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REVIEW ARTICLE

A STUDY OF ECONOMIC REASONING AMONG COLLEGE STUDENTS IN RELATION TO EMOTIONAL INTELLIGENCE

ARUN BABU.T and HARIKRISHNAN. M¹.

Doctoral student in the Department of Education, Annamalai University,
Annamalai Nagar, India.

¹Department of Education, DDE, Annamalai University,
Annamalai Nagar, India.

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ABSTRACT

The study was conducted on economic reasoning among college students in relation to emotional intelligence. Economic reasoning can be defined as the thinking in accordance with the laws and principles of economics. According to Mayer and Salovey, "it is the ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion and regulate emotion in the self and others." It is found that there is significant difference in economic reasoning of college students with respect to their gender, locality, part-time job and bank account. There is significant difference in emotional intelligence of college students with respect to their locality, part-time job and bank account and there is no significant difference in emotional intelligence of college students with respect to their gender. It is also found that there exists a positive correlation between economic reasoning and emotional intelligence among college students.

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1. INTRODUCTION

In the twenty-first century knowledge has become the most important raw material in the knowledge based society. Education is one of the most important inputs in the development of an individual in the economic, physical, social, cultural, ethical and spiritual aspects. This is the basic fulcrum for the wholesome personality development of individuals. In the emerging deregulated economic environment, education has a great role in the production of knowledge and it has attained the status of the most decisive economic activity. To meet the challenges of the twenty-first century and to acquire a competitive edge, the higher education system of India has to mould the individual into more socially relevant, skill oriented, diversified and highly qualitative. The knowledge and skills developed by our system of education should meet the real and the changing needs of our society, and the productive sectors in the economy. This reinforces the formation of proper economic habits with economic reasoning among the citizens. Our higher education system should emphasize the development of economic reasoning among students.

2. NEED AND IMPORTANCE OF THE STUDY

Economics as a field of study has a special status among the social sciences, and is unique in many respects. A knowledge of economics helps in the development of reasoning ability and also in the inculcation of economic habits among students.

It deals with making choices under conditions of scarcity and accordingly it helps people to understand the economic system.

The subject economics is relevant to all individuals, whether he is a worker, an employer or the owner of a firm. In this context the researcher perceives that our educational system has a significant share in the inculcation of proper economic habits among the youth to meet the challenges of recent economic trends. This is a pioneering attempt of the researcher to study the economic reasoning of college students in relation to emotional intelligence.

3. STATEMENT OF THE PROBLEM

The economic stability of the nation depends up on the basic economic activities of the people like saving, spending, buying, selling, investing, lending, producing, marketing, and utilizing these activities. A country, which has witnessed economic growth in a systematic manner, is supported by economic habits influenced by the economic reasoning of the people. Many parts of the world are now in the midst of clutches of economic evils, anti-economic activities, corruption, poverty, unemployment and depression. To prevent these kinds of crises of the world, the educated and learning community should gain the momentum of developing good economic habits, skills with the dual support of economic reasoning and emotional intelligence. Economic decisions and activities should not be done on emotional basis. Persons who are engaged in taking economic decision need emotional balance for the required emotion. Thus, the problem may be stated as follows:

"A study of economic reasoning among college students in relation to emotional intelligence"

* Corresponding author. Hari Krishnan. M.
Department of Education, DDE, Annamalai University

4. VARIABLES USED IN THE STUDY

- Dependent variable

4.1. Economic Reasoning

Economics is really a major part of our lives. We work on a job and get paid that is economics. We buy a car that is economics. The tax we pay, the installment payments we make, the auto insurance all these one a part of economics. The subject of economics is part of our life from birth to burial. The most central assumption in economics is that human beings are rational maximisers of their individual satisfaction. A rational maximiser of personal satisfaction adjusts means to ends in the most efficient way possible. It is important to realize that economics is not restricted to analysis of monetary issues. There are non monetary as well as monetary satisfactions. Every potential satisfaction is implicated in the calculus of economic satisfaction and therefore can be investigated according to economic or means-end rationality and the trade-off of costs and benefits.

People make a lot of economic choices every day. Identifying and systematically comparing alternative enables people to make more informed decisions and to avoid unforeseen consequences of choices they or others make. In all these economic activities economic reasoning plays a major role. In economics an individual functions as an "economic man" on the basis of rationality assumption. People are rational in their beliefs, judgments, choices; actions respect certain standards of logic. A basic requirement of logical economic rationality is an accuracy of perceptions and beliefs. According to Baumol and Blinder, rational behaviour is defined in economics as characterizing those decisions that are most effective for the achievement of one's own objectives.

In day to day life an individual has to perform various roles like buyer, seller, organizer, employer, employee, renter, tenant, creditor, debtor, contributor and investor etc. An individual has to perform their roles with proper economic reasoning which will lead towards a good economic decision. In all the economic activities economic reasoning plays a major role, this analysis with economic reasoning make people aware of the consequences of their actions for themselves and others and leads to a heightened sense of responsibility and accountability.

Economic reasoning can be defined as the thinking in accordance with the laws and principles of economics. Normally what is aimed through economic reasoning is the improvement of efficiency. In day to day life some economic decisions are more important than others, whether in their immediate impact or long term significance. Therefore the level of economic reasoning can be classified into two:

- Strategic economic reasoning
- Operational economic reasoning

4.1.1. Strategic economic reasoning

There are the highest level, here an economic decision concerns general direction, long term goals, philosophies and values. These decisions are the most imaginative. They are the most risky and of the most uncertain outcome, partly because they reach so far in to the future and partly because they are of such importance.

4.1.2. Operational economic reasoning

There are everyday decisions, used to support strategic decisions, they are often made with little thought and are least structural. Their impact is immediate, short-term, short range and usually low cost. The consequences of a bad operational economic reasoning will be minimal, although a series of bad or sloppy operational decisions can cause harm. Economic decisions should be examined and reasoning should be made at all these levels. If you discover that nearly all of your thinking and decision making is taking place at the operational levels, then you are probably not doing enough strategic thinking and planning.

- Independent variable

4.2. Emotional Intelligence

Emotional intelligence enables one to learn to acknowledge and understand feelings in ourselves and in others and that we appropriately respond to them, effectively applying the information and energy of emotions in our daily life and work. Cooper and Sawaf (1997) define emotional intelligence as the ability to sense, understand and effectively apply the power and acumen of emotions as a source of human energy, information, connection and influence. Mayer and Salovey (1993) define emotional intelligence as the ability to monitor one's own and other's feelings and emotions to discriminate among them, and to use this information to guide one's thinking and action. Emotional intelligence involves the ability to perceive accurately, appraise and express emotions; the ability to access and/or generate feelings when they facilitate thoughts; the ability to understand emotions and emotional knowledge and intellectual growth. Emotional intelligence is the set of abilities that accounts for how people's emotional reports vary in their accuracy and how to move accurate understanding of emotion leads to better problem solving in an individual's emotional life. Emotional intelligence can be defined as the ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion and regulate emotion in the self and others (Mayer and Salovey, 1997). The term Emotional Intelligence encompasses the following five characteristics and abilities as discussed by Goleman (1995).

4.2.1. Self awareness

Knowing your emotions, recognizing feelings as they occur and discriminating between them is being emotionally literate. Being able to identify and label specific feelings in yourself and others; being able to discuss emotions and communicate clearly and directly. The ability to empathize with, feel compassion for validate, motivate, inspire, encourage and soothe others. The ability to make intelligent decisions using a healthy balance of emotions and reason. Being neither too emotional nor too rational. The ability to manage and take responsibility for one's own emotions, especially the responsibility for self-motivation and personal happiness. Recognizing and naming ones own emotions, knowledge of the causes of emotions, recognizing the difference between feelings and actions.

4.2.2. Mood management

Handling feelings so that they are relevant to the current situation and you react appropriately. Frustration tolerance and anger management, eliminating verbal pull-downs, fights and group disruptions, better able to express anger appropriately without resorting to violence, fewer suspensions or expulsions, less aggressive or self-destructive behaviour, more positive feelings about self, school and family, better at handling stress.

4.2.3. Self-motivation

"Gathering up" your feelings and directing yourself towards a goal, despite self-doubt, inertia, and impulsiveness. More responsible, better able to focus on task at hand and pay attention, less impulsive, more self-controlled and improved scores on achievement tests.

4.2.4. Empathy

Recognizing feelings in others and tuning into their verbal and nonverbal cues. Better able to take another person's perspective, improved empathy and sensitive to others feelings, better at listening to others. Affiliative persons are friendly, sociable, helpful and skilful in dealing with people and open about their feelings. They make good companions because they are pleasant and agreeable. Others feel comfortable with them and like them. In other words, affiliative persons have superior emotional and social skills in dealing with others, derive gratification and reward from their interpersonal contacts, and tend to be source of happiness to others.

4.2.5. Managing relationships

Handling interpersonal interaction, conflict resolution, and negotiations. Increased ability to analyze and understand

relationships better at resolving conflicts and negotiating disagreements, better at solving problems in relationships, more assertive and skilled at communication. More popular and outgoing, more “prosocial” and harmonious in groups, more sharing, cooperation, and helpfulness, more democratic in dealing with others.

4.2.6. Ability models of emotional intelligence

The mental ability model focuses on emotions themselves and their interactions with thought. Emotional intelligence refers in part of an ability to recognize the meanings of such emotional patterns and to reason and solve problems on the basis of them. The domain of emotional intelligence describes several discrete emotional abilities. The most basic skills involve the perception and appraisal of emotion. The second set of skills involves assimilating basic emotional experiences in to mental life, including weighing emotions against one another and against other sensations and thoughts and allowing emotions to direct attention. The third levels involves understanding and reasoning about emotions. The fourth, highest level of emotional intelligence involves the management and regulation of emotion in oneself and others such as knowing how to calm down after feeling angry or being able to alleviate the anxiety of another person. The mental ability model of emotional intelligence makes predictions about the internal structure of the intelligence and also its implications for a person’s life.

4.2.7. Mixed models of emotional intelligence

The mixed models treat mental abilities and a variety of other characteristics such as motivation, states of consciousness etc. Goleman created a model that was mixed and was characterized by the five broad areas (i) knowing one’s emotions (ii) managing emotions (iii) motivating oneself (iv) recognizing emotions in others and (v) handling relationships.

5. OPERATIONAL DEFINITION OF TERMS

5.1. Economic Reasoning

Economic reasoning can be defined as the thinking in accordance with the laws and principles of economics.

5.2. Emotional Intelligence

According to Mayer and Salovey, “it is the ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion and regulate emotion in the self and others.”

6. REVIEW OF RELATED LITRATURE

Since it is a pioneering attempt to study the economic reasoning of college students, the studies conducted in this area are found very limited.

6.1. Emotional Intelligence and career choice process

Robert, J. (2003) evaluated the relationship between emotional intelligence and the career choice process through the study entitled as emotional intelligence and the career choice process. The study reported that the emotional intelligences facilitate the career decision – making process and lead to decision that more fully satisfy career – related interests, values and aspirations.

6.2. Emotional intelligence and decision making process

Brown, C. (2003) in their study, the role of emotional intelligence in the career commitment and decision making process investigated the relations between career decision – making. Self – efficiency, vocational exploration and commitment. Findings revealed that emotional intelligence as measured by the empathy, utilization of feelings, handling relationships, and self – control factors is positively related to career decision – making, self – efficiency and that the utilization of feelings and self – control factors were inversely related to vocational exploration and commitment.

6.3. Reasoning in Consumption

The paper entitled making consumption reasonable developed by Kronenberg, Jakub (2007) focused on

environmentally reasonable behaviour. This paper exposes the concept of reasonable consumption and reasonable consumption is based on the assumption that if consumers are provided with reliable and comprehensive information about the environment consequences of their choices, they will be likely to change them in a more sustainable direction. However such informative incentives should be complemented with economic measures directed also at appealing to the consumers’ economic reasoning.

6.4 Economic man and rationality

The paper entitled beyond the rationality of economic man, toward the true rationality of human man developed by Tomer, John (2008) reported that a decision cannot be truly rational unless a person is choosing what is really best considering (a) the long-term consequences of the individuals’ behaviour (b) the persons’ sense of morality and (c) what gives the person real happiness if true preferences represent what is really right for a person, then the ultimate rationality, true rationally means choosing in line with true preferences.

7. METHODOLOGY

Since the study deals with existing economic reasoning and emotional intelligence among college students, normative survey method was adopted in the study.

8. SAMPLING

The investigators selected a sample of 1000 college students from various parts of Tamil Nadu state adapting stratified random sampling method. The sample consists of rural and urban students covering both male and female. The distribution of sample is shown in the table 1.

Table 1. The sample consists of rural and urban students covering both male and female. The distribution of sample is shown in the table 1.

	Name of the College	Sample Size
1	Sarata Womens Arts and Science College, Perambalur	100
2	Rovers Arts and Science College, Perambalur	100
3	Nehru Arts and Science College, Coimbatore	100
4	V.L.B.Janakiammal College of Arts and Science, Coimbatore	100
5	Govt. Arts College for Men, Chennai	100
6	Loyola College, Chennai	100
7	A.A. Govt. Arts College, Attur	100
8	Jairam Arts and Science College, Salem	100
9	St. Xavier’s College, Palayamkottai	100
10	Annamalai University, Chidambaram	100
	Total	1000

9. RESEARCH TOOL

9.1. Test of Economic Reasoning (T E R) constructed and validated by the investigators is used in the study. This test has two dimensions of economic reasoning namely strategic economic reasoning (SER) and operational economic reasoning (OER). The items were selected on the basis of the difficulty level and discrimination index.

9.2. Emotional Intelligence Scale (E I S) constructed and standardized by Anukool Hyde and Sanjyot Dethi is used for the study. The reliability of the scale was determined by calculating reliability coefficient. The split half reliability coefficient was found to be 0.88.

10. OBJECTIVES OF THE STUDY

The researchers have identified the following as the main objectives of the study:

- To find out the difference if any in the economic reasoning of college students with respect to their
 - ❖ Gender
 - ❖ Locality
 - ❖ Part-time job and

- ❖ Bank account
- To find out the significant difference if any in the emotional intelligence of college students with respect to their
 - ❖ Gender
 - ❖ Locality
 - ❖ Part-time job and
 - ❖ Bank account
- To find out the relationship between economic reasoning and emotional intelligence of college students.

11. HYPOTHESES

Based on the objectives, the researchers have formulated the following hypotheses for the study:

- There exists no significant difference in the economic reasoning of college students with respect to their
 - ❖ Gender
 - ❖ Locality
 - ❖ Part-time job and
 - ❖ Bank account
- There exists no significant difference in the emotional intelligence of college students with respect to their
 - ❖ Gender
 - ❖ Locality
 - ❖ Part-time job
 - ❖ Bank account
- There exists a positive correlation between economic reasoning and emotional intelligence of college students.

12. ANALYSIS AND INTERPRETATIONS

12.1. Gender and economic reasoning of college students

The “t” test has been applied to find out whether there is a significant difference in economic reasoning of college students with respect to their gender. The “t” value is found to be 2.588 which is significant at 0.05 level. From the table 2 the obtained “t” value is greater than the “t” value at 0.05 level. Thus, it is concluded that there is significant difference in economic reasoning of college students with respect to their gender.

Table 2. Gender and economic reasoning of college students

Variable	N	Mean	S.D	df	t-value	Level of significance at 0.05
Male	502	34.17	10.88	998	2.588	Significant
Female	498	32.33	11.49			

12.2. Locality and economic reasoning of college students

The “t” test has been applied to find out whether there is a significant difference in economic reasoning of college students with respect to their locality. The “t” value is found to be 9.320 which is significant at 0.05 level. From the table 3 the obtained “t” value is greater than the “t” value at 0.05 level. Thus, it is concluded that there is significant difference in economic reasoning of college students with respect to their locality.

Table 3. Locality and economic reasoning of college students

Variable	N	Mean	S.D	df	t-value	Level of significance at 0.05 level
Rural	417	37.01	7.31	998	9.320	Significant
Urban	498	30.51	12.68			

12.3. Part time job and economic reasoning of college students

The “t” test has been applied to find out whether there is a significant difference in economic reasoning of college students with respect to their part time job. The “t” value is found to be 12.365 which is significant at 0.05 level. From the table 4 the obtained “t” value is greater than the “t” value at 0.05 level. Thus, it is concluded that there is significant difference in economic reasoning of college students with respect to their part time job.

Table 4. Part time job and economic reasoning of college students

Variable	N	Mean	S.D	df	t-value	Level of significance at 0.05 level
Yes	335	39.01	7.19	998	12.365	Significant
No	665	30.35	11.76			

12.4. Bank account and economic reasoning of college students

The “t” test has been applied to find out whether there is a significant difference in economic reasoning of college students with respect to their bank account. The “t” value is found to be 38.516 which is significant at 0.05 level. From the table 5 the obtained “t” value is greater than the “t” value at 0.05 level. Thus, it is concluded that there is significant difference in economic reasoning of college students with respect to their bank account.

Table 5. Bank account and economic reasoning of college students

Variable	N	Mean	S.D	df	t-value	Level of significance at 0.05 level
Yes	583	40.59	5.78	998	38.516	Significant
No	417	23.00	8.65			

12.5. Gender and emotional intelligence of college students

The “t” test has been applied to find out whether there is a significant difference in emotional intelligence of college students with respect to their gender. The “t” value is found to be 2.97 which is not significant at 0.05 level. From the table 6 the obtained “t” value is smaller than the “t” value at 0.05 level. Thus, it is concluded that there is no significant difference in emotional intelligence of college students with respect to their gender.

Table 6. Gender and emotional intelligence of college students

Variable	N	Mean	S.D	df	t-value	Level of significance at 0.05 level
Male	502	69.47	20.63	998	0.477	Not significant
Female	498	70.10	21.27			

12.6. Locality and emotional intelligence of college students

The “t” test has been applied to find out whether there is a significant difference in emotional intelligence of college students with respect to their locality. The “t” value is found to be 5.37 which is significant at 0.05 level. From the table 7 the obtained “t” value is greater than the “t” value at 0.05 level. Thus, it is concluded that there is significant difference in emotional intelligence of college students with respect to their locality.

Table 7. Locality and emotional intelligence of college students

Variable	N	Mean	S.D	df	t-value	Level of significance at 0.05 level
Rural	417	73.94	18.93	998	5.37	Significant
Urban	498	66.82	21.81			

12.7. Part time job and emotional intelligence of college students

The “t” test has been applied to find out whether there is a significant difference in emotional intelligence of college students with respect to their part time job. The “t” value is found to be 8.946 which is significant at 0.05 level. From the table 8 the obtained “t” value is greater than the “t” value at 0.05 level. Thus, it is concluded that there is significant difference in emotional intelligence of college students with respect to their part time job.

Table 8. Part time job and emotional intelligence of college students

Variable	N	Mean	S.D	df	t-value	Level of significance at 0.05 level
Yes	335	77.82	19.91	998	8.946	Significant
No	665	65.74	20.29			

12.8. Bank account and emotional intelligence of college students

The “t” test has been applied to find out whether there is a significant difference in emotional intelligence of college students with respect to their bank account. The “t” value is found to be 29.483 which is significant at 0.05 level. From the table 9 the obtained “t” value is greater than the “t” value at 0.05 level. Thus, it is concluded that there is significant difference in emotional intelligence of college students with respect to their bank account.

Table 9. Bank account and emotional intelligence of college students

Variable	N	Mean	S.D	df	t-value	Level of significance at 0.05 level
Yes	583	81.87	18.57	998	29.483	Significant
No	417	52.90	8.96			

12.9. Correlation analysis

Correlation between economic reasoning and emotional intelligence among college students

$$r = 0.907$$

There exists a positive correlation between economic reasoning and emotional intelligence among college students.

13. CONCLUSION

The existing market economy of India is characterized by liberalization, privatization and globalization which have influenced all aspects of human life. Educational system is no exception in this regard. Market forces are becoming more powerful than the state due to the changes in the new policy of globalization, information technology revolution, free flow of capital and population migration across the borders. Every nation is performing in an increasingly competitive international environment. To prepare our youth for meeting these challenges, our higher education system should impart key economic skills. Students should have a thorough understanding of economic situations wherein the same can be suitably applied. These skills enable the learners to transfer the knowledge acquired through oral and written communication either individually or as a group. These skills enable them to take meaningful and logical decisions in the midst of economic problems. Economic reasoning is the platform for solving many economic problems of an individual, a society and thereby the nation.

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