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Influence of emotional intelligence on employees' performance at work: An evidence from Indian banks

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Abstract

Emotional intelligence helps to resolve conflict in private and public institutions. Studies have found that increased emotional intelligence enhances performance and increases professionalism in the workforce. Given the massive growth in private sector banks in India, investment in the emotional intelligence of the workforce may improve service delivery and satisfaction of the customers. Using an empirical dataset, this study investigates how EI influences the work performance of private sector bank employees in India. The correlation between increased workplace performance and emotional intelligence is supported by regression analysis. Findings suggest that in scaled up settings, Indian banks can minimise conflicts, reduce costs, and improve service delivery by training their staff in EI.

Subject Classification: *62P20, 62P25.*

Keywords: *EI, Banking, Job performance, Satisfaction.*

Introduction

People's ability to control their emotions and respond appropriately to others emotions varies greatly. Professionals, managers, and executives are generally intelligent individuals, yet there may be a big difference in how successfully they are able to better organise their workforce. An efficient work culture requires that both the employer and the employees exhibit high levels of professionalism and emotional intelligence. To put

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it another way, a department head may be an absolute wizard when it comes to product or service knowledge—yet fail miserably when it comes to managing people. Emotionally intelligent employees are needed at all levels of the organisation, not just at the level of management. In India, the scheduled commercial banks are categorised into three major categories namely the public, private and foreign banks. Emotionally intelligent bank employees are more productive and satisfied. In terms of interpersonal skills, communication, and self-management, people with high emotional intelligence are more successful. If banks want to keep their competitive advantage, they must completely rethink their approach to internal clients, i.e., their own staff. Mohebbi & Arab (2016) explained that the domain of EI addresses the role of managers' emotions and feelings in the management of work with others.

The ability to recognise one's own emotions, and those of others, and how to manage emotional signals and information is referred to as emotional intelligence (EI). Goleman. D (2001). EI has been defined quite a few ways, and there is disagreement over how to use the term. The origin of EI is found in Darwin's studies on the value of emotional expressiveness for one's living and adapting. C Darwin (1998). Even while traditional definitions of intelligence place an emphasis on cognitive traits like memory and problem-solving, quite a few well-known researchers in the field of intelligence started to recognise the importance of non-cognitive components of intelligence in the 1900s. E.L. Thorndike, for example, used the phrase "social intelligence" in 1920 to characterise the ability to comprehend and manage others. Wayne Payne's doctoral thesis from 1985 was first time used for coining the phrase "emotional intelligence." However, this phrase, "emotional intelligence," had earlier appeared possibly first emerged in Leuner's book (1966) Greenspan (1989), Salovey & Mayer (1990), and Goleman (1991) all proposed an EI model (1995). In the year 2000, a difference was made between trait EI and ability EI. Petrides, K. V., & Furnham, A. (2000).

Job performance & satisfaction: Climate is described as an individual's views of events, routines, processes, and types of conduct that are rewarded, encouraged, and anticipated in a certain environment (Schneider 1990; p. 384). The characteristics of the environment that the team members consciously experience are referred to as the organisational climate (Amstrong 2003). In a nutshell, it relates to how employees view the company while going about their everyday tasks. Job performance and satisfaction, as described by Reichers & Schneider (1990, p. 22), are "common views of how things are around here."

An important aspect that needs to be explored is whether the EI of employees affects the climate within Private Banks. An interesting area of enquiry would be whether non-intellectual dimensions like emotional Intelligence adds to the "incumbents' perceptions of the events, practices procedures and kinds of behavior that get rewarded supported and expected in a setting '(Schneider1990). The climate of an organization refers to those aspects of the environment that are consciously perceived by the organizational members (Amstrong 2003)." Intrapersonal and interpersonal relations form an integral part of human interactions. How members of the organization perceive the life space within an organization is dependent certainly upon their reactions and handling of day-to-day events and people within the banks. Reichers & Schneider (1990) described Job performance & satisfaction as 'shared opinions about how things are in this area.' This shared perception therefore talks about a collective intelligence which is different from the technical or intellectual skills and abilities possessed by the employees.

Literature Review

The term "EI" refers to a combination of competences that includes interpersonal and intrapersonal skills, as well as stress management, flexibility, and overall mood. (Bibi et. al., 2020), and as a result, it is considered that an individual's level of EI is what drives their behavioural expressions and the choices they make in life. (Bibi et. al., 2020)

The term "EI" (EI) refers to a person's capacity to allow their feelings to guide their thoughts and actions in healthy and productive ways. Emotional talents include the correct perception of feelings, the use of feelings as a means to assist cognition, as well as the comprehension of and ability to control feelings. (Mayer et. al., 2016).

People who have a high EI perform well at their jobs and report higher levels of job satisfaction, according to the research conducted by Vibhor Jain (2014) who set out to determine EI's effect on service quality provided by private banks in India. Employees that have achieved emotional balance are able to adapt, demonstrate empathy, are self-aware, are truthful, are self-confident, are optimistic, and are skilled at handling arguments and stress. The research also specified that people with high EI are adept at problem solving and making decisions, as well as being able to prioritise their work effectively and rapidly achieve their objectives.

The findings of Siati's (2014) research on the subject of EI and work satisfaction in the Greek financial industry, imply that there is a favourable correlation between several characteristics of EI and employee happiness. Additionally, the work positions that people in the banking industry hold seem to have an effect on the degrees of EI that they possess.

In their research on EI and employee performance among Nigerian bank sector workers, Usoro, A. A., Effiong, C., & Ekpenyong, O. E. (2015) came to the conclusion that there is a considerable correlation between EI and employees' performance. Also, the findings of the research demonstrated that a methodical and consistent technique may be used at any point in one's life to foster the growth and improvement of EI.

Mahal (2015) conducted research to look into the association between EI and job happiness. As per the results of the study, there was a substantial connection between EI and the level of satisfaction adapted by workers. According to the findings of the research, employees with more EI are able to manage their desires and remain calm under pressure. Having the capacity to control and manage one's emotions not only enables an employee to maintain their optimism in the face of challenges, but also helps them to develop empathy and other important social skills.

In her research to determine the influence of EI on the financial productivity of commercial banks in Ghana, Danquah (2015) discovered that EI has a substantial influence on the financial production of commercial banks. According to the findings of the research, EI may also be used to predict relationship marketing, service quality, customer happiness and financial success.

According to the findings of V. Swarnalatha's (2016) research on the topic of EI among bank workers, EI plays a significant part in the living of bank employees, and all of the employees possess an elevated level of EI. There is no correlation between the age of an employee and their level of EI.

The inspection of the association between high levels of EI and effective change management in the Nigerian banking sector was carried out by N.N.Ugoani (2017). According to the findings, EI incorporates all of the abilities necessary for effective change management.

A scale that is known as the work performance scale may be used in order to evaluate the performance of an employee. Previous research has revealed that EI is a possible key of work success.

Yoke and Panatik (2015) studied the link between EI and work performance in 192 bank officials working in the banking business in Peninsular Malaysia. The findings suggested that there was a considerable link between EI and work performance.

The relationship between EI and work performance is moderated by the perception of organisational support, such that the association between EI and job performance will be more positive when there is strong perceived organisational support (POS). Akhtar et. al. (2017).

Chipumuro (2015) discovered that a top performer is between 85% and 127% more profitable than an ordinary performer, and that emotional intelligence may be attributed for accounting for two-thirds of this difference in performance.

In his research, Kaura (2011) demonstrated that there is a correlation between the service quality and EI in public banks. On the other hand, he found that there is only a tenuous connection between the service quality and EI in private banks. General temperament, stress management, intrapersonal relationships, flexibility, and interpersonal connections are the 5 elements that have the biggest effect on employees' EI in both the commercial and public banking sectors.

Research Gap

Emotional intelligence, job performance and satisfaction (organisational climate), have all been studied separately, but not simultaneously. Thus, this study aims to fill a significant research hole in the field. It does so by studying the relationship between emotional intelligence (EI) & organisational climate (OC).

Research Problem:

Is emotional intelligence, a significant behavioural factor in private sector banks? Does it affect job performance & satisfaction in any way in these banks? What happens when these two factors interact for the bank? Can these two variables create positive organizational citizenship behavior within the bank? Does the study of EI, job performance & satisfaction have a larger relevance in the organizational context?

Relationship between EI and Job performance & satisfaction:

H0: Employees' emotional intelligence has no impact on Job performance & satisfaction

H1: Employees' emotional intelligence has a strong influence on Job performance & satisfaction.

Objective of this Study:

To investigate how emotional intelligence affects job performance and satisfaction.

Research Design

Throughout the study, the researcher employed primary and secondary data sources. Major findings of this study are based on primary data sources through empirical investigation done by distribution of a well- structured questionnaire.

Data and Sampling

Since this study is totally focused on private sector banks in India, public sector banks were not considered. Sampling was done in private banks in Delhi NCR (National Capital Region). Banks considered for the purpose of the study were ICICI, Axis bank and YES bank.

Data Analysis

The SPSS statistical package was used to perform the analysis. Finding the correlation between "Emotional Intelligence and organizational climate (Job Performance & Satisfaction)." Analysis was done by using the t-test, the chi square test, Anova were used to find the association between the various demographic variables like age, gender, experience, marital status, educational qualification and the variables of Emotional Intelligence, Job performance & satisfaction.

Relationship between EI and Job performance & satisfaction:

Table 1.01

Correlations between Emotional Intelligence (EI) and Organisational Climate (OC)

Variable	Test	EI	OC
EI	Correlation	1	.853**
	Sig.(2-tailed)		0.000
	N	704	704
OC	Correlation	0.853**	1
	Sig.(2-tailed)	0.000	
	N	704	704

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

Result: The coefficient of correlation between EI and Job performance & satisfaction is .853 (Table 1.01). The result suggests a strong positive correlation between EI and work performance & satisfaction since the value is positive and close to +1. It is interpreted that as EI of the employees increases the Job performance & satisfaction becomes better and vice versa.

Table 1.02

Regression: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.853*	0.728	0.728	0.494

a. Predictors: (Constant), EI b. Dependent Variable: OC

Table 1.03

ANOVA of Regression

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	458.181	1	458.181	1880.293	0.000
Residual	171.060	702	0.244		
Total	629.241	703			

a.Predictors: (Constant), EI b. Dependent Variable: OC

Table 1.04

Coefficients Regression

	Unstandardised Coefficients		Standardised Coefficients	95.0 % Confidence Interval for B			
Model	B	Std. Error	Beta	T	Sig.	Lower Bound	Upper Bound
Constant	0.421	0.071		5.895	0.000	0.281	0.561
Elav	0.915	0.021	0.853	43.362	0.000	0.873	0.956

a. Dependent Variable: OC

Result: The Model Summary (Table No. 1.02) shows the R^2 value to be .728 which predicts that 72.8 % of variance in Job performance & satisfaction is caused by EI of the employees.

The F statistics in Table 1.03 too shows the level of significance to be less than .05 thus proving the Alternate hypothesis that EI gives a strong influence on Job performance & satisfaction.

Hence, we will reject the null hypothesis with the results. The p-value is 0.000 which is < 0.05. At a significance level of 0.01, there is sufficient data to infer that the slope of the population regression line is not zero and, as a result, that EI is a useful effective indicator of job success and satisfaction.

Table 1.05

Residual Statistics

	Minimum	Maximum	Mean	S.D	N
Predicted Value	1.5	4.73	3.41	0.807	704
Std. Predicted Value	-2.368	1.632	0.000	1.000	704
Std. Error of Prediction Value	0.019	0.048	0.025	0.007	704
Adjusted Predicted Value	1.49	4.73	3.41	0.807	704
Residual	-2.435	1.461	0.000	0.493	704
Std. Residual	-4.932	2.96	0.000	0.999	704
Stud. Residual	-4.941	2.964	0.000	1.001	704
Deleted Residual	-2.443	1.465	0.000	0.495	704
Stud. Deleted Residual	-5.025	2.98	0.000	1.004	704
Mahal. Distance	0.001	5.607	0.999	1.125	704
Cook's Distance	0.000	0.044	0.001	0.003	704
Centered Leverage Value	0.000		0.001	0.002	704

a. Dependent Variable: OC

Findings:

The results found that the independent and dependent variables, namely EI and Job performance & satisfaction had a strong positive correlation. The calculated value of the F statistic and t's values indicated a significant correlation between the two variables. Regression models were created to demonstrate the influence of EI on job performance and satisfaction (refer table 1.04). Alternate Hypothesis is proved that EI of the employees in the bank has strong impact upon the climate in the bank. A higher EI makes the employees relate better to their peers, superiors, subordinates, clients and customers. The interpersonal skills and communication are also very good creating a positive setting that promotes learning, growth and employee happiness.

Limitations and future scope

Because the sample was drawn from private Indian banks in Delhi NCR region, there may be differences across Indian states based on differences in cultures, values, attitudes, motives, and perceptions because foreign and public sector banks were not included in this analysis. EI can have a strong influence on a person's job performance and satisfaction. This study can be reproduced in several other industries as well. This can provide a more comprehensive understanding of the influence of EI on work performance & satisfaction, and subsequently on organisational citizenship behaviour.

Conclusion

This study revealed that being emotionally intelligent is associated with bank officials' abilities to recognise important factors of job performance & organisational performance. Increased EI is likely to enhance employees' productivity. It makes them more productive as the banking officials recognise the need for change and strive towards it. This result indicates that higher levels of EI significantly and positively affect the job performance and satisfaction of the workforce in private banks. As such, our research findings also revealed the constructive impact of EI training in resolving conflicting situations by banking officials of both private and public sector banks. EI training brings banks to the human mind because it gives them the power to take control of their emotions. One can see even the positive aspects of EI, and it helps to create a positive environment at the workplace. The findings suggest that, in larger contexts, Indian banks might reduce conflicts, cut costs, and improve service delivery by training their employees in emotional intelligence.

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