

# Emotional Intelligence: A comparative study on Public and Private sector banks with special reference to Jammu City

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## ABSTRACT

The Indian banking industry has made a significant contribution to the country's economic growth. The objective of this study is to compare the emotional intelligence among public and private employees. For this purpose Goleman model comprising of four dimensions, namely self awareness, social awareness, self management and relationship management were used. Two banks were selected, i.e. SBI as public bank and HDFC as private bank. A total of 500 questionnaires were selected for this study. Results showed that private bank employees have high emotional intelligence as compared to public bank employees.

## 1. Introduction

In the era of competitive, unstable and dynamic environment, both public and private sector have to deal with change in an effective manner. So, today's organizations need those employees who are not only technically sound, but also who have emotional & social skills. The Indian banking sector has the largest share and growing at a very rapid pace as it contributes to the overall development of the country. Research in banking employees has become desirable as they are going through emotional as well as competitive pressure which cannot be managed with intelligence alone but required emotions which are equally important. In other words, intelligence alone will not explain our achievement at work or life and that emotion plays a key role in organizational success.

Emotions were earlier considered as disorganized reaction and were overlooked by psychologists and behaviorists. But now psychologists have realized that emotions of all kinds are equally important in contributing to potentially contributing thoughts (cognition), rather than disorganizing them. This change in the perspective on emotions, inspired John D. Mayer and Peter Salovey to coin the buzzword called Emotional Intelligence (EI). It was popularized with respect to the organizational context by Daniel Goleman in 1998, which resulted in EI being used as a new yardstick for recruiting and developing employees in many organizations in the west. This yardstick takes for granted that the workforce has enough technical and intellectual abilities to do their job and focuses on their emotion related skills. It predicts who is most likely to become a star performer and who is most prone to derailing (Krishnaveni & Deepa, 2008).

At this time of severe competition, it's important to hold skilled employees. Banks as a service provider interacts with customers continuously, so they need employees who are equipped with non-cognitive abilities together with cognitive abilities. Brackett et. al., (2006) focused on the importance of emotions in association with the Intellectual abilities, particularly in organisations that evaluate the employee's abilities in terms

of emotions instead of cognition. The importance of Emotional Intelligence (EI) is emphasized because human relations in organisations are influenced by emotional factors more than by rational factors. So, this study focused on emotional intelligence which is regarded as an intangible trait which is important to job performance than any other leadership skill. Although banking sector is growing at a very fast pace, but emotional intelligence of employees has not been looked upon. Taking into consideration the importance of emotional intelligence, this study makes an attempt to compare the emotional intelligence of public and private sector employees. The largest banks were chosen i.e State Bank of India (SBI) and Jammu and Kashmir Bank (HDFC BANK) in Jammu city only. The selected organizations represented public as well as private sector banks accordingly.

## 2. Literature Review

Ample evidence from literature confirms that intelligence quotient (IQ) is not the sole predictor of success in life (Goleman, 1995; Hunter & Hunter, 1984; Sternberg, 1996). As a result, other forms of intelligence were introduced including Thorndike's (1920) coinage of social intelligence and Gardner's (1983) theory of multiple intelligences. Yet, it was Salovey and Mayer (1990) who first proposed a formal definition of emotional intelligence as "The ability to monitor one's own and others' feelings, to discriminate among them, and to use this information to guide one's thinking and action". The notion of EI was first introduced by Salovey and Mayer in 1990, but it was not until 1995 when it became enormously popular, following the publication of Goleman's best seller Emotional Intelligence: Why it can matter more than IQ. Since then, the topic of EI has appeared in many other popular books, magazines, newspaper articles and even in comic strips (Zeidner, Roberts, and Matthews 2001).

Spielberger (2004) suggests that there are currently three major conceptual models for Emotional Intelligence: (a) the Mayer-Salovey model (1997) which defines this construct as the ability to perceive, understand, manage and use emotions to

facilitate thinking, measured by an ability-based measure; (b) the Goleman model (1998) which views this construct as a wide array of competencies and skills that drive managerial performance, measured by multi-rater assessment; and (c) the Bar-On model (1997) which describes a cross-section of interrelated emotional and social competencies, skills and facilitators that impact intelligent behaviour, measured by self-report.

Goleman (1995) defines EI as including "abilities such as being able to motivate oneself and persist in the face of

frustrations, to control impulse and delay gratification, to regulate one's moods and keep distress from swamping the ability to think, to empathize and to hope". Goleman(1998) has expanded Mayer and Salovey's (1997) definition of EI by incorporating what he terms personal and social competencies. His model consists of five dimensions of EI and twenty-five emotional. But in the year 2001, Goleman further developed his EI model. Statistical analysis collapsed the original twenty-five competencies into twenty, and the five domains into four. This revised model of EI is presented in the table 1 below.

**Table -1 Goleman's emotional intelligence framework**

| Clusters                       | Description   | Competencies  |
|--------------------------------|---|---|
| <b>Self-Awareness</b>          | The ability to know one's internal states, preferences, resources, and intuitions         | <ul style="list-style-type: none"> <li>• Emotional Awareness</li> <li>• Accurate Self Assessment</li> <li>• Self-Confidence</li> </ul>  |
| <b>Self-Management</b>         | The ability to manage ones internal states, impulses, and resources                       | <ul style="list-style-type: none"> <li>• Emotional Self-Control</li> <li>• Transparency</li> <li>• Adaptability</li> <li>• Achievement</li> <li>• Initiative</li> <li>• Optimism</li> </ul>   |
| <b>Social Awareness</b>        | The ability to handle relationships and awareness of others' feelings, needs, and concern | <ul style="list-style-type: none"> <li>• Empathy</li> <li>• Organizational Awareness</li> <li>• Service Orientation</li> </ul>  |
| <b>Relationship Management</b> | The skill or adeptness at inducing desirable responses in others                          | <ul style="list-style-type: none"> <li>• Developing Others</li> <li>• Inspirational Leadership</li> <li>• Change Catalyst</li> <li>• Influence</li> <li>• Conflict Management</li> <li>• Teamwork and</li> <li>• Collaboration</li> </ul> |

Source: Adapted from Hay Group (2005). *Emotional Competency Inventory (ECI) technical manual*

Studies have shown that people with higher level of emotional intelligence have higher self confidence, more concentration, and are more successful in their jobs. They are also more effective in their leadership style, and have greater impact on their staff to motivate them and they are healthier (Cooper and Sawaf, 1997). It has been also found that emotional intelligence could bring liability and commitment, loyalty and trust between staff in organization which could cause higher productivity and effectiveness between teams (Cooper, 1997). Emotional intelligence is also one of the most important forecasters of organizational success as Martinez (1997) also mentioned that people's success factor in their job performance is just 20 percent on intelligence quotient (IQ), and around 80 percent depends on their level of emotional intelligence (EI). Dulewicz and Higgs (2000) mentioned that, improvement of individual's performance is strongly related to individual's EI. Moreover, they also acknowledged the direct relationship between organizational performance and individual performance with individual emotional intelligence.

### 3. Objectives of the study

- 1) To find the level of Emotional Intelligence (EI) among the employees of select public (SBI) and private banks (HDFC BANK).
- 2) To compare the dimensions, namely Self Awareness, Social Awareness, Self Management and Relationship Management among public and private banks.

### 4. Methodology

The present study used quantitative methods to validate the hypothesis based on review of literature. The purpose of the study is to explore the difference between the level of emotional intelligence among the public and private banks. The sample of study was chosen one public bank i.e. State Bank of India (SBI) and one private bank, namely, HDFC Bank. This study was conducted at Jammu city only with instrument consisting of 30 items representing four dimensions of emotional intelligence, namely, self awareness (6 items), social awareness (6 items), self management (8 items) and relationship management (10 items). A total of 500 questionnaire mean 250 responses against public bank and 250 responses against private banks were selected for analysis. Table 2 provides the descriptive statistics of the respondents of this study.

Table 2: Descriptive Statistics

|       |      | Frequency | Percent |
|-------|------|-----------|---------|
| Valid | SBI  | 250       | 50.0    |
|       | HDFC | 250       | 50.0    |
| Total |      | 500       | 100.0   |

5. Results and discussions

To understand the difference between the level of emotional intelligence among the employees of private and public banks, descriptive statistics representing the mean, standard deviation and mean square error for each of the emotional intelligence construct was used in order to increase understanding regarding the difference in the EI level among the employees of

public and private banks against each of the emotional intelligence dimension. Secondly, independent sample t-test was performed to calculate the values of Levene’s test for equality of variances, t-value, and p-value to test the significant difference between the two banks.

Table 3: Descriptive Statistics: Comparison of emotional intelligence construct between public and private banks

|                         | Organisation | Mean   | Std. Deviation | Std. Error Mean |
|-------------------------|--------------|--------|----------------|-----------------|
| Self Awareness          | Public bank  | 3.4506 | .67485         | .04107          |
|                         | Private bank | 3.7897 | .60240         | .03306          |
| Social Awareness        | Public bank  | 3.9105 | .54828         | .03337          |
|                         | Private bank | 3.9829 | .59851         | .03285          |
| Self Management         | Public bank  | 3.8604 | .49573         | .03017          |
|                         | Private bank | 3.7500 | .59329         | .03256          |
| Relationship Management | Public bank  | 3.9279 | .46101         | .02806          |
|                         | Private bank | 4.0056 | .57849         | .03175          |
| Emotional Intelligence  | Public bank  | 3.7874 | .37980         | .02311          |
|                         | Private bank | 3.8820 | .44556         | .02445          |

The table 3 provides the mean and standard deviation of the dimensions of the construct used in this study. These results indicate that overall mean values of the emotional intelligence construct representing private banks are higher than the public bank. This shows that employees of HDFC bank are more emotional intelligent as compared to the employees of SBI. However, the mean values of ‘self management’ and

‘relationship management’ are higher in public bank (SBI) as compared to the private bank (HDFC BANK).

To compare the mean response of both public and private banks regarding the emotional intelligence construct used in this study, an independent t-test is performed, which provides mean difference, t-value, degree of freedom and their significance (p-value).

Table 4:Independent Samples Test

|     |                             | Levene's Test for Equality of Variances |      | t-test for Equality of Means |         |                 |                 |                       |   |         |
|-----|-----------------------------|---|------|------------------------------|---------|-----------------|-----------------|-----------------------|---|---------|
|     |                             | F                                       | Sig. | t                            | Df      | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference |         |
|     |                             |   |      |                              |         |                 |                 |                       | Lower                                     | Upper   |
| SA  | Equal variances assumed     | 5.253                                   | .022 | -6.506                       | 498     | .000            | -.33904         | .05211                | -.44139                                   | -.23670 |
|     | Equal variances not assumed |   |      | -6.431                       | 444.704 | .000            | -.33904         | .05272                | -.44261                                   | -.23547 |
| SOA | Equal variances assumed     | .003                                    | .960 | -1.533                       | 498     | .126            | -.07244         | .04725                | -.16523                                   | .02035  |
|     | Equal variances not assumed |   |      | -1.547                       | 491.529 | .122            | -.07244         | .04682                | -.16440                                   | .01952  |
| SM  | Equal variances assumed     | 8.556                                   | .004 | 2.441                        | 498     | .015            | .11037          | .04521                | .02158                                    | .19916  |
|     | Equal variances not assumed |   |      | 2.486                        | 489.552 | .013            | .11037          | .04439                | .02319                                    | .19755  |
| RM  | Equal variances assumed     | 3.666                                   | .056 | -1.791                       | 498     | .074            | -.07764         | .04336                | -.16279                                   | .00751  |
|     | Equal variances not assumed |   |      | -1.832                       | 489.765 | .067            | -.07764         | .04237                | -.16085                                   | .00557  |
| EI  | Equal variances assumed     | .753                                    | .386 | -2.768                       | 498     | .006            | -.09469         | .03420                | -.16186                                   | -.02752 |

|                             |  |  |        |         |      |         |        |         |         |
|-----------------------------|--|--|--------|---------|------|---------|--------|---------|---------|
| Equal variances not assumed |  |  | -2.814 | 488.660 | .005 | -.09469 | .03365 | -.16077 | -.02860 |
|-----------------------------|--|--|--------|---------|------|---------|--------|---------|---------|

Firstly, in case of self awareness, values of Levene's test for equality of variances is reported which shows a significant p-values (0.022), hence for further interpretations of results equal variance was not assumed. A t-value of 5.253, has a significant p-value 0.000 which shows that private bank employees are more self aware than public hospitals. In private banks, employees understand more of their strengths and weaknesses as compared to the employees of public banks.

Secondly, values of Levene's test for equality of variances is reported which shows an insignificant p-values (0.960), hence for further interpretations of results variances are assumed equal. A t-value of 0.003, has an insignificant p-value 0.126 which shows that there is no significant difference between social awareness among public and private banks. As both the banks aimed at providing best quality services to their customers.

Thirdly, values of Levene's test for equality of variances is reported which shows a significant p-values (0.004), hence for further interpretations of results variances are not assumed equal. A t-value 8.556, has a significant p-value 0.013 which shows that public banks are more self managed than private banks. This is due to the fact that public bank employees have less targets as compared to public banks which made them more self managed.

Fourthly, values of Levene's test for equality of variances is reported which shows an insignificant p-values (0.056), hence for further interpretations of results variances are assumed equal. A t-value 3.666, has an insignificant p-value 0.074 which shows that there is no significant difference in relationship management between public and private banks employees. As success of any service provider is strongly dependent on maintaining long term relationships with the internal and external customers.

Finally, values of Levene's test for equality of variances is reported which shows an insignificant p-values (0.386), hence for further interpretations of results variances are assumed equal. A **t-value 0.753**, has a significant **p-value 0.006** which shows that private bank employees have high emotional intelligence as compared to the employees of public bank. This

is because private bank employees are more positive and put more emphasis on their abilities in order to justify their work.

## 6. Conclusion

Today's bank requires skillful and proficient human force in order to achieve their goal as they play a remarkable role in changing the level of productivity. Emotional intelligence has been found important because it provides an outstanding framework to look at how people understand and manage their emotions.

From the above results and discussion, it was found that the mean score level of self awareness, social awareness and relationship management were high among the private bank employees apart from the self management which is high in public bank employees. Further, the p-value for two variables of emotional intelligence, i.e. self awareness and self management are less than 0.05, which indicates that the difference between SBI and HDFC employees in these variables is significant. However, the p-value is greater than 0.05 in case of social awareness and relationship management, which clearly states that there is no significant difference between HDFC and SBI employees in these two variables of emotional intelligence. This could be due to the fact that it is evident for both the organizations to maintain good interpersonal relationships with their customers. The empirical findings are evident that for the overall emotional intelligence it is the private bank (HDFC) employees who have high emotional intelligence as compared to public bank (SBI) employees. This validates our study that private banks employees are more emotionally sound as compared to the public banks employees (University of Hafia, 2010).

## Recommendations for future research

This research is based on the Emotional Intelligence instrument based on four dimensions only and more comprehensive study can be done by extending this model. Secondly, this study is limited to one city only and two banks only. This study further can be extended by adding more public and private sector banks. Therefore, there is a need to develop a comprehensive study in order to gain clear understanding about the emotional intelligence of public and private banks.

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