

# **I. INTRODUCTION: MANAGEMENT AND RELATIONSHIP SKILLS IN THE 21<sup>ST</sup> CENTURY**

For the more conservative industries such as banks, the recent shift from paper to electronics and from branches to e-banking - have posed a considerable problem. Moreover, as new agents entered the intermediation market and the processing services, drastic erosion in the banks' market share has been witnessed, from 75% in 1950 to 30% in the mid-90s.

How to keep pace with the changing technical and economic conditions, sustain the competitive edge and become "the leader of the pack" (Cook, 1998), this question has been the main concern of many industries throughout the world, yet the answers recently given by experts are quite surprising.

What characterizes the current approach to business management is the concern for people and the emphasis on human assets as part of the broader concept of intellectual capital, and not on technical capabilities and production, (Mullins, 2002).

Keeping a competitive advantage at times of change by enhancing human capital implies the need for a new kind of manager. Besides being experienced, knowledgeable and well trained (the "traditional qualities"), modern managers should possess certain personal traits which would enable them to become "change masters," according to Kanter-Moss (1996).

The present research is based on the conceptual and research developments, seeking to advance our knowledge concerning the ways in which aspects of job performance are linked to personal traits and managerial styles of men and women bank managers of local branches.

## II. LITERATURE SURVEY

### A. Management, leadership and people-orientation

According to Mullins (2002), management is an integrative role aiming to coordinate the efforts of all members of the organization toward set goals. It takes place within a structured organizational setting and has particular rules. Three features characterize managerial activity according to this approach: a) It is directed towards attaining aims and goals; b) It is achieved through the efforts of others and c) it uses facilities and procedures in a systematic manner. It is evident that besides fulfilling technical *task-oriented* functions, efficient management should also deal with *people-oriented* functions. Top managers need to consider the larger social context (Turnbull, 1997) and encourage all stakeholders/constituents to participate in the decision making process.

The most basic activities of people management includes the promotion of a structured system of feedback and rewards for ensuring employee job satisfaction and the designing of a suitable working environment. The contribution of people management to the success of the business was found to exceed that of technology, competitive strategy, and Research & Development (Summers, 1998).

In contemporary theories, the management of human resources is thought to be vital for the success of the business, and in this context, the managers' feedback to the workers and vice versa serves two purposes (Mullins, 2002). For the employees, a positive feedback from the manager, accompanied sometimes by tangible rewards (promotion, salary raise, bonuses) is a measure for advancing employee satisfaction, increasing productivity, etc. A negative feedback is intended to correct undesirable work routines and when it is made public it serves also as a warning for other employees. For the manager, initiating and encouraging feedback from the employee helps to build trust and increases employee involvement and motivation.

One of the most common usages of feedback is in appraisal processes. In many organizations, appraisal of the staff is carried out on a formal once-a-year basis. The more recent approach to appraisal offers a broader perception of the areas

which should be covered in the evaluation process, as well as more flexible techniques. Another sort of feedback used in business management is the one that comes from the customers, either spontaneously or as a result of premeditated polls/surveys.

Reddin's (1971) model describes eight managerial styles along three dimensions: a) Task orientation (TO); b) Relationship orientation (RO); and c) Effectiveness (E). According to Reddin (1971), successful management results from employing an adequate managerial style in accordance with the specific character and conditions of the organization.

There should be a balance between too tight and too loose managerial control, in order to promote a sense of positive challenge among all members of the organization and maximize its performance (Amabile, 1998). However, a less controlling and more democratic style seems to be more effective in most organizations in light of today's social climate, and some research findings also show (Goleman, 2000) the significance of relationship-oriented managerial styles in industrial settings and their impact on productivity.

## **B. Management and emotional intelligence**

Emotional intelligence (EI) is the factor, argues Goleman (1998), which makes the difference in the higher levels of the company, where there are but small differences in technical skills. Goleman (1998) describes five aspects of emotional intelligence: a) Self awareness; b) Self regulation; c) Motivation; d) Social skills and e) Empathy. Empathy is needed in order to promote team work and retain the loyalty of talented workers - two managerial goals which have become especially important in the competitive world of the 21st century.

Bar-On (1997) argues that social and emotional intelligences are better predictors of success in life than academic IQ and that they play a major role in all branches of management, especially in the organizational setting (Zaccaro, 2001). Harrison

(1997) claims that emotional intelligence is vital for developing the organization's competitive advantage and that therefore it should be cultivated in every manager, even if his/hers avowed duty is technical in essence. Mandell & Pherwani (2003), by employing the differentiation between transactional and transformational styles of leadership, established the link between the latter and EI components such as empathy, motivation, self-confidence and self-awareness.

It seems that two lines of development could be discerned in managerial thinking. The first direction involves the broadening of previous models of management by incorporating into them additional factors and by giving a greater weight to people-oriented managerial functions, while the second innovative direction seeks to re-formulate former management tenets and to substitute them with new perspectives and alternative descriptions of the managerial role. Typical to this trend are the suggestions to regard management within the context of leadership (Mullins, 2002) and the development of diverse models of leadership styles, emphasizing non-technical managerial skills such as vision (Bass & Avalorio, 1994), creativity (Dulewitz & Higgs, 2000) and emotional intelligence (Goleman, 1990). These new perspectives are especially evident in management theories dealing with decision making, one of the most important functions of the manager's role.

### **C. Recent trends in managerial decision-making theory**

Decision making primarily involves the evaluation of alternatives and the choosing of the one venue considered to be the most productive for attaining a certain goal (Simon, 1997). Martin (2007), as an example of contemporary thinking, suggests four stages of decision making as a process of consideration and synthesis performed by leaders who are endowed with integrative thinking. In the first stage, a full analysis and definition of the problem is being done, going beyond salient and obvious features of the situation. Secondly, multidirectional and nonlinear relationships between the identified features of the problem, and not just linear ones, are investigated. In the third stage, an evaluation is formed concerning the whole problem and how the parts fit together. Only then, in the fourth stage of the decision-making process, creative and integrative thinking is

applied to resolve the tensions between opposing ideas and generate new alternatives.

Thus, contemporary models of decision making mark a significant departure from previous management thought: they go beyond the individual manager as a decision maker and begin to consider the organizational context and various venues of employee participation in the decision-making process.

#### **D. Management-employee relationship: Modern trends in decision-making models**

An updated human-assets theory takes into account both partners of the manager-employee relationship and defines the conditions under which it can operate most effectively, especially in DM processes, for the attainment of organizational goals. Management as an activity aims to "get the job done" through the efforts of others and therefore it must include the delegation of responsibilities connected with the assigned tasks to the workers who are supposed to perform them. Delegation, when well planned, can promote the job performance of the employees, enhance trust and cooperation between the managerial level and the workers, and relieve the work-load of the manager, thus leaving him/her more time and energy for developing a larger vision, long-term strategies, training programs, etc. Other key concepts related to the research on management-employee relationship include empowerment, employee involvement and teamwork.

#### **E. Gender and management studies**

The paucity of top-level women managers was already mentioned by Kanter-Moss (1977), who also described the stereotypical discriminative attitudes expressed by male managers toward their female colleagues. While in some studies no material differences in the distribution curves of men and women were found, and Goleman (2000) claimed that there is huge overlapping of the scores, yet Mandell and Pherwani (2003) found significantly higher EI scores among women managers as compared with men. Therefore, it seems that more research should be conducted in corporate/business settings in order to clarify the issue of gender in management. Yet on the whole, the results of gender management studies are not

conclusive. Wajcman (1998) concludes that organizational characteristics and constraints rather than individual personality traits or inherent gender differences determine management styles, and that gender differences are less obvious in top managerial positions.

### **III. RATIONALE AND AIMS OF THE PRESENT RESEARCH**

Previous research reveals the need for further investigation of managerial trends in the business context, especially with regard to job performance. Another variable to be taken into account seems to be gender, as previous studies have not supplied conclusive evidence concerning its interaction with managerial styles.

This line of reasoning constituted the rationale of the present research which was to contribute to the field of contemporary management theory by studying possible interactions between personality traits, styles of decision making and gender, focusing on job performance in the business context (banking). Accordingly, the study aims to investigate the relations between two independent variables - emotional intelligence (EI) and methods of participative decision making (DMS) - and the dependent variable of job performance (JP) of male and female bank managers. It is expected that the results will add to the body of knowledge obtained in previous studies.

### **IV. METHODOLOGY**

#### **A. Sample**

55 branch managers of one of the largest banks in Israel participated in the research, out of which seven were excluded from the statistical analysis. Of the 48 subjects, 10 were women and 38 men. The size of the sample is justified due to the main tool that was employed, EI questionnaire, which has been proved to be of high validity and reliability (for instance, Mandell & Pherwani, 2003).

#### **B. Procedure**

After obtaining written permission from the central bank, the questionnaires were sent to the subjects, with an accompanying letter which presented the research in disguised terms as part of a PhD thesis designed to investigate economic and

managerial attitudes. The subjects' anonymity was guaranteed. A brief personal questionnaire asked the subjects to give the following information: gender, age, years of experience on the job, education, place of birth and year of immigration to Israel.

## **C. Tools**

### **1. *Emotional Intelligence***

The EI questionnaire consisted of 33 statements. The subject was asked to mark the answers most closely reflecting his/her self evaluation on 1-5-point scales (higher score means assent; in the statistical coding lower scores mean higher EI). Thirteen statements were meant to reflect the subject's ability to assess and express feelings and another ten items examine the ability to regulate and control feelings, another ten items evaluate the ability to use feelings for problem. The three EI factors were marked in the present study as EI EXP, EI CONT, EI PROB. On the basis of the scores in the separate three factors, an average total EI scores was calculated (EI AVE).

### **2. *Decision-making style (DMS)***

Decision-making style was assessed in four items: The subjects were presented with a short scenario describing a failure of a local branch of the bank in marketing new saving accounts, and were asked to describe in their own words what measures they, as managers, would have taken in a similar situation. In the next question the subjects were asked to rate their decision-making style on a five-point-scale. A higher score means a more participative style (basic DMS score are marked as DMS BASE). Two further questions checked the frequency of using this style and whether the subjects would recommend it to other managers (three-point answer scales).

### **3. *Job performance (JP)***

Job performance was assessed by the subjects' answers to four questions (marked JP in the final scoring) especially composed for this research. Each subject was asked to rate his/her managerial performance on 1-5- point scales vis-à-vis *task orientation* (TO), *people orientation* (PO) divided into orientation towards *employees* (PO EMP) and *clients* (PO CLI), and *effectiveness* (Eff). Beside the

structured "closed" questions, there were also two open questions concerning the uses of feedback from clients and employees.

#### **4. *Decoy questions***

To disguise the real purpose of the research, several decoy questions were installed in between the JP, DMS and EI questionnaires. The answers to all the decoy questions but one – the scenario question – were not included in the research. The replies to the scenario question were textually analyzed and incorporated into the findings regarding the uses of feedback mechanisms in management.

#### **D. The study assumptions**

**Assumption 1:** Both emotional intelligence (EI) and decision-making style (DMS) are involved in managerial performance, especially in areas where human-related skills are central.

**Assumption 2:** Gender differences are more pronounced in management styles employing people-orientation and might find expression in job performance.

#### **E. The study hypotheses**

H1: A significant correlation exists between the EI scores and the job performance scores of the entire sample.

H2: A significant correlation exists between EI and DMS scores.

H3: A significant correlation exists between the DMS scores and the JP scores.

H4: DMS scores will add significantly to the correlation between EI and JP.

H5: A significant gender difference will be found in EI scores; the women will have a higher level of emotional intelligence as compared with the male subjects.

H6: A significant gender difference will be found in DMS scores; the women will have a higher level of participative decision-making style as compared with the male subjects.

H7: There will be a significant gender interaction between EI scores and DMS scores correlated with job performance.



## V. THE STUDY RESULTS

### A. Background characteristics of the sample: gender, age group, experience

**Age:** The most prevalent age groups are: 35-40 years (15 subjects, 31%) and 50+ years (15 subjects, 31%).

**Years of experience on the job:** 16 subjects (33% of the total sample of 48 subjects) had from 1 to 5 years of experience, 15 subjects (31%) from 6 to 10 years, 5 subjects (10%) had work experience of 11-15 years and 12 subjects (25%) worked as bank managers for 16 years and more.

### B. Means and standard deviation scores of the research variables

The scoring for emotional intelligence in the three EI factors and the total EI average score range from 1 to 5- lower scores indicate a higher level of EI. The results indicate that women subjects tend to have lower EI scores - that is a higher level of emotional intelligence, in all the three EI dimensions (Table 1). Female subjects are also more inclined to have higher DMS scores (on 1-5 scale), indicating a more participative decision-making style (Table 2). As for job performance, the female subjects' mean scores are higher than the men's in all JP dimension except for task orientation. It seems that the women managers tend to be especially focused on human relations with regard to their employees (Table 3).

**Table 1. Means and standard deviation scores of emotional intelligence**

Gender		EI ave.	EI probs	EI cont	EI exp
Male	Mean	1.9512	1.9053	1.8153	2.1332
	N	38	38	38	38
	SD	.27491	.35179	.39890	.39046
Female	Mean	1.6543	1.6100	1.5360	1.8170
	N	10	10	10	10
	SD	.20046	.35730	.16754	.25591
Total	Mean	1.8894	1.8438	1.7571	2.0673
	N	48	48	48	48
	SD	.28642	.36953	.37918	.38652

Lower scores denote a higher level of emotional intelligence.

**Table 2. Means and standard deviation scores of decision making styles**

Gender		DMS adj	DMS base
male	Mean	3.5921	3.5000
	N	38	38
	SD	1.03228	.72597
female	Mean	4.1900	3.9000
	N	10	10
	SD	1.03005	.73786
Total	Mean	3.7167	3.5833
	N	48	48
	SD	1.04989	.73899

Higher scores denote a more participative DM style

**Table 3. Means and standard deviation scores of job performance**

Gender		JP eff	JP po emp	JP po cli	JP to
male	Mean	3.7895	4.2105	3.7763	4.0526
	N	38	38	38	38
	SD	1.04385	1.22271	1.29811	.76925
female	Mean	4.2000	5.5000	4.1500	3.6000
	N	10	10	10	10
	SD	.63246	.57735	1.52843	1.07497
Total	Mean	3.8750	4.4792	3.8542	3.9583
	N	48	48	48	48
	SD	.98121	1.23322	1.34068	.84949

Higher scores denote better job performance.

### C. Testing of the hypotheses

The seven hypotheses of the research were partly confirmed. The main findings show a gender effect in the interactions between emotional intelligence, decision-making styles and managerial job performance.

Within the whole sample, a higher level of EI was found to be related to better JP (except for task orientation), as well as to a more participative DMS, confirming

H1 and H2. In contrast to the proven predictive power of emotional intelligence in the entire sample (regardless of gender), DMS was not found to predict JP and H3 was rejected, yet this variable added to the interaction between EI and one dimension of JP (people orientation - towards clients), thus only partly confirming H4.

However, *the above results do not apply equally to the male and female subjects of the present research.* The women branch managers were found to have a significantly higher level of emotional intelligence in all EI dimensions (confirming H5). The more participative DMS scores of women did not reach statistical significance (rejection of H6), but the gender difference was in the hypothesized direction. These two findings might explain the higher mean score of the women managers in one dimension of JP: orientation towards employees (gender differences in JP were not initially hypothesized but were tested in light of the above findings). Conforming H7, *a significant **gender effect** in the relations between EI, DMS and JP was found: emotional intelligence was found to predict the job performance of male managers only, only within this sub-sample was there a significant correlation between EI and DMS, and only among the male subjects DMS added to the correlation between EI and JP.* Several interpretations of these findings were offered, including a possible "ceiling" effect in the women subjects' high EI scores. It is suggested that possibly the female subjects already have the optimal level of emotional intelligence needed for the execution of their managerial role, and therefore intra-personal differences in EI within this group could not predict JP. Another explanation might be the smallness of the female sample, which makes statistical significance hard to obtain even if the results seem to be in the hypothesized direction.

*Non-hypothesized* statistical tests revealed that the variance in **age**, and not only in gender, can explain certain inter-personal differences in EI, DMS and JP: the levels of EI (except for emotional expression) and of participative decision making (DMS adjusted score) are lowest in the oldest age group, as is the case with effective job performance according to the subjects own assessments. However, as the oldest (50+) age group consists exclusively of men subjects and even in the 46-50 years group there is only one female subject, it seems reasonable to deduce that

the findings showing lower levels of EI, DMS and JP's Effectiveness in the older age groups pertain almost exclusively to male managers. A statistical testing of the gender-plus-age interaction was not done in the present research.

In addition, the qualitative-textual analysis of open questions dealing with employee and client feedback revealed important information with regard to the subjects' managerial attitudes and relationship skills. Here, too, a gender plus age effect could be detected, though not statistically tested, as the non-responsive subjects (25% of the sample) were found to be male, with only one woman among them.

The findings of the research contribute to our understanding of the ways in which emotional intelligence and decision-making patterns interact with the job performance of men and women bank managers and suggest that beside the proven gender effect there is a possible age effect as well. The present research also indicates the greater utility of the EI tool for predicting the job performance of male bank managers as compared with the lesser predictive value of the DMS tool, which can be used as an additional tool.

It is recommended that subsequent studies will investigate the reliability and validity of the JP and DMS tools devised for the present research, and will also employ objective tools for assessing these variables and job performance in order to substantiate the present research findings which were based on the subjects' own assessments. Besides, as mentioned above, the interaction of both gender and age with to the research variables also needs to be fully investigated. A limitation of the present research is the homogeneity of the sample: all the subjects are branch managers of the same Israeli bank (other banks did not grant permission to conduct this research in their local branches). This fact, and the small number of the female subjects who participated in the present study, restrict the generalizing implications of the results and it is recommended that a similar research will be done in other banks and in other sorts of businesses as well, in Israel and abroad.

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