



The Role of Emotional Intelligence, Employee Engagement, and Psychological Well-being on Managerial Competence in Nonprofit Organizations

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ABSTRACT

This study explores the combined effects of emotional intelligence, employee engagement, and psychological well-being on managerial competence within nonprofit organizations. The sector's unique challenges necessitate effective management to balance mission-driven goals with organizational sustainability. Using a quantitative approach, data were collected from 160 managers through structured questionnaires. Multiple linear regression analysis, conducted using JASP software, revealed that emotional intelligence, employee engagement, and psychological well-being significantly predict managerial competence. The model with these predictors (M_1) explained 84.7% of the variance in managerial competence ($R^2 = 0.849$, Adjusted $R^2 = 0.847$) and demonstrated a substantial improvement over the baseline model (M_0) with an R^2 of 0.000. The coefficients for emotional intelligence ($\beta = 0.450$, $t = 7.223$, $p < 0.001$), employee engagement ($\beta = 0.473$, $t = 7.826$, $p < 0.001$), and psychological well-being ($\beta = 0.465$, $t = 7.419$, $p < 0.001$) were all highly significant. Among these, employee engagement had the strongest impact on managerial competence. The ANOVA test confirmed the model's robustness, with an F-value of 293.461 ($p < 0.001$), indicating that these variables collectively explain a significant portion of the variance in managerial competence. This study highlights the importance of integrating these factors to enhance managerial effectiveness in nonprofit settings.

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INTRODUCTION

The nonprofit sector plays a critical role in addressing societal needs, often operating under constraints that include limited resources, complex stakeholder expectations, and high demands for accountability. In this context, managerial competence is essential for organizational success, as it ensures effective resource allocation, decision-making, and leadership. However, despite its importance, managerial competence in nonprofit organizations is often challenged by the unique operational environment, which requires a balance between mission-driven goals and organizational sustainability (Karimi et al., 2021).

Nonprofit organizations are often characterized by their reliance on intrinsic motivators such as the alignment of personal values with organizational missions, which differentiates them from their for-profit counterparts. This reliance places additional emphasis on the need for managers to effectively harness emotional intelligence, employee engagement, and psychological well-being to align the diverse motivations of their workforce (Rahi, 2022). In this regard, psychological well-being becomes even more critical, as nonprofit employees are frequently exposed to emotionally taxing situations that can lead to burnout and decreased productivity if not properly managed.

One significant aspect that contributes to enhancing managerial competence in this sector



is the role of emotional intelligence, employee engagement, and psychological well-being. Emotional intelligence, which involves the ability to recognize, understand, and manage one's own emotions and the emotions of others, has been shown to influence leadership effectiveness and organizational outcomes. Employee engagement, the level of commitment and involvement an employee has towards their organization and its values, is crucial for driving performance and achieving organizational goals (Kundi et al., 2020). Additionally, psychological well-being, which reflects the mental health and overall happiness of employees, plays a significant role in maintaining a productive and positive work environment (Rahi, 2022).

The problem addressed in this research is the lack of comprehensive studies that explore the combined effect of emotional intelligence, employee engagement, and psychological well-being on managerial competence in nonprofit organizations. While these factors have been studied individually in various contexts, there is a gap in the literature regarding their integrated impact within the unique environment of nonprofit organizations (Karimi et al., 2021). This research aims to fill this gap by examining how these elements interact to enhance managerial competence, thereby contributing to the overall effectiveness of nonprofit organizations (Lai et al., 2024).

The novelty of this study lies in its integrated approach, which considers the combined influence of emotional intelligence, employee engagement, and psychological well-being on managerial competence. By focusing on nonprofit organizations, this research provides new insights into how these factors can be leveraged to improve leadership and management practices in a sector that is often overlooked in management studies (Rahi, 2022). This research also introduces the concept of a synergistic effect, where the interaction between emotional intelligence, employee engagement, and psychological well-being produces an outcome greater than the sum of their individual impacts, thereby offering a holistic view of managerial competence (Lai et al., 2024).

This research contributes to the existing body of knowledge by providing empirical evidence on the interconnectedness of these psychological and organizational factors, offering a comprehensive understanding of how they collectively influence managerial competence in nonprofit organizations (Karimi et al., 2021). The findings are expected to have practical implications, offering nonprofit leaders and managers strategies to enhance their leadership effectiveness, improve employee satisfaction, and ultimately, achieve their organizational missions more efficiently. Furthermore, this study aims to contribute to the broader discourse on leadership and management within the nonprofit sector, advocating for the inclusion of emotional and psychological dimensions as critical components of managerial competence (Rahi, 2022).

Emotional Intelligence (EI) refers to the ability to understand, use, and manage emotions positively to reduce stress, communicate effectively, empathize with others, tackle challenges, and resolve conflicts. According to Mayer et al. (2016), EI involves the capability to process emotional information and apply it to thinking and actions. Kotsou et al. (2019) further define EI as encompassing the ability to recognize one's own emotions, understand their impact, and use emotional information in decision-making. Wong and Law (2017) emphasize that EI includes four main dimensions: self-emotional appraisal, others' emotional appraisal, regulation of emotion, and use of emotion. Goleman (2020) identifies four principal dimensions



of Emotional Intelligence: self-awareness, self-regulation, motivation, and empathy. Self-awareness involves recognizing and understanding one's emotions; self-regulation focuses on managing and controlling emotions in a positive manner; motivation is about internal drive and perseverance towards goals; and empathy involves understanding and responding appropriately to the emotions of others.

Employee Engagement refers to the level of enthusiasm and involvement an employee has in their job, which is reflected in their dedication, energy, and commitment to tasks. Knight et al. (2017) define Employee Engagement as active involvement in work, characterized by enthusiasm, dedication, and energy. Bailey et al. (2017) point out that Employee Engagement significantly impacts productivity and employee retention. Saks (2019) adds that Employee Engagement encompasses cognitive, emotional, and behavioral components that influence job performance. Albrecht et al. (2015) further describe Employee Engagement as consisting of three main components: vigor (energy and enthusiasm), dedication (commitment and sense of significance), and absorption (immersion and focus in work tasks).

Psychological Well-being is a state where individuals feel satisfied with their lives, have clear life goals, and are able to manage stress effectively. Diener et al. (2018) highlight that Psychological Well-being involves a balance between positive and negative emotions as well as achieving life goals. Huppert (2014) underscores the importance of social factors in enhancing individual psychological well-being. Ryff (2018) identifies six key dimensions of Psychological Well-being: self-acceptance, positive relations, autonomy, environmental mastery, purpose in life, and personal growth. Self-acceptance refers to a positive evaluation of oneself and one's life; positive relations involve having warm, trusting relationships with others; autonomy encompasses the ability to make independent decisions; environmental mastery relates to the ability to manage and control one's environment; purpose in life involves having a sense of direction and meaning; and personal growth refers to continuous development and openness to new experiences. VanderWeele (2017) adds that psychological well-being is closely related to physical health and achieving a meaningful life.

Managerial Competence is a set of skills, knowledge, and attitudes necessary for leading and managing teams or organizations effectively. Sousa and Rocha (2019) describe managerial competence as including problem-solving abilities, strategic decision-making skills, and effective communication. Boyatzis (2018) emphasizes the importance of adaptability and the development of interpersonal skills in building successful managerial competence. Boyatzis (2018) identifies three main dimensions of Managerial Competence: cognitive competence, emotional competence, and social competence. Cognitive competence involves analytical thinking and problem-solving skills; emotional competence pertains to managing emotions and self-motivation; and social competence includes building effective interpersonal relationships, communication skills, and teamwork.

In this integrated framework, this study examines the interaction between emotional intelligence, employee engagement, and psychological well-being and their collective impact on managerial competence. The research contributes to the broader understanding of how these psychological and organizational factors interconnect, offering empirical evidence on their combined effect on managerial competence within nonprofit organizations. Given the critical role of nonprofit leaders and managers, the findings are expected to provide practical insights

for enhancing leadership practices, employee satisfaction, and ultimately, the overall mission-driven success of nonprofit organizations (Karimi et al., 2021).

METHOD

This study employs a quantitative research approach to investigate the role of emotional intelligence, employee engagement, and psychological well-being on managerial competence in nonprofit organizations. The data for this research will be collected using a structured questionnaire distributed to nonprofit organization managers. To determine the appropriate sample size, the formula proposed by (J. F. , Hair et al., 2019) was applied, resulting in a sample size of 160 participants. This sample size ensures sufficient statistical power for conducting robust analyses and detecting significant relationships between the variables. The data analysis will be performed using JASP, a statistical software that facilitates various types of analyses, including multiple linear regression. Multiple linear regression is chosen for this study to examine the predictive power of emotional intelligence, employee engagement, and psychological well-being on managerial competence. This method allows for the assessment of the combined and individual effects of these independent variables on the dependent variable, providing a comprehensive understanding of their influence on managerial competence within the unique context of nonprofit organizations. The results from this analysis will offer valuable insights into the key factors contributing to effective management practices in the nonprofit sector.

RESULTS AND DISCUSSION

A validity test is a crucial step in research to ensure that the instruments used accurately measure what they are intended to measure. According to (J. F. , et al. Hair, 2019), validity is essential for ensuring that the constructs in a study accurately represent the phenomena being measured. Validity refers to the extent to which the variables in a study are correlated with each other and support the proposed hypothesis. In this research, a validity test was conducted using JASP statistical software to measure the relationships between the key variables: Emotional Intelligence (EI), Employee Engagement (EE), Psychological Well-being (PWB), and Managerial Competence (MC). (Boateng et al., 2018) emphasized that conducting a proper validity test helps determine whether the instruments used are capable of assessing the contribution of each variable to managerial competence, particularly in nonprofit organizations. The results of the validity test are expressed through the correlation between variables, indicated by the p-values and correlation coefficients (r).

Table 1. Validity Test

Variables	Total EI	Total EE	Total PWB	Total MC
Total EI	1.000	0.786 $p < .001$	0.850 $p < .001$	0.764 $p < .001$
Total EE	0.786 $p < .001$	1.000	0.873 $p < .001$	0.829 $p < .001$
Total PWB	0.850 $p < .001$	0.873 $p < .001$	1.000	0.853 $p < .001$
Total MC	0.764 $p < .001$	0.829 $p < .001$	0.853 $p < .001$	1.000

The findings from the validity test presented in Table 1 indicate significant relationships

between the studied variables: Emotional Intelligence (EI), Employee Engagement (EE), Psychological Well-being (PWB), and Managerial Competence (MC). Each variable correlates strongly with one another, underscoring their combined importance in managerial roles. Emotional Intelligence (EI) shows strong correlations with Employee Engagement ($r = 0.786, p < .001$) and Psychological Well-being ($r = 0.850, p < .001$). This indicates that managers with high EI are more likely to engage employees effectively and promote their psychological well-being. Such managers can navigate emotional complexities and foster a supportive work environment that enhances employee performance.

Similarly, Employee Engagement (EE) demonstrates a high correlation with Psychological Well-being ($r = 0.873, p < .001$) and Managerial Competence ($r = 0.829, p < .001$). These relationships suggest that engaged employees tend to experience better psychological well-being, which, in turn, enhances their perception of managerial competence. The ability to engage employees and promote their well-being is critical for managers in nonprofit organizations, where motivation often stems from shared values rather than monetary incentives. Psychological Well-being (PWB) correlates strongly with Managerial Competence ($r = 0.853, p < .001$), emphasizing the need for managers to maintain their own well-being to lead effectively. A healthy mental state allows managers to make sound decisions, manage conflicts, and inspire their teams to achieve organizational goals. Finally, the relationship between Emotional Intelligence and Managerial Competence ($r = 0.764, p < .001$) further solidifies the role of EI in shaping managerial effectiveness in nonprofit settings.

A reliability test is a critical step in research to evaluate the consistency of the measurement scales. (J. F. , et al. Hair, 2019) define reliability as the extent to which a set of items consistently measures the same underlying construct over time. This test ensures that the items within each scale reliably measure the same construct. The most commonly used metric for reliability is Cronbach's alpha (α), which evaluates the internal consistency of a set of items. A high Cronbach's alpha value, generally above 0.70, indicates that the items are strongly correlated and effectively measure the same variable. In this study, the reliability test was performed on four key variables: Emotional Intelligence (EI), Employee Engagement (EE), Psychological Well-being (PWB), and Managerial Competence (MC), all of which are essential in understanding managerial performance in nonprofit organizations.

Table 2. Reliability Test

Frequentist Scale Reliability Statistics	
Estimate	Cronbach's α
Emotional Intelligence	0.950
Employee Engagemnet	0.934
Psychological Well-Being	0.940
Managerial Competence	0.920

As shown in Table 2, the reliability test results reveal high internal consistency across all four variables. Emotional Intelligence (EI) had the highest Cronbach's alpha value at 0.950, followed by Psychological Well-being (PWB) at 0.940, Employee Engagement (EE) at 0.934, and Managerial Competence (MC) at 0.920. These values are well above the generally accepted threshold of 0.70, indicating excellent reliability. The high reliability scores suggest that the scales used in this research are robust and capable of consistently measuring the respective constructs, making them suitable for further analysis in the context of nonprofit organizational

studies.

In research, the model fit is crucial for evaluating how well a set of independent variables explains the variance in the dependent variable. According to (Frost, 2019) metrics such as R-squared (R^2), Adjusted R-squared (Adjusted R^2), and Root Mean Square Error (RMSE) are widely used to measure the goodness of fit. R^2 shows the proportion of variance explained by the model, while Adjusted R^2 adjusts for the number of predictors to give a more accurate estimate. RMSE assesses the model's prediction error, with lower values indicating a better fit.

Table 3. R Square

Model Summary - TOTAL MC				
Model	R	R^2	Adjusted R^2	RMSE
M_0	0.000	0.000	0.000	5.937
M_1	0.922	0.849	0.847	2.326

Note. M_1 includes TOTAL EI, TOTAL EE, TOTAL PWB

As shown in Table 3, the R^2 and Adjusted R^2 values provide insight into the explanatory power of the models. The first model (M_0), which only includes the intercept, has an R^2 and Adjusted R^2 of 0.000, indicating that the model explains none of the variance in Managerial Competence (MC). In contrast, the second model (M_1), which includes Emotional Intelligence (EI), Employee Engagement (EE), and Psychological Well-being (PWB), has a much higher R^2 of 0.849 and an Adjusted R^2 of 0.847. This shows that 84.7% of the variance in Managerial Competence is explained by these three predictors. Additionally, the RMSE for M_1 (2.326) is much lower than that of M_0 (5.937), indicating a better fit with the data when the predictors are included.

To assess the contribution of each independent variable, coefficients and significance levels are examined. According to (J. F. , et al. Hair, 2019), the t-test is a critical tool used to evaluate whether the coefficients of independent variables in regression models are significantly different from zero. Standardized coefficients are used to compare the relative impact of each predictor variable on the dependent variable. High t-values and low p-values suggest that a predictor has a significant and meaningful influence on the outcome.

Table 4. t Test

Coefficients					
Model	Unstandardized	Standard Error	Standardized	t	p
M_0 (Intercept)	30.006	0.469		63.927	< .001
M_1 (Intercept)	4.426	0.982		4.505	< .001
TOTAL EI	0.400	0.055	0.450	7.223	< .001
TOTAL EE	0.069	0.034	0.473	7.826	< .001
TOTAL PWB	0.418	0.056	0.465	7.419	< .001

Note. M_1 includes TOTAL EI, TOTAL EE, TOTAL PWB

Note. The intercept model is omitted, as no meaningful information can be shown.

Table 4 provides the results of the t-test for the coefficients of the predictor variables in the second model (M_1). The intercept decreases significantly from 30.006 in M_0 to 4.426 in M_1 , showing a shift when the predictors are included. The coefficients for Emotional Intelligence (TOTAL EI), Employee Engagement (TOTAL EE), and Psychological Well-being (TOTAL PWB) are all highly significant, with p-values less than 0.001. The standardized coefficients reveal that

Employee Engagement has the largest impact on Managerial Competence ($\beta = 0.473$), followed by Psychological Well-being ($\beta = 0.465$), and Emotional Intelligence ($\beta = 0.450$). This suggests that while all three predictors are important, Employee Engagement plays a slightly stronger role in explaining Managerial Competence. These findings provide robust evidence that Emotional Intelligence, Employee Engagement, and Psychological Well-being are significant contributors to Managerial Competence in nonprofit organizations.

The ANOVA (Analysis of Variance) test in Table 5 is used to assess the overall significance of the regression model. This test determines whether the independent variables, when considered together, significantly explain the variance in the dependent variable. According to (Frost, 2019), ANOVA is crucial in regression models for comparing the explained variance with the residual variance, allowing the F-test to evaluate the collective strength of the predictors. (Field, 2018) further elaborates that the F-test assesses the overall fit of the model, helping determine if the variance explained by the independent variables is statistically meaningful. Similarly, (Montgomery et al., 2021) emphasize that the ANOVA table decomposes the variance into components, providing insight into how much of the variance is explained by the model versus random error.

Table 5. F Test

ANOVA						
Model		Sum of Squares	df	Mean Square	F	p
M1	Regression	4761.311	3	1587.104	293.461	< .001
	Residual	843.683	156	5.408		
	Total	5604.994	159			

Note. M₁ includes TOTAL EI, TOTAL EE, TOTAL PWB

Note. The intercept model is omitted, as no meaningful information can be shown.

As shown in Table 5, the model (M₁), which includes Emotional Intelligence (EI), Employee Engagement (EE), and Psychological Well-being (PWB), yields a significant F-value of 293.461 ($p < .001$). This high F-value, coupled with the very low p-value, indicates that the regression model is highly significant and the independent variables collectively explain a substantial amount of variance in Managerial Competence. The large sum of squares for regression (4761.311) compared to the residual (843.683) further reinforces that the model accounts for a major portion of the total variance.

CONCLUSION

The study highlights that Emotional Intelligence (EI), Employee Engagement (EE), and Psychological Well-being (PWB) are significant predictors of Managerial Competence (MC) in nonprofit organizations. The regression analysis showed a strong model fit, indicating that these three variables play a crucial role in explaining the variance in managerial performance. Employee Engagement emerged as the most influential factor, followed by Psychological Well-being and Emotional Intelligence. These results underscore the importance of addressing emotional and psychological factors to enhance managerial competence in the nonprofit sector. To improve managerial competence, nonprofit organizations should focus on initiatives that foster Emotional Intelligence, Employee Engagement, and Psychological Well-being. Providing training and support in these areas can help managers perform more effectively. Furthermore, future studies could investigate additional factors, such as leadership styles or organizational



dynamics, to further refine the understanding of what drives managerial competence. Expanding research to other sectors would also offer insights into the broader applicability of these findings.

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