for determining success in one's life and psychological wellbeing. The study focused on effect of emotional intelligence using Mayer, Salovey & Caruso Emotional Intelligence Tests (MSCEIT) on employee's performance because little research to date has examined how emotional intelligence affects employees' performance in a manufacturing setting which this study strives to obtain. Explanatory research design was used with a sample size of 338 employees drawn from the target population of 826 employees of Almasi Beverages Limited. The questionnaires were used for gathering primary data and were administered to the respondents directly by the researcher. The data gathered was analyzed through descriptive statistics such as frequency tables and percentages as well as inferential statistics. Pearson correlation was used to examine the direction and strength of the relationship while multiple regression analysis was used to determine whether independent variable (emotional intelligence) has an effect on dependent variable (employee performance). This study supports Howard and Cropanzano's Affective Events Theory which links emotional intelligence on employee performance. The results indicate that there is a positive correlation between emotional intelligence and employee performance. ($r = .476, p < .001$). It is therefore concluded that emotional intelligence affects employee performance hence the researcher recommends emotional intelligence as a tool for policy making, theory development, practice in organizations and further research.

Keywords: emotional intelligence, employee performance, self awareness, self regulation

Introduction

Individual performance has become a topical issue in today's business environment, so much so that organizations go to great lengths to appraise and manage it (Armstrong and Baron, 1998). Employee performance can be defined as actions and behaviors individuals carry out which are linked to company goals (Campbell *et. al.*, 1993). In order for any company to reach its goals and strategic objectives, individual performance needs to be managed effectively and efficiently (Amos *et. al.*, 2004). It is through the individuals (their attitudes and actions) that the company is able to achieve a competitive edge (Sutherland *et al.*, 2007). Individual performance is in fact the most critical component impacting companies' success (Meihem, 2004). Whetten and Cameron (1998) stated that individual performance is the product of ability multiplied by motivation.

Past study indicates that in order to elevate and sustain the level of work performance, managers must look past individual or team performance to a larger arena of play (Campbell *et. al.*, 1993). The long-standing motivational ideas of job enrichment, job enlargement become more rational when those at work are able to look for satisfaction of their needs not only in the job, but their performance in it (Walker, 1992). Amos *et al.* (2004) posits that performance cannot be left in anticipation that it will develop naturally despite the employee's natural desire to perform and be rewarded for it but the desire needs to be accommodated, facilitated and cultivated.

Based on this background, it is necessary to conduct the study on the effect of emotional intelligence on employee performance especially in the Coca-Cola Company because there has not been much research in this sector. The researcher in this case will focus on Almasi Beverages Company in Kenya namely Rift Valley Bottlers, Kisii Bottlers and Mount Kenya Bottlers in Eldoret, Kisii and Nyeri respectively as a replica of other Coca-Cola companies across the nation.

In order for Kenya to achieve vision 2030 along with the millennium development goals, the government should be steadfast in its strategies to transform Coca-Cola bottling plants as part of the manufacturing sectors into formidable engines which can be achieved if these sectors are efficient and responsive to the needs of the people. Almasi was formed to provide the economy with the most efficient, reliable and cheap manufacturing of products. The company performance obtained from individual and corporate performance may be attributed to adherence to strict and transparent procedures, good budgetary control, financial management and cost containment measures of which management reforms by Almasi Shareholding and innovations are geared towards efficiency and profitability (ABL, 2015). This study in the long run will contribute to valuable knowledge in the field of employee performance and will also produce unavailable knowledge on the subject hence form a useful material for reference to other researchers, readers and scholars.

The research objectives for this study were to determine the effect of self awareness on employee performance and secondly to examine the effect of self-regulation on employee performance with guided research hypotheses: H_{01} : There is no significant effect of self

awareness on employee performance and H_{02} : There is no significant effect of self-regulation on employee performance.

Research Methodology

The study was limited to Almasi Beverages Limited (ABL) that is Rift Valley Bottlers Company (RVB) in Eldoret, Kisii Bottlers Company (KBC) in Kisii and Mount Kenya Bottlers Company (MKB) in Nyeri to represent other manufacturers covering North, Central and South Rift. RVB is located along Oloo Street, opposite Kambi Somali while Kisii Bottlers is located next to Gusii Technical Institute and Mount Kenya Bottlers located along Nyeri-Nyahururu Road. Almasi Beverages Limited is a multinational company with its headquarters in Atlanta Georgia and for several years has served a wider region with its diversified beverages.

The study used explanatory research design in order to ascertain effect of emotional intelligence on employee performance in ABL and that it offered the opportunity for a logical structure of the inquiry into the problem of study. According to Cooper and Schinder (2003), an explanatory study uses theories or hypothesis to account for the forces that caused a certain phenomenon to occur. Orodho (2003) explained that an explanatory study analyses the cause-effect relationship between two or more variables. Since this research involved collection of information on emotional intelligence, then this research design was appropriate. The dependent variable measures the consequences of the independent variable being studied (Mouton & Marais, 1992). In this study, the independent variable was EI and dependent variable EP and for this case the researcher was to determine whether the independent variable (EI) has effect on the dependent variable (EP).

The target population of this study was 826 employees of ABL of which the sample size was drawn from 349 employees from RVB, 257 employees from KBC and 220 employees from MKB. Yamane sample size formula was used to determine the sample size from the target population of 826 employees of ABL (Yamane 1995)

The study used stratified sampling technique to select the respondents. The target population was stratified into five strata namely Administration & Human Resource, Finance, Production & Quality Assurance, Sales and finally Operations & Supply Chain (ABL, 2015). The purpose of this method is to maximize survey precision, given a fixed sample size. Total sample size in the three companies was 138, 102 and 98 from RVB, KBC and MKB respectively. Total number is 338 employees from the three companies.

The study used structured and unstructured questionnaires which were distributed to the respondents by the researcher. The questionnaire mainly focused on the effect of emotional intelligence using MSCEIT on employee performance and they were administered by the researcher so as to explain the purpose of the research, explain some areas which were not clear to the respondents and also get insight of the research study. The reliability of the MSCEIT is in the process of being further substantiated through test retest, internal consistency methods and alternative forms of assessing the reliability of a measurement scale (Sekaran, 2000). The reliability of the instrument was indicated in Cronbach's alpha-coefficient after the reliability test

was done through pilot study of Equator Bottlers in Kisumu. According to Hair *et al.*, (2010), the reliability analysis scale can be accepted if the Cronbach Alpha coefficient is between 0.6 and 1.0 where on the scale range of .8 to <9 is very good and reliability score 0.9 is excellent. Cronbach's alpha reliability coefficients for emotional intelligence competencies and employee performance has a high internal consistency because of its alpha 0.747 showing that the instrument is reliable.

Quantitative research method was used to analyze the data collected whereby it permits specification of dependent and independent variables of the research subject (Mayer *et al.*, 1995). The data was cleaned, coded numerically and analyzed using SPSS software. Descriptive statistics for example means, frequencies and percentages were used to describe the rate or percentage at which demographic information relate to employee performance in comparison to the three companies under study.

Data Analysis, Presentation and Interpretation of Findings

Kmo and Bartlett's Test Results for Emotional Intelligence

Kaiser-Meyer-Olkin Test and Barlett's Tests were used both to determine to what extent the sample chosen for the research exemplifies the population and to show the appropriateness of the correlation rate among variables for the factor analysis" (Gunluk, 2010). Tests for the five variables of EI were done and the results showed KMO measure of sampling adequacy as .878, while approx. chi-square 3769.443, Barlett's Test of Sphericity (Df) 595.000 and Sig. as .000. The value of data set obtained from the survey has been found as 0.878 which shows that there is variability in the data to conduct factor analysis. This result shows that the data set is applicable for the factor analysis in the rate of 87.8% and approximate chi-square of 3769.443, df=595. Moreover, since Barlett's test value, which is the signification of correlation among variables, is $p < 0.000$, it is clearly understood that this value is also significant or sufficiently correlated to conduct Component Analysis. In brief, the result of both tests explains the fact that analysis results are statistically significant. Rrotation sums of squared loadings was done using principal component analysis method that showed a cumulative percentage of 48.184 for the components of emotional intelligence self awareness and self regulation.

Rotated Component Matrix for Emotional Intelligence

Rotation component matrix for the independent variable emotional intelligence was done using rotation method; Varimax with Kaizer Normalization, rotation converged in 7 iterations. While grouping the variables during factor analysis, the questions of which values under 0.50 have not been assessed and have been extracted. The reason of doing that is to increase the validity and reliability of the scale. When variances related to variables analyzed separately have been taken into consideration, cumulative variance for five factors connected to emotional intelligence has been found as 57.685%. In the scope of the study, factor analysis results belonging to variables and cronbach alpha values belonging to factors have been introduced.

Reliability Analysis after Factor Analysis

Cronbach's alpha reliability coefficients for all the emotional intelligence factors are acceptable (ranging from 0.710 to 0.786) and employee performance as 0.801 which is good (Sekaran, 2000). The overall cronbach alpha for the items was 0.804. Therefore, research instrument is considered a reliable measurement instrument of emotional intelligence.

Descriptive Statistics

The descriptive statistics for the items correlated has a standard deviation ranging from .65719 to .59719 for emotional intelligence with employee performance having .93486 while the mean for emotional intelligence ranges from 4.0979 to 3.7852 and 3.2138 for employee performance implying that emotional intelligence significantly affect employee performance.

Correlation Analysis

Correlation Coefficient Analysis in relation to variables in this part of the study have been presented to show if there is a significant effect among variables or not, and if yes; what kind of effect is it positive or negative. The findings in Table 2 shows that self awareness and self regulation were positively correlated to employee performance at the 0.01 level of significance implying that emotional intelligence significantly affect employee performance.

Table 2 Correlations Analysis Results

	EmpPM	SA/M	SR/M
EmpPerf/Mean	1		
SAwareness/Mean	-.269**	1	
SRegulation/Mean	.314**	.171**	1

****.** Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher, 2015

Multiple Regression Analysis

This is one of the most commonly used statistical techniques in social and behavioral sciences as well as in physical sciences with a sole purpose of explaining the relationship between dependent variable (employee performance) and the independent variables (self awareness, self regulation, self motivation, social awareness and social skills). The purpose of

conducting multiple regression model analysis was to determine the effect of emotional intelligence on employee performance. The model in Table 3 shows that there is significant relationship between the dependent variable and the independent variables with a p -value of .000 and R .476. Durbin Watson test showed that there was no autocorrelation among the variable as indicated by value = 1.594 which was less than 2 thumb rule.

Table3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	Durbin-Watson
					F Change	Sig. F Change
1	.476a	.226	.214	.82904	.226 17.675	5 302 .000

a. Predictors: (Constant), Self Regulation/Mean, Self Awareness/Mean,
b. Dependent Variable: employee Performance Mean

Source: Survey Data, 2015

Analysis of Variance

Analysis of Variance (ANOVA) was employed to measure the differences between emotional intelligence and its antecedents. The results in Table 4 indicated that F value 7.675 with $p < 0.05$ significant at 0.05, implies that the joint prediction of aforementioned independent variables of emotional intelligence is significant. It showed that the model can be used in future to predict emotional intelligence among employees in organizations. The table below indicates that the model as a whole is significantly fit to the data at .000.

Table 4: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	60.741	5	12.148	7.675	.000 ^b
	Residual	207.565	302	.687		
	Total	268.306	307			

a. Dependent Variable: employee Performance Mean

b. Predictors: (Constant), Self Regulation/Mean, Self Awareness/Mean

Source: Researcher 2015

Hypothesis Testing

The independent variables that were studied, explain 22.6% of the variation in employee performance as represented by the R^2 . Further, the Durbin-Watson value is within the thumb rule (1.594) hence there is no serial correlation. The significance value is 0.000 which is less than 0.05 thus the model is statistically significant in predicting emotional intelligence. Hypothesis

testing is based on standardized coefficients beta and p-value to test whether the hypotheses are rejected or not.

Hypothesis 1: (H_{o1}) predicted that self awareness does not significantly affect employee performance. The results in Table 4 indicated that $\beta_1 = -0.304$ was significant at $p < 0.05$ and t value = 5.019. Thus, self awareness does affect employee performance hence providing grounds for rejecting the hypothesis 1. This implies that increasing self awareness of employees will increase their performance in ABL.

Hypothesis 2: (H_{o2}) predicted that self regulation does not significantly affect employee performance. The results in Table 4 indicated that $\beta_2 = 0.388$ was significant at $p < 0.05$ and t value = 6.157. Thus, self regulation affects employee performance hence providing grounds for rejection of hypothesis 2. This implies that increasing self regulation of employees will increase their performance in ABL.

Objective 1 from the findings showed that emotional intelligence affect employee performance in ABL ($\beta_1 = -0.304$, $p < 0.05$) leading to rejection of the hypothesis while objective 2 from the study also showed that emotional intelligence do affect employee performance in ABL ($\beta_2 = 0.388$, $p < 0.05$) leading to rejection of the hypothesis.

Conclusion

The findings show that employee performance is contributed fully by emotional intelligence and thus every organization should consider it by creating an atmosphere in which employees' self awareness and self regulation are enhanced.

Recommendations of Study

Policy Recommendation

The study provides contribution to the existing literature and theory. According to the affective events theory (AET) theory that guided this study, emotions are critically important to how employees handle workplace situations. The theory states that there is a relationship between the employees' internal influences such as emotions and their reactions to incidents that happen during their workday that affect their performance, job commitment, and long-term job satisfaction. This study can be used as a guide to organizations to consider the issue of emotional intelligence so as to increase employee performance. Based on the findings of the study, organizations should improve employee performance by adopting emotional intelligence as a tool of equipping its employees.

Recommendation for Further Study

Emotional intelligence, as an important area of human behavior needs a lot of research in the developing countries like Kenya as it directly influences the employees behavior working in

any organization, the decision making power and the abilities related to handle the contingency situations, which may arise out of blues. This was an explanatory study that focused on the effect of emotional intelligence on employee performance of Almasi Beverages Limited via affective events theory.

Secondly, primary data collected from employees of Almasi Beverages Limited comprising of the three companies namely Rift Valley Bottlers Ltd, Kisii Bottlers Ltd and Mt. Kenya Bottlers Ltd. A similar research can be done in future in other Companies like Coast Bottlers, Nairobi Bottlers and Equator Bottlers or other sectors in the country not necessarily the manufacturing industry/other populations in various environments to contribute to a greater possibility of generalizing findings for example tertiary education institutions, the retail industry, the manufacturing industry, the political arena among others.

Thirdly, research may also extend the model to include other factors such as mixed model and trait models of emotional intelligence or the intrinsic and extrinsic factors which have impact on the employee behavior and emotional intelligence of the employees and by also increasing the sample size so as to increase validity of the study.

Future research can also be extended to identify the effect of the employee performance and emotional intelligence by taking demographic variables into account in exploring differences in emotional intelligence and performance scores. Future research should be conducted comparing various homogenous demographic populations.

Managerial Implications

The performance of individuals is critical to the effectiveness of any organization and needs to be managed. Any organization requires an appropriate performance management system that is directly aligned to the strategic objectives of the business, ensuring that the strategic objectives of the business are translated into clear achievable objectives for each individual employee. The appraisal component of the system needs to be relevant and fair and should be tested by organizations for its continued reliability and validity. People are the key to organizational effectiveness and the key to the success of any business is being able to unleash the potential which resides within their human capital. To do this, organizations need to identify emotional intelligence as most relevant to the achievement of their strategic performance indicators.

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