EFFECTS OF LEADERSHIP AND EMPLOYEE TURNOVER

Dr. Sunil Karve  
Principal  
KBP College, Thane, India  
Email: drkarve@gmail.com

Dr. Rupali Khanolkar  
Associate Professor  
Sasmira, Mumbai, India  
Email: khanolkarrupali@yahoo.com

ABSTRACT

High employee turnover threatens the performance of sales personnel in pharmaceutical industry. This paper examines the influence of emotional intelligence of leaders on turnover intentions of field sales employees in Indian pharmaceutical industry. This paper states that Emotional intelligence of leaders may be an important determinant of turnover intention in pharmaceutical sales employees. The analysis of data showed that emotional intelligence of the leader was related significantly with intention to quit of employee. Emotional intelligence of the leader had a high negative relation with Intention to quit of subordinates. Managing others, Empathy, Assertiveness, self-awareness and Personal Orientation were the factor of emotional intelligence of leaders that influenced the prediction of intention to quit of subordinates.

Keywords: Leadership, Employee Turnover

INTRODUCTION

Emotions play a very critical role in our life. The construct of Emotional Intelligence today is one of the most frequently researched topics in organizational study especially in context of human behaviour. Emotional intelligence (E.I.) refers to the ability to recognize our own feelings and those of others for motivating ourselves and for managing emotions well in ourselves and our relationships (Goleman, 1998).

Emotional intelligence has been found to be associated with leadership. Leaders high in emotional intelligence are key to organizational success. Leaders must have the capacity to sense employees’ feelings about their work environments, to intervene when problems arise, to manage their own emotions in order to gain the trust of the employees, and to understand the political and social conventions within an organization In addition, a leader has the capacity to impact organizational performance by setting a particular work climate. (Goleman 2000)

High rates of employee turnover is order of the day in today’s Globalized and competitive economy. It results in greater inefficiencies in organizations as they must bear the costs associated with hiring and training new employees, as well as cost of lost productivity when experienced workers leave. This is especially true in organizations where the organizational capital is primarily intellectual that is where employee knowledge skills and abilities form the basis for services and deliverables of the...
organizations. High rates of turnover may lead to reduced productivity and reduced competitiveness. (Balfour and Neff 1992) Many studies have shown that the intention of quitting a job stems from factors such as leadership support, organization commitment, and job satisfaction (Price, 2001). In addition, many researchers (Wong and Law, 2002; Carmeli, 2003; Voccola et al., 2004; Goleman, 1998; Kooker, Shoulzt and Codier, 2007) provided evidence of a negative relation between turnover intention and Emotional intelligence.

Understanding influence of emotional intelligence of leaders on employee’s decision to quit or Turnover Intention has therefore become priority of human resource.

**Emotional Intelligence**

Peter Salovey and John Mayer, who originally used the term "emotional intelligence" in published writing, initially defined emotional intelligence as ‘A form of 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). Later Goleman defined EI as, “the capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationship (Goleman 1998)

EI has been found to be an important predictor of various enviable organizational outcomes, such as job performance, job satisfaction, organizational citizenship behaviour, and organizational commitment (Carmeli, 2003; Sinha & Jain, 2004; Rathi and Rastogi 2009).

**Turnover Intention**

Employee turnover is the rotation of workers around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment (Abassi et al., 2000). Terms employee turnover and intention to quit have been used interchangeably in literature. (Mellor, Moore and Loquet, 2004) define intention to quit as the individual who may be thinking about quitting a job. Glissmege et al (2007) define intention to quit an organization as mediating factor between attitude affecting intent to quit and quitting an organization.

Turnover intention is defined as – “one’s desire or willingness to leave an organization” (Thoresen et al., 2003). Turnover intention is a component of withdrawal behavior (Hulin, Roznowski, & Hachiya, 1985; Lee & Mitchell, 1994) and has long been associated with negative job attitudes such as job dissatisfaction and intention to quit (Hulin et al., 1985; Mobley, 1979). Studying turnover intention is important as it is still considered to be one of the strongest predictors of actual turnover (Griffith, Hom, & Gaertner, 2000). Similar to the formation of job satisfaction or dissatisfaction, turnover intention also develops over time.

**EMOTIONALLY INTELLIGENT LEADERSHIP**

A leader’s ability to manage own moods and affect the moods of others is not a private matter. It has a direct impact on business results, since the leader’s emotions and moods dramatically influence the quantity and quality of the work people do. In the past leaders used to focus more on end results or bottom line results and ignore their behavior and the effect it would have on their subordinates. Today we know that the emotions of leaders have an enormous impact on their respective subordinates. The leaders’ mood and tone can drive people towards anger, hostility, apathy or towards optimism, commitment and pride (Buckingham, Coffman 1999). Major surveys, like the Gallup survey quoted by Marcus Buckingham and Curt Hoffman in their book First Break All the Rules suggest that 50-70 percent of the factors influencing how employees perceive the organizational climate can be traced to the moods, behavior and actions of one person, their immediate superior. The immediate manager highly influences the conditions that determine people’s ability to perform at their best, and thus the economic outcome. Managers spreading bad moods are bad for business. Managers spreading good
moods promote business success. The ability of a leader to drive his team into an enthusiastic and cooperative mood can determine its success. But when emotional conflicts take energy and focus away from the tasks at hand, the performance of the team will suffer. In his study of 139 different business units a total of 5,589 employees within the service sector in US, Europe, Mexico and Asia, described in the book Practice What You Preach, David Maister supports the conclusions of Buckingham & Hoffman that there is a casual link between the profitability of a company and how well the employees enjoy their work and the working climate. The study also showed that management success is mostly about the personality of the individual manager for an operating unit; optimistic and enthusiastic leaders retained their people more easily than leaders who displayed negative moods. In units where turnover was high people tended to leave their immediate leaders, not the company. (Maister, 2001)

Different studies have explored the association between manager’s moods (Emotional Intelligence) and Organizational Commitment of subordinates. Among these studies, Goleman looked at the effect of 6 management styles on Organizational Commitment and revealed the strongest relationship between EI and Organizational Commitment. Since styles of management that have different effect on Organizational Commitment are driven from different EI factors, it seems possible that different emotional behaviours give rise to different management styles and different perceptions of Organizational Commitment. (Goleman 2000) These studies suggests that the one of the important contributor to the feelings of organizational commitment and in turn intention to quit depends on the positive or negative relationship they have with the leaders of the organization

OBJECTIVE

In view of above the objective of the study was: To establish a relationship between various dimensions of emotional intelligence of leaders and intention to quit of their subordinates.

METHODOLOGY

The present study uses sample size of 150. The study was conducted on sales representatives of two pharmaceutical companies located in Western India. The sample was obtained in a manner that ensured sticking to the probability sampling method. The respondents were asked to fill up questionnaire which was designed to record their perceptions of Emotional intelligence of their respective leaders and their intention to quit. Questionnaire was distributed to 220 sales representatives and in all, 150 executives returned completely filled up questionnaires. The age of respondents varied from 22 years to 60 years (median=37). The work experience ranged from 4 to 23 years (median=16).

ANALYSIS

Emotional Intelligence of leaders had a high negative correlation with Intention to quit (r= -.69). Amongst factors of Emotional Intelligence, Management of others was found to have high and significant correlation with Intention to quit (r= -.47 ,p=0.00). The total variance explained by Management of others was 20.25%. Apart from this Managing Emotionality and impulsiveness (r=-.16), managing anxiety (r=-.10), Assertiveness (r=-.26), and Empathy (r=.21) were other factors with significant relations.

Regression analysis: Multiple regression analysis was conducted to predict the percentage of relationship between emotional intelligence of leaders and intention to quit of respective subordinates. Nine predictors were entered simultaneously into the analysis: Managing Emotionality and Impulsiveness, Self Awareness, Depression, Managing Anxieties, Personal Orientation, Assertiveness, Empathy, Self Confidence, Managing others / Understanding others.

Managing others (β = -.489,p=.000) , Empathy (β = -.179,p=.000), Assertiveness(β = -.180,p=.000) ,self awareness (β = -.232,p=.000) , Personal Orientation (β = -.189 ,p=.000) were the factor of
emotional intelligence of leaders which entered the prediction model of intention to quit. Negative beta sign indicates that the variables are in opposite direction. The overall variance explained by the predictors was 32.8%.

DISCUSSION

Emotional Intelligence of leaders was found to have High negative correlation with Intention to Quit (r = -.69). ‘Management of others’, one of the factors of Emotional Intelligence subscale was found to have high and significant negative correlation with Intention to quit r = -.45. The negative correlation indicates that the direction of two variables is opposite of each other. The regression analysis reveals that Empathy, Assertiveness, Managing Emotionality and Impulsiveness and Managing anxieties were some other important factor with moderately high impact in deciding relationship between Emotional Intelligence of leaders and Intention to quit of subordinates.

Assertiveness, Managing Emotionality and Impulsiveness and Managing anxieties are factors related with Self awareness and self control (Goleman 2001). These factors indicate that leaders with high level of Self awareness and self control would be able to set better image of themselves in front of their subordinates. This would in turn help in reducing Intention to Quit.

Empathy and Managing others are two factors which contribute towards Understanding others and management of relations between Leader and subordinate. Our earlier analysis also reveals that these two were important factors in various relationships. The obvious reason for this is that the subordinates would feel more comfortable in working with Leader who is able to understand them, their problems, their personal goals etc.

These finding are very much in tune with earlier research findings. A leader’s ability to manage own moods and affect the moods of others is known very well today. The leader’s emotions and moods dramatically influence the quantity and quality of the work people do. In the past it was easier for formal managers to focus on hard issues, on bottom line results and ignore their own style and behaviour and the effect it would have on those they were leading. Today we know that the mood and tone of leaders have an enormous impact on those they lead. The leaders’ mood and tone can drive people towards anger, hostility, apathy – or towards optimism, commitment and pride. (Buckingham M., Coffman C., 1999)

CONCLUSION & RECOMMENDATIONS

On basis of our research we can conclude that managers interested in fostering commitment among their employees can gain by understanding importance of Emotional Intelligence. This in turn would reduce the employee’s intention to quit.

Ability to understand emotional needs of subordinates (Empathy), and to be able to manage the subordinates in terms of their emotional needs (Managing Others) are important skills that every manager in Pharmaceutical sales would need to harness. In order to improve on these skills managers can gain by seeking guidance from growing literature on Emotional Intelligence. The Organizations can conduct training programs for present leaders for improving Emotional Intelligence.

The Organizations from Pharmaceutical Industry would therefore gain from including Emotional Intelligence testing as a part of recruitment screening especially for leadership positions.

REFERENCES


