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Enhancing Enterprise Risk Management Through Emotional Intelligence: A Study of Risk Leadership in Indonesia

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Abstract

This study examines the relationship between emotional intelligence and enterprise risk management maturity among risk leaders in Indonesia's financial services sector, adopting a workplace accountability perspective to explain how leadership behavioural competencies support effective risk ownership, risk communication, and accountable risk decision-making. Drawing on survey data from 280 board-level executives holding the Qualified Risk Governance Professional credential, the study measures emotional intelligence using the Bar-On EQ-i and enterprise risk management maturity using the RIMS Risk Maturity Model. The findings reveal a strong and positive association between emotional intelligence and enterprise risk management maturity, with interpersonal competence and adaptability exhibiting the strongest associations with ERM maturity, while no significant differences are observed across job roles or organisational size. By empirically examining the association between leadership emotional capabilities and the institutionalisation of risk governance, the study contributes to global management and the literature on risk by extending enterprise risk management research beyond technical frameworks and compliance models, particularly within emerging market contexts. The results suggest that emotional intelligence may represent a transferable governance capability that is relevant to organisations operating in complex, uncertain, and globally interconnected environments. Practically, the study suggests that emotional intelligence development may represent a useful complement to leadership and risk capability programmes aimed at supporting risk culture, cross-functional engagement, and accountability.

Keywords: emotional intelligence; enterprise risk management; risk leadership; financial services



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1. Introduction

Enterprise risk management (ERM) has become an essential governance function in contemporary organisations as firms operate in increasingly volatile, complex, and uncertain environments. Post-pandemic disruption, digital transformation, regulatory scrutiny, and heightened stakeholder expectations have all reinforced the need for organisations to adopt integrated and forward-looking approaches to risk management (Joshi, 2025). This is particularly important in financial services, where institutions must manage interrelated strategic, operational, regulatory, technological, and behavioural risks while maintaining resilience, accountability, and long-term value creation. In emerging economies such as Indonesia, these challenges are intensified by developing governance structures, institutional pressures, and uneven organisational capabilities in risk oversight.

Although ERM is widely recognised as a strategic and organisation-wide approach to managing uncertainty, much of the existing literature and many practical frameworks continue to emphasise formal structures, technical systems, compliance requirements, and procedural implementation. Standards such as ISO 31000:2018 ([International Organization for Standardization, 2018](#)) provide organisations with a comprehensive framework for identifying, assessing, treating, monitoring, and communicating risks while integrating risk management into governance, strategy, and decision-making processes. The standard also emphasises leadership commitment and organisational culture as critical enablers of effective risk management. However, the behavioural and emotional capabilities that enable leaders to fulfil this role effectively remain underexplored. A more detailed examination of ISO 31000:2018 and its relevance to risk governance is presented in Section 2.2.1. As a result, ERM is often treated as a structural or compliance-oriented exercise rather than as a lived governance practice shaped by leadership behaviour, communication quality, and shared accountability ([Chandranathan, 2025](#)).

This gap is important because effective risk governance depends not only on frameworks and controls, but also on leaders' capacity to interpret uncertainty, manage pressure, foster trust, encourage open dialogue, and promote collective ownership of risk. Emotional intelligence (EI), commonly understood as the ability to perceive, understand, regulate, and use emotions effectively in oneself and in relationships with others, has been widely associated with leadership effectiveness, decision quality, adaptability, and organisational communication ([E. H. Singh et al., 2025](#)). However, despite its relevance to managerial behaviour in uncertain environments, EI has received limited empirical attention within ERM research, particularly in relation to ERM maturity. This leaves an important gap in our understanding of how behavioural leadership competencies may be associated with more mature and embedded forms of enterprise risk management.

The Indonesian financial services sector offers a particularly valuable setting in which to examine this relationship. Beyond its significance as one of the largest and fastest-growing financial sectors in Southeast Asia, Indonesia is characterised by substantial cultural, ethnic, linguistic, and religious diversity, creating a highly multicultural business environment. Cultural dimensions commonly associated with Indonesia, including collectivism, high-context communication, respect for hierarchy, and relationship-oriented decision-making, can significantly influence how risk information is communicated, interpreted, and acted upon within organisations. Risk leaders in this context operate within a highly regulated environment while also facing the practical demands of organisational change, institutional complexity, and cross-functional coordination ([Asrif et al., 2025](#)). In such settings, the effectiveness of ERM is likely to depend not only on formal governance arrangements but also on leadership behaviours that support communication, accountability, trust-building, and adaptive decision-making. Emotional intelligence may therefore play an especially important role in enabling leaders to navigate diverse stakeholder expectations, foster collaboration across organisational boundaries, and encourage open dialogue regarding risk-related issues. Examining EI in this context extends the discussion of ERM beyond technical implementation and into the behavioural and socio-cultural foundations of risk governance.

Accordingly, this study investigates the relationship between emotional intelligence and ERM maturity among board-level risk leaders in Indonesia's financial services sector. Using the Bar-On Emotional Quotient Inventory and the RIMS Risk Maturity Model, the study examines whether emotionally intelligent leadership is associated with more mature ERM practices. The paper contributes to the literature in three ways. First, it extends existing ERM research by incorporating emotional intelligence as a behavioural leadership capability associated with risk governance and ERM maturity. Second, it provides

empirical evidence from Indonesia's financial services sector, an emerging market context that remains underrepresented in the ERM and leadership literature. Third, it advances a workplace accountability perspective by highlighting how emotional intelligence may be associated with risk ownership, communication, and responsible decision-making.

2. Literature Review

2.1. Emotional Intelligence

Human emotions are multidimensional psychological constructs that involve physiological, subjective, and behavioural aspects (Izard, 2010; Gross, 2015). Emotions are generally evoked by salient individual or social experiences (Santrock, 2014). These experiences are considered pivotal in determining behaviour and psychological well-being (Santrock, 2014). Emotions may be basic or universal, such as joy, anger, or fear; or socially constructed, such as pride, shame, guilt (B. Brown & Prinstein, 2011; Robins & Schriber, 2009; Schaumberg & Tracy, 2020; LaVarco et al., 2022). These emotions influence how individuals interpret situations, make decisions, and interact within organisations.

The conventional understanding of intelligence is the potential of individuals to adjust or adapt to environmental demands or requirements and act in a purposeful or rational manner (Wechsler, 1944; Sternberg, 1997; Flanagan & McDonough, 2018; Ma & Gong, 2024). Emotional intelligence (EI) is an extension of this conventional understanding of intelligence in terms of individuals' potential or capacity to identify, understand, regulate, or utilize human emotions in individuals or in relation to others (Brackett et al., 2011). Bar-On (2002) has defined EI as a set of emotional and social attributes or competencies that enable individuals to successfully deal with or manage emotional demands or aspects in life. Empirical evidence has clearly indicated positive associations between EI and psychological well-being, quality of decision-making, interpersonal relationships, leadership effectiveness, and organizational performance (Austin, 2004; Bance & Ray, 2016; Mishar & Bangun, 2014; O'Boyle et al., 2011).

Most importantly, EI is not considered an innate ability, and it is not something that people are naturally good at or not good at. Rather, EI is something that people can learn and develop (Petrides et al., 2007; Hughes & Evans, 2018). However, the question of whether EI is actually a part of the broader realm of intelligence or whether it is actually related more to aspects of personality and cognitive ability has been the subject of considerable scholarly debate (Fernández-Berrocá & Checa, 2016; Mayer & Caruso, 2024; O'Boyle et al., 2011).

This distinction is particularly important in the context of the business environment, where EI is considered a significant factor in leadership and the application of complex management systems such as ERM. There have been a number of theoretical models that have been developed and conceptualised in relation to EI. The Mayer-Salovey-Caruso model considers EI to be a cluster of abilities that include the abilities of perception, facilitation, understanding, and regulation of emotion (Salovey et al., 2009; Mayer et al., 2000). Goleman's EI model is based more on the competency approach and considers EI to comprise self-awareness, empathy, and social competence (Goleman, 2021).

This study has considered the Bar-On framework of EI, which considers EI to be a broad range of emotional and social competencies that influence the way that people express themselves and interact with others and the environment (Bar-On, 2006). The framework has been validated in a wide range of settings (Bar-On, 2002; Dawda & Hart, 2000; Matthews et al., 2003; Geher, 2004). The framework is particularly useful for research studies in the context of the business environment, where EI is considered a significant factor in the way that individuals approach risk management and decision-making. This is particularly relevant in business environments, where decision-making is often driven by technical considerations rather than behavioural factors (Bar-On, 2006; Goleman, 2021).

Among the various conceptualisations of emotional intelligence, this study adopts the Bar-On (2006) model as its primary theoretical framework. The Bar-On model conceptualises emotional intelligence as a multidimensional set of emotional and social competencies that influence how individuals understand and manage themselves, interact with others, cope with environmental demands, and make effective decisions. Consistent with this framework, emotional intelligence is operationalised through five core dimensions: Intrapersonal Competence, Interpersonal Competence, Stress Management, Adaptability, and General Mood. These dimensions represent the constituent sub-constructs of the broader emotional intelligence construct and provide the foundation for examining how emotional intelligence influences enterprise risk management maturity.

2.1.1. Intrapersonal Dimension

The intrapersonal aspect, according to Bar-On, is a leader's ability to know themselves, to be able to clearly express this knowledge, and to effectively manage their emotions in a balanced manner (Bar-On, 2006). In essence, it is an ability to recognize, label, and interpret emotions, as well as utilizing this insight to effectively respond to these emotions in a constructive manner. In relation to enterprise risk management, this is particularly relevant because, according to Jordan et al. (2002) and Zafar et al. (2024), a leader who is able to recognize their own biases, such as risk aversion, overconfidence, or an attempt to control events, is able to make more objective decisions. Intrapersonal competency also allows a leader to effectively manage their emotions, thus ensuring that their decisions are not based on an emotional response, but rather on a well-thought-out analysis of a given risk (Raghvendra, 2024).

Emotional stability, therefore, not only plays a significant role in an individual leader's ability to make effective decisions, but also in the overall organizational culture. By ensuring that an organization is led with a certain degree of emotional stability, a leader is able to effectively inspire a sense of trust within their organization, thus encouraging a free discussion of potential risk, as well as a healthy debate on these potential risks (Lerner et al., 2014). This, therefore, brings us to a realization that, apart from ensuring that a leader is able to effectively manage their emotions, intrapersonal competency is also a fundamental aspect in ensuring that an organization is able to effectively uphold their risk management integrity, thus ensuring that their decisions are always in line with their organizational goals (Radu, 2023).

2.1.2. Interpersonal Dimension

The interpersonal component of Bar-On's model emphasizes an individual's capacity to understand others, build trust, and maintain effective relationships through empathy, social responsibility, and communication skills (Bar-On, 2006). Within enterprise risk management (ERM), these competencies are particularly important because risk management requires coordination across multiple organizational functions and stakeholder groups. Leaders with strong interpersonal capabilities are better positioned to facilitate the exchange of risk-related information, encourage constructive dialogue, and build consensus around risk management initiatives (Pignata et al., 2016; Messaoudi & Sakale, 2024).

Effective interpersonal skills also support the development of a positive risk culture by fostering trust and encouraging employees to communicate concerns and emerging risks without fear of negative consequences. As risk management increasingly depends on cross-functional collaboration, leaders who demonstrate empathy and openness can strengthen stakeholder engagement and promote collective ownership of organizational risks (Aljaed Alzaabi, 2023; Yilmaz & Flouris, 2017). Consequently, interpersonal competence may be associated with higher levels of ERM

maturity through improved communication quality, stakeholder participation, and organisational commitment to risk governance (Lopes et al., 2003).

2.1.3. Stress Management Dimension

Stress management refers to an individual's ability to remain composed, resilient, and effective when faced with pressure, uncertainty, or challenging circumstances. As a core dimension of emotional intelligence, stress management enables leaders to regulate emotional reactions and maintain objective judgement during critical situations (Druskat & Wolff, 2001; Bicer, 2024; Prabha, 2024).

In the context of enterprise risk management, stress management is particularly relevant because risk leaders are frequently required to make decisions under conditions of uncertainty, market volatility, regulatory pressure, and organizational disruption. Leaders who can effectively manage stress are less likely to engage in reactive or emotionally driven decision-making and are better able to evaluate risks objectively. This capability supports consistent governance practices and enhances organizational resilience, particularly during periods of crisis. Therefore, stress management may be associated with ERM maturity through its relationship with the quality and stability of risk-related decision-making under pressure.

2.1.4. Adaptability Dimension

Adaptability refers to the ability to adjust effectively to changing circumstances, respond to new information, and remain flexible when addressing complex challenges. In increasingly dynamic business environments, adaptability enables leaders to respond proactively to developing organizational and external conditions rather than relying solely on established routines (Kodden, 2020; Bhashanjaly, 2024).

Within ERM, adaptability is particularly important because organizations continuously face emerging risks associated with technological innovation, regulatory change, geopolitical developments, and shifting stakeholder expectations. Leaders who demonstrate adaptability are more capable of recognizing new risk patterns, revising risk management strategies, and promoting continuous improvement in governance processes (Goleman, 2021; Rini & Ismail, 2023). By supporting organizational learning and responsiveness, adaptability may support an organization's ability to maintain effective risk management practices in rapidly changing environments (Petrides et al., 2007).

2.1.5. General Mood Dimension

The general mood dimension reflects an individual's overall emotional outlook, including optimism, resilience, and positive engagement with work and life experiences. Leaders with a positive general mood are more likely to maintain motivation, encourage constructive attitudes, and sustain organisational commitment during periods of uncertainty (Volmer, 2012; Adler et al., 2021).

From an ERM perspective, general mood contributes to the long-term sustainability of risk management initiatives by supporting organisational resilience and persistence. Risk management often requires continuous monitoring, adaptation, and commitment to long-term objectives. Leaders who maintain a positive and optimistic outlook can help sustain employee engagement, encourage proactive approaches to risk identification, and reinforce confidence during challenging periods (Malinga et al., 2019; Radu, 2023; N. Singh, 2024). Consequently, general mood may be associated with ERM maturity through its relationship with organisational resilience and supporting the sustained implementation of risk governance practices.

2.2. Enterprise Risk Management

Enterprise Risk Management (ERM), therefore, can be defined and conceptualized as a holistic and organization-wide approach aimed at identifying and managing risks that may affect the strategic and operational activities of the organization (Yancey, 2024). Contrary to the conventional approach to risk management, which is mostly conducted in silos and considers risks individually, ERM integrates the consideration of risks into the organizational governance and strategic planning processes (Fraser et al., 2021; Kaplan & Mikes, 2012). This approach ensures that the consideration of risks is not only integral and central but is constitutive of the strategic planning and decision-making processes of the organization. This enables the organization and its leaders to anticipate and foresee risks and challenges, and at the same time, identify opportunities and challenges, and take informed and proactive strategic and operational decisions (Beasley et al., 2005; Chmutova & Hainalii, 2024).

Available literature and studies show that organizations that use the ERM approach outperform those that use the conventional approach (Maurer, 2011; Ogunsanya, 2024). This is because organizations that use the ERM approach have a risk-conscious culture and can respond more promptly and appropriately to risks and challenges that may arise. Importantly, the ERM approach is not only aimed at protecting the organization from downside risks and challenges but is also a strategic approach aimed at creating long-term value and gaining competitive advantage (Fraser et al., 2021; Beasley et al., 2005).

Within the context of the ERM approach, ISO 31000 defines risk as the effect of uncertainty on objectives. ISO Guide 73:2016 (International Organization for Standardization, 2016) further expands the definition of risk by asserting that any occurrence that may result in both negative and positive outcomes is considered a risk. This definition of risk is important and relevant because it considers the element of uncertainty and the gap that may exist between the desired and actual outcomes. This implies that the ISO definition of risk considers not only risks and challenges but also opportunities.

2.2.1. ISO 31000 Risk Management Guidelines

The International Organization for Standardization (2015) is an international organization that establishes standards in various industries. In many of these standards, the Plan-Do-Check-Act cycle is used to encourage a culture of improvement. One of the most popular standards established by the organization is the ISO 31000 standard, which is a flexible standard intended to be used in various industries and organizational settings. It has been adopted by more than 40 countries, including Indonesia, the USA, and the UK, since its inception in 2009 and revision in 2018 (Susilo & Kaho, 2018).

According to the ISO 31000:2018 standard, “Risk management is coordinated activities to direct and control an organisation with regard to risk.” Its main objective is to generate or preserve value by increasing the likelihood of achieving objectives. It has three components: principles, a framework, and a risk management process.

The most important component of the standard is the overall objective of creating or protecting value. This objective has been complemented by eight important principles: integration, structured and comprehensive, customized, inclusive, dynamic, best available information, human and cultural factors, and continual improvement, which are presented in Table 1.

The risk management framework, as defined by ISO Guide 73:2016, is the organizational and environmental basis for the design, implementation, monitoring, review, and improvement of the risk management processes and activities within the organization (p. 14). This includes the importance of leadership and commitment, emphasizing the role of boards and senior managers in championing the importance of risk governance. The risk management process is the systematic application of policies and practices for commu-

nicating, establishing context, identifying, analysing, evaluating, treating, monitoring, and reviewing the risk.

Table 1. RIMS Risk Maturity Model Attributes and Associated Factors.

Principles	Interpretation
Integrated	Risk management is an integral part of every business process within an organisation.
Structured and Comprehensive	Risk management uses a structured and comprehensive approach to give consistent and comparable results.
Customised	The framework and process of risk management are tailored to every particular organisation and enterprise-specific
Inclusive	Risk management involves relevant stakeholders with the appropriate amount of involvement.
Dynamic	Risk management understands, anticipates, detects, and manages changes and their impact on the organisation.
Best Available Information	Risk management relies on the best available information; timely, reliable, and available.
Human and Cultural Factors	Risk management takes human and cultural factors into its vital factor for success.
Continual Improvement	Risk management continually improves based on experience and lessons learned.

2.2.2. Risk Management Maturity Model

Crawford (2010) has defined maturity as a positive concept for promoting improvements in organizational practices in a systematic manner. In the field of risk management, ISO 31000 has defined the concept of maturity as a process of constant improvement through a system of contextual factors, objectives, and risk appetite. Instead of depending on quantitative factors for measuring risk management maturity, this concept of maturity has laid emphasis on leadership qualities, culture, and behaviour in promoting learning, alignment, and well-informed decision-making (OECD, 2019).

The current research has used the RIMS Risk Maturity Model (RMM), which has been chosen for its compatibility with ISO 31000 and its holistic approach in considering the entire enterprise for risk management purposes. In contrast to other risk management maturity models used for ensuring compliance or for project-based risk management assessments, the RIMS Risk Maturity Model has been used for assessing the maturity of Enterprise Risk Management (ERM) in terms of seven attributes: ERM-based approach, process management, risk appetite, root cause discipline, risk uncovering, performance management, and business resiliency. These attributes are measured through 25 factors and 68 indicators on a five-level scale from Ad Hoc to Leadership, as presented in Table 2.

The relevance of the RIMS RMM for Indonesia's financial services industry lies particularly in its nuanced yet pragmatic emphasis on resilience, adaptability, and risk-informed decision-making. The model's flexibility allows for organizations to tailor the progression of enterprise risk management to meet their needs according to their readiness level, making it useful for both benchmarking and transformational change. As Bonita (2020) and Simanungkalit and Tobing (2022), for instance, observe, not only do maturity models like the RIMS help to shape organizational change, but they also help to strengthen leadership, culture, and performance through improved ERM integration. The structured approach to ERM maturity, based upon seven attributes and 22 factors

as outlined in Table 3, provides a holistic view of ERM maturity from ERM philosophy to business resilience and sustainability.

Table 2. RIMS Risk Management Maturity Model Scale.

Scale	Level	Interpretation
1	Ad Hoc	No formal capability is in place. Risk Management is individually driven. Decision-making is subject to inconsistent risk-related principles and results.
2	Initial	The capability exists on paper. However, the organisation lacks clear stakeholder engagement. Decision-making is primarily driven by qualitative risk considerations
3	Repeatable	The capability exists in a repeatable process, and a senior-level understanding of objectives for managing risk and key program elements exists. Decision-making is informed by risk data.
4	Managed	The capability exists in repeatable processes informed by external context, senior-level understanding flows to middle management, business and corporate alignment to risk management framework. Decision-making is influenced by risk analytics.
5	Leadership	The capability exists in a continuous improvement cycle, informed by internal/external inputs. Decision-making is future-oriented, proactive and guided by risk analytics, insights and risk-related principles.

Table 3. ISO 31000:2018 Risk Management Principles.

ERM Attribute	Associated Factors
ERM-Based Approach	Executive ERM; business process definition and risk ownership; front-line and support process owner participation; far-sighted risk management vision
ERM Process Management	ERM program oversight; risk culture, accountability and communication; ERM process steps; repeatability and scalability
Risk Appetite Management	Risk portfolio view; risk–reward trade-offs
Root Cause Discipline	Risk and opportunity information collection; root cause consideration; dependencies and consequences
Uncovering Risk	Adverse events as opportunities; follow-up reporting; formalized risk indicators and measures
Performance Management	Communicating goals; ERM information and planning; ERM process goals and activities
Business Resiliency and Sustainability	Resiliency and operational planning; understanding consequences; risk-based planning

2.3. Risk Leadership and the Role of the Risk Leader

Leadership, from a psychological and behavioural point of view, is defined as “influence directed towards achieving organisational goals through values, behaviours, and decisions, rather than position authority” (Crosby, 1997; Sanfilippo et al., 2023; Varma et al., 2024). From an organisational perspective in managing risks, leadership transcends mere supervisory authority and encompasses role modelling, sense making, and strategic communication. The ISO 31000:2018 standard places leadership and

commitment at the heart of an organisation's risk management processes. It is in this context that leadership in managing organisational risks assumes critical importance in espousing organisational values and integrating ERM at all structural organisational levels (Hillson & Murray-Webster, 2017; Institute of Risk Management [IRM], 2012).

In terms of governance, organisational leadership emerges as an important dimension in inculcating organisational ownership in managing organisational processes. As cited in Susilo and Kaho (2018), underscore the importance of empowering organisational owners of processes and risks in managing organisational processes with a clear sense of ownership. Without organisational leadership, there is always a tendency for ERM processes to be fragmented, symbolic, and merely aligned with organisational compliance requirements. Empirical evidence from the banking sector further indicates that board effectiveness depends not only on formal structures but also on the behavioural and cognitive attributes of directors, as different board characteristics exert distinct effects on organisational outcomes (Herbert & Agwor, 2025). Hence, it is critical that there be an effective communication of organisational strategies and risk appetite in inculcating organisational ownership in managing organisational processes.

Boards of Directors and senior executives, particularly the Chief Risk Officer (CRO), have a critical role to play in championing and sustaining risk management practices (Al-Farsi, 2019; Susilo & Kaho, 2018). Prior evidence shows that more diverse boards tend to make more conservative and consensual decisions, which is associated with lower levels of credit risk, highlighting the behavioural dimension of board-level risk oversight (Arango & Gaitan, 2025). The influence of leadership on risk culture has been well recognised as flowing through the hierarchy of an organisation, shaping risk culture by modelling and reinforcing it (Bonita, 2020; Osman & Lew, 2020). Evidence from banking institutions in emerging markets also suggests that organisational culture and strategic orientation significantly shape performance and governance outcomes, reinforcing the role of behavioural factors in risk-related decision-making (Ahmed et al., 2025). The cultural tipping point theory recognises that cultural change happens when a critical mass of individuals within an organisation adopt a new behaviour, creating a self-sustaining cultural movement (Centola et al., 2018). Therefore, risk leadership must be considered transformational, as opposed to directional, and must promote risk culture within an organisation over time (Kotter, 1995). In modern organisations, risk management is as much a behavioural and perceptual process as it is a policy-driven one (Rodrigues & Matos, 2024). Research on board processes similarly shows that governance effectiveness is conditional on how board members interact, deliberate, and exercise judgment, rather than on formal composition alone (Damoah et al., 2025). Emotional intelligence equips risk leaders with the ability to interpret uncertainty, manage their emotions, and promote open communication, embedding risk management as a behavioural imperative within an organisation.

3. Theoretical Framework

Enterprise risk management (ERM) is traditionally conceptualised as a structured and organisation-wide process for identifying, assessing, and managing risks. However, recent developments in governance research emphasise that the effectiveness of such systems depends not only on formal frameworks but also on the behavioural dynamics through which they are enacted. From a workplace accountability perspective, ERM maturity reflects the extent to which risk responsibilities, communication, and decision-making are embedded within organisational practices and are consistently exercised by individuals across different levels of the organisation.

Workplace accountability theory suggests that effective governance emerges when individuals clearly understand their responsibilities, are willing to take ownership of decisions, and operate within an environment that supports transparency and open communication. In the context of ERM, this implies that risk management is not merely a compliance-driven process but a behavioural system shaped by leadership actions, interpersonal relationships, and organisational culture. Leaders play a central role in reinforcing accountability by modelling behaviours that encourage responsible decision-making, constructive challenge, and shared ownership of risk.

Within this framework, emotional intelligence (EI) can be conceptualised as a behavioural capability that may help leaders to operationalise accountability in practice. Emotionally intelligent leaders are better able to manage their own responses to uncertainty, understand the perspectives of others, and foster trust-based relationships that support open communication. These capabilities are particularly important in risk management contexts, where effective governance depends on the timely sharing of information, the willingness to escalate concerns, and the ability to make balanced decisions under pressure.

This study therefore positions EI as a governance-related capability associated with ERM maturity through accountability mechanisms such as communication, collaboration, and responsible risk ownership. By integrating behavioural governance and workplace accountability perspectives, the study moves beyond traditional compliance-oriented views of ERM and provides a more holistic understanding of how leadership behaviour may be associated with the effectiveness of risk management systems. Based on this theoretical foundation, the following section develops hypotheses linking emotional intelligence and its dimensions to ERM maturity.

4. Hypotheses Development

From a workplace accountability perspective, enterprise risk management (ERM) maturity reflects the extent to which risk responsibilities, communication, and decision-making processes are embedded and enacted across the organisation. While ERM frameworks provide structural guidance, their effectiveness depends on leadership behaviours that enable risk ownership, facilitate communication, and support informed decision-making under uncertainty. Emotional intelligence (EI) is therefore expected to play a central role in shaping how ERM is implemented and sustained in practice.

Overall Emotional Intelligence and ERM

Emotionally intelligent leaders are better equipped to manage uncertainty, interpret complex information, and foster trust within organisations. These capabilities are particularly relevant in ERM, where effective risk governance requires open communication, cross-functional collaboration, and shared accountability. Leaders with higher EI are more likely to create environments in which risk information is openly discussed and integrated into decision-making processes, thereby supporting the institutionalisation of ERM practices. Prior research has consistently linked EI with leadership effectiveness, decision quality, and organisational performance, suggesting its relevance to governance outcomes.

H1. *Emotional Intelligence is positively associated with enterprise risk management maturity.*

Intrapersonal EI and ERM

The intrapersonal dimension of EI refers to self-awareness, emotional regulation, and the ability to understand one's own strengths, limitations, and biases. In the context of ERM, these capabilities are critical for reducing cognitive biases such as overconfidence or risk aversion, which can distort risk assessments and strategic decisions. Leaders who are self-aware are more likely to engage in reflective judgment and align their decisions with organisational objectives and risk appetite. This may

support more consistent and accountable risk decision-making processes and may be associated with stronger governance integrity.

Prior empirical research suggests that self-awareness and emotional regulation are positively associated with leadership effectiveness, decision quality, and governance outcomes, particularly in environments characterised by uncertainty and complex decision-making (Jordan et al., 2002; Zafar et al., 2024).

H2. *The intrapersonal dimension of emotional intelligence is positively associated with enterprise risk management maturity.*

Interpersonal EI and ERM

The interpersonal dimension of EI encompasses empathy, relationship management, and effective communication. These capabilities are central to ERM because risk management is inherently collaborative and requires coordination across multiple organisational functions. Leaders with strong interpersonal EI can facilitate dialogue, encourage the sharing of risk information, and build trust among stakeholders. This may support risk communication, collective ownership of risk, and a stronger risk culture within the organisation. As a result, interpersonal EI is expected to play a key role in advancing ERM maturity.

Empirical evidence indicates that leaders with strong interpersonal competencies are more effective in promoting communication, stakeholder engagement, collaboration, and governance performance, all of which are essential elements of mature risk management systems (Lopes et al., 2003; Pignata et al., 2016).

H3. *The interpersonal dimension of emotional intelligence is positively associated with enterprise risk management maturity.*

Stress Management EI and ERM

Stress management reflects a leader's ability to remain composed, resilient, and effective under pressure. In high-risk and uncertain environments, such as financial services, leaders are frequently required to make decisions under stress. Poor stress management can lead to reactive or short-term decision-making, undermining the effectiveness of ERM processes. Conversely, leaders who can manage stress effectively are better able to maintain oversight, evaluate risks objectively, and support stable and consistent governance practices, particularly during periods of crisis or uncertainty.

Previous studies have shown that emotional resilience and stress management capabilities are associated with improved judgement, crisis leadership effectiveness, and organizational resilience under conditions of uncertainty (Druskat & Wolff, 2001; Bicer, 2024).

H4. *The stress management dimension of emotional intelligence is positively associated with enterprise risk management maturity.*

Adaptability EI and ERM

Adaptability refers to the ability to adjust to changing circumstances, think flexibly, and respond proactively to new challenges. In the context of ERM, adaptability is critical because organisations face continuously changing risks arising from technological, regulatory, and market changes. Leaders who demonstrate adaptability are more capable of identifying emerging risks, updating risk management strategies, and fostering continuous improvement in risk processes. This dynamic capability may be associated with higher levels of ERM maturity by ensuring that risk management remains relevant and responsive to changing environments.

Research has consistently linked adaptability with organizational learning, strategic responsiveness, and the ability to manage emerging risks, suggesting its relevance to the development of mature risk governance practices (Kodden, 2020; Rini & Ismail, 2023).

H5. *The adaptability dimension of emotional intelligence is positively associated with enterprise risk management maturity.*

General Mood EI and ERM

General mood reflects a leader's overall emotional outlook, including optimism and resilience. Leaders with a positive and constructive outlook are more likely to motivate teams, sustain engagement in long-term risk management initiatives, and promote a culture of resilience. In ERM, where sustained effort and organisational commitment are required, a positive leadership outlook can enhance persistence, innovation, and proactive risk management behaviours. This may be associated with the continuous development and embedding of ERM practices across the organisation.

Empirical studies have also found that optimism and positive affect are associated with organizational resilience, employee engagement, and sustained commitment to long-term organizational initiatives, including governance and risk management programs (Volmer, 2012; Malinga et al., 2019).

H6. *The general mood dimension of emotional intelligence is positively associated with enterprise risk management maturity.*

Based on the above arguments, the proposed conceptual model positions emotional intelligence and its dimensions as key behavioural drivers of ERM maturity, as illustrated in Figure 1. This model indicates that there are five EI dimensions, namely, Intrapersonal Intelligence, Interpersonal Skills, Stress Management, Adaptability, and General Mood, which are expected to be positively associated with ERM maturity. This model is used to guide the formulation of research hypotheses. Generally, the hypothesis (H1) is that EI is significantly associated with ERM maturity, while subsidiary hypotheses (H2, H3, H4, H5, H6) examine the individual associations between each EI dimension and ERM maturity.

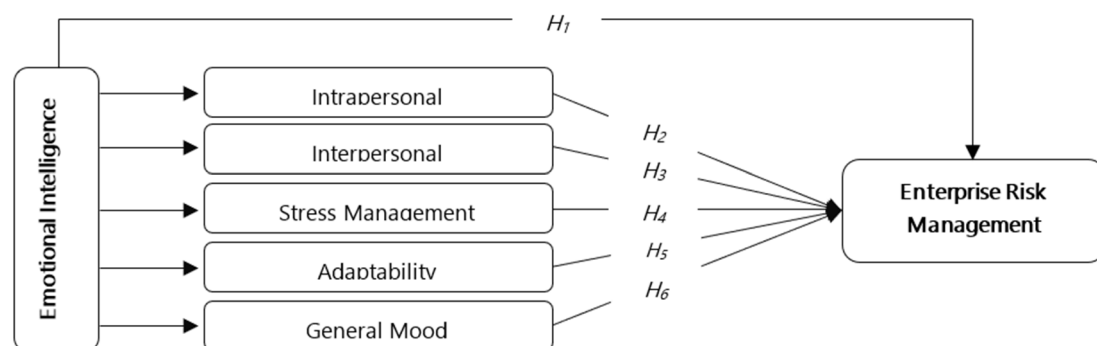


Figure 1. Path Model of Emotional Intelligence (EI) and Enterprise Risk Management (ERM).

5. Methodology

Quantitative methodology is used to carry out this investigation to examine the association between EI and ERM maturity. A structured survey was used to collect data from board-level executives within the Indonesian financial services industry. This methodology combines two existing tools: the Bar-On Emotional Quotient Inventory (EQ-i), which is adapted to measure EI, and the Risk Maturity Model (RMM) from RIMS, which is used to measure ERM maturity. This study adopts a positivist and deductive research

approach, employing a cross-sectional survey design to examine the hypothesised relationships between emotional intelligence and enterprise risk management maturity. The use of validated measurement instruments and structured quantitative data collection enables systematic hypothesis testing and statistical evaluation of the proposed relationships. Such an approach is widely recognised as appropriate for examining associations between behavioural and organisational constructs, while enhancing the reliability, validity, and replicability of empirical findings (Hair et al., 2019; Field, 2018; Saunders et al., 2023). The use of established scales further strengthens measurement consistency and supports comparison with prior studies in leadership and risk management research.

5.1. Sample of the Study

This research aims to investigate the executives at the board level of the Indonesian financial services industry who possess the Qualified Risk Governance Professional (QRGP) credential. The QRGP credential is the highest level of competence for professionals in the field of risk governance and is issued by Mitra Kalyana Sejahtera (MKS), which is recognized by the National Body of Professional Certification (BNSP). The executives who possess the QRGP credential actively engage in the formulation, implementation, and monitoring of the enterprise risk management (ERM) practices of their organizations. The total number of professionals who possess the QRGP credential in Indonesia was 1023 by the middle of 2024.

Cochran's formula was utilised to determine the minimum sample size required for the study. Assuming a population proportion of 0.5, a 95% confidence level, and a margin of error of $\pm 5\%$, the calculation indicated that approximately 280 responses were required to achieve statistically reliable estimates of the target population (Rosner, 2015; Torwane et al., 2021; Qing & Valliant, 2024). Following the determination of the required sample size, simple random sampling was employed to select participants from the population of 1023 QRGP-certified professionals. This sampling approach ensured that each eligible professional had an equal probability of selection, thereby reducing selection bias and enhancing the representativeness of the sample (T. A. Brown, 2015; Taherdoost, 2016). The final dataset comprised 280 completed responses, matching the minimum sample size requirement and providing sufficient statistical power for hypothesis testing and subsequent analyses. Table 4 provides the demographic information of the respondents.

Table 4. Frequency Distribution of Demographic Variables.

Variable	Category	F	%
Job Role	Executive Board	181	64.6%
	Non-Executive Board	99	35.4%
Organisation Size *	Micro	29	10.4%
	Small	66	33.9%
	Medium	73	26.1%
	Large	112	40.0%
Total		280	100%

* By employee number.

5.2. Data Collection

Data collection instruments for this study were designed and disseminated in an online survey format to QRGP-certified professionals in Indonesia's financial services industry. The survey included two well-established scales: an adapted version of the Bar-On Emotional Quotient Inventory (EQ-i), measuring aspects of emotional intelligence across five broad scales and fifteen subscales, and the RIMS Risk Maturity Model (RMM),

measuring seven attributes of ERM maturity across forty-four items. The data was collected using a five-point Likert scale.

Prior to the main survey, a pilot study was conducted with fifty-one executives to test the reliability and applicability of this instrument. The results of the pilot study were highly satisfactory. Reliability measures of this instrument yielded an alpha of 0.996, significantly higher than required. All items contributed positively to the scale, and none detracted from it. The balance of this instrument was good.

This was also confirmed when conducting an exploratory factor analysis. The Kaiser–Meyer–Olkin (KMO) test (Kaiser, 1974) was found to be 0.958, which is excellent for sampling adequacy, and Bartlett’s test of sphericity was significant, $\chi^2 = 29,288.479$, $p < 0.001$. All of the above results support the suitability of the data for factor analysis and provide evidence consistent with the multidimensionality of emotional intelligence and ERM maturity. After validation, the final survey was sent electronically to the target audience. Descriptive and inferential statistical analysis was carried out using IBM SPSS version 31.0.0 Statistics, where the hypotheses were tested.

Although the total reliability coefficient is relatively high, it is expected due to the use of established surveys, which are multi-item in nature and are designed to measure closely related behavioural and governance-related constructs. Given the close nature of emotional intelligence dimensions and ERM maturity attributes, it is expected that there may be a level of redundancy within the results, which is a function of the integrative nature of leadership style and ERM in general.

Given that all data were collected using self-reported survey instruments, several procedural measures were implemented to minimise the potential influence of common method variance. Participation was voluntary, and respondents were assured of the anonymity and confidentiality of their responses to reduce evaluation apprehension and social desirability bias. The questionnaire utilised established and validated measurement scales, and the emotional intelligence and ERM constructs were presented in distinct sections to reduce respondents’ tendency to provide consistent responses across variables. Clear instructions were provided, and participants were informed that there were no right or wrong answers, encouraging honest and unbiased responses. These procedural remedies are consistent with recommendations for reducing common method bias in survey-based research.

5.3. Reliability Test

The survey tool proved to have reliability and validity, as confirmed in a pilot study carried out before administering the full survey. The reliability of the survey tool was exceptional, given that the Cronbach’s alpha value was found to be 0.996, significantly higher than the minimum of 0.70 that is considered reliable enough for further use. The corrected item-total correlations were found to be consistently higher than 0.3, while the “Cronbach’s Alpha if Item Deleted” values confirmed that none of the items contributed negatively to the reliability of the survey tool. The Exploratory Factor Analysis (EFA) confirmed that the survey tool has construct validity since the value of Kaiser–Meyer–Olkin (KMO) was found to be 0.958, while Bartlett’s test of sphericity was found significant (see Tables 5 and 6).

Although the reliability coefficients reported in this study are exceptionally high, this outcome is not unexpected given the use of established multi-item instruments designed to measure closely related behavioural and governance constructs. Nevertheless, very high Cronbach’s Alpha values may also indicate a degree of item redundancy or conceptual overlap among dimensions (Hair et al., 2019). In addition, because all variables were collected using a single survey instrument from the same respondents, the potential for

common method bias cannot be entirely excluded. To mitigate these concerns, the study employed validated measurement scales drawn from widely recognised instruments, and exploratory factor analysis confirmed the multidimensional structure of the constructs.

Table 5. Cronbach’s Alpha Values for EI Dimensions and ERM Attributes.

EI Dimension	Number of Items	Cronbach’s Alpha
Intrapersonal	25	0.985
Interpersonal	15	0.984
Stress Management	10	0.981
Adaptability	15	0.979
General Mood	10	0.980
Overall EI Scale	75	0.995
ERM attributes		
ERM-based Approach	8	0.955
ERM Process Management	8	0.962
Risk Appetite Management	4	0.968
Root Cause Discipline	6	0.963
Uncovering Risk	6	0.952
Performance Management	6	0.971
Business Resiliency and Sustainability	6	0.968
Overall ERM Scale	44	0.981
Overall Scale		0.996

Table 6. Exploratory Factor Analysis Results for EI Dimensions and ERM Attributes.

Statistic	Value
KMO Measure of Sampling Adequacy	0.958
Bartlett’s Test of Sphericity (χ^2 , p -value)	0.29, $p < 0.001$
Factor Loading Threshold	>0.50

Furthermore, while the emotional intelligence dimensions are theoretically differentiated within the Bar-On framework, the exceptionally high intercorrelations observed in this study suggest that these dimensions may not function as entirely independent behavioral characteristics in practice. This pattern is consistent with the conceptualization of emotional intelligence as a highly integrated multidimensional construct, where substantial overlap among dimensions is expected. Consequently, the results should be interpreted as reflecting closely related aspects of a broader emotional intelligence capability rather than fully distinct behavioral domains. Although this does not invalidate the use of the established Bar-On instrument, it does highlight the importance of exercising caution when interpreting the relative strength of individual dimensions. Future research may employ confirmatory factor analysis, structural equation modelling, or alternative measurement approaches to further examine discriminant validity and the structural relationships among these constructs.

Common Method Bias Considerations

Given that emotional intelligence and enterprise risk management maturity were measured using self-reported survey responses collected from the same participants at a single point in time, the potential influence of common method bias should be acknowledged. Several procedural remedies were implemented to minimise this risk. Participation was voluntary, respondents were assured of anonymity and confidentiality, and validated

measurement instruments drawn from established literature were employed. In addition, emotional intelligence and ERM maturity were measured through conceptually distinct constructs presented in separate sections of the questionnaire. Nevertheless, because the study relies on a cross-sectional self-report design, the possibility of some degree of common method bias cannot be entirely excluded. Consequently, the reported relationships should be interpreted as associations rather than evidence of causality, and future research may benefit from longitudinal, multi-source, or mixed-method approaches to further validate the findings.

5.4. Categorisation of Variables

Table 7 describes the criteria for categorisation of the study variables. Emotional Intelligence (EI) is categorised at three levels: Low, Medium, and High. ERM Maturity is categorised based on the RIMS model, which proposes a six-tier categorisation from Non-existent to Leadership, with equal widths between lower bounds.

Table 7. Categorisation of Variables.

Variables	Percentiles	Values on AVE	Category
Emotional Intelligence	≤ 25 th	≤ 2.843	Low
	26th–74th	2.844–3.319	Medium
	≥ 75 th	≥ 3.32	High
Variables	Average Score		Category
ERM Maturity	0.0–0.49		Non-existent
	0.5–1.49		Ad Hoc
	1.5–2.49		Initial
	2.5–3.49		Repeatable
	3.5–4.49		Managed
	4.5–5.00		Leadership

6. Analysis and Findings

6.1. Descriptive Analysis

The descriptive analysis provides an overview of the distribution of the variables of study, which gives a clear depiction of the overall level of maturity of Emotional Intelligence (EI) and Enterprise Risk Management (ERM) of the participating risk leaders. This step sets the stage for the correlation analysis and hypothesis testing that follow.

6.1.1. Emotional Intelligence (EI) Levels of Risk Leaders

Table 8 describes the overall emotional intelligence (EI) score for 280 risk leaders with a mean of 3.06 and a standard deviation of 0.53. It is evident that there is a moderate level of EI among risk leaders. The mean scores for all five EI dimensions show a narrow range from 3.02 to 3.15. This suggests a relatively balanced emotional intelligence profile across the sample. It is evident that there is a lack of extremes with regard to EI competencies. Notably, there is a slightly low mean for Stress Management at 3.02.

The frequency distribution of Emotional Intelligence (EI) levels explains the variability of emotional intelligence in the respondents. The classification of EI levels in this study follows the classification based on percentiles as shown in Table 7. From Table 9, it is evident that out of 280 respondents, 70 persons are classified as having “Low” EI. This implies that this group of 25% of the entire sample represents a quarter of the number of risk leaders in society. The majority of 138 persons, amounting to 49.3% of the entire sample,

are classified as having “Medium” EI. This implies that almost half of the sample has an average level of emotional intelligence, which is sufficient but not at higher standards. Finally, 72 persons are classified as having “High” EI, implying that these persons have higher emotional intelligence and are therefore proficient in managing and utilizing their emotional intelligence.

Table 8. Emotional Intelligence Level Descriptive Statistics.

Dimension	Mean	Std. Deviation
Overall EI	3.0622	0.52949
Intrapersonal	3.0457	0.52736
Interpersonal	3.1469	0.53856
Stress Management	3.0182	0.53621
Adaptability	3.0569	0.54347
General Mood	3.0286	0.53746

Table 9. Frequency Distribution of Emotional Intelligence Level.

Dimension	Frequency	%	Level
Overall EI	70	25%	Low
	138	49.3%	Medium
	72	25.7%	High

Table 10 illustrates the frequency distribution of the responses across the five dimensions of EI, namely Intrapersonal, Interpersonal, Stress Management, Adaptability, and General Mood. Similar to the overall EI categorization, the Medium level has been found to be the most predominant across all the dimensions of EI. The lowest proportion of respondents has been found for the High level of EI in the dimensions of Stress Management and General Mood, suggesting that these two dimensions of EI may be relatively weaker areas of the respondents.

Table 10. Frequency Distribution of Emotional Intelligence Level.

Dimension	Frequency	%	Level
Intrapersonal	71	25.4%	Low
	134	47.9%	Medium
	75	26.8%	High
Interpersonal	61	21.8%	Low
	133	47.5%	Medium
	86	30.7%	High
Stress Management	70	25%	Low
	150	53.6%	Medium
	60	21.4%	High
Adaptability	70	25%	Low
	140	50%	Medium
	70	25%	High
General Mood	71	25.4%	Low
	151	53.9%	Medium
	58	20.7%	High

6.1.2. Enterprise Risk Management (ERM) Maturity Levels of Risk Leaders

Table 11 provides descriptive statistics for the level of maturity of Enterprise Risk Management (ERM) practices. Overall, the average level of maturity is 3.71, which has a

standard deviation of 0.70. This suggests that, overall, there is a moderate to high level of maturity as perceived by the risk leaders. Moreover, the average level of maturity for each of the seven dimensions of ERM practices is very close to each other, ranging from 3.69 to 3.73. This suggests a balanced level of implementation of ERM practices. It is also noteworthy that the highest level of maturity is found in the Risk Appetite Management dimension at 3.73, followed by Root Cause Discipline at 3.72. Slightly lower levels of maturity are found in ERM-based Approach and Performance Management at 3.70.

Table 11. ERM Maturity Level Descriptive Statistics.

Dimension	Mean	Std. Deviation
Overall ERM Maturity	3.7067	0.69950
ERM-based approach	3.6987	0.71168
ERM process management	3.7067	0.71095
Risk appetite management	3.7277	0.76709
Root cause discipline	3.7208	0.70070
Uncovering risk	3.7024	0.71112
Performance mgt.	3.6964	0.71752
Business resiliency and sustainability	3.7042	0.72069

Table 12 describes the frequency distribution of Enterprise Risk Management (ERM) maturity level. From the results, it is evident that there is a concentration of respondents at the Managed level. In this regard, this is a clear indication of a state that is advanced but not necessarily optimized with regard to risk management maturity. In this study, a total of 280 respondents were considered. Out of this figure, 135 respondents (48.2%) fall within the Managed level.

Table 12. Frequency Distribution of ERM Maturity Level.

Dimension	Frequency	%	Level
Overall ERM Maturity	0	0.0%	Ad Hoc
	14	5.0%	Initial
	92	32.9%	Repeatable
	135	48.2%	Managed
	39	13.9%	Leadership

The distinction between the Managed and Leadership levels is particularly important when interpreting the findings. Organisations operating at the Managed level typically demonstrate established and consistently applied ERM processes that are integrated into governance and operational decision-making. Risk management activities are supported by formal procedures, performance monitoring, and alignment with organisational objectives. In contrast, organisations at the Leadership level move beyond process integration and adopt a continuous improvement approach to risk governance. Risk considerations are proactively incorporated into strategic planning, emerging risks are anticipated rather than merely monitored, and decision-making is increasingly informed by advanced risk analytics and forward-looking insights. Consequently, while Managed organisations demonstrate effective implementation of ERM practices, Leadership organisations exhibit a more proactive, adaptive, and strategically embedded approach to risk management.

Table 13 also shows that the majority of respondents fall within the Managed level, especially in the ERM-Based Approach, Process Management, Root Cause Discipline, and Performance Management domains. Repeatable practices are also evident in Risk Appetite Management and Business Resiliency, suggesting that the practices are established but not

fully embedded. Maturity at the leadership level is also evident, though not in significant numbers, especially in Performance Management and Uncovering Risk.

Table 13. Frequency Distribution of ERM Maturity Attributes.

Dimension		Ad Hoc	Initial	Repeatable	Managed	Leadership
ERM-Based Approach	Frequency	0	14	91	135	40
	%	0.00%	5.00%	32.50%	48.20%	14.30%
ERM Process Management	Frequency	0	13	91	135	41
	%	0.00%	4.60%	32.50%	48.20%	14.60%
Risk Appetite Management	Frequency	0	11	95	129	45
	%	0.00%	3.90%	33.90%	46.10%	16.10%
Root Cause Discipline	Frequency	0	12	84	139	45
	%	0.00%	4.30%	30%	49.60%	16.10%
Uncovering Risk	Frequency	0	12	91	137	40
	%	0.00%	4.30%	32.50%	48.90%	14.30%
Performance Management	Frequency	0	14	88	139	39
	%	0.00%	5.00%	31.40%	49.60%	13.90%
Business Resiliency & Sustainability	Frequency	0	12	95	130	43
	%	0.00%	4.30%	33.90%	46.40%	15.40%

6.2. Correlation Analysis

Based on the six hypotheses offered in Section 4, Spearman's Rank Correlation was utilized to test the relationship between emotional intelligence (EI) and ERM maturity. Considering the ordinal level of measurement, a non-parametric test is appropriate (Field, 2018; Pallant, 2020). As indicated, the results indicate a strong positive association between EI and ERM maturity, where $\rho = 0.689$, $p < 0.001$. This suggests that higher emotional intelligence scores are associated with higher levels of ERM maturity. Based on recent benchmarks, the findings indicate a large effect size, thus providing substantial support for Hypothesis 1 (Lovakov & Agadullina, 2021). A path model was also employed to examine the relative associations between the dimensions of emotional intelligence, while Kruskal–Wallis tests, along with additional Spearman's tests, were carried out to test for differences in terms of roles and organization sizes. Although it is not possible to establish causality, the results are statistically significant, thus providing support for the observed associations.

Spearman's Rank Correlation as listed in Table 14 was selected because the study sought to examine the strength and direction of associations between emotional intelligence dimensions and enterprise risk management maturity using data derived from ordinal Likert-scale responses. As a non-parametric technique, Spearman's rho does not require assumptions of normality and is well suited to behavioural and governance research involving ordinal measures (Field, 2018; Pallant, 2020). Although emotional intelligence and ERM are multidimensional constructs, the primary objective of this study was to evaluate the existence and relative strength of relationships among the constructs rather than to develop a comprehensive structural model. Consequently, Spearman correlation provided an appropriate and parsimonious analytical approach for testing the proposed hypotheses, while the path model was used to illustrate the relative associations of each emotional intelligence dimension to ERM maturity. Future research may employ structural equation modelling or other multivariate techniques to further examine potential causal pathways and latent construct relationships.

Table 14. Spearman’s Rank Correlation Between EI and ERM.

			EI Overall	ERM Overall
Spearman’s rho	EI Overall	Correlation Coefficient	1.000	0.689 **
		Sig. (2-tailed)	.	<0.01
		N	280	280
	ERM Overall	Correlation Coefficient	0.689 **	1.000
		Sig. (2-tailed)	<0.01	.
		N	280	280

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

Correlation Between EI Dimensions and ERM

The analysis also examined the relationship between each of the five EI constructs and ERM maturity. As shown in Table 15, all five EI constructs, namely Intrapersonal, Interpersonal, Stress Management, Adaptability, and General Mood, have been found to have significant positive correlations with ERM maturity as a whole at $p < 0.001$. Among the five EI dimensions, Interpersonal and Adaptability exhibited the strongest associations with ERM maturity ($\rho = 0.707$ and $\rho = 0.706$, respectively), thereby supporting H3 and H5. Similarly, the findings that Intrapersonal and Stress Management have $\rho = 0.668$ and $\rho = 0.639$, respectively, have corroborated H2 and H4, respectively, whereas the finding that General Mood has $\rho = 0$.

Table 15. Spearman’s Rank Correlation Between EI Dimensions and ERM.

		Intrapersonal	Interpersonal	Stress Management	Adaptability	General Mood
Spearman’s rho	Intrapersonal	Correlation Coefficient	1.000	0.968 **	0.960 **	0.965 **
		Sig. (2-tailed)	.	<0.001	<0.001	<0.001
	Interpersonal	Correlation Coefficient	0.968 **	1.000	0.948 **	0.967 **
		Sig. (2-tailed)	<0.001	.	<0.001	<0.001
	Stress Management	Correlation Coefficient	0.960 **	0.948 **	1.000	0.954 **
		Sig. (2-tailed)	<0.001	<0.001	.	<0.001
	Adaptability	Correlation Coefficient	0.965 **	0.967 **	0.954 **	1.000
		Sig. (2-tailed)	<0.001	<0.001	<0.001	.
	General Mood	Correlation Coefficient	0.947 **	0.941 **	0.937 **	1.000
		Sig. (2-tailed)	<0.001	<0.001	<0.001	.
	ERM Overall	Correlation Coefficient	0.668 **	0.707 **	0.639 **	0.706 **
		Sig. (2-tailed)	<0.001	<0.001	<0.001	<0.001

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

These values, ranging from moderate to strong, clearly exceed the established empirical markers for social psychology, wherein values of correlation of at least $r \geq 0.41$ qualify as large (Lovakov & Agadullina, 2021). The significant intercorrelations between the EI dimensions (0.937–0.968) indicate substantial overlap among the dimensions. While this pattern is consistent with the conceptualisation of emotional intelligence as a highly integrated multidimensional construct (Bar-On, 2006; Goleman, 2021), it also suggests that the

dimensions should not be interpreted as entirely independent behavioural characteristics. Consequently, caution is warranted when interpreting differences in the relative strength of associations across individual EI dimensions.

6.3. Path Model of Hypotheses

A path model was used to examine the relative associations between each dimension of EI and ERM maturity. As shown in Figure 2, the total relationship between EI and ERM (H1) is significant and substantial, at $\rho = 0.689$. This supports the proposition that EI leadership is positively associated with ERM maturity. All five EI dimensions demonstrated significant positive associations with ERM maturity. Of these, interpersonal skills exhibited the strongest association with ERM maturity ($\rho = 0.707$), followed closely by adaptability ($\rho = 0.706$). However, given the substantial intercorrelations among the emotional intelligence dimensions, these differences should be interpreted cautiously and should not be viewed as evidence that these dimensions operate independently of one another. Intrapersonal skills were also significant at $\rho = 0.668$, stress management at $\rho = 0.639$, and general mood at $\rho = 0.610$. Overall, the findings suggest that all dimensions of EI leadership are positively associated with ERM, but interpersonal skills and adaptability are particularly salient. These dimensions may be particularly relevant to ERM maturity because they are closely related to collaboration, communication, and stakeholder engagement. In short, effective ERM leadership requires not only technical expertise but also emotional intelligence.

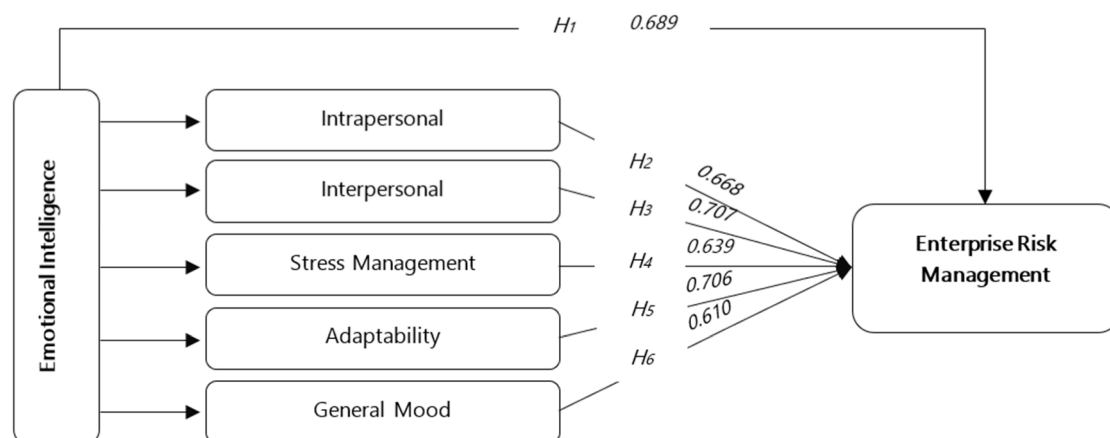


Figure 2. Path Model of Hypotheses.

6.4. Demographic Influence on EI and ERM Scores

Analysing the different scores of Emotional Intelligence (EI) and Enterprise Risk Management (ERM) across different demographic groups such as different job roles or different organization sizes can provide valuable insights into the factors affecting EI and ERM scores. Through the application of the Kruskal–Wallis test, this analysis can identify patterns or differences in the scores of EI and ERM.

6.4.1. EI and ERM Scores Across Job Roles

The Kruskal–Wallis H test was used to compare the Overall Emotional Intelligence (EI) and Enterprise Risk Management (ERM) scores for the Executive and Non-Executive Directors. The results shown in the table provide a glimpse into the distribution of scores for these two groups.

Table 16 shows that, for both EI and ERM, the average ranks for Non-Executive members are slightly higher than for Executives. The differences are, however, not substantial. The Kruskal–Wallis tests for both EI and ERM confirm that there are no statistically significant differences. The H-values are 1.182 for EI and 0.382 for ERM. The p -values for EI and

ERM are 0.277 and 0.537, respectively. Both p -values are well above 0.05. These findings suggest that EI and ERM maturity do not differ significantly across job roles.

Table 16. Kruskal–Wallis H Test Comparing Overall EI and ERM Scores Across Job Roles.

Ranks			
Variables	Job Role	N	Mean Rank
EI	Executive	181	136.61
	Non-Executive	99	147.61
ERM	Executive	181	138.29
	Non-Executive	99	144.54
Test Statistics			
		EI Overall	ERM Overall
Kruskal–Wallis H		1.182	0.382
df		1	1
Asymp. Sig.		0.277	0.537

6.4.2. EI and ERM Scores Across Organisation Size

The Kruskal–Wallis H test was conducted to compare the overall Emotional Intelligence (EI) and Enterprise Risk Management (ERM) scores across different organisation sizes Micro, Small, Medium, and Large.

The Kruskal–Wallis test (refer Table 17), however, failed to show significant differences in Emotional Intelligence ($H = 2.766$, $p = 0.429$) and ERM maturity ($H = 0.769$, $p = 0.857$) between different sizes of organisations. The average ranks for Emotional Intelligence were for Micro organisations at 150.79, Small organisations at 133.85, medium organisations at 151.25, and large organisations at 134.75. The average ranks for ERM maturity were for Micro organisations at 149.81, small organisations at 143.83, Medium organisations at 135.83, and large organisations at 139.17. This suggests that EI and ERM maturity do not differ significantly across organisations of different sizes.

Table 17. Kruskal–Wallis H Test Comparing Overall EI and ERM Scores Across Organisation Size.

Ranks			
Variables	Job Role	N	Mean Rank
EI	Micro	29	150.79
	Small	66	133.85
	Medium	73	151.25
	Large	112	134.75
ERM	Micro	29	149.81
	Small	66	143.83
	Medium	73	135.83
	Large	112	139.17
Test Statistics			
		EI Overall	ERM Overall
Kruskal–Wallis H		2.766	0.769
df		3	3
Asymp. Sig.		0.429	0.857

7. Discussion

From a workplace accountability perspective, this study highlights the fundamentally behavioural nature of enterprise risk governance. Enterprise risk management (ERM)

maturity is not simply a function of formal frameworks and policies but reflects how clearly accountabilities for risk-related decisions are communicated, enacted, and sustained throughout the organisation. The strong associations observed between emotional intelligence (EI) and ERM maturity suggest that effective accountability in risk governance may be closely related to leadership behaviours that foster trust, transparency, and shared ownership of risk. In this sense, EI may function as a behavioural mechanism through which accountability is operationalised, rather than merely formalised.

This study examined the relationship between EI and ERM maturity within Indonesia's financial services sector and provides robust empirical evidence of a positive association between the two constructs. All five EI dimensions—intrapersonal, interpersonal, stress management, adaptability, and general mood—were found to be significantly correlated with each of the seven ERM maturity attributes. These findings extend existing research on leadership and governance by suggesting that emotionally intelligent leaders are more likely to be associated with effective decision-making processes, collaboration, and the embedding of risk management across organizational levels (Austin, 2004; Bance & Ray, 2016; Bar-On, 2006; O'Boyle et al., 2011). Notably, adaptability and interpersonal competencies exhibited the strongest relationships with ERM maturity, reinforcing prior evidence that the ability to respond to change and manage professional relationships may support the effectiveness of ERM practices (Pignata et al., 2016; Aljaed Alzaabi, 2023; Rini & Ismail, 2023).

Intrapersonal competencies, including self-awareness, self-regard, and emotional expression, were positively associated with leadership effectiveness, organisational culture, and governance quality. Consistent with Radu (2023) and Raghvendra (2024), leaders with strong intrapersonal EI are better able to communicate organisational values and align decision-making with strategic objectives, supporting leadership commitment as emphasised in ISO 31000. From an accountability standpoint, intrapersonal EI enables reflective judgment and responsible decision-making, reducing the risk that unmanaged emotions or cognitive biases undermine governance outcomes.

Interpersonal EI competencies such as empathy, relationship-building, and social responsibility showed the strongest association with ERM attributes related to risk culture, communication, and engagement. This supports arguments that leaders with strong interpersonal capabilities create environments in which risk information is openly shared and proactively managed (Messaoudi & Sakale, 2024). Such leadership facilitates shared risk ownership across functions, aligning organisational strategy with collective responsibility (Lopes et al., 2003; Yilmaz & Flouris, 2017). Interpersonal EI may support accountability by enabling constructive challenge and dialogue without fear of blame or reprisal. Studies of leadership participation in banking further indicate that behavioural and structural barriers influence who participates in decision-making, underscoring the importance of inclusive and emotionally intelligent leadership for effective governance processes (Shaji et al., 2025).

Stress management competencies were also positively related to organisational resilience and risk response capability. Leaders who demonstrate emotional stability during crises are better able to sustain effective oversight and prevent decision-making errors under pressure, consistent with prior research (Hamulić et al., 2024; Prabha, 2024). Similarly, adaptability, one of the dimensions most strongly associated with ERM maturity, was associated with governance effectiveness, change readiness, and continuous improvement. Adaptable leaders are more capable of learning from risk events and updating risk frameworks while maintaining strategic coherence (Kodden, 2020; Bhashanjaly, 2024). General mood, reflecting optimism and emotional resilience, was linked to sustained ERM engagement and organisational resilience, reinforcing the role of positive leadership affect

in maintaining accountability and long-term risk initiatives (Bar-On, 2006; Adler et al., 2021; Radu, 2023; N. Singh, 2024).

The Kruskal–Wallis tests revealed no significant differences in EI or ERM maturity across organisational size, supporting evidence that leadership behaviour and culture may be more closely associated with risk maturity than demographic characteristics (Fraser et al., 2021; Mauselshagen et al., 2011). Practically, these findings underscore the need to complement technical risk management training with leadership and EI development. While ERM frameworks provide essential structure, their effectiveness depends on leaders' capacity to cultivate trust, communication, and accountability (Beasley et al., 2005). The study therefore supports a shift from compliance-oriented ERM models toward leadership-driven approaches to risk governance. Future research could extend these findings through longitudinal designs, cross-sectoral comparisons, and deeper exploration of EI's role in change and crisis management.

While the positive association between emotional intelligence and ERM maturity may appear intuitively plausible, the contribution of this study extends beyond simply confirming that emotionally competent leaders report more mature risk management practices. The study illustrates how specific dimensions of emotional intelligence, particularly interpersonal competence and adaptability, are associated with key aspects of risk governance, including communication, accountability, stakeholder engagement, and risk ownership. By integrating workplace accountability theory with ERM maturity research, the study highlights the importance of behavioral governance capabilities in supporting the institutionalization of risk management. In doing so, it extends ERM research beyond traditional compliance-oriented and technical perspectives and provides empirical evidence from an emerging market context that remains underrepresented in the literature.

8. Conclusions

The findings presented here suggest that enterprise risk management is not merely a question of structure, policy, or regulatory compliance. Rather, the maturity of risk governance appears to be closely associated with leadership behaviors that shape how risk management is understood, enacted, and maintained within organizations. Emotional intelligence is positively associated with ERM maturity and appears to be linked to accountability in risk communication, risk decision-making, and risk ownership. These findings support the view that risk governance should be understood not only as a structural system but also as a behavioral and organizational process.

All five aspects of emotional intelligence, namely intrapersonal, interpersonal, stress management, adaptability, and general mood, were found to be positively and significantly correlated with ERM maturity. Notably, interpersonal and adaptability dimensions of emotional intelligence exhibited the strongest associations with ERM maturity. This highlights the importance of communication and learning-oriented leadership as characteristics associated with more mature ERM practices and organisational accountability. The results suggest that organizations characterized by leaders who promote dialogue and adaptability tend to report higher levels of accountability and ERM maturity. Notably, no significant association was observed between organisational size and either emotional intelligence or ERM maturity. This suggests that ERM maturity and organizational governance may be more closely associated with leadership style and organizational culture than with organizational size. From an organisational perspective of workplace accountability, this study reinforces that workplace accountability may be more closely associated with organisational culture and less dependent on organisational hierarchy and size. The study contributes to the workplace accountability literature by suggesting that emotional intelligence represents an important behavioural characteristic associated with enterprise risk

management effectiveness. The findings of this study extend current ERM research by incorporating aspects of organisational governance and accountability.

From a practical perspective, this study has several implications for boards, regulators, and organizational leaders. Organizations wishing to improve accountability within their organizational risk governance practices should consider augmenting their investments in ERM systems and tools with initiatives aimed at developing emotional intelligence skills among their organizational leaders and risk governance professionals. In this way, ERM systems and practices might be more fully embedded as a lived experience of organizational accountability rather than simply a compliance-driven obligation.

As with all empirical studies, several limitations should be acknowledged when interpreting the findings. First, the study adopts a cross-sectional design, which limits the ability to draw causal conclusions regarding the relationship between emotional intelligence and ERM maturity. Second, the use of self-reported survey data may introduce response bias and the possibility of common method variance, despite the procedural remedies implemented during data collection. Third, the sample is restricted to QRGP-certified professionals within Indonesia's financial services sector, which may limit the generalisability of the findings to other industries, countries, and professional groups.

A further limitation relates to the exceptionally high intercorrelations observed among the emotional intelligence dimensions, which may indicate a degree of conceptual overlap and constrain the discriminant validity of the individual subscales. Although this pattern is consistent with the Bar-On framework and the integrated nature of emotional intelligence, future research may employ confirmatory factor analysis, structural equation modelling, alternative emotional intelligence measures, or longitudinal research designs to further examine the distinctiveness and stability of these dimensions and their relationships with ERM maturity. Future studies may also extend the model by comparing different segments of the financial services sector including banking, insurance, investment management, and financial technology organizations, as well as different organizational ownership structures such as state-owned and private enterprises. Comparative studies across countries and regulatory environments would further enhance understanding of the contextual factors associated with risk governance and ERM maturity.

This study reinforces the notion that accountable enterprise risk management is a behavioural phenomenon. The findings suggest that emotional intelligence may represent an important behavioral capability associated with the effective implementation of organizational risk governance practices, including risk ownership, transparency, and responsibility. In this way, this study also reinforces the notion that effective organizational leadership is critical to advancing workplace accountability.

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