



## **EMOTIONAL INTELLIGENCE AND WORKING CONDITIONS IN THE INDIAN BANKING SECTOR: AN EMPIRICAL STUDY**

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### ***Abstract***

*In the present research, the effort has been made to study the relation and impact of Working Conditions on employees' Emotional intelligence which further enhances the organizational commitment of the employees working in the banking sector in Maharashtra. For this purpose, six banks were taken- 3 public sector banks (PNB, SBI, Canara) and 3 private sector banks (Yes, ICICI, Axis) as sample covering three cities (Mumbai, Pune and Nagpur). Goleman's emotional intelligence framework 1995 was used for data collection from employees of above said leading banks. Different attributes of emotional intelligence were taken into consideration to analyse its relationship with working conditions. SPSS 20 was used for data analysis. The empirical analysis revealed that there is a difference of the impact of working conditions on employees' emotional intelligence in private and public sector banks. An analysis conducted derives meaningful conclusions for furthermore of research.*

***Keywords:** Emotional Intelligence, Working Conditions, Private sector banks, Public sector banks*



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### **Introduction**

The work environment is changing resulting in increasing complexities both in business as well as in human behavior. These changes become challenges for the individuals as well as the organizations to compete and adapt themselves with the same which has created the need for people with high emotional intelligence level. It seems that in the recent years, researchers and experts are becoming more interested in the issue of emotional intelligence (Mayer et al., 2003). Emotional intelligence was established by Salovey and Mayer in 1990's. From then, the popularity of the notion within industrial and organizational psychology, as an integral psychological factor which determines the success of an occupation is increasing (Palmer et al., 2003; Ciarrochi et al., 2000). The notion has been defined as "being a component and a part of

social intelligence which is about being able to monitoring one's own along with the other's feelings and emotions, and having the ability to discriminate them and make use of all the information they find in guiding their thinking and actions" by Salovey & Mayer (1990). This scientific definition of emotional intelligence is probably one that has been widely accepted (Zeidner et al., 2004).

Banking sector is considered to be the most dynamic industry where productivity, adaptability and competitiveness are considered to be the major factors for the growth of the employees as well as of the organization. Due to the high attrition rate in the recent years, it has created a downturn in the organizational effectiveness in the industry which in turn impacts the organizational commitment of the employees. Since, the number of job opportunities available for employees has been increasing in a growing worldwide economy, not just employees but also employers need to readjust themselves in order to cope up with the dynamics of business life. However, quality of the physical workplace environment may also have a strong influence on a company's ability to recruit and retain talented people. Although convenient workplace conditions are requirements for improving productivity and quality of outcomes, working conditions in many organizations may present lack of safety, health and comfort issues such as improper lightening and ventilation, excessive noise and emergency excess. People working under inconvenient conditions may end up with low performance and face occupational health diseases causing high absenteeism and turnover. This in turn decreases their self confidence level which is considered to be one of the essential traits of Emotional Intelligence. Pech and Slade (2006) argued that the employee disengagement is increasing and it becomes more important to make workplaces a place of positively influence workforce where the Personal and Social competence of the employees' are strengthened. According to Pech and Slade the focus is on symptoms of disengagement such as distraction, lack of interest, poor decisions and high absence, rather than the root causes. The working environment is perhaps a key root causing employee's engagement or disengagement. Another research indicates that improving the working environment reduces complaints and absenteeism while increasing productivity (Roelofsen, 2002). The interpersonal and the intrapersonal behavior of the employees which play an integral role in their performance of service can thus be described in terms of their varying levels of emotional intelligence.

The aim of the present study is to investigate relationship between working conditions and emotional intelligence which in turn has an impact on the productivity and effectiveness of the employees as well as organization

### **Literature Review**

Chand and Sethi (1997) conducted a study to examine the organizational factors as predictors of job related strain among 150 junior officers working in various banking institutions in the state of Himachal Pradesh. Role conflict, strenuous working conditions and role overload were found to be the dearest and most significant predictors of job related strain.

Wells (2000) states that workplace satisfaction has been associated with job satisfaction. In recent years, employees comfort on the job, determined by workplace conditions and environment has been recognized as an important factor for measuring their Emotional states and productivity.

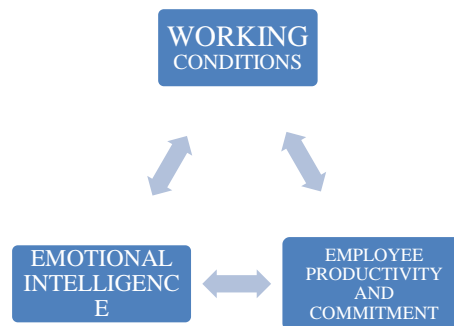
Many executives are under the mistaken impression that the level of employee performance on the job is proportional to the size of the employee's compensation package. Although compensation package is one of the extrinsic motivation tool (Ryan and Deci, 2000) it has a limited short term effect on employees' performance. A widely accepted assumption is that better workplace environment motivates employees and produces better results. An organization's physical environment and its design and layout can affect employee behavior in the workplace.

Employees working in the banking sector are evidently linked with experienced emotions. One aspect of this emotion at work, which is related to stress, is the requirement to express positive (and sometimes negative) emotions towards customers. Stress results from the customers' behavior (sometimes demanding and aggressive) and complaints. Stress may also result from poor work conditions, particularly lack of control (autonomy), poor social relations and lack of social support (Datwayse, 1995; Karasek, 1990), lack of rewards (Seigrist, 1996), work overload (particularly too many administrative tasks), or routinization (Lalit, 2002).

Consequently, the physical environment is a tool that can be leveraged both to improve business results (Mohr, 1996) and employee well-being (Huang, Robertson and Chang, 2004). Ensuring adequate facilities are provided to employees, is critical to generating greater employee commitment and productivity and hence high emotional intelligence in return. The provision of inadequate equipment and adverse working conditions has been shown to affect employee

emotional states and productivity and his intention to stay with the organization (Weiss, 1999; Wise, Darling-Hammond and Berry, 1987) as well as levels of job satisfaction and the perception of fairness of pay (Bockerman and Ilmakunnas, 2006). From a safety perspective, Gyekye (2006) indicates that environmental conditions affect employee safety perceptions which impact upon employee emotional state and his commitment in the organization.

Extensive scientific research conducted by Roelofsen (2002) has also yielded indications suggesting that improving working environment results in a reduction in a number of complaints and absenteeism and an increase in positive work attitudes. Haynes (2008) explains the behavioral office environment behavioral components of the office environment that have the greatest impact on office productivity. In all of the work patterns, it was found that interaction was perceived to be the component to have the most positive effect on productivity, and distraction was perceived to have the most negative. As people are the most valuable resource of an organization, and that the management of people makes a difference to company performance (Patterson et al., 1997). The below figure depicts that employees' emotional intelligence enhances with an increase the personal competence of the employees which in turn increase their productivity provided the physical working conditions of the organization.



### **Research Objectives**

1. To examine the relationship between emotional intelligence and working conditions of the employees working in public and private sector banks
2. To investigate the difference between emotional intelligence and working conditions in private and public sector banks

### **Hypothesis**

1. Working Conditions may significantly impact Emotional Intelligence states in Employees

2. There is a difference of Working conditions & its impact on Employees' intelligence states in Private and Public sector banks
3. The difference may have a positive or a negative effect

### **Research Methodology**

#### Research Design

The nature of the study calls for an exploratory & descriptive research. Exploratory research tends to analyze the research with varying levels of depth by tackling current problems on which no previous research has been done (Brown, 2006: 43). On the other hand, the main essence of descriptive research is to portray a definite representation of persons, situations or groups. (Polit & Hungler 2004:716). Thus, to gauge the relation between working conditions and emotional intelligence and a comparison of the same between private and public sector banks, the above two research designs were appropriate for this study.

#### **Sample**

The objective of the study aims at employees working in Banks in India. Six banks were randomly selected for data collection i.e. 3 private (Yes, ICICI, Axis) and 3 public (SBI, PNB, Canara) in the state of Maharashtra covering 3 cities i.e. Mumbai, Pune and Nagpur for data collection.

Out of the sample of 500 questionnaires distributed, 400 filled in questionnaires were received; out of which 300 were complete, remaining 100 were abandoned on account of incomplete information. Hence, with the explicit support of bank authorities, data was collected conveniently from employees working in the selected banks.

#### Instrumentation

Survey methods were largely used for efficient and sound data collection. Survey method is considered to be the most extensively used technique for data collection specifically in behavioral sciences (Angus & Katona, 1953:15). To extract the most relevant information and help in better analysis of data, survey method was used.

For effective use of the survey method, a questionnaire was developed. The questionnaire was designed to gauge the relationship between working conditions and emotional intelligence of the employees working in banks.

The instrument was divided into two parts- personal competence and social competence, which was further scaled down into various competencies. According to Goleman's model, Emotional

intelligence is divided into personal and social competence. The ability to manage oneself is called personal competence, whereas social competence determines how one handles one's relationships.

For this purpose, a Five Point Likert scale was created to gauge the feedback. The bracket of the scale ranged from almost never to almost always. Likert type or frequency scales use fixed choice response formats and are designed to measure attitudes or opinions. (Bowling,1997; Burns & Grove 1997).

**Rationale of Part A: Personal Skills**

The respondents were asked to rate themselves on their self awareness, self confidence, emotional self control, responsibility, adaptability, commitment and working conditions.

**Rationale of Part B: Social Skills**

The respondents were asked to rate themselves on their empathy, service orientation, tolerance, communication, teamwork and coordination, development of others, conflict management and leadership.

**Data Analysis and interpretation**

The hypothesis was tested through the use of the following:

1. Pearson Chi-square
2. Bivariate analysis (Correlation)
3. Multivariate analysis (Regression)

**Pearson Chi-square**

The association between all the variables of Emotional intelligence with working conditions was computed using the Pearson chi-square method. A total sample of 300 employees (150 each) of private and public sector banks was taken into consideration.

**Table 1: Chi-square of emotional intelligence and working conditions**

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<b>Case Processing Summary</b>						
	Cases		Missing		Total	
	N	Percent	N	Percent	N	Percent
WC * EQ	300	100.0%	0	0.0%	300	100.0%

	N	Percent	Assymp Sig. (2 sided)
WC*EQ	300	100%	.000
WC*EQ (Private Banks)	150	100%	.000
WC*EQ (Public Banks)	150	100%	.000

As depicted in Table 1, there was a significant relationship between emotional intelligence and working conditions (.000,  $p < .05$ ). Further, a significant relation was found between emotional intelligence and working conditions in private and public sector banks (.000,  $p < .05$ ).

**Correlation Analysis**

The relationship between the variables of emotional intelligence was determined using Pearson correlation with working conditions

**Table 2 Correlation Coefficients among Emotional intelligence and working conditions**

<b>Correlations</b>				
		WC variable EQ		
WC	Pearson Correlation	1	.523**	
	Sig. (2-tailed)		.000	
	N	300	300	
EQ	Pearson Correlation	.523**	1	
	Sig. (2-tailed)	.000		
	N	300	300	

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

	N	Sig.	WC	EQ
WC	300	.000	1	.523
EQ		.000	.523	1

WC	150	.000	1	.459	Public Banks
EQ		.000	.459	1	
WC	150	.000	1	.583	Private Banks
EQ		.000	.583	1	

Emotional intelligence was positively correlated with working conditions as seen in table no. 2 ( $r = .523, p < .01$ ). This shows that a change in working conditions will bring a change in emotional intelligence of the employees. Hence, positive working conditions will also result in increase in emotional intelligence of the employees. Further, the extent of correlation between the employees of private and public sector banks was found. Though there was a positive

	Emotional Intelligence		Significance level	
Working Conditions (WC)	.106 (N=300)		.000	
	Private Banks	Public Banks	Private Banks	Public Banks
	.121 (N=150)	.091 (N=150)	.000	.000

correlation between working conditions and emotional intelligence in both public sector ( $r = .459, p < .01$ ) and private sector ( $r = .583, p < .01$ ) banks but the extent of their relation was different in both the sectors as seen in the table.

**Summary of the Regression analysis of Working Conditions in Relation to Emotional Intelligence**

Linear regression of the impact of the independent variable that is Working Conditions on the dependent variable which is Emotional Intelligence of the employees was found to be statistically significant. Working conditions was found to have a significant impact on the emotional intelligence of the employees which explained that 10.6% of the variation in the emotional states of the employee by a change in working conditions as seen in Table no. 3

**Table 3 Regression analysis of Working conditions and Emotional Intelligence**

Dependent variable: EQ

**Research Findings**

On the basis of the analyses done above, working conditions was found to be positively associated with emotional intelligence which implies that good physical working conditions



increases the emotional intelligence of the employees' which in turn enhances their productivity and the employees' feel more connected to the organization.

“Good working conditions leads to enhanced emotional states of the employees”. The findings in table no. 2 implies a positive correlation between working conditions and emotional intelligence ( $r=.523$ ,  $p<.01$ ). This indicated that the employees' will have positive work attitudes which will increase the productivity if the physical working conditions of the organization are good. This is supported with an evidence from Gyekye (2006) indicated that environmental conditions affect employee safety perceptions which impact upon employee behavior and commitment. Hence, working conditions and emotional intelligence were related to each other. To narrow down the study, a positive and distinct correlation was depicted in both public sector ( $r=.459$ ,  $p<.01$ ) and private sector ( $r=.583$ ,  $p<.01$ ) banks. This implies that the impact of working conditions on employees' emotional intelligence is more in private sector as compared to employees in public sector banks. Also there is a positive difference of the impact of working conditions on emotional intelligence as can be seen from the tables above which describes that better the working conditions, higher will be the emotional intelligence of the employees and vice-versa situation.

Hence, **“Working Conditions may significantly impact Emotional Intelligence states in Employees”**.

### **Conclusion and Future Implications**

This study helps the firms to identify the impact of working conditions on employees' emotional intelligence of the employees in public and private sector banks. Future research can take up how to nurture the emotional intelligence of employees in the banking industry, given the high pressures involved in their jobs in view of improving their performance. Also the future research can take into account how national culture can affect the emotional intelligence and organizational commitment of the employees depending upon the type of industry as different organizations have different contextual factors as well as expectations. Future research can also be on the difference in emotional states between the genders and designations using various moderating variables.

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