

Emotional Intelligence and Organisational Performance in Nepalese Commercial Banks

Pradeep KC
Purwanchal University

Article History

Received
10th March, 2022

Revised
18th May, 2022

Accepted
25th June, 2022

Abstract

The debate over the topics related to emotional intelligence (EI) and organisational performance has constantly been in discussion in different cultures and in different parts of the world. EI is an essential factor responsible for determining success in life and psychological well-being which plays an important role in better organisational performance. This article, therefore, has assessed the status of EI and organisational performance in Nepalese Commercial Banks and measured the impact of demographic factors on EI. It follows deductive research approach in which descriptive as well as analytical research design has been employed. The sampling units for the study consisted of 9 out of total 27 Nepalese commercial banks, and 67 respondents via convenience sampling with a structured questionnaire. Cronbach's Alpha was calculated to confirm its reliability, which resulted in a score of 0.778. SPSS software package was used to manage and interpret data. The results of the study indicate that both emotional intelligence and organisational performance are present in the commercial banking sector. Analysis revealed that an employee with high emotional intelligence has a high organisational performance in comparison to a less emotionally intelligent person. The impact of matured employees is high on EI, here EI of a male is higher than female whereas the EI of married people is higher than unmarried. The results have implications for recruiting the employees. So, based on the results, it is recommended that an organisation must consider the emotional intelligence of the employees and emotional intelligence can be increased in the banking sector through different training and development programs.

Keywords: demographic factors, emotional intelligence, Nepalese commercial banks, organisational performance

Introduction

Over the last fifteen years, a great deal of interest has been generated around the topic of emotional intelligence (EI). This interest was largely stimulated by Goleman (1995), and particularly with the claim that EI explains a higher amount of variance in individual success than IQ (Gannon & Ranzjin, 2005). The first definition and empirical model of EI were formulated and revised by Salovey and Mayer (1990), who defined EI as "the ability to monitor one's own and other's emotions, to discriminate among them, and to use the information to guide one's thinking and actions" (1990, p. 189). According to Zeidner et al., (2004), this is perhaps the most widely accepted scientific definition of EI, since it identifies emotional information processing as an essential precursor to emotional regulation. Recent findings suggest that EI persons are better performers than their counterparts (Law, Song & Wong, 2004). To maintain a productive culture in the current business climate, the organisation has to concentrate on the emotional intelligence of employees. The application of emotional intelligence in the organisation includes the areas like personnel selection, development of employees, teams and the organisation. The organisations must support their employees in developing their interpersonal skills and guide them to perform effectively on the job with other employees in the organisation (Bar-On et al., 2003). Nepalese Commercial banks as a financial sector are identified as one of the most dynamic and vibrant sectors of the economy. Banking has developed vital sectors of the economy and ushered in a new dawn of progress on the Nepalese horizon. The sector has translated the hopes and aspirations of millions of people into reality. Most of the literature expressed that there are very few studies on this topic in the Nepalese context as well as all over the world. In addition, those empirical studies proved that emotional research studies in organisational settings are ignored for a significant period. Therefore, this study attempts to identify the nature and relationship of emotional intelligence to organisational performance.

Researchers of social sciences have worked a lot on this topic throughout the world, especially in western countries but in developing countries like Nepal, still there is a need to explore this area. So, the study was conducted to explore the gender differences concerning the EI in the banking sectors of Nepal, especially in the areas of Sunsari and Morang. There are other variables too that can have a direct influence on the EI of the employees working in different areas of the economy in various parts of the world, like age, academic qualification, perception about EI, conflict, urge to innovate, and so on.

Research Objectives

- i) To assess the status of emotional intelligence in Nepalese Commercial Banks.
- ii) To measure the impacts of demographic factors on emotional intelligence.

Literature Review

Many studies have been directed to find out the relationship between Emotional intelligence and organisational performance. Researchers claim that there is a positive relationship between emotional intelligence and organisational performance (Rahman & Haleem,

2018; Thomas & Tram, 2006; Guleryuz et al., 2008; Monafared et al., 2010; El Khouly, 2011; Mousavi et al., 2012; Moradi et al., 2012). In this regard, Rahman and Haleem (2018) surveyed university employees and found a strong and significant impact of emotional intelligence on job satisfaction. Similarly, Goleman (1995) stated that emotional intelligence was closely related to job satisfaction and job success. Emotional intelligence does expect job satisfaction and job performance. Likewise, some research works revealed the mixed result of studies that age, gender, and educational level moderate the relationship between emotional intelligence and job satisfaction. They have shown a relationship between age and job satisfaction with an indication that older workers were more satisfied with their jobs than the younger ones. Moreover, with the increase in the number of years overall job satisfaction of workers increases as well (Berns, 1989; Grady & Burnett, 2000). Regarding the level of job satisfaction and emotional intelligence, researchers also revealed that ages show significant differences among students. Furthermore, the level of emotional intelligence of older students was higher than younger students. In addition, the level of emotional intelligence is high among those above 40 years (Bar-on & Handley, 1999; Ishak et al., 2011). However, some researchers doubt on positive relationship between age and emotional intelligence. Researchers explained that when age increases the level of emotional intelligence does not generally increase. For example, the study of Rahim and Malik (2010) found that age does not increase other relationships such as emotional intelligence, mental health, and spiritual intelligence.

Methodology

This article is based on a blend of descriptive and analytical research design. To describe the relationship between emotional intelligence and organisational performance and their constructs, descriptive design has been used. Similarly, inferential design helps to determine the impact of demographic factors (age, gender, education, marital status, and job position) on emotional intelligence.

Sample and Population

Out of 27 commercial banks in Nepal, 9 banks were selected for the study. The data were collected from different branches of commercial banks by using google forms. The sampling technique was convenience sampling. A total of 100 sets of structured questionnaires were distributed and 67 questionnaires were collected from the respondents which consist of 56 male and 11 female respondents. SPSS software package was used to manage and interpret collected data. Statistical tools, such as Pearson Correlation Matrix and Linear Regression Analysis to test relations and level of impact between variables, Cronbach alpha to test the reliability of constructs, and inferential statistics were employed. The ration behind the use of those tools was to explore the patterns in the sample to likely patterns in the population. And compare mean was used to understand the impact of demographic factors on emotional intelligence and organisational performance.

Procedure for Data Analysis Techniques

Descriptive analysis and inferential analysis were used to analyse the data in this study. Descriptive analysis was used for data presentation, central measure, and spread size. On the other hand, the inferential analysis was used to test hypotheses using path analysis to determine the influence between variables according to the causal model formed. The stages of the path analysis technique were as follows:

1. Preliminary analysis using Excel software to input test results by transferring/assessing scores into numbers. Then, descriptive statistics were calculated using IBM Statistics SPSS Version 22 application.
2. The analysis requirements test, namely the validity test, was carried out on the dependent and independent variables. Then, the data reliability test was carried out to determine the Cronbach alpha value.

Results of the Study

Based on the collected data, the following results have been drawn.

Reliability of the constructs

All constructs are reliable and acceptable because all the values of Cronbach's Alpha are > 0.7000 .

Table 1: Reliability of the Constructs in Aggregate

Cronbach's Alpha	No. of Items
0.778	a). 8

The table 2 and 3 show the reliability of the constructs and status of emotional intelligence and organisational performance in Nepalese Commercial Banks, respectively.

Table 2: Reliability of the Constructs

Constructs	No. of Items	Cronbach's Alpha
Self -Awareness	5	0.730
Self- Management	5	0.735
Social Awareness	5	0.722
Relationship Management	5	0.737
Organisational Commitment	5	0.745
Turnover Intention	5	0.850
Organisational Citizenship Behavior	5	0.757
Job Satisfaction	5	0.729

Table 3: Status of Emotional Intelligence and Organisational Performance

Constructs	N	Minimum	Maximum	Mean	Standard Deviation
Self-Awareness	67	12	25	19.851	2.54805
Self-Management	67	13	25	19.97	2.32881
Social Awareness	67	13	25	20.90	2.55682
Relationship Management	67	16	25	20.28	2.04351
Overall Emotional Intelligence	67	59	100	80.194	7.778935
Organisational Commitment	67	13	25	18.7313	2.30008
Turnover Intention	67	10	23	15.5522	2.74294
Organisational Citizenship Behavior	66	14	22	17.8788	2.18044
Job Satisfaction	66	13	24	17.8788	2.36328
Overall Organisational Performance	65	59	86	76.0462	6.20592

The overall mean value for EI was 80.194. This result implies that these employees possess a well-developed ability to understand and manage their emotions and other experienced and feelings. The overall mean value for OP is 76.0462. This result also revealed that officer and managerial level employees in the banking industry in Nepal possess well organisational performance.

The impacts of demographic factors on emotional intelligence are displayed in table 4.

Table 4: Impact of Demographic Variables on Emotional Intelligence

Attribution	Description	N	Mean	Std. Deviation
Age	20 to 29	25	78.200	9.678
	30 and Above	42	81.381	6.243
Gender	Male	56	80.518	7.606
	Female	11	78.546	8.870
Educational Level	Bachelor and below	9	81.667	7.0887
	Master and Above	58	79.966	7.9250
Marital Status	Unmarried	23	77.130	9.0116
	Married	44	81.796	6.6283
Job Position	Officer	53	80.0189	7.826
	Manager	14	80.194	7.902

The results signify that age has got a positive relationship with the level of emotional intelligence. It is clear that as age increases, the level of emotional intelligence increases too, and it may be vis a vis. Matured employees were having more EI levels, as compared to the younger ones due to the nature of the working environment of banks and their level of maturity. It is because aged people were found very experienced and being inspired by more friendly and high committed behavior in the job.

Gender has also a positive relationship with the dependent variable. The mean scores show that male employees are more emotionally intelligent than their female counterparts. The education level of employees has a negative effect on the level of emotional intelligence. Similarly, marital status has a positive relationship with the level of emotional intelligence. In other words, EI level was found to be low with unmarried people and high with married people because married people were more careful as they care, love, and co-operate with their co-workers. They have strong bonding with their partner and children. There was a positive effect of job position with emotional intelligence. The mean score of officer and manager-level employees were 80.089 and 80.149 correspondingly. EI was high with a high level of job position and vice a versa.

Discussion and Conclusion

The study has subsumed the present condition of emotional intelligence and organisational performance in the Nepalese commercial banking sector. It has been seen from the research that both emotional intelligence and organisational performance are present in the commercial banking sector. It revealed that an employee with high emotional intelligence has a high organisational performance in comparison to a less emotionally intelligent person. Most of the dimensions of emotional intelligence have a positive and significant relationship with organisational performance. From the study, it has also been found that age, marital status, and job position have a significant impact on emotional intelligence. The impact of matured employees is high on EI, here EI of matured employees is high than young employees whereas the OP of married people is high than unmarried. Emotional intelligence, as an important area of Social Sciences, needs more research works in developing countries like Nepal. As EI directly influences the employee's behavior working in any organisation, the decision-making power and the abilities related to handling the contingency situations, which may arise out of blues, should be emphasized. There is a need to carry out research regarding intrinsic and extrinsic factors which have an impact on employee behavior and emotional intelligence of the employees. Sector-wise research can be carried out to see the emotional intelligence level of employees in different sectors of the country, to make the country prosperous by having intellect and human capital within the country. On the other hand, further studies concerning the impact of EI on OP by different organisation variables are required in this field, especially in Nepal whether it's the manufacturing industry or service industry. Since, the article is based on the study of officer and managerial level employees of commercial banks and conducted with only four constructs of each dependent and independent variable; it has limitations for wider generalizations.

References

- Bar - On, R. & Handley, R. (1999). *Optimizing people*. New Braunfels, Texas: PRO-Philes Press.
- Bar - On, R., Tranel, D., Denburg, N. L., & Bechara, A. (2003). Exploring the neurological substrate of emotional and social intelligence. *Brain*, 126(8), 1790-1800.
- Berns, R. G. (1989). Job satisfaction of vocational education teachers in northwest Ohio. *Bowling Green*, OH: Bowling Green State University, Northwest Ohio Vocational Education Personnel Development Regional Center.
- Gannon, N., & Ranzijn, R. (2005). Does emotional intelligence predict unique variance in life satisfaction beyond IQ and personality? *Personality and Individual Differences*, 38(6), 1353-1364.
- Goleman, D. (1995). *Emotional intelligence: Why it can matter more than IQ*. Bloomsbury, London.
- Grady, T. L., & Burnett, M. F. (1985). The Relationship between Job Satisfaction and Performance of Vocational Agriculture Teachers. *Journal of Vocational Education Research*, 10(3), 53-69.
- Guleryuz, G., Guney, S., Aydin, E.M. & Asan, O. (2008). The mediating effect of job satisfaction between emotional intelligence and organisational commitment of nurses. *International Journal of Nursing Studies*, 45 (11) 1625–1635.
- El Khouly, S., Ghoniem, A., Ghadami, M. & Ibrahim, M. (2011). Impact of emotional intelligence and gender on job satisfaction among Egyptian government sector employees. *Current Research Journal of Social Sciences*, 3(1), 22-27.
- Ishak, N. A., Jdaitawi, M., Ibrahim, Y. S., & Mustafa, F. (2011). Moderating effect of gender and age on the relationship between emotional intelligence with social and academic adjustment among first year university students. *International Journal of Psychological Studies*, 3(1), 78-89.
- Law, K.S., Wong C.S., & Song, L.J. (2004). The construct and criterion validity of emotional intelligence and its potential utility for management studies. *Journal of Applied Psychology*, 89, 483-496.
- Mousavi, S. H., Yarmohammadi, S., Nosrat, A. B., & Tarasi, Z. (2012). The relationship between emotional intelligence and job satisfaction of physical education teachers. *Annals of Biological Research*, 3(2), 780-788.
- Moradi, M., Honari, H., Naghshbandi, S., Jabari, N., & Azarpira, G. (2012). The relationship between emotional intelligence and job satisfaction among coaches in premier under-20 football league. *International Journal of Academic Research in Business and Social Sciences*, 2(6), 73.
- Monfared, Y. S., Hematinejad, M. & Ramazaninejad, R. (2010). The relationship between emotional intelligence and job satisfaction among physical education teachers. *Movement*, 6(4), 47-65.
- Rahman, M.K.U., & Haleem, F. (2018). On the relationship between emotional intelligence and job satisfaction. *Middle East Journal of Business*. 13(2), 13-17.

- Rahim S. H. & Malik, M. I. (2010). Emotional intelligence and organisational performance: A case study of banking sector in Pakistan. *International Journal of Business and Management*, 5(10), 191-197.
- Salovey, P., & Mayer, J. D. (1990). Emotional intelligence. *Imagination, cognition and personality*, 9(3), 185-211.
- Thomas, S, Y., Tram, S. (2006). Relation of employee and manager emotional intelligence to job satisfaction and performance. *Journal of vocational behavior*, 68, 461-473.
- Zeidner, M., Matthews, G., & Roberts, R. D. (2004). Emotional intelligence in the workplace: A critical review. *Applied Psychology*, 53(3), 371-399.