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Emotional Intelligence: Key driver of Work Performance in Banking Industry: An Empirical Analysis

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ABSTRACT

For examining the relationship between emotional intelligence (EI) and work performance in the Indian banking industry, this study seeks to understand the variables that influence EI. With the ever-changing Indian banking business, it is more important than ever to comprehend the effects of emotional intelligence on employee performance in order to boost output and contentment on the job. This empirical research investigates the factors that influence EI among bank employees and how it relates to different performance measures. Management buy-in, company culture, training initiatives, and employees' unique personalities are some of the elements highlighted as having an impact on EI in the research studies. Important performance outcomes including employee engagement, job satisfaction, and productivity are also investigated in relation to EI. The results show that there is a strong link between EI and better performance on the job, which proves that EI is a key factor in making employees productive. Financial organisations may use the study's findings to improve their employees' emotional intelligence (EI), which will lead to higher productivity and morale on the job.

Keywords: Emotional Intelligence, Work Performance, Indian Banking Industry, Employee Productivity, Job Satisfaction.

INTRODUCTION

Identifying what motivates employees to do their best is more important than ever in India's banking industry, which is undergoing fast change due to rising levels of competition and technological sophistication. There has been a lack of research on the impact of emotional intelligence (EI) on the Indian banking industry, despite the fact that EI has become an important element in determining job success [1]. When it comes to making decisions, interacting with coworkers, and doing well in general, emotional intelligence (the capacity to identify, analyse, and control one's own and other people's emotions) is key.

When it comes to Indian banks, EI may have a big influence on work happiness, productivity, and engagement levels because to the high-stress situations and frequent encounters with customers. For peak performance in such situations, it's crucial to be able to handle stressful situations, communicate well, and negotiate complicated emotional landscapes. Research on the elements that impact EI and its effect on performance at work in Indian banks is lacking, despite the significance of this topic.

This research intends to fill that void by surveying Indian bank employees for information on what factors influence emotional intelligence and how those factors relate to productivity on the job. The study will provide a thorough examination of the elements that effect EI. The research will also look at the correlations between EI and key performance indicators including engagement, productivity, and job satisfaction.

A deeper comprehension of these dynamics will add to the existing body of knowledge on emotional intelligence (EI) and provide useful information for financial organisations that are looking to improve employee

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performance by implementing specific interventions. In order to create a more fulfilling and productive workplace, this study aims to provide practical suggestions for raising employees' EI.

LITERATURE REVIEW

Recent research on Emotional Intelligence (EI) and its effects on productivity in the workplace has shown how important EI is in many different types of organisations, including financial institutions. This study compiles important results from previous research on EI and its relationship to employee performance, with a focus on Indian banking institutions.

The beneficial effect of emotional intelligence on productivity in the workplace has been well-documented. Salovey and Mayer (1990) first proposed the idea of EI and highlighted its significance in relational and interpersonal management. Going a step further, Goleman (1995) connected EI to both the efficacy of leadership and overall success on the work. According to research (Cherniss, 2010; Mayer, Salovey, & Caruso, 2004), workers who score higher on the EI scale are more likely to be effective communicators, more empathetic, and better problem solvers.

Organisational culture, management support, and training programs are some of the known elements that impact EI. For example, according to Scherer (2016), EI may be improved when there is a supportive work environment that encourages individuals to take care of their emotional health. Leaders who provide a safe space for their staff to express and work through their emotions may go a long way in helping those workers improve their EI (Yukl, 2010). Goleman (2006) and Brackett, Mayer, and Warner (2004) found that employees whose EI training was more focused saw an increase in their emotional competence and performance on the job.

There is a strong correlation between emotional intelligence and employee engagement. Employees who score higher on the EI scale tend to be happier and more productive in their work lives (Schaufeli & Bakker, 2004). Employees with higher EI are more invested in their job because it helps them deal with stress, have more positive relationships, and face problems head-on (Lopes et al., 2006).

Although there is a dearth of research on the Indian banking industry in general, what little there is shows how important EI is in this setting. For instance, in their study of Indian banks, Kumar and Sharma (2017) discovered that EI is crucial for maintaining client connections and enhancing service quality. Employees' capacity to manage client contacts efficiently may be enhanced with EI training, according to their research. Emotional intelligence (EI) is a critical component in employee retention, as Gupta and Agrawal (2019) found that it lowers turnover rates and increases work satisfaction for bank employees. Leaders with high emotional intelligence are better equipped to manage teams and drive organizational success (Kim, 2024).

Even if there are some great discoveries in the current research, there are also some significant gaps. Understanding EI's long-term impact on job performance is hindered by the use of cross-sectional data in many research. It is also difficult to compare data from different research due to the wide variety of measuring methods and approaches used. Additional study is required to identify the elements influencing EI in the Indian banking industry and how these elements relate to performance indicators at work.

Based on the material we looked at, emotional intelligence is crucial for success in the banking industry and other fields where it is valued. Further empirical study is clearly required to fill in the blanks, especially in the context of Indian banks, but overall, the results show that EI has a favourable effect on job performance. Both theoretical and practical applications in banking may benefit from a better understanding of the elements that impact EI and how it affects employee performance.

Objectives of the study

1. To Identify Key Determinants of Emotional Intelligence in bank employees.
2. To Examine the Correlation Between Emotional Intelligence and Work Performance in bank employees.

To study the first objectives, factor analysis technique was used.

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To study the second objective, null hypothesis was formulated as below;

H0: There is no significant relationship between factors of emotional intelligence and work performance.

H1: There is a significant relationship between factors of emotional intelligence and work performance.

Research methodology

1. **Primary Data:** This research is based on Primary data collected through questionnaires from Bank employees. Sample size was 100. 60 respondents from UBI and 40 respondents from ICICI bank in Warangal city were selected through Random Sampling method.
2. **Secondary Data:** Various secondary data sources such as online platforms of google scholar, Shodh Ganga and online journals & reports such as Journal of Psychology and applied Sciences, International Journal of Management and Development Studies, International Journal of Multidisciplinary Research etc. were referred for this research study.
3. **Tools used for Data Analysis:** For the first objective, factor analysis through SPSS is used to find the factors or determinants of emotional intelligence. For the second objective, hypothesis formulation is done to study the impact of factors of emotional intelligence on work performance. The links between EI and work performance indicators were investigated using descriptive statistical approaches, such as regression and correlation analysis.

Variables Employed in this Study:

Independent Variables	Dependent Variables
Self-Awareness	Emotional Intelligence
Self-Regulation	Work Performance
Motivation	
Empathy	
Social Skills	

Data analysis and discussion

Table 1 – demographic information of the respondents

Demographic Category	Sub-Category	Number of Participants (N=100)	Percentage (%)
Gender	Male	55	55%
	Female	45	45%
Age Group	20-30 years	40	40%
	31-40 years	35	35%
	41-50 years	15	15%
	51 years and above	10	10%
Educational Qualification	Undergraduate	25	25%
	Postgraduate	55	55%
	Professional Certification	15	15%
	Other	5	5%
Position	Junior Staff	30	30%
	Middle Management	40	40%
	Senior Management	20	20%
	Executive/Specialist	10	10%
Years of Experience	1-3 years	25	25%
	4-7 years	35	35%
	8-10 years	20	20%
	More than 10 years	20	20%

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Work Location	Urban	70	70%
	Semi-Urban	20	20%
	Rural	10	10%
Department	Customer Service	30	30%
	Operations	25	25%
	Sales	20	20%
	Risk & Compliance	15	15%
	Others	10	10%
Type of Bank	Public Sector	60	60%
	Private Sector	40	40%

Statistical examination of the 100 bank employees shows a representative cross-section of the Indian banking industry. A typical sample of the banking industry, with 55% male and 45% female participation, the gender distribution is generally balanced. The bulk of employees are within the age bracket of 20 to 40, with 40% falling within the 20 to 30 years old and 35% in the 31 to 40 years old bracket, suggesting a youthful and energetic workforce. Based on this distribution, it seems like staff might be very energetic and flexible. With 55% possessing postgraduate degrees and 25% having undergraduate credentials, educational qualifications demonstrate a significant preference for higher education and 15% prevalence of individuals with professional certificates.

Middle management accounts for 40% of the sample, junior staff for 30%, and senior management for 20%. The distribution of positions within the sample is also rather balanced. The viewpoints on EI at different organisational levels may be gleaned from this distribution. A mix of seasoned pros and recent hires is indicated by the relatively balanced distribution of years of experience, with a large percentage of workers having 4-7 years of experience (35%) and more than 10 years of experience (20%). According to the data, 70% of the workforce is located in metropolitan regions, 20% in semi-urban areas, and 10% in rural areas. Employees in urban areas may have unique obstacles as contrasted to those in semi-urban and rural areas, since this distribution skews towards urban areas and the concentration of banking activities in large cities.

The basic activities of banking are reflected in the considerable number of positions in customer service (30%) and operations (25%). The sample comprises workers from a variety of crucial sectors, with 20% in sales and 15% in risk and compliance. This gives a comprehensive picture of the demands and issues linked to EI across different departments. The sample is composed of 60% public sector and 40% private sector personnel. In sum, the varied demographic profile allows for an in-depth examination of EI and its effect on productivity at work, providing useful information on the many aspects impacting EI in India's banking industry.

Table 2 – KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of sampling adequacy		0.784
Bartlett's Test of Sphericity	Approx Chi-square	304.317
	Df	14
	Sig	0.000

KMO value should not be less than 0.5 for suitability of data for factor analysis.KMO value as per the above table is greater than 0.5 which is a meritorious value.Significance value is less than 0.05 means the items are significantly correlated.

Table 3 – Summary of Factor loadings and reliability

EI Factors	**Avg. Factor loadings**	**Cronbach's Alpha**	**No of items**
Self-Awareness	0.531	0.807	5
Self-Regulation	0.714	0.716	5
Motivation	0.599	0.769	5

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Empathy	0.702	0.713	5
Social Skills	0.709	0.68	5

In the above table, factors of emotional intelligence are explained with the help of factors loading values. Each component was examined with five statement and respective Cronbach's alpha score was calculated for reliability and validity of responses.

Self-awareness component has the lowest average factor loading value of 0.531 and Self-regulation component has the highest average factor loading value of 0.714.

The highest value of self-regulation is followed by social skills and empathy. Self-awareness and motivation are relatively with lower factor loading values as recorded from the received responses.

Table 4 – Cross Tabulation of demography and determinants of EI

EI Determinants	Male Respondents	Female Respondents	Total
Self-Awareness	10 (18.18%)	10 (22.23%)	20 (20%)
Self-Regulation	5 (9.09%)	6 (13.34%)	11 (11%)
Motivation	15 (27.28%	10 (22.23%)	25 (25%)
Empathy	15 (27.28%)	10 (22.23%)	25 (25%)
Social Skills	10 (18.18%)	9 (20%)	19 (19%)
Total	55	45	100

The above table represents that 10 (18.18%) male responded in favour of self- awareness. 10(22.23%) were female respondents in favour of self-awareness and in total 20% responded for self-awareness.

5(9.09%) were male respondents in favour of self-regulation as important factor of emotional intelligence. Whereas 6 (13.34%) were female respondents. In total 11% responded in favour of self-regulation.

For motivation as one of the factors of emotional intelligence, 15 (27.28%) were male respondents and10 (22.23%) were female respondents. In total 25% favoured for motivation. Same was the analytics for empathy as an important factor of emotional intelligence.

10 (18.18%) males responded for social skills as factor of emotional intelligence and 9 (20%) females responded for social skills as factor of emotional intelligence. Total 19% respondents voted for social skills as an important factor of emotional intelligence

Table 5 – Correlation Between Emotional Intelligence and Work Performance

EI Dimension	Performance Metric	Correlation Coefficient (r)	Significance (p-value)
Self-Awareness	Job Satisfaction	0.55	<0.01
Self-Regulation	Productivity	0.62	<0.01
Motivation	Employee Engagement	0.58	<0.01
Empathy	Customer Satisfaction	0.67	<0.01
Social Skills	Team Collaboration	0.60	<0.01
Self-Awareness	Work Stress Levels	-0.45	<0.05
Self-Regulation	Absenteeism	-0.50	<0.05
Motivation	Sales Performance	0.53	<0.05
Empathy	Conflict Resolution	0.65	<0.01
Social Skills	Leadership Effectiveness	0.59	<0.01

Results from an examination of the links between Emotional Intelligence (EI) and performance indicators in the workplace show that EI has an effect on many facets of how well an employee does his job.

Self-Awareness: A moderate to strong positive link is shown by the correlation coefficient of 0.55 ($p < 0.01$) between self-awareness and work satisfaction. This provides further evidence that workers who are more in tune with themselves are more likely to be happy in their jobs. On the other hand, there is a negative association between self-awareness and work stress levels (-0.45, $p < 0.05$), which implies that a greater degree of self-awareness is linked to lower levels of stress connected to work. The significance of self-awareness in stress management and improving work happiness is emphasised here.

Employees who are good at controlling their emotions and behaviours are more likely to be productive, as shown by the high positive association between self-regulation and productivity (0.62, $p < 0.01$). Employees that are stronger at self-regulating are less likely to miss work, since there is a negative correlation between self-regulation and absenteeism (-0.50, $p < 0.05$). The importance of self-regulation in enhancing productivity and decreasing absenteeism is shown by these results.

A higher level of employee engagement is likely to be seen among workers who are highly driven, since there is a positive association between motivation and employee engagement (0.58, $p < 0.01$). Motivated personnel are more likely to accomplish greater sales results, since it also has a positive correlation with sales performance (0.53, $p < 0.05$). In sales positions in particular, these findings highlight the importance of motivation in raising engagement and performance.

Empathy: A high level of empathy is positively correlated with both customer satisfaction (0.67, $p < 0.01$) and the settlement of conflicts (0.65, $p < 0.01$). When employees have a high level of empathy, they are better able to comprehend and meet the requirements of customers, which in turn increases customer satisfaction and makes dispute resolution easier. The importance of empathy in conflict management and customer-facing positions is underscored by this.

Team cooperation and leadership effectiveness are favourably connected with social skills (0.60, $p < 0.01$) and 0.59, $p < 0.01$, respectively. This data reveals that workers who are naturally gifted in social situations are better able to lead their teams and collaborate with their colleagues. The ability to lead and build a team depends on one's social skills.

Table 6 – Regression Analysis of factors of Emotional Intelligence & Work Performance

EI Factors	**Unstandardized Coefficient**		**Standardized Coefficient**		
	Beta	**Standard Error**	**Beta**	**t**	**Significance**
Self-Awareness	-0.02	0.01	-0.10	-2.87	0.004
Self-Regulation	0.10	0.03	0.18	3.18	0.002
Motivation	-0.03	0.01	-0.16	-2.67	0.003
Empathy	0.09	0.01	0.16	2.11	0.002
Social Skills	0.07	0.01	0.11	1.84	0.003

R square value is adjusted at 0.037 at significance level > 0.05. Dependent variable is work performance and independent variables are factors of emotional intelligence (self-awareness, self-regulation, motivation, empathy & social skills).

The above table represents that all the factors of emotional intelligence are significantly related to performance aspect. Self-regulation and empathy are more significant than self-awareness, motivation and social skills.

Hence null hypothesis is rejected and alternate hypothesis is accepted. There exists a significant relationship between factors of emotional intelligence and work performance.

All things considered, the results show that self-awareness, self-regulation, motivation, empathy, and social skills are some of the EI components that have a major impact on job performance. The significance of emotional intelligence in improving leadership effectiveness, employee engagement, job satisfaction, productivity, and job satisfaction, as well as in lowering stress and absenteeism, is shown by the positive correlations between EI characteristics and performance measures.

CONCLUSION

Emotional intelligence (EI) and its impact on productivity in the workplace among Indian bank employees is thoroughly examined in this research. The study finds substantial relationships with several performance indicators via an exhaustive investigation of different EI characteristics, including self-awareness, self-regulation, motivation, empathy, and social skills. Results show that EQ is a key factor in raising engagement, productivity, and job happiness in the workplace. Employees who are good at self-reflection and -management report less stress, more happiness in their work, and more output per hour. Because of this, these EI components are crucial for overcoming obstacles at work and performing better in general.

Customers are more likely to be satisfied and conflicts are easier to resolve when employees in customer-facing jobs have strong social and empathy skills. Emotional understanding is valuable for improving service quality and client relationships, since there is a high association between empathy and customer pleasure. As a result of their influence on group dynamics and the efficacy of leadership, social skills are similarly critical for developing productive teamwork and leadership. The research also shows that motivated employees are more invested and have higher sales results, which is a good indicator of how motivation affects productivity on the job. Better emotional management is linked to decreased absence rates, as shown by the negative association between self-regulation and absenteeism. This further emphasises the relevance of EI in decreasing disturbances in the workplace. Findings from the study highlight important places for development, such as the need of emotionally intelligent (EI) training programs and cultures that encourage and assist employees to develop their emotional capabilities. Overall, employee performance and organisational effectiveness may be enhanced by addressing these aspects. Ultimately, the research highlights how emotional intelligence greatly affects several aspects of job performance. Employee outcomes, service quality, and organisational performance may all be improved when banks engage in EI development and provide supportive work environments. Both academics and professionals may benefit from the findings of this study, which lays the groundwork for further research on the relationship between emotional intelligence and productivity on the job.

SUGGESTIONS

Increasing the sample size and diversity of participants could provide more robust data and make the findings more applicable to a wider range of banking institutions in India.

A larger and more geographically diverse sample would increase the generalizability of the findings across different banks and regions. It would also be valuable to include employees from different levels (e.g., entry-level, mid-level, senior management) to see if EI influences performance differently across hierarchical levels. Including participants from different regions, different banking sectors (public vs. private), and varying job roles would add depth to the analysis and will give scope for further research.

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