

# Emotional Intelligence & Organizational Performance: (A Case Study of Banking Sector in Pakistan)

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## Abstract

This article probes into the effect of demographic factors (Age, Education, Job tenure, Gender and Marital Status) on the level of Emotional Intelligence that leads to organizational performance among male and female employees of the banks operating with in Pakistan specifically in the areas of Peshawar and Islamabad. Total 196 respondents responded to the adopted questionnaire of the Emotional Intelligence, retrieved from the book "Measuring Emotional Intelligence and related Constructs" by Dr. Schutte, Nicola, for which Cronbach's Alpha was calculated to confirm its reliability, which resulted in the score of 0.889. The major findings of the study and evaluation have been done by using Statistical Package for Social Sciences (SPSS). The findings show that the female segment of the bank employees is more emotionally intelligent than their male counterparts and the age of the male and female employees have inverse relationship with the Emotional Intelligence and as the level of education increases the Emotional Intelligence level increases as well. The more satisfied the employees are the more they will be in a better position to perform well in an organization. The study was supported by the findings of the previous researches conducted by different researchers.

**Keywords:** Emotional Intelligence, Demographic factors, Organizational Performance, Banks, Pakistan

## 1. Introduction

The debate over the topics related to Emotional Intelligence (EI) and organizational performance had and has constantly been in discussion in different cultures and different parts of the world. Researchers of social sciences have worked a lot on this topic throughout the world especially in the western countries but the developing country like Pakistan there was a need to explore this area. So the study is conducted to know the gender differences with respect to the EI in the banking sector of Pakistan, especially in the areas of Peshawar and Islamabad. There are many other variables which have direct impact on the EI of the employees working in different sectors of the economy in different parts of the world, like age, perception about EI, conflict, urge to innovate etc. Somehow there is a relationship existing in the emotions and the intelligence, which do contribute in the overall performance of the employees working in any organization, because the job is influenced by individual characters (Morris & Feldman, 1996).

Every organization whether for profit or non-profit work towards achieving the objectives for its existence. The major goals of a bank includes generating maximum funds, both effectively and efficiently, improve the level of services and enhance its financial management. The most desired goal in this regard is to improve the employee's performance because it ultimately contributes to the organizational performance. Although there may be other peripheral objectives, emphasis is placed on the achievement of financial targets in a financial institution e.g. a bank and it has to mostly determine its financial progress on the interval basis. The extent to which this goal can be actualized depends principally on the organizational workforce, especially the skilled workers. Bankers, like other employees in various organizations, are crucial in the actualization of the bank goals and objectives.

It has been human nature to desire stability even in the ever-changing professional lives. The system of life and organizations is fluid, dynamic, and potentially self-renewing wherein today's best leaders are learning to "go with the flow" to accept the inevitability of constant change and recognize change itself as a potential source of energy.

As the male and female are physically different from one another so they have the differences relating to work and managing emotions. These differences lead us to the difference between employees' perception, conflict and readiness to create and innovate, strong relationships have been found between the emotional intelligence and the performance of an employee (Higgs, 2004). Female gender, and boundary role responsibilities were not found to be statistically significant (Dimitrides, 2007), another study stated that there was no significant difference found in the male and female leaders with respect to the social and emotional intelligence (Hopkins & Bilimoria, 2007), moreover higher Emotional Intelligence displayed by the employees, providing services, leads to the higher level of the customer satisfaction (Schutte & Kernbach, 2005). Diggins (2004) states that the best managers need to possess emotional intelligence to make decisions that based on combination of self management and relationship skills and an awareness of how their behavior affects others in the organization. There is a good quotation of Aristotle saying, "Anyone can be angry – that is easy. But to be angry with the right person, to the right degree, at the right time, for the right purpose and in the right way – that is not easy."

## 2. Literature Review

Like most of the concepts of the social sciences emotional intelligence has also been defined by many researchers in different words. Emotional Intelligence can be considered as conceptualized by Salovey & Mayer (1990) "the ability to monitor one's own and others feelings and emotions to discriminate among them and to use information to guide one's thinking and action" (p. 189). To clarify this construct further, Mayer and Salovey (1997) postulated that emotional intelligence involves the ability to perceive accurately, appraise and express emotion, the ability to access and/or generate emotional knowledge, and the ability to regulate emotion to promote emotional and intellectual growth. Among other claims, Goleman (1995) theorized that emotional intelligence is equal to, if not more important than Intelligence Quotient (IQ) as an important indicator of success in one's professional and personal life. Elaborating further on this construct, Goleman (1998) explained that an individual's emotional intelligence can affect one's work situation. He also applied his conceptual understanding to organization as a whole.

Goleman (1998) says that the richer the organization in terms of emotions, the higher the emotional intelligence is likely to be. In order to enrich emotional intelligence there are certain requirements that are the desire to change, self reflection, the desire to know the feelings of others, develop emotional control, desire to learn more listening skills etc.

The purpose of this study is to know that are there really some differences among the male and female employees in terms of emotional intelligence and doing the work assigned to the employees. That ultimately leads to the success of an organization. As women are joining the workforce more day by day and are contributing to the economy of the country, the considerable attention has been given to the differentiating aspects of the male and female workers. There are many points of views given by the researchers on this issue of gender having different positions in an organization "...the search for sex differences in the behavior of leaders have produced results that is highly equivocal" (Vecchio, 2002, p. 651). One body of research holds that there are no significant differences in the behavior of the male and female Leaders (Day & Stogdill, 1972; Dobbins and Platz, 1986; Maher, 1997; Nieva & Gutek, 1980; Powell, 1990; Vilkinas & Cartan, 1993), and as a whole in the overall scenario emotional intelligence of men and women (Bar-On, Brown, Kirkcaldy & Thome, 2000; Petrides & Furnham, 2000; 2006).

Another body of research reveals that there are gender differences in the male and female in leadership behaviors. Qualities like the decision making power, the courage, the view of power in relational terms, encouraging the conflict resolution, and the development of team work oriented environment etc. have been identified as the female leadership qualities. (Helggeson, 1990; Rosener, 1990). Women leaders have been reported to have better people skills than men (Rutherford, 2001).

Pernault and Irwin's (1996) study of men and women at the executive levels in a variety of companies found that women are much better than men in 28 out of 31 skill areas, leading to the conclusion that women behave similarly but more effectively than their male colleagues. Somewhat same results were also reported by another researcher Sharpe (2000), according to his study women executives received higher scores on 42 out of 52 skills measured, and Shore (1992), i.e. women were rated significantly higher than men on six out of seven performance dimensions.

Female leaders are also shown better progress than male leaders on measures of emotional and social intelligence (Boyatzis & Sala, 2004; Schutte, Malouff, Hall, Haggerty, Cooper, Golden, & Dornheim, 1998). A center for

creative leadership study (Morrison, White, & Velsor, 1992, p. 37) came to the result that “in order to approach the highest levels, women are expected to have more strength and fewer faults than their male counterparts”. But a considerable body of research concludes that there are differences between male and female leaders, and that female leaders by and large demonstrate emotional and social intelligence to a greater degree than male leaders.

### 3. Hypothesis

In the light of above literature we can try to fine out the effects of independent variables on the dependent variable and following hypothesizes will help us to do so:

**H<sub>1</sub>:** Age has significant effect on the level of Emotional Intelligence that leads to better organizational performance of the employees.

**H<sub>2</sub>:** Education level of employees have a positive effect on the level of Emotional Intelligence that leads to better organizational performance of the employees.

**H<sub>3</sub>:** There are differences of marital status with respect to the level of Emotional Intelligence that leads to better organizational performance of the employees.

**H<sub>4</sub>:** There are differences with respect to the level of Emotional intelligence that leads to better organizational performance of the employees.

### 4. Methodology

#### 4.1 Sample

Sample consists of 250 middle- level managers working in different banks in Pakistan, mainly in the cities of Peshawar and Islamabad. Adopted questionnaire is employed to gather data from the managers. Out of 250 managers 196 responded to the questionnaire, among which 144 were male respondents and 52 were female respondents, which comprises 73.4% and 26.5% respectively of the total responses achieved, whereas the unmarried employees were 88 and the number of married employees constituted 108 that is 44.8% and 55.10% respectively. The retrieved data constitute 78.4% of the total population size. Simple random sampling method was used to collect the responses.

#### 4.2 Data collection

The data collected for the current study was by means of the well defined adopted questionnaire of emotional intelligence developed by Dr. Schutte, Nicola S. Available in the book “Measuring Emotional Intelligence and related Constructs” published by The Edwin Mellen Press Ltd.(1999). The score of Cronbach’s Alpha (0.889) confirmed the reliability of the instrument. The questionnaire was having 33 items related to emotional intelligence, rated at five point Likert type scale, having 1 = strongly disagree up to 5 = strongly agree and 3= neither agree nor disagree, and the gender, marital status, age and education level of employees were added as an independent variable to carry out study. The higher score represented higher emotional intelligence. The main items included interpersonal style, impact of emotions and thoughts on behavior, ability to judge the dynamics in the workplace, how to improve and manage the relationships etc.

#### 4.3 Procedure

The data was collected by the help of the adopted questionnaire as mentioned earlier and few interviews were conducted to complete the incomplete and non serious responses, few of the bank employees (research moderators) were requested to gather data from the different branches of the banks. Moreover many questionnaires were distributed personally and collected the responses over a two months period of time. All the data was put into and processed through SPSS. Different types of tests were used to analyze the data. Regression analysis was used to check the relationship of the dependent and independent variables. Emotional Intelligence (EI) played the role of dependent variable whereas gender, age, education level and marital status played the role of independent variables.

### 5. Results and Discussion

The results of the study show different patterns of effect of different independent variables on the dependent variable. According to hypothesis one, that states that age has an effect on the level of emotional intelligence that leads to better organizational performance of the employees working in the banks, after analyzing the data in SPSS our results show that age has got negative relationship with the level of emotional intelligence that leads to organizational performance. It is clear that as the age increases the level of emotional intelligence do not generally increase, it may be vice versa. [Insert Table 1]

Moreover it's also evident from the means of the different age groups. Initially the level of emotional intelligence increases and at the later ages it again declines. [Insert Table.2]

Older employees are having less EI level, as compared to the younger due to nature of working environment of banks. Because youngster are very energetic and being inspired by good career and growth in banks but in case of experienced person they have been totally disturbed due to hard working environment of banks, as they have no time for social activities and family.

There were four categories for educational level which were initially considered, that were Bachelors, Masters, M.Phil, and Ph.D. but the respondents has only got the maximum level of masters. There were no respondent having education level of M.Phil. and Ph.D. Looking at our hypothesis two, it states that level of education has an effect on the level of EI of employees that leads to better organizational performance, the education level of employees has a positive effect on the level of emotional intelligence [Table 1], it means to say that as the level of education increases, the level of EI also increases, that is evident from the mean scores of the employees having bachelors degree and the masters degree, the mean scores are 3.67 and 3.82 respectively. [Insert Table 3]

Education helps to better understand the situation and to cope up with the changing scenario, so it has got the positive relationship with the level of emotional intelligence, [Table 1.] Highly educated employees might be able to express their feelings, communicate openly and to understand other better than less educated. Due to banks highly tension working environment, their rule & regulation, public dealing & politics (formal or informal), less educated employees may not be able to behave naturally, communicate open and show their feelings.

In our hypothesis three it is stated that there are differences among marital status of employees that has an effect on the level of emotional intelligence that leads to better organizational performance, marital status has negative relationship with the level of emotional intelligence [Table 1], means to say that it make hardly any difference that if an employee is married or unmarried, mean scores of male and female employees are the same that are 3.79 [Insert Table 4].

He/ she will behave and cope up with the situation somehow in the similar manner and also contribute in the better organizational performance, so we reject our hypothesis, in the same manner as many of the employees either male or female has to show their progress and in the credits department of the banks they have to achieve the given targets. So they work and respond to the changing situation in the same manner and try their best to tackle the situation in the same manner. So it makes no difference that either the employee is male or female, he/ she has similar level of emotional intelligence. [Table 1] Because married worker either male or female have more family responsibilities to cater for that require financial support and as such they are equally more participated and committed to the banks.

Hypothesis four states that there are differences of gender with respect to the level of Emotional Intelligence that leads to better organizational performance of the employees, yes gender has a positive relationship with the dependent variable [Table 1], the mean scores also show that female employees are more emotionally intelligent than their male counterparts, the mean scores are 3.91 and 3.75 respectively for female and male employees [Insert Table 5].

The results of the independent sample t – test show that there are significant differences with respect to the gender in the emotional intelligence of the employees working in the banks. Moreover women have more EI level as compared to their male colleagues. The results also show that there are no significant differences in EI with respect to the marital status of the employees. [Insert table 6 here].

The regression analysis reveals that all the independent variables have positive relationship with EI but only two variables are found to be significant that are the educational level of the employees and the gender. It means that increase in the educational level of employee's have some sought of influence on the emotional intelligence. The value of R square shows that there is 14.2% variation in emotional intelligence due to the independent variables. The value of F statistic shows the fitness of the overall model [Insert Table 7].

## 6. Conclusions

As a whole after going through all this process of analyzing the data of the study found that there is differences between the male and female segment of the society and with respect to the age and education level of the employees of the bank employees operating in Pakistan specially in the areas of Peshawar and Islamabad, as mostly the women are more responsible by nature and generally more concerned about the people as compared to men.

Emotional intelligence by itself will not guarantee higher profits or better performance of the organization or greater market share as the corporations are too complex and no single intervention will cure every ill. But the way

people work together, coupled with technical expertise and the ability to form a strong network can be improved to help teams navigate past the inevitable bottlenecks and thus speed up the time it takes to achieve the organizational better performance and goals. In this way, enhanced emotional intelligence may be thought of as having a catalyzing effect, it helps to leverage intellectual capital, and that is a crucial ingredient to achieving competitive advantage as well.

There is need for high management in banking sector to design and include Emotional Intelligence into training program that has helped employees to co-operate better and be more motivated, thereby increasing their innovative abilities etc. Such program should also take into account the demographic factors of the employees.

## 7. Future Research

Emotional intelligence, as an important area of Social sciences needs a lot of research in the developing countries like Pakistan. As it directly influence the employees behavior working in any organization, the decision making power and the abilities related to handle the contingency situations, which may arise out of blues. There is also need to carry out research regarding intrinsic and extrinsic factors which have impact on the employee behavior and emotional intelligence of the employees. Sector wise research may also be carried out to see the emotional intelligence level of employees in different sectors of the country, to make country prosper by having intellect human capital with in the country.

On the other hand, further studies with respect to impact of Emotional Intelligence on Organizational Performance by different organization variables, are required in this field especially in the Pakistan whether it's manufacturing industry or service industry.

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Table 1. Correlations

|                 |                     | Correlations |        |                 |                |        |        |
|-----------------|---------------------|--------------|--------|-----------------|----------------|--------|--------|
|                 |                     | EI           | Age    | Education Level | Marital status | Gender | Tenure |
| EI              | Pearson Correlation | 1            | *      |                 |                | *      |        |
|                 | N                   | 196          |        |                 |                |        |        |
| Age             | Pearson Correlation | -.158*       | 1      |                 | **             |        | **     |
|                 | Sig. (2-tailed)     | .027         |        |                 |                |        |        |
|                 | N                   | 196          | 196    |                 |                |        |        |
| Education Level | Pearson Correlation | .113         | .100   | 1               | **             |        |        |
|                 | Sig. (2-tailed)     | .116         | .161   |                 |                |        |        |
|                 | N                   | 196          | 196    | 196             |                |        |        |
| Marital status  | Pearson Correlation | -.001        | .359** | .197**          | 1              |        | **     |
|                 | Sig. (2-tailed)     | .984         | .000   | .006            |                |        |        |
|                 | N                   | 196          | 196    | 196             | 196            |        |        |
| Gender          | Pearson Correlation | .141*        | -.058  | .085            | .031           | 1      |        |
|                 | Sig. (2-tailed)     | .049         | .417   | .236            | .663           |        |        |
|                 | N                   | 196          | 196    | 196             | 196            | 196    |        |
| Tenure          | Pearson Correlation | -.116        | .745** | .011            | .412**         | .034   | 1      |
|                 | Sig. (2-tailed)     | .105         | .000   | .883            | .000           | .636   |        |
|                 | N                   | 196          | 196    | 196             | 196            | 196    | 196    |

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

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

Table 2. Emotional Intelligence and Age

| Frequency Distribution | Mean   | N   | Std. Deviation |
|------------------------|--------|-----|----------------|
| 20-25                  | 3.8061 | 35  | .43834         |
| 26-30                  | 3.8253 | 111 | .49402         |
| 31-35                  | 3.8514 | 31  | .48657         |
| 36-40                  | 3.8298 | 13  | .29290         |
| 41 and Above           | 2.8939 | 6   | .62567         |
| Total                  | 3.7978 | 196 | .49902         |

Table 3. Emotional Intelligence and Education

| Frequency Distribution | Mean   | N   | Std. Deviation |
|------------------------|--------|-----|----------------|
| Bachelors              | 3.6731 | 33  | .41741         |
| Masters                | 3.8230 | 163 | .51140         |
| Total                  | 3.7978 | 196 | .49902         |

Table 4. Emotional Intelligence and Marital Status

| Frequency Distribution | Mean   | N   | Std. Deviation |
|------------------------|--------|-----|----------------|
| Single                 | 3.7986 | 88  | .48528         |
| Married                | 3.7971 | 108 | .51219         |
| Total                  | 3.7978 | 196 | .49902         |

Table 5. Emotional Intelligence and Gender

| Frequency Distribution | Mean   | N   | Std. Deviation |
|------------------------|--------|-----|----------------|
| Male                   | 3.7557 | 144 | .54105         |
| Female                 | 3.9143 | 52  | .33539         |
| Total                  | 3.7978 | 196 | .49902         |

Table 6. Independent sample t – test

| Variable | Category          | Mean  | St. Dev. | t – value | p – value |
|----------|-------------------|-------|----------|-----------|-----------|
| EI       | Male (n =144)     | 3.755 | 0.541    | -0.198    | 0.029     |
|          | Female (n = 52)   | 3.914 | 0.335    |           |           |
| EI       | Single (n = 88)   | 3.798 | 0.485    | 0.020     | 0.684     |
|          | Married (n = 108) | 3.797 | 0.512    |           |           |

Table 7. Regression Model: Regression coefficient, St. Error in parenthesis, t- values in brackets and p - values in Italics

| Constant     | X1           | X2           | X3           | X4           | X5           | R <sup>2</sup> | F Statistic  |
|--------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|
| 24.415       | 0.432        | 0.648        | 0.238        | 0.136        | 0.112        | 0.142          | 9.305        |
| (0.211)      | (0.062)      | (0.051)      | (0.041)      | (0.078)      | (0.042)      |                |              |
| [26.261]     | [-2.529]     | [-3.211]     | [-2.121]     | [-5.231]     | [-3.111]     |                |              |
| <i>0.000</i> | <i>0.129</i> | <i>0.000</i> | <i>0.125</i> | <i>0.050</i> | <i>0.123</i> |                | <i>0.026</i> |

\*Dependent variable: Emotional Intelligence (EI).

\*Independent variables: Age (X1), Education (X2), Marital Status (X3), Gender (X4), and Tenure (X5).