



**ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS  
MANAGEMENT DEPARTMENT**

**THE EFFECT OF EMOTIONAL INTELLIGENCE SKILLS ON PROACTIVE  
DECISION MAKING  
IN THE CASE OF BRANCH MANAGERS IN COMMERCIAL BANK OF  
ETHIOPIA**

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## DECLARATION

Cherinet Tesfaye declared that this research project entitled “**The Effect of Emotional Intelligence on Proactive Decision Making in the case of Branch Managers in Commercial Bank of Ethiopia**” in the partial fulfillment of the requirement of the degree in Executive Master of Business Administration(EMBA) is my original work and has never been presented for award of any degree in any other university.

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Date.....

.Date.....

**CERTIFICATION**

**ADDIS ABABA UNIVERSITY**

**College of Business and Economics**

This is to certify that the thesis organized by Cherinet Tesfaye is entitled "**The Effect of Emotional Intelligence on Proactive Decision Making in the case of Branch managers in Commercial Bank of Ethiopia**" is submitted in partial fulfillment of the requirements of degree in EMBA(Executive Masters of Business Administration) complies with regulation of the university and meets the accepted standards with the respect to originality and quality.

Signed by the Examining Committee

Advisor: Dr. Jemal Mohammed

Signature\_\_\_\_\_ Date\_\_\_\_\_

Examiner 1:

Signature\_\_\_\_\_ Date\_\_\_\_\_

Examiner 2:

Signature\_\_\_\_\_ Date\_\_\_\_\_

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Chair of Department of Graduate Program Coordinator

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## *Acronyms*

**EI** Emotional Intelligence

**PDM** Proactive Decision Making Model

**SEA** Self-Emotional Appraisal

**OEA** Others Emotional Appraisal

**UOE** Use of Emotions

**ROE** Regulation of Emotion

**CBE** Commercial Bank of Ethiopia

**WLEIS Wong and Law Emotional Intelligence Scale**

## **ABSTRACT**

*Decisions most often result in either positive or negative outcomes. The negative side of decisions are those that reduce the performance of an entity and or organizations and frequently labeled as reactive. While those decisions which result in increasing the performance are proactive decisions. Both proactive and reactive decisions are often the result of the individuals' state of mind or emotions. The main aim of this study is to investigate the effect of employee emotional intelligence skills on their level of proactive decision making. The research dwelled more on non-experimental quantitative approach which made entirely through questionnaires as formulated and developed only for this purpose. The researcher employed Wong and Law emotional intelligence scale, and the multidimensional concept of proactive decision making(PDM) measurements. Adopting census survey method the whole population were targeted where in size is restricted to branch managers under south Addis Ababa district office. The number of targeted branches were 102. The researcher believes that result obtained from this study will be general indicator for the rest of the branch managers in the Bank. In the research statistical analysis Software Package for social sciences (SPSS) version 24 was employed and descriptive and inferential statistical methods were used. Major finding of the study reveal that individuals' emotional intelligence has significant and direct relationship with decisions that are proactive .Hence, it is recommended that the Bank should increase employees level of emotional intelligence skills by strengthening its staff development programs through delivering various trainings to management members specifically designed to branch managers since they are responsible to run core function of the organization, that is rendering customer service.*

**Keywords:** - Emotional intelligence, proactive decision making, self-emotional appraisal, others emotional appraisal, use of emotions, regulation of emotions, cognitive skills, personality traits objective, information, alternative, decision radar, initiation, improvement, Commercial Bank of Ethiopia,

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

The individual's capacity to turn difficult situations or complex problems into opportunities or positive outcomes are often termed as emotional intelligence skills/emotional quotient. According to Wong and Law emotional intelligence is defined as the capacity or skill level of the individual to appraise the self and the others' emotional state and to use and regulate those emotions. On the other hand, proactive decision making as stated by Johannes Siebert and Reinhard Kunz is a multidimensional concept that combines aspects of proactive personality traits and proactive cognitive skills to support the making of better decisions. Cognitive skills consist of four factors: objective, information, alternative and decision radar while personality traits has two factors: initiative and improvement. (Siebert & Kunz,2016)

Emotions are part of individual's everyday life and they are considered as primary drivers of decisions. For organizations too the role of sound and quality decisions is crucial in running day to day operational activities as well as resolving long term strategic issues. In both cases the impact of emotions on decisions is significant. Consequently, contemporary management theoreticians and practitioners has tried to explain and expresses the relation between emotion and other organizational functions through the concept called emotional intelligence abbreviated as EI or equivalently emotional quotient(EQ). So the extent and level of decision quality is determined in part by the state of decision makers' emotional intelligence.

Though the concept is emerging and new, the relevance of emotional intelligence has been given due attention and consequently proved by different researchers during the last three decades. Emotional intelligence (EI) is defined as the aggregate of abilities, competencies and skills that represent a collection of knowledge meant for coping with life effectively. Thus it is closely related to the personal and professional growth of the individuals who have to take decisions under stressful and difficult situations. (Sumathy.L,2015)

Organizations and individuals may benefit from the development and utilization of behaviors attributed to emotional intelligence. The practical application of emotional intelligence skills can enhance individual and group decisions and outcomes. They could also become a strategy for the

development of the individual's and organization's ability to assess the impact and consequences of decisions, while simultaneously improving the quality and effectiveness of the decision-making process.(Hess& Bacigalupo,2011).

Hence identifying and analyzing factors affecting manager's emotional intelligence has great importance in understanding the level of quality of decisions and their outcomes.

## **1.2 Statement of the Problem**

Adaptive behaviors increase the likelihood of survival and improve the quality of life. However, it is often difficult to identify optimal behaviors in real life due to the complexity of the decision maker's environment and social dynamics(Lee,2013). So as decisions play vital role in running day to day business activities of organizations, unfortunately, not all decisions result in profitable, ethical and strategic undertaking. Hence adaptive behaviors like being proactive is believed to lessen negative consequences and increases the chances of success in real life situations.

But proactive decisions are affected by various factors one of which is decision makers' emotional intelligence or termed in another way emotional quotient. Contemporary studies made on this area indicate that proactive decisions are not only the results of rational thinking, the role played by emotions is also significant. In this regard, for many decisions, the assumptions of rational models are not met(Gigerenzer & Gaissmaier,2011).Despite the significant influence of emotional intelligence on proactive decisions, so far no comprehensive research has been conducted that tries to relate these two core concepts. Moreover, in most areas low emphasis has been given in understanding and recognizing the issue of emotional intelligence and proactive decision making in personal, organizational and social contexts.

Accordingly, this study will try to address adaptive behaviors in emotional intelligence and analyze their effect on proactive decisions making capacity of an individual (in this case managers)and subsequently on their organizations.

### **1.3 Research Questions**

This research tries to analyze and understand the impact of adaptive behaviors of emotional intelligence of managers in Commercial Bank of Ethiopia on their proactive decision making approach. Accordingly, the following research questions are derived: -

- What is the effect of the employees' self-emotional appraisal skill on their proactive decision making?
- What is the effect of the employees' others emotional appraisal skill on their proactive decision making?
- What is the effect of the employees' use of emotions skill on their proactive decision making?
- What is the effect of the employees' regulation of emotions on their proactive decision making?

### **1.4 Objectives of the Study**

#### ***1.4.1 General Objectives***

The primary and the general objective of this study is to assess the impact of emotional intelligence skills on proactive decision making capacity of employees holding middle level managerial positions.

#### ***1.4.2 Specific Objectives***

The specific objectives of this study rests on analyzing the impact of the four component parts of emotional intelligence skills on managers' proactive decision making capacity. These component parts are said to be self-emotional appraisal, others emotional appraisal, use of emotions and regulation of emotions. Specifically, the specific objectives are: -

- 1- To assess the effect of self-emotional appraisal on proactive decision making
- 2- To assess the effect of others emotional appraisal on proactive decision making
- 3- To assess the effect of use of emotions on proactive decision making.
- 4- To assess the effect of the regulation of emotion on proactive decision making.

Moreover, it is also the aim of this study to find out ways and mechanisms of increasing the level of decision making capacity through emotional intelligence skills.

### **1.5 Significance of the Study**

The researcher has tried to find out the relation /association between emotional intelligence skills on and proactive decision making which is believed to have a profound had impact on performance of individuals as well as organizations.

So far no related and relevant study has been made on this field that tries to relate the two core concepts. So it is believed that while filling the wide gap it will be of a great contribution for this infant and unexplored body of knowledge. In addition, it could also lay the ground work for future researchers who want to conduct study on related topic.

The empirical result could also be a general indicator on how emotional intelligence skills of employees affects proactive decision making and eventually their organizations. Therefore, it is relevant for owners, managers, executives and policy makers in understanding the importance of having proactive decisions for the common benefit through emotionally intelligent workforce.

### **1.6 Scope of the Study**

Though the role of this study is to assesses and analyze the impact of emotional intelligence skills on decision makers' proactive decision making, it is limited to branch managers found at commercial Bank of Ethiopia under South Addis Ababa District. Therefore, the respondents would be branch managers whose prime task is to actively lead, monitor and manage their work unit to the level required by their organization. They are also primarily responsible to meet the given target of their work unit and hence their performance depends on the level of proactive decisions they being made.

### **1.7 Limitation of the Study of the Study**

The concept of emotional intelligence and decision making is so wide and broad that, it is impossible to incorporate all variables in to this study. Moreover, EI as a disciplines is a new and emerging concept which still requires further exploration and investigation.

Major limitation of the study is the scope is limited to few group of employees in the specific geographic location: in this case Branch Managers of Commercial Bank of Ethiopia at southern Addis Ababa areas.

However, the researcher has tried assess actual and existing relevant factors important for the study with proper attention given to minimize room for potential bias in all processes of this research.

### **1.8 Organization of the Research Report**

This study will have five chapters, the first chapter outline background of the study, statement of the problem, basic research questions, objective of the study, significance of the study, scope of the study and limitation of the study.

The second chapter deals with overview of related literature. The third chapter concerned with the research design and methodology, sample size, sampling technique and data collection methods.

The forth chapter explains the data presentation and analysis part of the paper.

The fifth chapter presents the summary of the finding of the impact of emotional intelligence on decision making of business executives then discuss the findings. Moreover, the last chapter will be dedicated to summary of findings, conclusion and recommendation of the researcher.

## **CHAPTER TWO: REVIEW OF RELATED LITERATURE**

### **2.1 Introduction**

Emotional intelligence and decision making are considered as two sides of the same coin. No decision has been made without an emotion element attached to it. Jennifer S. Lerner has described emotions as constituting powerful, pervasive predictive drivers of decision making. And the decision outcome is sometimes harmful and sometimes beneficial to an entity(Lerner,2014).

In this chapter emotional intelligence skills and the extent to which how it affects proactive decision making is explained in an organizational context. Moreover, relevant and related studies to the topic under discussion will be reviewed.

#### **2.1.1 Concepts of Emotional Intelligence**

Various definitions and models of emotional intelligence have been forwarded by different scholars. As the result there have been much confusion and controversy concerning the concept of emotional intelligence. What is common for most of them is, it is positively related with success or performance. Moreover, its relevance is becoming high in certain kinds of situations like social interaction and handling of stress(Cherniss,2010).

For clarity, most literatures explain emotional Intelligence and Emotional Quotient synonymously and interchangeably to mean emotional intelligence and emotional quotient respectively. Behavioral skills or soft skills related to emotional quotient are considered by most as critical competency skills since it determines future personal as well as professional successes. Business organizations with human capital of the required job and EQ skills can compete and outperform their competitors and may find themselves in a better market position.

#### **2.1.2 Importance of Emotional Intelligence**

Researches made so far on this topic point that individuals with high emotional intelligence or EQ are better in performance, emotion & conflict management, understanding & building social relationships; which by implication reach in better decisions(Miranda,2016). And in this it has

made clear that the traditional intelligence concept called IQ alone is not enough in determining individual success or performance.

In short the concept of emotional intelligence though recent development as compared to other disciplines, its relevance is becoming high especially in work places which requires further exploration and investigation.

A study made on hospital managers indicates that there is a significant correlation between managers' emotional intelligence and their quality of decision making. Particularly on solution finding to a problem which paves way to a decision was also influenced by their level emotional intelligence (Barzegar, 2013).

There is a close connection between the level of EI and leadership in that EI can make the difference between a good and a poor leader(carmeli,2003). So it implies that the higher the level of EI, the more successful the leader would be and the success would definitely come from the decision it takes on timely manner depending on circumstances. Hence, as emotions have great impact on people's behavior it is necessary to understand that what role of leaders' emotions play in the business organizations(Rui Li,2012). Executives with a strong EQ are those who make the best decisions, run the most dynamic businesses, and the most satisfying and successful lives (Cooper K.,1998).

A growing body of literature in the field of emotions suggest that emotions play a significant role in cognitive process and behavior. People who are in a positive mood are likely to remember positive information, flexible in their thinking and helpful to others. Positive emotions can enhance flexibility, creativity and decision making skills. On the contrary, negative moods can have a strong impact on decision making and risk taking (Rui Li,2012).

Emotional intelligence skills can enhance decision outcomes both in individuals and groups, because decision makers who have high level of emotional intelligence can increase the probability of a more positive decision outcomes by assessing the potential emotional outcomes of others. They also build and maintain good relationships with the others so that it can generate better decision outcomes (Hess and Baciagalupo, 2011).

This scenario has been further investigated by Mayer and Salovey that emotionally intelligent individuals make better affective forecasts, i.e. predictions because they know how events cause emotional reactions. Emotional intelligence also help individuals avoid incidental and unrelated decisions (Yip & Stephane Cote,2012). Numerous researches have also affirmed that EI(EQ) can be learned and developed through time. In this respect nowadays a growing number of organizations are adopting and implementing emotional intelligence skills through their human resource development programs.

As sated earlier, emotions give us the tools we need to interact and develop meaningful relationships with others, and our ability to understand and manage them i.e. emotional intelligence (EQ) has been shown to play an important role in decision-making.

People who are emotionally intelligent are self-aware and intuitive to others. They can effectively manage their relationships with people and importantly, they have a healthy relationship with themselves too. Great decision-makers have the ability to empathize with others and are effective communicators.

Knowing how to control your emotions and when to deploy particular emotions depending on the organizations situation is a must. Emotional attributes along with understanding how these attributes will influence the outcome of your business decisions is essential. Being able to grasp the concept and emotional attributes of emotional Intelligence and qualities is extremely important. By doing this it shows a sense of business maturity and also a sense of business control of your emotions when making big business decisions. The attributes will help you alleviate the stress of the unknown and make an emotional line between using your personal emotions to make decisions, also by using the business mindset in conjunction with EQ attributes (Al-Salahuddin,2015).

Contemporary modern management theoreticians link and relate the concept of emotional intelligence to employee appraisal system, incentive system, employee and organizational performance, decision making, creativity, well-being and so on. And it is pointed in different studies that EI is directly related to most factors related to personal and professional successes.

Therefore, the importance and the application of emotional intelligence is becoming increasingly high from time to time.

On one study to explore the impact of emotional intelligence on leadership and their decision making skills where 150 respondents were participated the result indicated that there is close association between the level of emotional intelligence and the decision making. Furthermore, it was also pointed that emotional intelligence influenced leader's leadership style in which case transactional ones are highly affected by it than the transformational leaders (Sumathy.L et al,2015).

Management decision making style is also affected by the managers' state of emotional intelligence and with regard to this a research made by Akram and his associates on 55 managers from an oil industry revealed that there is a negative relationship between emotional intelligence and the rational and avoidant decision making styles whereas positive relationship is observed on intuitive decisions. However, no meaningful relationship is observed on dependent and spontaneous decision making styles (Akram et al,2011).

On another related studies wherein emotional intelligence played moderating role among transformational leadership style and decision making styles; transformational leadership style strongly predicts rational and spontaneous decision making styles while it weakly predicts intuitive and spontaneous decision making styles. It was also indicated that no association was observed with avoidant decision making styles (Rana and Ajmal,2012)

A crucial point worth mentioning is the impact of emotional intelligence on investment behavior of individuals. With regard to this emotional intelligence and other psychological characteristics have noteworthy relationships with various aspects financial decision making, including the frequency of transactional activity, the decision to invest in stocks and use of funds (John et al,2009). Apart from this relatively more ethical decision emanates or results from individuals with high emotional intelligence than of those with the lower ones. In connection with these negative emotions are more likely to create uncomfortable ethical decisions (Sukumerakurup & Doug,2012)

### **2.1.3 Emotional Intelligence and Strategic Decision Making**

According to Wallace and Rijamampianina who emphasized the importance and place of emotional intelligence in strategic decision making explained that executives are judged and rewarded according to their ability to achieve results, and that means making decisions under pressure in the face of uncertainty, complexity and data overload. Excellent executives know when to depend on data and when to depend on the collective wisdom of the leaders at all levels in the company. Hence, creating an emotionally intelligent organizational environment are expressed in strategic decision-making. They further went on to say that in determining new strategic directions executives should establish the demand on the collective emotional intelligence of their employees unless they wish to find the cost of change exceeds the forecast budget. Emotional maturity enables people to use their mental patterns effectively to accommodate the chaotic demands imposed by strategic decision making in modern business. They also draw logical connection between individual emotional intelligence and organizational EI and stated: The organization is defined as a system created through consensus (Scholl, 1981). Then if we accept the link between individual success and individual emotional intelligence; it follows that there is a causal link between sustainable corporate success and corporate emotional intelligence (Wallace & Rijamampianina,2005)

### **2.1.4 Emotional Intelligence and Risk Taking**

Risk factor is core and integral in organizational decisions and take significant part of the entire decision making processes and hence it is affected directly or indirectly by the person's emotional intelligence. Emotionally intelligent or in another say emotionally literate individuals or groups start first by understanding risks and then adopt appropriate attitude/strategy to the existing situation at hand. EI literacy provides vehicle for people to examine their attitude to risks and change them if they leading away from the desired objective rather than towards it (David&Ruth,2017).

### **2.1.5 Decision Making and Personality Biases**

Biases are form of mind state where by someone has distorted information about something. Expressed differently it is seeing the world limited to in one's state of mind or understanding. Obviously they affect both individual and teams or organizational proactive decision making.

So social relationship issues like gender, culture, race, lifestyle, etc., can be source of unconscious bias and can critically affect proactive decisions. in connection with this a study has identified that ability to understand emotions, a central element of emotional intelligence was inversely related to the ease of recall bias during decisions. (Buontempo, G., and Brockner, J.,2008). Persons with emotion understanding ability or those with better EQ skill can easily differentiate their emotion and what is really on the ground. They will try to weigh up the advantage and the disadvantage of a decision and distance themselves from the emotional component.

Psychologists categorize biases in different forms of behavioral expressions including generalizations, distortions of reality and deletions all related to the negative experience of an event of an individual. Past experiences often influence our feelings and has an indirect effect on our proactive decision-making(PDM).

### **2.1.6 EQ and the Banking Industry**

The Banking sector is interconnected and interrelated to the different actors of the economy primarily through lending, depositing, and exchanging of foreign currencies. Despite this interdependencies it is also highly exposed to risks such as, stiff competition, technological changes, and tight regulation. Hence the upturn or the down turn of the country's economy is felt through financial industry mainly by Banks.The Ethiopian Banking Industry is no different from this scenario, what is peculiar to it is that it is operating under under-developed economy characterized by low income per capita, high trade deficit, unstructured monetary policy or regulation, and numerous investment barriers.The above unfavorable circumstances of the sector require emotionally skilled and literate executives able to see opportunities and challenges ahead of time so that they can enhance the performance of their organization by making wise and proactive decisions.

Moreover, banks as a service oriented companies their core operation require face to face and direct contact with clients and hence employees do need to have understanding and adoption of emotional intelligence skills at their work place.

### **2.1.7 Arguments of Emotional Intelligence**

Emotional intelligence is not without criticism, and hence growing body of research has begun to identify particular contexts when EI doesn't appear helpful and may even be deleterious to a person, or those they have contact with (Davis S.k. & Nichols R.,2016).

New evidence shows that when people improve their emotional skills, they become better at manipulating others. When you're good at controlling your own emotions, you can disguise your true feelings. When you know what others are feeling, you can tug at their heartstrings and motivate them to act against their own best interests (Grant, 2014).

Examination is under way as to why and how trait and ability EI may contribute to negative intrapersonal outcomes (psychological ill-health; stress reactivity) and interpersonal outcomes (emotional manipulation, antisocial behavior). Negative effects were found to operate across multiple contexts (health, academic, operational) However, these were often indirect, suggesting that outcomes depend on pre-existing qualities of a person. Literature also points to the possibility of optimal levels of EI both within and across EI constructs. Uneven profiles of self-perception (trait facets) or actual emotional skills contribute to poorer outcomes particularly emotional awareness, and management. Moreover, individuals who possess high level of skill but lower self-perceptions of their abilities fare worse than those with more balanced profiles (Davis S.k. and Nichols R.,2016)

The other point to be raised in connection with criticism of EI is the type of job one is expected to do. "In some jobs, being in touch with emotions is essential. In others, it seems to be a detriment. And like any skill, being able to read people can be used for good or evil." (Grant, 2014)

Furthermore, psychologists Dana Joseph and Daniel Newman have comprehensively analyzed and realized that emotional intelligence wasn't consistently linked with better performance. In jobs that required extensive attention to emotions, higher emotional intelligence translated into better performance. Salespeople, agents, call-center representatives, and counselors all excelled

at their jobs when they knew how to read and regulate emotions—they were able to deal more effectively with stressful situations and provide service with a smile. However, in jobs that involved fewer emotional demands, the results reversed. The more emotionally intelligent employees were, the lower their job performance. For mechanics, scientists, and accountants, emotional intelligence was a liability rather than an asset. Although more research is needed to unpack these results, one promising explanation is that these employees were paying attention to emotions when they should have been focusing on their tasks. If your job is to analyze data or repair cars, it can be quite distracting to read the facial expressions, vocal tones, and body languages of the people around you. In suggesting that emotional intelligence is critical in the workplace, perhaps we've put the cart before the horse.

The other flaw is expressed on facial or bodily gestures and expressions and with this” Social scientists have begun to document this dark side of emotional intelligence. In emerging research led by University of Cambridge professor Jochen Menges, when a leader gave an inspiring speech filled with emotion, the audience was less likely to scrutinize the message and remembered less of the content. And these emotions affected his followers to the point that they would “stop thinking critically and just emote.”

Leaders who master emotions can rob us of our capacities to reason. If their values are out of step with our own, the results can be devastating. New evidence suggests that when people have self-serving motives, emotional intelligence becomes a weapon for manipulating others. In a study led by psychologist Stéphane Côté employees who engaged in the most harmful behaviors were Machiavellians with high emotional intelligence.

Moreover, according to a research team led by professor Martin Kilduff of university college of London “emotional intelligence helps people disguise one set of emotions while expressing another for personal gain.

The other criticism rests on its measurement of EI and “One of the most persistent problems was the use of self-report measures, which asked employees to rate their own emotional abilities on items like “I can tell how people are feeling even if they never tell me” and “I am generally very good at calming someone down when he or she is upset.” Abilities cannot be accurately measured with self-reports.

So instead of assuming that emotional intelligence is always useful, we need to think more carefully about where and when it matters (Grant, 2014)

### **2.1.8 Dimensions of Emotional intelligence**

There are various models of emotional intelligence developed by different scholars, all have tried to give explanation on its nature and operation. Hence, the measurement tools and tests on emotional intelligence vary on the underlying Model. Nevertheless, there is no hard and fast rule to measure it. Tools like 360-degree feedback and future technological advancements which critically examine human behavior (neuroscience) may significantly contribute in addressing problems associated in emotional intelligence.

Despite the numerous tools (Models) currently available, we focus on two widely used models (tools) for this topic; the Boyatzis-Goleman Model, and Wong & Law Model (WLEIS) both stem from the four branch ability model of emotional intelligence.

#### **2.1.8.1 The Boyatzis-Goleman Model**

The *Boyatzis-Goleman Model* EI is composed of two related but distinct broad dimensions: -

1. The ability to recognize, understand and manage own emotions (**personal competences**/intrapersonal skills); Focuses more on individual than on your interactions with other people. It is the ability to stay aware of own emotions and thereby manage your behaviors and tendencies.
2. The ability to recognize, understand and influence the emotions of others (**social competences**/interpersonal skills); It is one's ability to understand other people's moods, and motives in order to improve the quality of relationships

There are four core skills/domains under the above two primary competencies as outlined below.

#### **PERSONAL COMPETENCES**

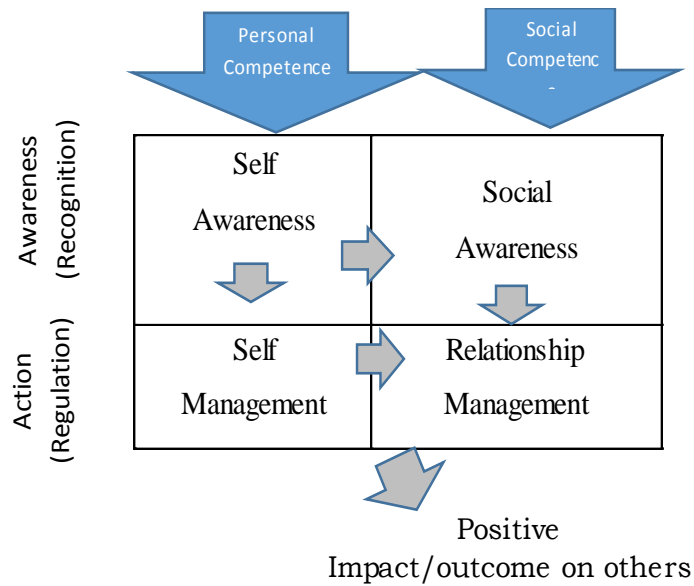
1. **Self-Awareness:** is the ability to accurately perceive emotions and stay aware of them as they happen

2. **Self-Management:** is ability to use awareness of own emotions to stay flexible and positively direct behavior.

## SOCIAL COMPETENCES

3. **Social-Awareness:** is an ability to accurately pick up on emotions in other people and understand what is really going on.
4. **Relationship-Management:** is an ability to use awareness of own emotions and others` emotions to manage interactions successfully.

Figure 1: Schematic diagram on emotional intelligence and decision making,



Source: Travis Bradberry (2017)

*Table 1: Dimensions of Emotional intelligence and associated behavioral competencies*

<b>Self-Awareness</b>	<b>Social-awareness</b>	<b>Self-Management</b>	<b>Relationship Management</b>
Emotional self-awareness Self Confidence Accurate Self-Assessment	Empathy Service-orientation Organizational-Awareness	Self-Control Trustworthiness Conscientiousness Adaptability Achievement Drive Initiative	Developing Others Influence Communication Conflict Mgt. Leadership Change catalyst Team Work Collaboration

*Source: Goleman (2001); Boyatzis et al (2000)*

The awareness dimensions emphasize on perceiving actions and reactions to events and people—taking in information and observations. In contrast, the management dimensions require conscious decisions about how to act.

With greater awareness of internal (strength and weakness) and the external (opportunities and threats) environment, the leader can make better decisions. And, with better decisions, better results are obtained. However, in order to make better decisions we need to first understand what influences our current decisions.

### **2.1.8.2 The Wong and Law Emotional Intelligence Model (WLEIS)**

WLEIS is widely used measure in emotional intelligence. It was developed by Chi-Sum Wong and Kenneth S. Law in their paper entitled, “The Effects Leader and Follower Emotional Intelligence on Performance and Attitude: An Exploratory Study.”

It is a self-report emotional intelligence scale with sixteen items(statements)categorized under four dimensions. This model is an extension of the previous Goleman - Boyatzis model and its consistent with the explanation of the four dimensions of the emotional intelligence. Moreover, it has been tested in different cultures and demographics as well as for different organizations

which proves its reliability and validity aspect. The four dimensions of the WLEIS model are described briefly as stated below: -

### **1. Self-Emotional Appraisal(SEA)**

This relates to an individual's ability to understand and be able to express naturally his or her deep emotions. People who have great ability in this area will sense and acknowledge their emotions well before most people.

### **2. Others-Emotional Appraisal(OEA)**

This relates with an individual's ability to perceive and understand the emotions of others. People who are high in this ability will be much more sensitive to the feeling and emotions of others as well as reading their minds.

### **3. Regulation of Emotions(ROE)**

This relates to the one's ability to regulate his or her own emotions which enables a more rapid recovery from psychological distress.

### **4. Use of Emotions (UOE)**

The individual's ability to direct emotions towards constructive activities that directly or indirectly contributes to increasing performance.(Wong & Law,2002)

## **2.2 Concept of Decision Making**

Decision making is an abstract term referring to the process of selecting a particular option among set of alternatives. Accordingly it can be used to describe an extremely broad range of behaviors, ranging from various activities of unicellular organisms to complex political behaviors in human society. (Lee,2013)

Literature on the topic reveals that there are different ways describing decision and its process. Organizational business decisions can be classified with time horizon as short, medium or long

term decisions. Short term decisions literarily termed as operational decisions are mostly used to carry short lived tasks that have cumulative effect in the long run and impact the company objectives or its strategy. On the other hand, long term decisions or strategic decisions are core in nature deal with complex and uncertain situation of the future. Tactical decisions are medium term with less complex decision nature. Operational decisions are carried at the lower levels of the organization structure while tactical and strategic decisions are executed at the medium and upper levels of the organization respectively.

In all decision situations proactive personality plays pivotal role to enhance the performance of the organization. But still many organizations have difficulties in creating proactive strategic flexibility in their decision making processes which past researches have largely ignored. In this regard study conducted on 103 European firms indicate that the effect of long term orientation ,strategic planning, internal commitment, and innovative climate on proactive strategic decision making flexibility are significant(Kandemir & Acur,2012).

Organizations vary in the rate at which they respond to organizational problems ,even when they are in similar task environments. This variation in their rate of response is due in part to the way agents approach problems. A proactive agent engages in decision making and information gathering whenever possible while a reactive one waits until being asked to do so. Proactive agents respond to organizational problems faster than those with the reactive agents. A consequence is that organizations of proactive agents outperform those of reactive agents.(Lin & Carley,1993).As the result agents' action orientation is often sought out by organizations as source of competitive advantage. To this effect, proactive personality trait is associated with the employees/agents propensity to take charge of situations and demonstrate initiative to make a positive impact(Ford,2011).

The theory of decision making is so broad that it is impossible to incorporate all particulars in this paper but for the purpose of this study the researcher will focus on proactive decision making model called Proactive Decision Making (PDM) as formulated by Johannes Siebert and Reinhard Kunz. Their work of has focused on identifying and analyzing skills and traits that are related to proactive personality type.

None of the existing psychological tests and scales are suited to explain decision process. Moreover, research on decision making lacks psychometrically reliable test for measuring proactive decision making(Siebert & Kunz,2016).

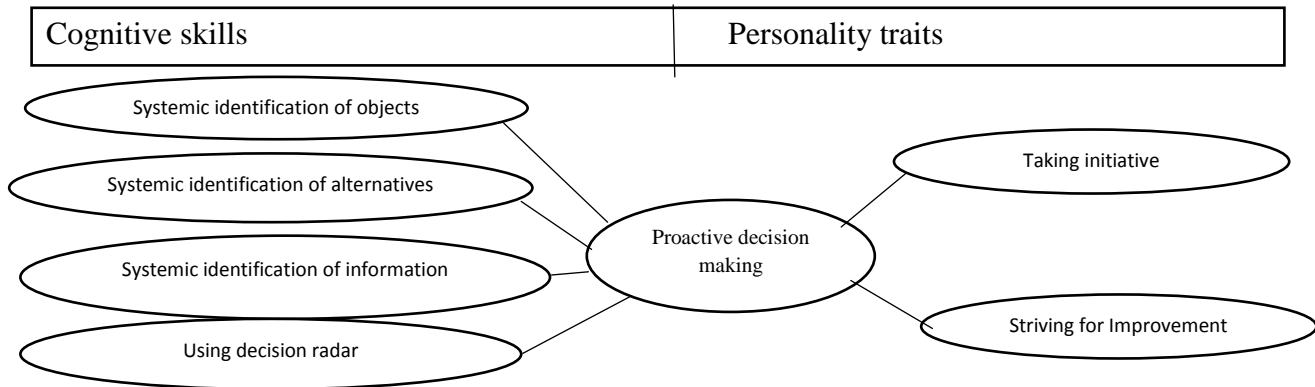
### **2.2.1 The Proactive Decision Making Model (PDM)**

Proactive- decisions are forward looking and deal with various sorts of problems that may appear difficult to resolve. Hence proactive decisions making requires the decision maker to look the future outcomes of the decision at hand. This approach tries to incorporate all variables discussed so far in one model. According to researchers' proactive decision making(PDM) is a multidimensional concept that combines aspects of proactive personality traits and proactive cognitive skills to support the making of better decisions. It is a new concept evolved from various disciplines primarily from psychology, decision theory, and behavioral operations research. While concluding their research Siebert and asserted that PDM summarizes the purposeful use of cognitive skills and certain foresighted personality traits of the decision maker, one being compliment of the other. Proactive personality traits are characterized by relatively stable phenomenon; however cognitive skills can be developed through various enhancement mechanisms(Siebert & Kunz,2016).

### **2.2.2 Dimensions of Proactive Decision Making**

As stated above proactive decision making(PDM) has two major dimensions; proactive cognitive skills and proactive personality traits. Within the two major dimensions there are a total of six sub dimension, i.e. four for proactive cognitive skills and two for personality traits. The four sub-dimensions of *proactive cognitive skills* include: `systemic identification of objects`, `systemic search for information`, `systemic identification of alternatives` and `using decision radar` whereas *the proactive personality traits* are identified by two sub dimensions`taking initiatives` and `striving for improvement. Hence a total of six sub dimensions are identified under the two broad dimensions of cognitive skills and personality traits. Using this model, they developed 19-item scale to measure individuals' proactivity in decision making (Siebert & Kunz,2016).

Figure 2: Dimensions of proactive decision-making(PDM)



Source: Siebert & Kunz (2016)

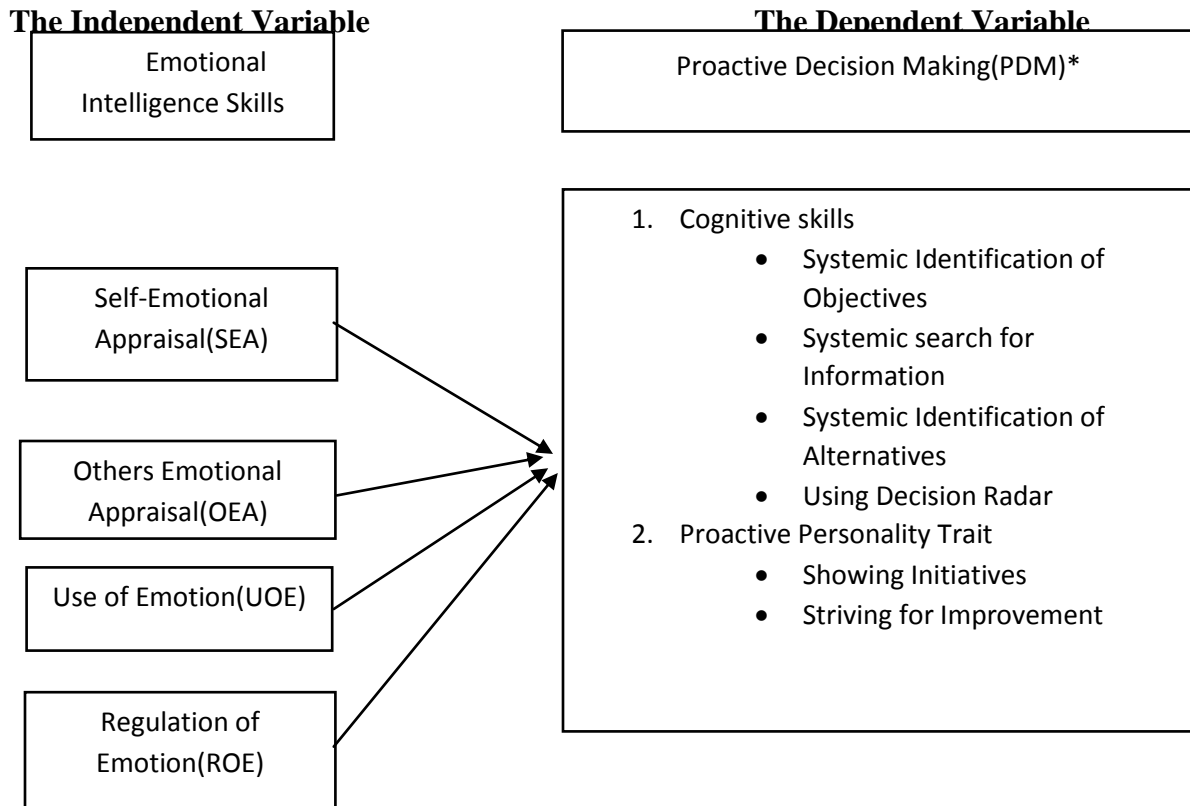
### 2.2.3 Importance of Proactive Decision Making

An individual taking proactive approach strives to take responsibility and risk for decision making. So proactive decision making as a model tries to explain the whole process of decision making in terms of the six stated factor. According to the researchers there is strong evidence that individuals with high scores in these PDM factor show significantly higher decision satisfaction. Using this model, the researchers developed theoretically consistent and psychometrically sound a measurement tool termed as Scale of PDM(Johannes&Reinhard,2016).

### 2.3 Conceptual Framework of the Research

As outlined below in the schematic diagram, emotional intelligence and proactive decision making are the two variables considered for the study, the former being independent and the later as dependent variable. Emotional intelligence skills will be categorized under four dimensions whereas proactive decision making competency has six factors grouped in to two major classifications: i.e. proactive cognitive (rational)skills and proactive personality traits. Description of the model on the dependent and independent variable has been given in the preceding parts of this chapter. This conceptual framework has been developed from earlier works of the various researchers made on the topic under discussion.

Figure 3: Schematic diagram of the conceptual model developed for the study.



\*Explanation: - The dimensions and sub- dimensions of proactive decision making(PDM) are presented here only for illustrative purpose. This study combined and considered them as one whole variable.

## 2.7 Research Hypothesis

From the given research questions, the following research hypothesis are formulated.

- *What is the effect of the employees' 'self-emotional appraisal' skill on their proactive decision making?*

H0: - There is positive impact of employees' self-emotional appraisal on their Proactive Decision Making

**H1:** - There is no positive impact of employees' self-emotional appraisal on their Proactive Decision Making

➤ *What is the effect of the employees' 'others emotional appraisal' skill on their proactive decision making?*

**H0:** - There is positive impact of employees' 'others emotional appraisal' on their Proactive Decision Making

**H1:** - There is no positive impact of employees' 'others emotional appraisal' on their Proactive Decision Making

➤ *What is the effect of the employees' 'use of emotions' skill on their proactive decision making?*

**H0:** - There is positive impact of employees' 'use of emotions' on their Proactive Decision Making

**H1:** - There is no positive impact of employees' 'use of emotions' on their Proactive Decision Making

➤ *What is the effect of the employees' 'regulation of emotion's on their proactive decision making?*

**H0:** - There is positive impact of employees' 'regulation of emotion' on their Proactive Decision Making

**H1:** - There is no positive impact of employees' 'regulation of emotion' on their Proactive Decision Making

## **CHAPTER THREE: RESEARCH METHOD**

### **3.1. Description of the Study**

The methodology section of the research paper deals with how the data is collected or generated, and how it is administered, organized and analyzed. Research design, sample and sampling technique, instrument of the data collection, data collection procedure, and data analysis techniques are discussed in this chapter.

### **3.2. Approach of the Study**

This research dwelled purely on quantitative approach which is made entirely through questionnaires as formulated and developed for this purpose. The researcher chose quantitative approach in order to be consistent with nature of the topic which requires first hand information of the respondent. Moreover this approach is conducive in conducting studies that measure impacts and influences. It also aids in analyzing various research subjects and make conclusions and generalizations.

### **3.3. Research Design**

For this study census statistical survey technique is employed focusing on measuring the impact of Emotional intelligence on decision making of branch managers or their delegates actually working in Commercial Bank of Ethiopia geographically located at south Addis Ababa District Office where currently 102 branches are operating. The researcher employed this techniques since it is believed that the size is manageable and to increase the accuracy of the research.

In this population size branches of different sizes with varying volumes of operational complexities are found. Consequently, the population size of the study is restricted to this district consisting 102 branches with branch grades running from I to IV.

Though the whole population at this specific geographic location is selected purposely as a source of data on a census basis, its result may be generalized for the whole population found in Addis Ababa, since the respondents are considered representative for the remaining

geographically categorized districts (i.e. north, east and west). Further to this what is common to the district offices is that they all have equivalent number of branches with similar branch sizes fulfilling the homogeneity requirement of the selected target population.

### **3.4 Data Source and instruments of Data collection**

Primary data type was the main source of data for this study which were collected through questionnaires developed for this purpose. Hence questionnaires are being made to generate the required primary data. Accordingly, two sets of questionnaires, i.e. Wong and Law emotional intelligence scale (**WLEIS**) and proactive decision making competency (PDM) measurement tools are selected to be used in the study. Both measures use seven-point likert scale. Brief description of the Models for which these scales base their assumption are given in the earlier sections of this paper. The respondents of the questionnaire are all supposed to be branch managers who have the responsibility of managing their work unit.

### **3.5. Data Collection Procedure**

During census survey, questionnaires were self administered by the researcher and respondents were kindly requested to dully fill and return at their earliest convenience time period. Hence out of 102 questionnaires ,94 questionnaires were returned back, this made the response rate to be 92%.

### **3.3. Data Analysis Technique**

Various Statistical data analysis techniques were employed on the data through SPSS(statistical Package for Social Sciences) software version 24. Accordingly each research question are responded accordingly and results of the analysis was presented and their implications are discussed later.

Using SPSS ,both descriptive statistical analysis and multiple regression was performed. Descriptive statistics such as frequency, percentage, mean, standard deviation, were used to

assess the level of emotional intelligence skills and proactive decision making capacity among the managers and presented in tables and graphs. Descriptive statistics was also applied to know the demographic characteristics of the respondents.

Inferential statistics including correlation and regression analysis was carried out to determine the relationship and effect among the dependent and independent variables; i.e., emotional intelligence and proactive decision making. Moreover reliability and other related tests were carried out.

### **3.3.1. Multiple Regression Analysis**

Multiple regression analysis was used to investigate the effect of components emotional intelligence (the Independent variables);self-emotional appraisal, others-emotional appraisal, regulation of emotion, and use of emotion on decision making (the dependent variable).But prior to this assumptions were tested these include; linearity, normality, homosedacity,and multi-collinearity.

Accordingly, the equation of multiple regressions on this study was generally built around two sets of variable, the component parts of emotional intelligence and proactive decision making.

The basic objective of using regression analysis is to make the research more effective in describing the relationships between the variables. Accordingly, the model equation of respondents' proactive decision making on their level of the components of emotional intelligence is:

$$Y_i = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e$$

Where:

- Y is the dependent variable (Proactive decision making),
- a is the constant (the value of y when the value of all independent variables are 0),
- $X_1$  = Self emotional appraisal

$X_2$  = Others emotional appraisal

$X_3$  =use of emotions

$X_4$  =Regulation of emotion, are the explanatory variables, and e is the error term of the regression.

- a is the intercept term - it gives the mean or average effect on Y if all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero.
- $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$  and  $\beta_6$  refer to the coefficient of their respective independent variable, which measures the change in the mean value of Y, per unit change in their respective independent variables.

Further to this the multiple regression analysis helps to explain the effect of a single variable while other variables remain constant(controlled),which were included in the regression analysis.

### **3.3.2. The Coefficient of Determination ( $R^2$ )**

The coefficient of determination ( $r^2$ ) was also used to measures the amount of the total variance in the dependent variable that is accounted for by knowing the value of the independent variable. It is the proportion of the total variation in “y” explained by the regression of Y on X. The coefficient of determination ( $R^2$ ) ranges in value from 0 (when the estimated regression equation none of variation in y) to 1 (when all point lie on regression line) i.e.  $0 \leq R^2 \leq 1$

### **3.4 Ethical Consideration**

Respondents willingness and verbal consent is taken while distributing and collecting the question papers. In addition, name of individuals as well as company confidential matters is not made part of this research. Moreover, the questionnaires are self-administered to increase rate of return and to build confidence of the respondents.

To ensure integrity of the data the researcher checked the accuracy of the encoding process of the survey response.

## **CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS**

### **4.1 Introduction**

The primary focus of the study is to analyze the influence of emotional intelligence on proactive decision making approach of bank branch managers. For this purpose, 102 branches found at commercial bank of Ethiopia from South Addis Ababa District were used. The preliminary data were gathered using questionnaire from these respective branches managers. The questionnaires designed for this purpose is composed of three parts. The first part contains demographic profile of the respondents while the remaining of the questionnaires deals with major aspects of the research: i.e. emotional intelligence and proactive decision making with seven scale Likert style. They were intended to find out the association and relationship of emotional intelligence and proactive decision making among Bank branch managers. As stated in earlier chapters these questionnaires were developed by group of researchers called Wong & Law, Siebert and Kunz respectively.

This chapter consisted of two sections. The first section of this chapter presents the backgrounds information of the respondents. The second section summarizes the reliability test, descriptive statistics, correlation and multiple regressions. The data from respondents are presented in tables, charts and graphs followed by descriptions of major finding of the study.

### **4.2 Demographic Characteristics of the Respondents**

As indicated in the methodology part of the study the respondents are purposely selected from each branch found under the district geographically located at southern Addis Ababa area. Since the number of branches are 102, equivalent number of questionnaires were distributed, of which 94 questionnaires were collected. Accordingly, Table 2 depicts demographic characteristics of the respondents.

*Table 2. Demographic Characteristics of the Respondents*

Description		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	82	87.2	87.2	87.2
	Female	12	12.8	12.8	100.0
	Total	94	100.0	100.0	
Service in Years	Less than 1 Year	5	5.3	5.3	5.3
	1-3 Years	9	9.6	9.6	14.9
	3-5 Years	7	7.4	7.4	22.3
	5-10 Years	14	14.9	14.9	37.2
	Above 10 Years	59	62.8	62.8	100.0
	Total	94	100.0	100.0	
Qualification	Diploma	4	4.3	4.3	4.3
	First Degree	64	68.1	68.1	72.3
	Second Degree	26	27.7	27.7	100.0
	Total	94	100.0	100.0	
Position	Grade 1 Branch Manager	5	5.3	5.3	5.3
	Grade 2 Branch Manager	40	42.6	42.6	47.9
	Grade 3 Branch Manager	37	39.4	39.4	87.2
	Grade 4 Branch Manager	12	12.8	12.8	100.0
	Total	94	100.0	100.0	

The actual number of respondent branch managers amounts 94 (100%). As indicated in the methodology of the study, the respondents are randomly selected in gender, educational level, occupational type and types of customer profile by product or service.

#### **4.2.1. Frequency of Respondents by Gender**

With respect to gender from the total respondent the majority were male with 87.23% and the rest with 12.77 % were female as shown in Graph 1(see appendix)

#### **4.2.2. Frequency of Respondents by Age**

Graph 2 illustrates age of respondents and from this chart it is observed that the majority working age management group lies between 30 – 39 and 40-49 years of age with 45% and 38% respectively. Age between 30-39 which constitutes the largest proportion corresponds with the active working population of the country (please see appendix).

#### **4.2.3. Frequency of Respondents by Qualification**

As shown in Graph 3 in terms of qualification most of the respondents are holders of first degree 68.09, followed by holders of second degree 27.66% (see appendix).

#### **4.2.4. Frequency of Respondents by Service Year**

Most managers have above 10 years tenure in their organization which accounts for 62.77% of the total respondents (see appendix Graph 4).

#### **4.2.5. Frequency of Respondents by Position**

Most branches of the district fall under Grade I and Grade II level so does respondent Branch Managers as shown Graph 5 with numbers of 40 and 37 respectively.

### **4.3. Validity and Reliability**

Reliability refers the consistency of the scales employed in measuring the respondents' response. In this regard in order to determine how well the collected data is consistent with the construct of the study ,SPSS 24 was used to calculate Cronbach's alpha( $\alpha$ ). So the reliability was initially assessed using Cronbach's alpha coefficient.

If Cronbach's alpha( $\alpha$ )  $< 0.6$  , indicates unsatisfactory internal consistency reliability and if Cronbach's alpha( $\alpha$ )  $> 0.6$ , denotes satisfactory internal consistency reliability (the commonly accepted level) (Sekaran, 2011). Accordingly the results of the reliability test shows that with the exception of the scale related with others emotional appraisal with score 0.547, which is relatively lower score, all other variables reliability construct exceeded 0.6 as shown in the Table 3 below ranging from 0.738 to 0.892.

This reveals the existence of a very good internal consistency among the variables. Moreover, the questionnaires validity and reliability have been independently tested by their respective group of researchers who developed them through extensive and series of studies as indicated in the earlier chapters.

*Table 3. Reliability Test*

Variable		Number of items	$\alpha$ (Cronbach's alpha)
<b>Emotional Intelligence</b>	Self-Emotional Appraisal	4	0.892
	Others-Emotional Appraisal	4	0.547
	Use of Emotions	4	0.738
	Regulation of Emotion	4	0.860
<b>Proactive Decision Making</b>		19	0.838

*Source: Questionnaires & SPSS,2019 result*

#### **4.4. Descriptive Statistical Analysis**

Respondents were asked to rate their level of feeling with respect to the components of the emotional intelligence. 1= indicates strongly disagree, 2= indicates disagree, 3= indicates slightly disagree, 4 = indicate neither agree nor disagree, 5= indicates slightly agree,6=indicates agree ,7=indicates strongly agree. The mean value of the managers' responses for the components of emotional intelligence were indicated in Table 4.

As shown in the Table 4 the emotional intelligence component part of the respondents revealed that their skill on 'self-emotional appraisal' and 'regulation of emotion' is relatively lower with mean value of 5.7367(SD=0.92991) and 5.6303(SD=1.08368) respectively. This implies that branch managers of CBE at that specific district were less skillful in these two areas than the rest two components of emotional intelligence.

Moreover, while analyzing in terms of the factors of proactive decision making, initiative (mean=4.2270, SD=1.35705) and information (mean=5.2518, SD=1.03428) are found to be in the lower ranks of the scale as compared with the other four. This shows that respondents are relatively lower in their systemic search of information which is considered basic skill to proactive decision making. Besides next to information search they exhibit low at initiative

component skill to the decision to be made. The overall implication is that they are less satisfied in their handling decisions.

According to the Table 5, the mean score and standard deviation of the proactive decision making of the target respondent managers at that specified district of Commercial Bank of Ethiopia was 5.4440 (SD=.64578Self). This implies that the respondent managers were less active with the overall decision making competency than the four dimensions of emotional intelligence(self-emotional appraisal, others emotional appraisal, use of emotions, and regulation of emotion).By implication the decision made at that district is not at required level and hence less satisfactorily.

*Table 4. Mean Values and Standard Deviations of components of Emotional Intelligence*

Components of Emotional Intelligence	N	Minimum	Maximum	Mean	Std. Deviation
<b>Self-Emotional Appraisal</b>	94	2.00	7.00	5.7367	.92991
<b>Others Emotional Appraisal</b>	94	4.25	7.00	5.6277	.62513
<b>Use of Emotions</b>	94	3.25	7.00	5.7686	.80007
<b>Regulation of Emotions</b>	94	2.00	7.00	5.6303	1.08368
<b>Proactive Decision making</b>	94	4.05	6.89	5.4440	.64578

*Source: Questionnaires & SPSS,2019 result*

*Table 5. Mean Values and Standard Deviations of the factors of Proactive Decision Making*

Factors of Proactive Decision Making	N	Minimum	Maximum	Mean	Std. Deviation
<b>Objective</b>	94	3.00	7.00	5.7766	.74997
<b>Information</b>	94	2.00	7.00	5.2518	1.03428
<b>Alternative</b>	94	4.00	7.00	5.7340	.69230
<b>Decision Radar</b>	94	3.75	7.00	5.7101	.76754
<b>Initiative</b>	94	1.00	7.00	4.2270	1.49328
<b>Improvement</b>	94	2.00	7.00	5.8440	1.35705

*Source: Questionnaires & SPSS,2019 result*

#### 4.5. Correlation Analysis

Table 6, shows the result of Pearson Product Moment correlation. There is a strong positive relationship between emotional intelligence and proactive decision making among branch managers in the district with a correlation coefficient (r) ranging 0.658 to 0.784. In this case, the correlation between self-emotional appraisal and proactive decision making is stronger than others at  $r = 0.784$ . On the contrary, the correlation between regulation of emotion and proactive decision making is slightly weaker than the others at  $r = 0.658$ . Overall, the relationship is statistically significant for all variables at 0.01 alpha ( $\alpha$ ) level in a 2-tailed test. *Thus, in general the finding is, as respondents' emotional intelligence increase, proactive decision making increased significantly. Further to this, all stated null hypothesis of the dimensions of emotional intelligence which have positive impact on proactive decision making therefore are accepted.*

Table 6. Correlation between Components of Emotional Intelligence & Proactive Decision Making

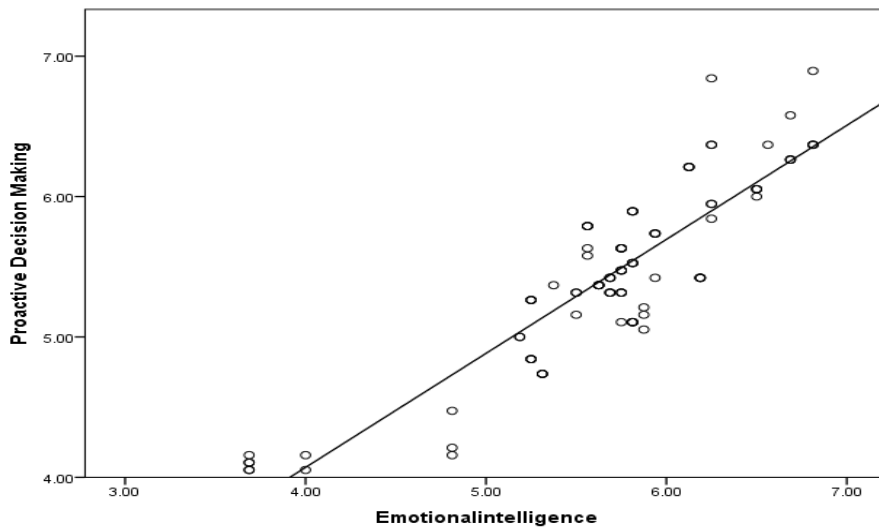
Correlations						
Self Emotional Appraisal		Self-Emotional Appraisal	Others Emotional Appraisal	Use of Emotions	Regulation of Emotions	Proactive Decision Making
Self Emotional Appraisal	Pearson Correlation	1	.623**	.685**	.593**	.784**
	Sig. (2-tailed)		.000	.000	.000	.000
	N		94	94	94	94
Others Emotional Appraisal	Pearson Correlation		1	.685**	.580**	.783**
	Sig. (2-tailed)			.000	.000	.000
	N			94	94	94
Use of Emotions	Pearson Correlation			1	.336**	.753**
	Sig. (2-tailed)				.001	.000
	N				94	94
Regulation of Emotions	Pearson Correlation				1	.658**
	Sig. (2-tailed)					.000
	N					94
Proactive Decision Making	Pearson Correlation					1
	Sig. (2-tailed)					
	N					

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

Source: Questionnaire and SPSS 24

Similarly, the scatter plot in Graph 1 below displays the existence of strong positive correlation between emotional intelligence and proactive decision making.

*Graph 1. Relationship between emotional intelligence and proactive decision making*



Source: Questionnaire & SPSS ,2019

#### **4.6. Tests for Linear Regression Model Assumptions**

To maintain the data validity and robustness of the regressed result of the research, the basic classical linear regression model assumptions must be tested to identify and detect any misspecification and correcting them so as to augment the research quality(Brooks,2008).Thus this research has conducted these tests: multi-collinearity, linearity, normality and heteroscedasticity.

##### **Multicollinearity Test.**

Is violation of the assumption of the linear regression that no independent variable is a perfect linear function with one or more other independent variables. Hence multicollinearity diagnostics on the variables as part of the multiple regression procedure is done using tolerance and variance inflation factor(VIF). Tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variable in the model. If the value of tolerance is very small (less than 0.1) or the value of VIF is high(above 10),it denotes that the multiple correlation with the other variables is high, suggesting the possibility of

multi collinearity (Pallant,2010). VIF is the inverse of the tolerance value( one divided by tolerance).

*Table 7. Collinearity Diagnosis*

Coefficients			
Model		Collinearity Statistics	
		Tolerance	VIF
17	(Constant)		
	Self-Emotional Appraisal	.382	2.616
	Others Emotional Appraisal	.393	2.546
	Use of Emotions	.378	2.645
	Regulation of Emotions	.516	1.938
a. Dependent Variable: Proactive Decision Making			

*Source: Survey and SPSS Version 24*

The result of the analysis shows that the tolerance value for each independent variable i.e., Self Emotional Appraisal, Other Emotional Appraisal, Use of Emotion and Regulation of Emotion is, 0.382, 0.393, 0.378, and 0.516 ,respectively which are not less than 0.10;thus, multicollinearity assumption is not violated. This is also support by the VIF value which in this case is,2.616,2.546,2.645,and 1.938 respectively which is below the dividing line 10 as shown in the table 8(coefficient table or collinearity diagnosis)

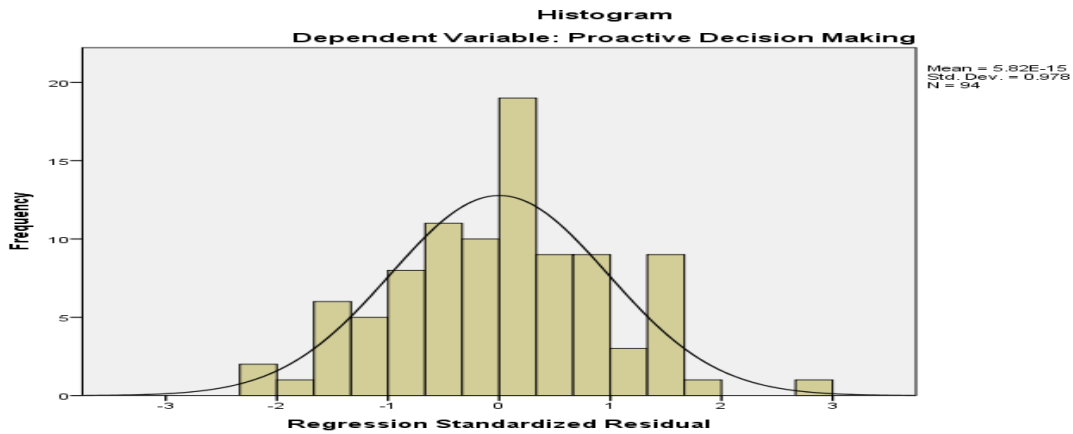
### **Normality and Linearity of Residuals**

The residuals scatter plot and the normal probability plot of the regression of standardized residuals are one of the ways these assumptions can be checked. These are presented in normal P-P plots of the regression standardized residuals graph. In normal probability plots the points will lie in a reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. The finding from the P-P plot reveals no violation of normality assumptions.

### **Test of Normality**

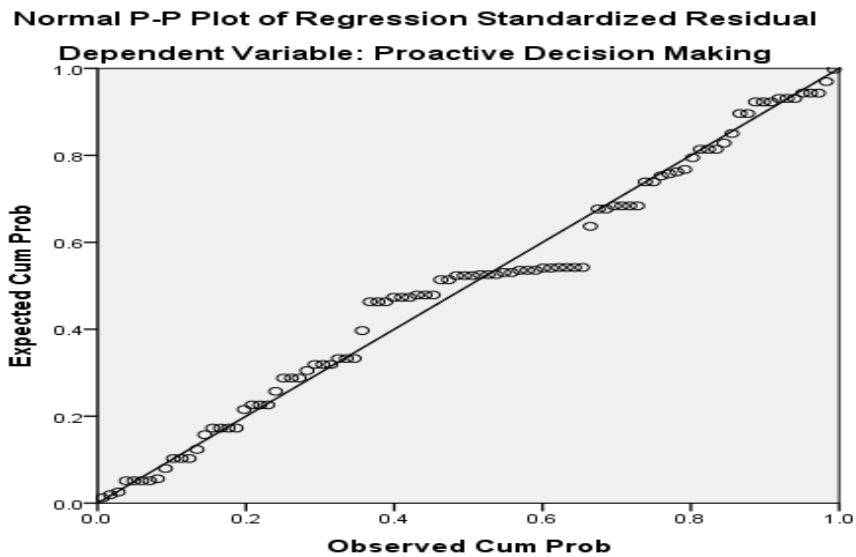
The Study used methods of assessing normality graphically using Normal Probability Plot(P-P).

Graph 2. Frequency Distribution of Regression Standardized Residual



Source: Questionnaires & SPSS 24

Graph 3. Normal Probability Plot of Standardized Residuals



Source: Questionnaires & SPSS 24

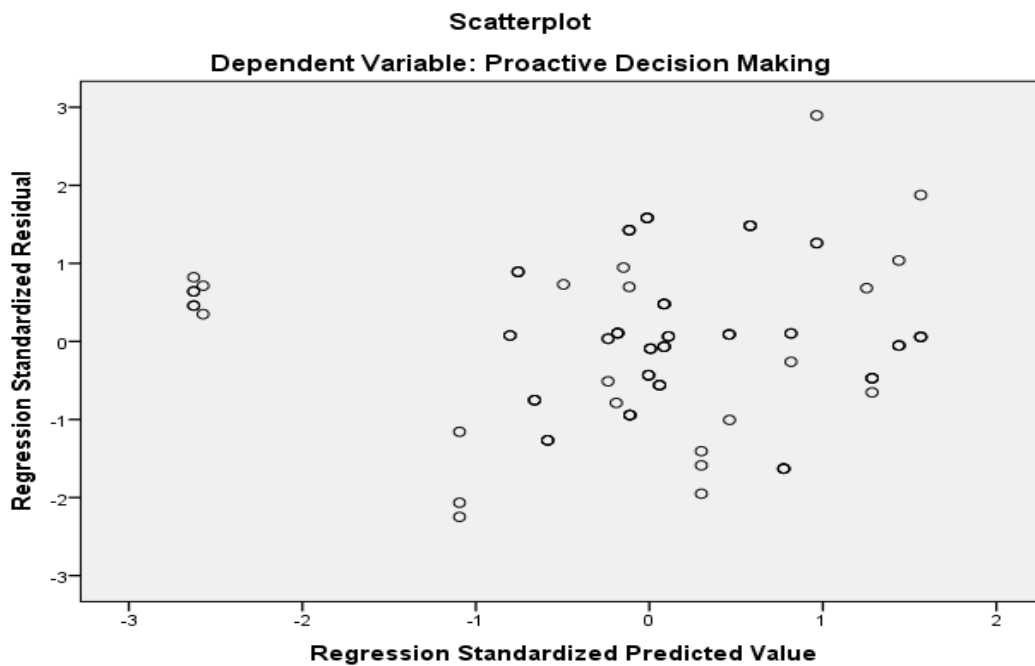
In the normal probability plot points will lie in a reasonably straight diagonal line from bottom left to top right. This indicate no major deviations from normality. The research applied normal P-P plot of regression standardized residuals can be seen in the above figure to test linearity. Since the points were symmetrically distributed around a diagonal line ,linearity pattern was

observed. Hence, the straight line relationship between the residuals and the predicted dependent variable scores reveal that linearity was achieved.

### Heteroscedasticity Test

This assumption considers the extent to which the data values for the dependent and independent variables have equal variances, as Saunders, et al.(2009) noted. Based on the explanation by Field (2009), at each level of the predictor variables, the variance of the residuals terms should be constant which means the residuals at each level of the predictors should have the same variance, therefore checking for this assumption is helpful for the goodness of the regression model. Field(2009) recommended that we should plot the standardized residuals, or errors (ZRESID) on the y axis and the standardized predicted values of the dependent variable based on the model (ZPRED) on the X axis to get the homoscedasticity result.

*Graph 4. Normal Plot of Standardized Residuals*



*Source: Questionnaires & SPSS 24*

#### 4.7 Results of Multiple Regression Analysis

Table 9. shows how each of the four predictors of the dimensions of emotional intelligence (self-emotional appraisal, others emotional appraisal, use of emotions, and regulation of emotion) function individually in predicting the dependent variable (proactive decision making). In other words, it indicates the effect of each independent variable on proactive decision making in terms of value.

*Table 8. Results of multiple regression analysis*

Coefficients							
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
		B	Std. Error	Beta			
1	(Constant)	.591	.275		2.145	.035	2.616
	Self Emotional Appraisal	.181	.052	.261	3.465	.001	
	Others Emotional Appraisal	.276	.077	.267	3.605	.001	2.546
	Use of Emotions	.249	.061	.309	4.085	.000	.378
	Regulation of Emotions	.146	.039	.245	3.785	.000	.516
a. Dependent Variable: Proactive Decision Making							

*Source: Questionnaire and output SPSS 24*

The coefficients of emotional intelligence variables that influence proactive decision making are represented by B. Thus, the model of prediction for emotional intelligence variables that significantly influence proactive decision making can be represented with the following equation.

$$\text{PDM} = 0.591 + 0.181(\text{SEA}) + 0.276(\text{OEA}) + 0.249(\text{UOE}) + 0.146(\text{ROE})$$

Where PDM is proactive decision making, SEA is self-emotional appraisal, UOE indicates use of emotions, ROE is for regulation of emotion.

In this table, the constant of 0.591 implies the emotional intelligence average score rate of change in the absence of the influences of other independent variables.

As shown in Table 9, all the six independent variables tested in this study, self-emotional appraisal (B=0.181, p<0.05), others emotional appraisal (B=0.276, p< 0.05), use of emotions (B=0.249, p<0.05), and regulation of emotion (B=0.146, p<0.01) are statistically significant and there is positive relationship between each of the four independent variable and proactive decision making.

The interpretation of results for significant individual variables is as follows:

From the regression analysis, surprisingly one can notice that one of the influential factors of emotional intelligence is others emotional appraisal (with B=0.276, p-value <0.05). We can see that proactive decision making increases by 0.276 for every unit increase in others emotional appraisal. The study reveals that, the respondent managers of those selected branches prefer to appraise others than any component of emotional intelligence in order to take satisfactory decisions that are proactive.

The other important factor exhibited by the regression analysis influencing proactive decision making is use of emotions (with B=0.249, p-value <0.05). This implies that proactive decision making increases by 0.249 for every increase use of emotion by one unit. By implication respondents try to use their skill of the use of emotion in order to pursue with their decision at hand. The regression result also shows that self-emotional appraisal has a significant positive effect on proactive decision making (with B=0.181, p-value < 0.05) this means proactive decision making increases by 0.181 for every unit increase in self-emotional appraisal. This indicates that next to the previous two components of emotional intelligence self-emotional appraisal also plays greater role in the respondents' decision making process.

The last factor though relatively lower in the hierarchy but having significant influence on proactive decision making is the regulation of emotion as seen in the regression analysis (with  $B=0.146$ ,  $p\text{-value} < 0.05$ ).

In short the regression analysis reveals that the individual influence and the combined effect of all the factors of emotional intelligence: self-emotional appraisal, others emotional appraisal, use of emotion and regulations of emotions; on proactive decision making is highly significant.

Table 9. Variation Analysis- ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	31.322	4	7.830	93.390	.000 <sup>b</sup>
	Residual	7.462	89	.084		
	Total	38.784	93			

- a. Dependent Variable: Proactive Decision Making
- b. Predictors:(Constant), Self-emotional Appraisal, Others Emotional Appraisal, Use of Emotions, and Regulation of Emotion

*Source: Questionnaire and output of SPSS 24*

Table 10. Estimation of the Standard Deviation- Model Summary

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	Df2	Sig. F Change
1	.899 <sup>a</sup>	.808	.799	.289956	.808	93.390	4	89	.000

- a. Predictors: (Constant), Regulation of Emotions, Use of Emotions, Others Emotional Appraisal, Self-Emotional Appraisal
- b. Dependent Variable: Proactive Decision Making

*Source: Questionnaire and output of SPSS 24*

In order to determine whether the overall regression model is a good fit for the data, the F ratio in the ANOVA table (93.39) reveals that the independent variables are highly and significantly predict the dependent variable, i.e.  $F(4,94) = 93.390$ ,  $p < 0.0005$ . Hence the statistical significance of the model is clearly indicated. Likewise, as shown in the model summary table the multiple correlation coefficient R, which is 0.899 indicates a high level of prediction. Also from the R Square (Coefficient of determination), 80.8% of the total variation in respondents' proactive decision making is explained by their own level of emotional intelligence.

## **CHAPTER FIVE: SUMMARY, CONCLUSION & RECOMMENDATION**

### **5.1 Summary of Findings**

The study was aimed to investigate the impact of emotional intelligence on employee decision making focusing on those employees holding managerial positions whose major task is to manage their work unit to the level accepted by their organization: with reference to Branch Managers at Commercial Bank of Ethiopia, in south Addis Ababa district. The results of the study were based on the discussion of data obtained through questionnaires of the ninety four respondents from the proposed population size of 102 respondents in which case 8 remained uncollected due to various reasons of the respondents.

The results of the background information of respondents indicated that majority of the manager respondents in the selected district were predominantly males (87. 23%). Moreover most of them were in the age group between 30-39 (45%) which is considered to be the active working age group. On the other hand, the greatest number of respondents have above ten years work tenure in their organization (62.77%) Besides in terms of educational qualification 68.09 percent and 27.66 percent holds first degree and second degree respectively.

Branches vary in their level of work activity ranging from Grade one to Grade four depending on the complexity and volume of work, and in this regard the study reveals most branches are concentrated almost on equal basis under grade II and grade III category, hence so does representative of respondents from these branches with total share of 81 percent.

The descriptive statistics results on the emotional intelligence component part of the respondents revealed that their skill is relatively lower in self-emotional appraisal and regulation of emotion. Moreover, while analyzing in terms of the factors of proactive decision making the respondents are slightly lower in systemic 'information' gathering and on 'initiation'. in addition the overall

The correlation results indicate that, among the reviewed respondents of CBE branch Managers at South Addis Ababa District, there is a significant and positive relationship between emotional intelligence and proactive decision making. Furthermore, with regard to the factors of emotional intelligence the finding depicts that there was strong and positive relationship between them and proactive decision making mostly with 'others emotional appraisal', followed by use of emotions, then with self-emotional appraisal and lastly with regulation of emotion. Overall, the relationship is statistically significant for all variables.

The value of  $R^2$  is 0.808, demonstrates that 81 percent of the variation in proactive decision making of the respondents in captioned district of the Commercial Bank of Ethiopia was explained and accounted by the four emotional intelligence components. The rest 19 percent is unaccounted and become beyond the scope of this in this study.

## **5.2. Conclusion**

The main aim of this study was to assess the level emotional intelligence and its influence on proactive decision making on Branch managers commercial Bank of Ethiopia found under south Addis Ababa District office. The descriptive part of this study reveals managers' emotional intelligence survey profile with regard to the four components of emotional intelligence and the six factors of proactive decision making processes. Accordingly, they are relatively lower in their self-emotional appraisal factor and regulation of emotion as compared to the other two components: others emotional appraisal and use of emotion. The study is also depicted that managers' proactive decision making capacity with regard to the six dimensions (objective, information, alternative, decision radar, initiative, and improvement), hence in this regard the systemic information search and the initiation factors are low as compared with the others.

The correlation result of the findings of the managers in that particular district showed that the four components of emotional intelligence skills were positively and highly related with proactive decision making. Therefore, the association as depicted in the correlation result shows that 'others emotional appraisal' and 'others emotional appraisal' were the most prominent factors influencing proactive decision making process. Next to these, 'use of emotion' and

‘regulation of emotion’ play lesser role in determining the level proactive decision making process.

The regression results of the respondent managers revealed that all components of emotional intelligence (self-emotional appraisal, others emotional appraisal, use of emotions, and regulation of emotions) have positive and significant effect on managers’ proactive decision making. The finding also suggests that others emotional appraisal and use of emotions were almost equally affect employees’ proactive decision making highly followed by regulation of emotion and self-emotional appraisal in their order of influence. To sum up, emotional intelligence significantly explained the variations in proactive decision making in respondent branch managers by 81 percent.

### **5.3. Recommendations**

This study was aimed to investigate the influence of employees’ state of emotional intelligence to proactive decision making with specific to branch managers at commercial Bank of Ethiopia at southern Addis Ababa district which consists of 102 branches in its domain. Based on the findings and conclusions reached, the researcher forwarded the following recommendations focusing on issues, which may have implications for the rest of branch managers found in the Bank.

- In this study, the variable emotional intelligence has been operationalized with the help of the four components: self-emotional awareness, others emotional awareness, use of emotions and regulation of emotions. These four dimensions of EI help managers’ in their daily operational as well as strategic undertakings which paves way for making decisions that are proactive.
- As the study results showed, the respondents level of making better or proactive decisions can be increased by improving the four components of emotional intelligence skills: self-emotional awareness, others emotional awareness, use of emotions, and regulation of emotions. The Bank should increase employees level of emotional intelligence by strengthening its staff development programs through delivering various trainings to

management members specifically designed to branch managers since they are responsible to run core function of the organization, that is rendering customer service.

- The Bank should also focus on conducting employee emotional intelligence skill test apart from the conventional aptitude tests during selection and recruitment process.
- As the Bank's primary purpose is to render efficient and effective customer service, the importance of having proactive decision making is highly important. Customer service requires focused engagement that actors at all levels should be equipped with essential skills of emotional intelligence and decision making. The benefit of enhancing employees' better decision making skill capacity is enormous that it will ultimately lead to increasing performance either at work unit or organization level.
- Apart from the hard skills needed to do the actual job, soft skills play tremendous role in recruiting, retaining and developing internal as well as external customers. In Commercial Bank of Ethiopia and in many other local organizations the importance of soft skills is under emphasized as the result poor decisions and hence observed decreasing performance trend among these organizations.
- Finally, proactive decision making which is an essential prerequisite for better performance and growth of organizations, can be achieved through an in-depth understanding of the four components of emotional intelligence skills. As suggested on the literature review part of this study, the costs of making timely, better and informed decisions far better than the spontaneous decisions. From this perspective the descriptive and inferential statistics results of this study, there exists strong relationship between components of emotional intelligence and proactive decision making. This shows us that emotional intelligence has significant influence on proactive decision making which in other words it directly affects performance. Thus, CBE, scholars, business researchers, etc. need to do further and detail study on it.
- Last but not least, the study can be extended to other business and non-business sectors across the different levels of management or the decision makers hierarchy.

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**APPENDIX**

**ADDIS ABABA UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTMENT MANAGEMENT**

**Questionnaires on Emotional Intelligence Skills& Decision Making Survey**

**Dear Respondents,**

The research is being made as part of the requirements for the fulfillment of my master's degree in Executive Master of Business Administration (EMBA).

Note that the questionnaires are solely for academic purpose.

**Part I: General & demographic information**

Direction: - Please put a check mark (√) on the appropriate box=

1. **Gender:** male  female

2. **Age group:**

20-29  30-39  40-49  50 -60  Above 60

3. **Education Level**

Diploma  First Degree  Second Degree  Third degree & Above

4. **How long have you been in your organization?**

<1year  1-3 years  3-5years  5-10 years  Above 10 years

**Please indicate your current position:** \_\_\_\_\_

**Part II:** This part of questionnaire covers items related to competencies of emotional intelligence skills. Please indicate how much you agree or disagree with each of the following statements relating situation to your organization by circling the number that best represents your opinion.

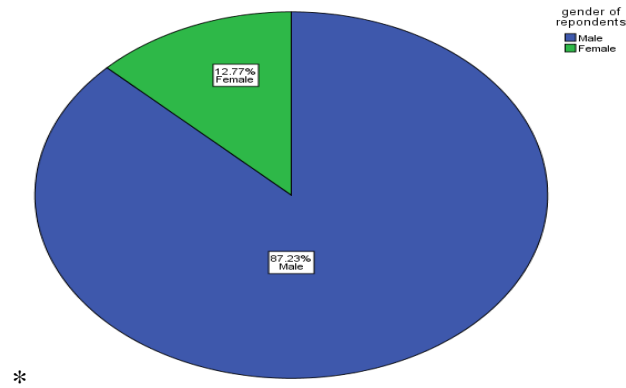
No	Emotional Intelligence Skill	Strongly disagree	Disagree	Slightly disagree	Neither agree or disagree	Slightly agree	Agree	Strongly agree
<b>I- Self-Emotional Appraisal (SEA)</b>								
1	I have a good sense of why I feel certain feelings most of the time.							
2	I have good understanding of my own emotions							
3	I really understands what I feel							
4	I always know whether I am happy or not							
<b>II- Others' Emotional Appraisal (OEA)</b>								
5	I always know my friends emotions from their behavior							
6	I am a good observer of others emotions							
7	I am sensitive to the feelings and emotions of others							
8	I have a good understanding of the emotions of people around me							
<b>III- Use of Emotion (UOE)</b>								
9	I always set goals for myself and then try my best to achieve them							
10	I always tell myself I am a competent person							
11	I am a self-motivating person							
12	I would always encourage myself to try my best							
<b>IV- Regulation of Emotion (ROE)</b>								
13	I am able to control my temper so that I can handle difficulties rationally							
14	I am quite capable of controlling my own emotions							
15	I can always calm down quickly when I am angry							
16	I have good control of my emotions							

**Part III:** This part of questionnaire covers items related to competencies of decision making skills. Please indicate how much you agree or disagree with each of the following statements relating situations to yourself that best represents your opinion.

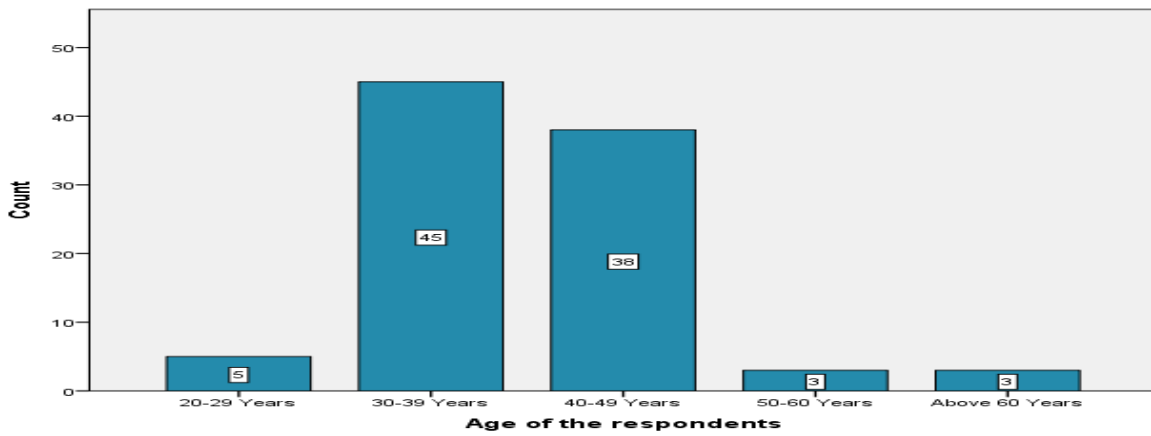
<b>Decision -Making Competency</b>		<b>Strongly disagree</b>	<b>Disagree</b>	<b>Slightly disagree</b>	<b>Neither agree nor disagree</b>	<b>Slightly agree</b>	<b>Agree</b>	<b>Strongly agree</b>
<b>I</b>	<b>Objective</b>							
1	I try to be clear about my objectives before choosing							
2	In general I am aware of my objectives in a decision situation							
3	For important decisions ,I engage in a systematic reflection, what I wish to achieve							
<b>II</b>	<b>Information</b>							
4	I arrived at my answers by assessing only the information in front of me.							
5	I seek actively information to improve my decision making							
6	I systematically collect the decision relevant information							
<b>III</b>	<b>Alternative</b>							
7	I excel at identifying opportunities.							
8	I systematically use my objectives to create alternatives							
9	I am good at finding ways to achieve my objectives							
<b>IV</b>	<b>Decision Radar</b>							
10	I thoroughly think about when I make which decision.							
11	I consider future events in my current decisions							
12	I am very aware of my thinking process in a decision situation							
13	I thoroughly consider how best to carry out a decision							
<b>V</b>	<b>Initiative</b>							
14	I usually wait for something to happen rather than taking the initiative myself.							
15	I tend to adapt to given circumstances rather than changing them							
16	I don't make decisions unless I really have to							
<b>VI</b>	<b>Improvement</b>							
17	I am always looking for better ways to do things.							
18	I am constantly on the lookout for the new ways to improve my life							
19	I continually try to improve my current situation							

**Thank for your patience and time!**

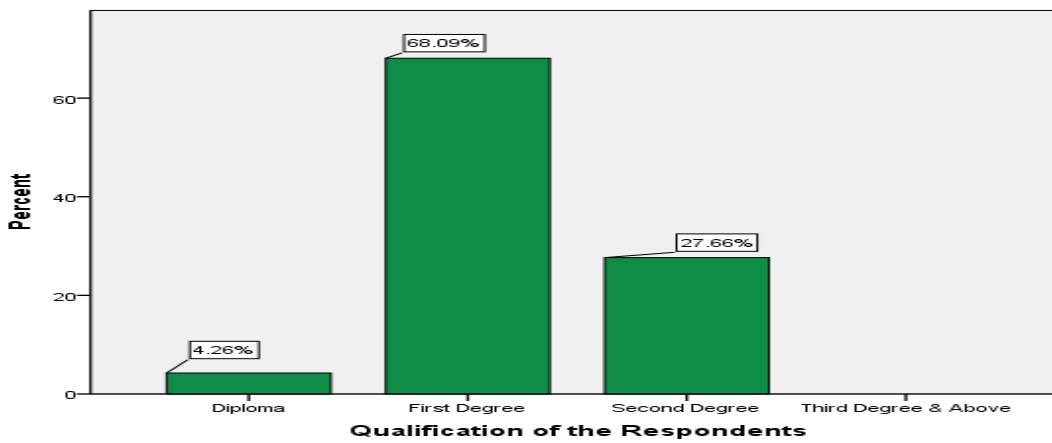
Graph 1. Respondents Percentsge by Gender



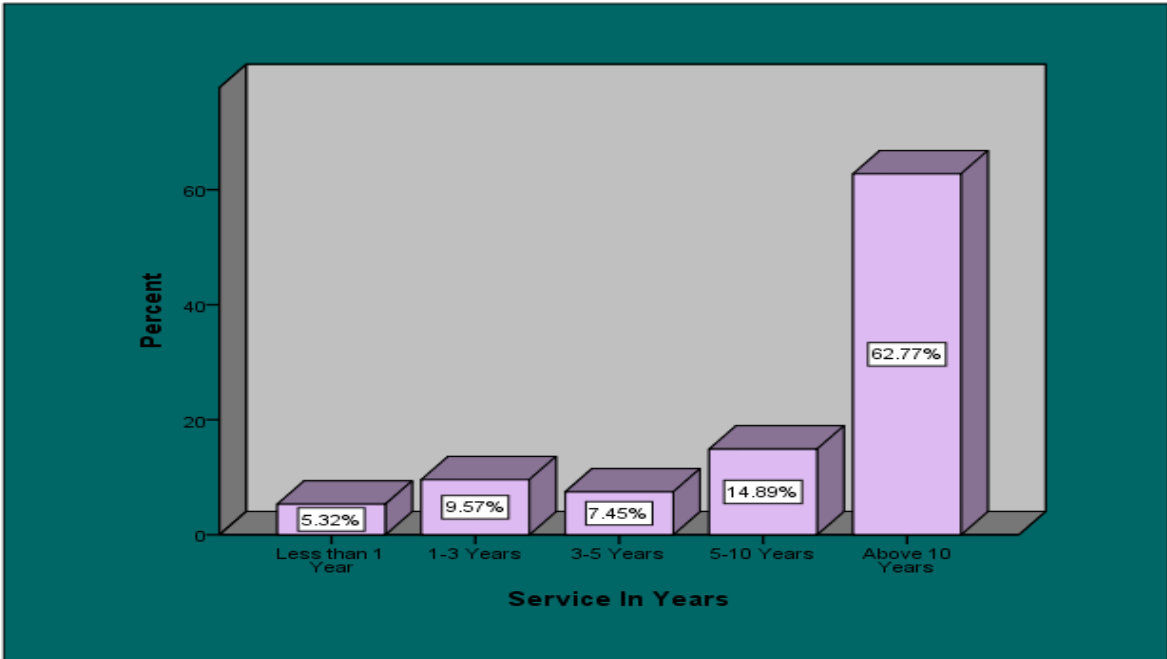
Graph 2. Respondents Proportion by of Age



Graph 3. Percentage of Respondents by Qualification.



Graph 4. Respondents percentage in terms of service in years.



Graph 5. Frequency of Respondents by Position.

