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## The Impact of Emotional Intelligence on Employee Job Performance: An Empirical Study base on the Commercial Banks in Central Province

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### Abstract

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#### **Area of the Study**

*As a significant determinant of job performance of an employee, this study discusses the impact of emotional intelligence on employee job performance. There is an empirical and knowledge gap in the Sri Lankan context on the relationship between emotional intelligence and job performance of employees and its impact.*

#### **Problem of the Study**

*The main objective of this research study is to identify the relationship between emotional intelligence and job performance of banking employees in commercial banks in the Central province, Sri Lanka. The research problem of this study is: Is there a relationship between emotional intelligence and job performance of banking employees in commercial banks in central province of Sri Lanka?*

#### **Method of the Study**

*The data were collected from a randomly selected sample of 200 banking assistants in selected commercial banks in Central Province and used a structured questionnaire, which indicate the statements of emotional intelligence and job performance with 5 points Likert scale. The data were analyzed using SPSS computer package and it included the univariate and bivariate analyses.*

#### **Findings of the Study**

*The finding at the end of the study was that there is a significant positive impact of emotional intelligence on employee job performance. Also, it was proved that there is a significant strong positive relationship between Emotional Intelligence (EI) dimensions and job performance. As per the regression analysis, emotional intelligence has an impact of 67.4% on job performance.*

#### **Conclusion of the Study**

*It is concluded that there is a significant positive impact on emotional intelligence and employee job performance. In addition, dimensions of EI (self-awareness, self-management, social awareness and relationship management) have a positive impact on job performance of the sample. When recruiting management trainees the EI is to be used as a tool of selection and EI programme is to be developed as an intervention to ensure the higher performance in this sector.*

**Keywords:** Emotional Intelligence, Job Performance

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### **Introduction**

The banking sector is a dominant sub section within the financial sector. It plays a positive and important role in respect of the overall development of a country. The performance of the banking sector directly affects the other industrial and service sectors of the economy

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(Perumal & Pradeeba 2014). Business performance of the banking sector largely depends upon the high quality services. Service quality is the ability to provide professionally required and customer expected applications of business (Naeem et al. 2008). The efficient and quality services are not the result of a single causal factor; it is a result of the multiple factors. According to Naeem et al. (2008) human effort and emotional intelligence are more important determinants of service quality. Banks as the service providers are required to be adaptive towards the demands and behaviors of the customers, it is basically emotional intelligence that helps managers in responding effectively towards the customer needs. The learning and practice of these skills help to improve the performance of service providers and thus to increase customer satisfaction. By using emotional intelligence, organizations can have increased knowledge about customers and greater ability for recognizing and regulating the quality of service according to the desires of customers (Naeem et al. 2008).

According to Goleman (2001), emotional intelligence (EI) refers to the abilities to recognize and regulate emotions in ourselves and in others. Salovey and Mayer (1990) understand EI as the ability to monitor one's own and others' emotions, to discriminate between them, and to use the information to guide one's thinking and actions. Publications from Salovey and Mayer (1990) and Goleman (1995) represent the beginning of the EI era in the academic and practitioner contexts, respectively. The construct of EI has received increasing attention in a variety of literature bases, such as competency management (Capaldo et al. 2006). Following this view, EI might be considered as a group of individual competencies essential for organizational performance. EI can affect an individual's success in an organization (Goleman 2001). According to popular opinion and workplace testimonials, EI increases performance and productivity (Lam and Kirby 2002).

The findings do not always support one other, but each study adds new and valuable information into the mix. Unfortunately this lack of compromise leads to questions about the scientific status of EI (Cote & Christopher, 2006). While other researchers argue the opposite, stating that there is no relationship or an inconsistent one between these two variables (Austin 2004; Petrides, Frederickson & Furnhman 2004).

### **Problem Background**

Emotional intelligence develops innovational creativity in individuals and as a result, helps in the improvement people's job performance (Ganji 2011; Hasanzadeh 2009) and it also facilitates the communication within organization (Ganji 2011). There are many western country research studies which were conducted on emotional intelligence in banking industries. Employees in banking industries have a direct link on emotional intelligence since the employees have to deal with customers face to face. In Sri Lankan context there are some studies done on this area but it is not known to the researcher whether researches are done in the commercial banks of Sri Lanka relating to emotional intelligence and job performance.

Thus, there is a need to fulfill a knowledge gap in this field. This research therefore, tries to identify the impact of emotional intelligence on employee job performance of banking employees in commercial banks in Central province. The research problem of this study is: Is

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there an impact of emotional intelligence on employee job performance of banking employees in commercial banks in Central province in Sri Lanka?

### Research Framework

Although a growing number of studies have investigated the contributions of EI to job performance, the results have often been limited, and sometimes even contradictory (Zeidner et al. 2004) and also numerous studies have been conducted on the relationship between job performance and EI (Landy 2005). Some studies demonstrate a positive relationship between EI and job performance (Lam & Kirby 2002; Sue-Chan & Latham 2004). According to literature following hypotheses are derived,

H1: *There is a significant positive impact of emotional intelligence on employee job performance.*

H1<sub>A</sub>: *There is a significant positive impact of self-awareness on employee job performance.*

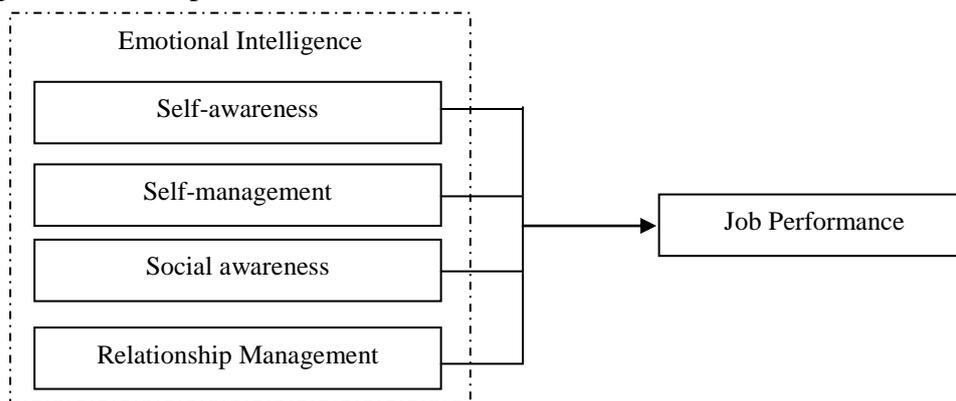
H1<sub>B</sub>: *There is a significant positive impact of self-management on employee job performance.*

H1<sub>C</sub>: *There is a significant positive impact of social awareness on employee job performance.*

H1<sub>D</sub>: *There is a significant positive impact of relationship management on employee job performance.*

This conceptual framework mainly highlights the relationship between two variables. Emotional intelligence is considered as an independent variable in this study and the dependent variable is job performance. Figure 1 depicts the conceptual framework of the study.

Figure 01: Conceptual framework



### Method

The purpose of this study is to test the impact of independent on the dependent variable. Therefore, the type of the study was correlational rather than a causal study. In this study five hypotheses were tested. Therefore, this study was analytical in nature rather than exploratory or descriptive. Also this was a field study, because the data was collected from the natural working environment. When collecting data the organizational setting was not simulated. Thus, this is a non-contrived study. Cross sectional or one shot data gathering was used to gather data for the research by using questionnaire survey method. Questionnaires are

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given for each and every individual to be completed separately and those data were analyzed individually.

This study was purely based on primary data. The target population of the study is the banking assistants in commercial banks in Sri Lanka. This research study focuses on the non-probability sampling as there are many commercial banks in Sri Lanka and for the purpose of the study the researcher only selected 200 banking assistants from four banks in Central province. Sampling technique used for this study was the convenient sampling which refers to the collection of information from the members who are conveniently available to provide it.

### ***Measure***

The variables in the research model; emotional intelligence and job performance were measured by using a questionnaire with five point scales, which were completed by the respondents according to their experience.

The independent variable, emotional intelligence were measured by an Emotional and Social Competency Inventory (ESCI) encompasses 70 items within 18 emotional and social competencies organized into four clusters named as Self Awareness, Self-Management, Social-Awareness, and Relationship Management which are originally operationalized by Daniel Goleman with five -point Likert scales. This questionnaire was developed by Hay Group, McClelland Center for Research and Innovation & Wolff (2005) and the items were adapted accordingly to suit the local context.

The questionnaire for measuring job performance was adapted from Tett et al. (2003). The Inventory consists of 22 items, 17 of its item measure task performance and 5 of its item measure contextual performance. Job performance were measured by their responses to the questionnaire with five point Likert scales of 'strongly disagree, disagree, neither agree or disagree, agree and strongly agree'. This study used already developed standard questions which test validity and reliability as used by many researchers and scholars.

### ***Validity and Reliability***

The external reliability of the instruments used to collect data was examined by the test – retest method. The internal item consistency reliability was examined with Cronbach's Alpha test (Kottawatta 2014). The results of the test – retest coefficient and Cronbach's Alpha test are given in the table 1, which suggests that the external and internal reliability of each instrument was satisfactory. The content validity of the instruments was ensured by the conceptualization and operationalization of the variables using available literature and indirectly by the high internal consistency reliability of the instruments as denoted by the Alphas (Kottawatta 2014).

Table 1: Reliability and Validity Test

	Instrument	Cronbach's alpha	Test-retest coefficient
1	Emotional Intelligence	.969	0.801
2	Self-awareness	.810	0.789
3	Self-management	.943	0.87
4	Social Awareness	.782	0.763
5	Relationship Management	.915	0.872
6	Job Performance	.852	0.796

**Techniques of Data Analysis**

Data collected from primary (questionnaire) sources were analyzed using the computer based statistical data analysis package, SPSS (version 16.0) for validity, reliability, and relationship testing. The data analysis included univariate and bivariate analyses.

**Results**

To investigate the responses for independent and dependent variables of the banking assistants in the banking industry, univariate analysis was used. The results of the univariate analysis are given in table 2.

Table 2: Univariate Analysis

Mean	3.3778	3.2407
Median	3.6127	3.5976
Std. Deviation	.56897	.75456
Variance	.324	.569
Skewness	-1.452	-.985
Std. Error of Skewness	.192	.192
Kurtosis	1.260	-.246
Std. Error of Kurtosis	.383	.383
Minimum	1.52	1.56
Maximum	4.47	5.25

According to table 2, level of perceived job performance and emotional intelligence of banking assistants in banking industry are normally distributed. As per means, emotional intelligence of employees is well above the average. Perceived job performance of banking employees is almost average.

The bivariate analysis, Pearson's Correlation between EI dimensions with job performance of the banking employees in the banking industry are illustrated in table 3.

According to the results of Pearson correlation shown in table 3, there is a positive relationship between overall emotional intelligence and job performance of the respondents.

Table 3: The Pearson’s Correlation between Independent Variable and Dependent Variable

	EI	SA	SM	SOA	RM
Correlation	0.894	0.852	0.839	0.860	0.789

\*\* . Correlation is significant at the 0.01 level (1-tailed).

In addition to that, all emotional intelligence dimensions such as self-awareness, self-management, social awareness and relationship management are the positively correlate with job performance and those links are significant.

Table 4: Simple Linear Regression Analysis

Variable	SA	SM	SOA	RM	EI
R square	0.726	.704	.740	.622	.799
Adjusted R square	0.725	.703	.738	.620	.797
F	416.558	374.184	446.096	258.350	623.109
Significance	.000 <sup>a</sup>				
B- constant	1.307	1.635	1.492	1.378	1.194
b- value	.643	.522	.567	.650	.674

According to table 4, emotional intelligence and its dimensions positively relate with job performance.

Table 5: Summary of Hypothesis Testing

No	Hypothesis	Value	Remarks
H1:	There is a significant positive impact of Emotional intelligence on employee job Performance.	b = 0.643, sig=.000	Accepted
H1 <sub>A</sub> :	There is a significant positive impact of Self-awareness on employee job Performance.	b = 0.522, sig= .000	Accepted
H1 <sub>B</sub> :	There is a significant positive impact of Self-management on employee job Performance.	b = 0.567, sig= .000	Accepted
H1 <sub>C</sub> :	There is a significant positive impact of Social awareness on employee job performance.	b = 0.650, sig= .000	Accepted
H1 <sub>D</sub> :	There is a significant positive impact of Relationship management on employee job performance.	b = 0.674, sig = .000	Accepted

**Discussion and Conclusion**

This study empirically examined the impact of emotional intelligence on job performance in the Sri Lankan perspective. According to the results of simple regression analysis, emotional intelligence was found to have a positive impact on job performance with the strength of b value of 0.643. It showed that two variables were strongly linearly related, as emotional intelligence increased, job performance also increased. In addition to that dimensions of were emotional intelligence were also found to have positive impact on job performance. The b value of self-awareness, self-management, social awareness and relationship management are 0.522, 0.860, 0.789, and 0.894 respectively which indicate the strength of impact.

The relationship between emotional intelligence and job performance was still positive and significant at the .01 level. The correlation between these variables was 0.852. These

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findings are in line with those of related studies that emphasize the importance of emotional intelligence in job performance across a variety of settings. For instance, Rozell, Pettijohn & Parker (2006) found that sales performance was significantly related to EI while Coté & Miners (2006) found that EI became a stronger predictor of job performance and organizational citizenship behavior directed at the organization (OCBO) as CI decreased among managerial, administrative, and professional full-time employees of a large public university. Dulewicz, Young & Dulewicz (2005) also found that EQ made a greater contribution to overall performance and leadership compared to IQ within the British Royal Navy.

Findings similar to those of the current study were also obtained by Sy, Tram & O'Hara (2006), who found that employees EI was positively associated with job performance and satisfaction among employees in the food service industry. EI has a predictive effect on job performance which harmonizes with the findings of the previous researchers (Goleman 1997). Goleman's research shows that "EI is nothing but knowing what your feelings are, and being able to handle those feelings without having them swamp you and being able to motivate yourself to get jobs done". It is very necessary for a banking professional to have EI, to monitor his emotional expressions and the awareness of emotions which are acceptable at workplace. So, it is very important to grab every opportunity to promote EI at the workplace to boost up the productivity of an individual and a team. According to Goleman (1998) and Bar-on & Parkker (2000) "EI is an important part of the individual's ability to influence the performance of the organization". Every individual is capable to achieve his personal and professional targets and he has to manage others moods and their emotions as well. Therefore EI might improve the performance of an individual in the workplace.

A finding further shows that the emotional intelligence has the capacity to manage the performance of banking assistants; the reason being it creates a climate of trust, openness and fairness and in such an open climate the negativity of an individual's performance automatically gets down and high productivity comes up and it contributes to the overall job performance. EI is significantly linked up with the professional's performance and it may have some valuable implications for their customers. If an individual evaluates the level of EI, he might be able to recognize the area in which he is lacking and improve it. Further, with EI, a person can understand himself and others which helps him to improve his performance. The findings discussed above are however not supported by all studies. For instance, a study by Brown, Bryant & Reilly (2006) found no support for hypothesized relationship between EI and organizational outcomes or between EI and transformational leadership. Such differences in findings may be due to the fact that the latter study has used leaders while the current study has focused on banking assistants excluding top managers.

The consistency between the findings of the current study and those of most other related studies suggest that emotional intelligence is valuable for job performance in banks and hence may form an integral part of human resource selection and development in them. Results of the hypothesis test on the relationship between job performance and emotional

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intelligence revealed that all the five dimensions of emotional intelligence were positively related to job performance.

In the light of the findings of this study, there are several recommendations for the researchers and managers that they are charged with the responsibility of ensuring these banks would successfully and effectively achieve their core mission of delivering good financial service to the society. It would be suggested that emotional intelligence testing could be factored into recruitment of banking assistants and that emotional intelligence development programs could be used as an intervention to ensure higher job performance. Further research studies are suggested to carry out in the similar study investigating the relationship between the bank managers EI and that of banking assistants, as well as its relationship to their leadership effectiveness.

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