

Relationship between Emotional Intelligence and Organizational Performance in Nepalese Banks

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Abstract

The discourse over the issues concerning to Emotional Intelligence and organizational performance had and has presently been in interaction in various nations of the globe. The purposes of this paper are to assess the status of EI and OP in Nepalese Banks and to analyze the relationship between EI and OP. The research approach is quantitative, research design is descriptive and analytical too, and population is 47 Nepalese Commercial and development Banks. Structured questionnaire was designed to collect primary data through convenience sampling technique with five-point Likert scale. SPSS was used to manage and analyze data. Mean and Standard Deviations are used to assess the status of EI and OP, Pearson Correlation Matrix and Linear Regression Analysis to test relations and level of significance between variables, Chronbach alpha to test reliability of constructs,. The research is able to find out that both EI and OP are well present in the Nepalese banking. This research paper shows that an employee with high EI has a high OP. Most of the constructs of EI have a significant relationship with OP.

Keywords: *Emotional Intelligence, Nepalese Banks, Organizational Performance*

Introduction

Over the last one and half decades, a great deal of interest has been created around the issue of emotional intelligence (EI). This interest was greatly stimulated by Goleman (1995), and specifically by the claim that EI defines a higher amount of variance in individual success than IQ (Gannon & Ranzjin, 2005). The first definition and empirical model of EI was formulated and revised by Salovey and Mayer (1990), who defined EI as “the ability to monitor one’s own and others’ emotions, to discriminate among them, and to use the information to guide one’s thinking and actions” (1990: 189). According to Zeidner et al., (2004), this is perhaps the most widely recognized scientific explanation of EI, since it explains 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 present business climate, the business firm has to concentrate on emotional intelligence of their human capital. The application of emotional intelligence in the organization consists the areas like personnel selection, development of employees, team works and the organization. The organizations must coach their people in developing their interpersonal skills and coach them to perform effectively on the job with other employees in the organization (Bar-On et al., 2003). Nepalese banks as financial area is recognized as one of the most dynamic and vibrant sectors of the entire economy. Banking has developed significant sectors of the nation and usher in a new dawn of progress on the Nepalese horizon. The sector has translated the hopes and aspirations of millions of people into real life. Most of the literature expressed that there are very few research works on this contemporary topic in Nepalese context as well as all over the globe. In addition to those empirical research studies also proved that emotional intelligence in organizational setting was ignored for a significant time period. Since, researcher had attempted to identify the nature and relationship of emotional intelligence in organizational performance.

Researchers of social sciences have worked a lot on this subject matter throughout the globe specifically in the western economies but the developing and least developed economy like Nepal there was a requirement to explore this sector. So, the study is accomplished to know the status of emotional intelligence and organizational performance in the banking sector of Nepal, especially in the areas of commercial and development banks. There are other variables too which have direct influence on the OP of the employees working in different areas of the economy in various parts of the world, like Self-awareness, Self-management, Social-awareness, relationship management and so on.

Research Objectives

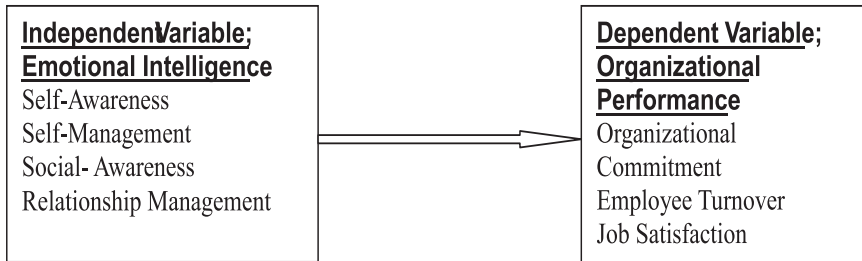
- i) To assess the status of Emotional Intelligence and Organizational Performance in Nepalese Banks
- ii) To analyze the relationship between Emotional Intelligence and Organizational Performance

Literature Review

A lot of studies have been focused to find out the relationship between Emotional intelligence and organizational performance. Research suggests that there is a positive relation between emotional intelligence and organizational performance (Haleem &

Rahman, 2018; Thomas & Tram, 2006; Guleryuz et al., 2008; Monafared et al., 2010; El Khouly,2011; Mousavi et al., 2012; Moradi et al., 2012). Haleem & Rahman (2018) conducted a survey on university employees and found strong and significant impact of emotional intelligence on job satisfaction. Similarly, Goleman (1995) stated that emotional intelligence is closely related with job satisfaction and job success. Emotional intelligence does expect job satisfaction and job performance. Likewise, Literature revealed mixed result of studies that age, gender and educational level moderate the relationship between emotional intelligence and job satisfaction. Researchers have shown a relationship between age and job satisfaction, indicating that older workers are more satisfied with their jobs than younger workers. Moreover, with the increase in the number of years overall job satisfaction of workers increases as well (Berns, 1989; Grady & Burnett, 2000). 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). Researchers also found that age does not increase other relationships such as emotional intelligence, mental health and spiritual intelligence (Rahim & Malik, 2010). Shrestha et al., (2019) conducted an article on Emotional Intelligence and Job Satisfaction: A Study of Commercial Bank Employees in the Kathmandu Valley, Nepal to find out the relationship between emotional intelligence and job satisfaction of employees working in the commercial banking sector. Furthermore, the study also tried to determine the relationship between different demographic factors of the employees and emotional intelligence and job satisfaction. The study identifies the how emotional intelligence impact on job satisfaction of employees. For the efficient completion of the research a sample of 394 employees were taken from Kathmandu valley. Convenience sampling method was used for the study. The independent study is completed using a blend of descriptive and inferential analysis. Quantitative method is used in the research where self-administered questionnaire were distributed to the employees of various commercial banks. In the present research study, researcher found that there is a positive and significant relationship between emotional intelligence and job satisfaction of employees working in commercial banking sector.

Conceptual Framework



Methodology

This study is based on combination of descriptive and analytical research design. To describe the relationship between emotional intelligence and organizational performance and their constructs descriptive design is used. The population of this study is 47 banks of Nepal including total 27 commercial and 20 development banks among various commercial and development banks of province no. 1, 20 banks with minimum 10 years of experience. Four hundred eighty questionnaires were distributed, 393 were collected consist of 270 male and 123 female respondents and response rate is 78.6%.. SPSS software package was used to manage and analyze collected data. Structured questionnaire was developed to collect data through convenience sampling technique with five point likert scale. Primary data and secondary data were collected from questionnaire and websites of banks, annual reports, journal articles, dissertations and so on respectively. Statistical tools, such as Pearson Correlation Matrix and Linear Regression Analysis to test relations and level of significance between variables, Chronbatch alpha to test reliability of constructs. Questionnaire was distributed to 6 branches of each bank including 4 respondents of each branch from various districts of Nepal. Data are collected from different branches of sample banks by using google form.

Findings

Based on the collected data, following findings 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
0.815	8

Table 2: Reliability of the Constructs

This table shows the results of reliability measurement scales used for measuring the independent and dependent variables.

Variable	Constructs	No. of Items	Cronbatch's Alpha
Independent	Self –Awareness	7	0.778
Independent	Self –Management	7	0.783
Independent	Social –Awareness	7	0.780
Independent	Relationship Management	7	0.776
Dependent	Organizational Commitment	7	0.771
Dependent	Turnover Intention	7	0.885
Dependent	Organizational Citizenship Behavior	7	0.778
Dependent	Job Satisfaction	7	0.786

Table 3: Status of Emotional Intelligence and Organizational Performance

Constructs	N	Minimum	Maximum	Mean	Standard Deviation
Self- Awareness	393	7	35	27.2239	4.07778
Self –Management	393	7	35	27.9033	3.53637
Social-Awareness	393	7	35	28.4198	3.7169
Relationship Management	393	7	35	28.7964	3.5506
Overall Emotional Intelligence	393	28	140	112.3435	12.4432
Organizational Commitment	393	7	35	27.0127	3.6843
Turnover Intention	393	7	35	22.07	5.4190
Organizational Citizenship Behavior	393	7	35	27.2316	3.6204
Job Satisfaction	393	7	35	25.72	4.2846
Overall Organizational Performance	393	56	137	102.0382	11.6947

The overall mean value for EI was 112.34. This result implicated that, these employees possess well develop ability to understand and manage their emotions and other experienced and feelings. The overall mean value for OP is 102.04. This result revealed that employees in the Banking Industry in Nepal possess organizational performance is well above average level.

Table no. 4**Correlation between Emotional Intelligence and Organizational Performance**

Pearson's Correlation	N for EI	N for OP	Sig. (at the 2-tailed)
0.556**	393	393	0.000

** . Correlation is significant at the 0.05 level (2-tailed).

This result from above table shows that there is significantly positive correlation between

emotional intelligence and organizational performance scale ($r= 0.556$, $p< 0.05$) in Nepalese banks.

Table no. 5

Regression between Emotional Intelligence and Organizational Performance

Model	R	R Square	Adj. R Square	Std. Error of the estimate
1	0.556	0.309	0.307	9.7324

Predictors: (Constant), Relationship Management, Self-Management, Self Awareness, Social Awareness

The above table provides the R and R square value. The R value is .556, which represents the simple positive correlation. It indicates a moderate degree of correlation.

Table no. 6 ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	16577.229	1	16577.229	175.014	0.000
Residual	37035.198	391	94.719		
Total	53612.427	392			

Dependent variable Organizational Performance b. Predictors (Constant), Relationship Management, Self-Management, Self Awareness, Social Awareness i.e. Emotional Intelligence

Table 6 indicates that the regression model predicts the outcome variable significantly well. Here $P< 0.05$ which indicates that, overall, the model applied can statistically significantly predict the outcome variable.

Table no. 7 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.
	B	Std. Error			
Constant	44.383	4.417		10.049	0.000
Self-Awareness	1.040	0.150	0.363	6.928	0.000
Self-Management	0.026	0.201	0.008	0.130	0.897
Social Awareness	0.299	0.203	0.095	1.474	0.141
Relationship Management	0.699	0.214	0.212	3.267	0.001

a). Dependent variable Organizational Performance

Table 7, coefficients, provides information on overall predictor variable. Which is combined by self-Awareness, self-management, social awareness and Relationship Management contribute significantly to the model with.

Discussion and Conclusion

The research is able to find out the con-current condition of emotional intelligence and organizational performance in the Nepalese banks. It is also confirmed from the research that both emotional intelligence and organizational performance are well present in the Nepalese banking sector. The research paper shows that there is relationship between emotional intelligence and organizational performance. It can say that, an employee with high emotional intelligence has a high organizational performance in comparison to less emotional intelligence person. Most of the constructs of emotional intelligence have a positive and significant relationship with organizational performance. Emotional intelligence, as precious area of Social sciences requires a lot of research in the developing and least developed nations like Nepal.

There is also necessity to carry out research regarding intrinsic and extrinsic factors which have impact on the human capital behavior and emotional intelligence of the human capital. Sector wise research may also be carried out to see the emotional intelligence level of human resources in different aspects of the country, to make economy prosper by having intellect human capital with in the country. On the other hand, further research studies with respect to impact of Emotional Intelligence on Organizational Performance by different organization variables, are needed in this field especially in the Nepal whether it's manufacturing or service industry. This article is based on only with the study of human capital of commercial and development banks and conducted with only four constructs of each dependent and independent variables.

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