



The Impact Of Emotional Intelligence On Managerial Effectiveness And Organizational Role Stress In Banking Sector

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ABSTRACT

This empirical study examines the intricate dynamics of emotional intelligence within the Indian banking sector, assessing its profound impact on both managerial effectiveness and the prevalence of organizational role stress. Through a comprehensive analysis, the research aims to unravel the nuanced connections between emotional intelligence, successful managerial practices, and the mitigation of role-related stressors, providing valuable insights for enhancing workplace dynamics in the banking industry.

Introduction:

The focus of management thinkers, researchers, and academicians has long been on improving the competency and performance of managers. The introduction of the concept of Emotional Intelligence (EI) has added a new dimension to research linking superior performance with executives' personality factors. Despite high intellectual abilities, individuals may not always achieve success, both professionally and personally. Traditionally, and competence was assessed through intelligence quotient (IQ), but it is now considered inadequate. Emotional Intelligence, as proposed by Goleman, emphasizes the importance of evaluating an individual's performance not only based on IQ but also on how they manage relationships in the workplace. Goleman argued that IQ explains only 20% of job performance and career success, attributing the remaining 80% to Emotional Intelligence. This perspective challenges the traditional yardstick used to measure capabilities, suggesting that factors beyond intelligence, knowledge, or conceptual skill are crucial for individual accomplishment. In recent decades, intrapersonal and interpersonal skills have become integral to effective management practices, emphasizing a shift from traditional managerial responsibilities to a more service-oriented approach. In service industries, managers are now expected to inspire and motivate their teams, foster positive attitudes, and create a sense of importance and contribution among employees. Meanwhile, the prevalence of stress and anxiety in employees' lives is attributed to increasing aspirations, changing lifestyles, heightened competition, deadlines, uncertainty about the future, and weak social support. Stress prevention is recognized as a positive action contributing to workers' health and organizational efficiency. The concept of Emotional Intelligence (EI) has gained widespread recognition, particularly in addressing emotional issues within organizations. The study focuses on EI, Managerial Effectiveness, and Organizational Role Stress among bank managers as an effort to explore and improve managerial effectiveness while reducing organizational role stress.

Rationale for Choosing the Research Variables (Emotional Intelligence, Managerial Effectiveness, and Organizational Role Stress):

This literature review explores the intersection of emotions, workplace performance (equivalent to managerial effectiveness), and stress. It highlights the significance of Emotional Intelligence (EI) in differentiating between average and star performers, noting that while IQ remains consistent, emotional intelligence becomes a defining measure. Various studies emphasize the critical role of EI in individual and organizational success, supporting its relevance in tasks, customer service, management development, recruitment, and stress management. The literature also addresses the impact of work pressures and stressors on high-profile jobs, emphasizing the toll on organizational resources and estimating a significant

percentage of executives in India suffering from stress. The repercussions of stress on productivity and the relationship between emotional exhaustion and effective stress management are discussed. The review justifies the study's focus on EI by highlighting its potential to enhance managerial effectiveness and reduce occupational stress, with individuals possessing significant EI competencies better managing negative emotions, experiencing fewer psychological problems, and having higher job satisfaction. The lack of research on emotional intelligence, managerial effectiveness, and occupational stress in the banking sector in India is identified as a gap that this study aims to address, contributing both quantitatively and qualitatively to the existing literature in this field.

Review of literatures

In recent years, various industries, including construction, manufacturing, textile, education, and IT, have undergone extensive research on the role of emotional intelligence (EI). This body of literature underscores the significance of EI traits such as self-awareness, self-regulation, motivation, empathy, and social skills in determining individual success (Goleman, 1995, 2008; Mayer & Salovey, 1998). Recognizing the evolving nature of industries, the banking sector, as a service provider, is increasingly acknowledging the importance of emotional intelligence, encompassing technical, interpersonal, and intrapersonal skills. The competitive landscape in India's banking industry demands a constant emphasis on high-quality services, prompting both public and private banks to enhance service quality amid intense competition.

Private sector banks, focusing on profit maximization, face escalating work pressures, while public sector banks grapple with the need to shift from a laid-back attitude to a more dynamic enterprise. The emergence of new banks intensifies the competition, making it imperative for all banks to adapt. Effectively managing the workforce in the face of these challenges becomes crucial, with a particular focus on understanding the dynamics of emotions, effectiveness, and stress at different managerial levels. This research aims to address the unique context of the banking sector, providing insights into the resilience needed to withstand sustained pressure and navigate the tumultuous phase.

Objective of the study

Investigate the influence of emotional intelligence on both managerial effectiveness and organizational role stress banking sector.

Research Methodology

This study is fundamentally descriptive and analytical in nature. It employs a combination of primary and secondary data sources, with a primary emphasis on the data collected directly from employees in bank. The research process commenced with a comprehensive literature review to gain a deep understanding of the study's various dimensions. Subsequently, primary data were gathered from selected employees in public and private sector banks in Thoothukudi District, utilizing a predefined interview schedule. Additionally, secondary data were sourced from a range of scholarly materials, including journals, articles, working papers, as well as published and unpublished theses from different universities across India.

Table.1:Profile ofthe Respondents

| | Frequency | Percentage |
|---------------------------------|-----------|------------|
| Gender | | |
| Male | 43 | 66.15 |
| Female | 22 | 33.85 |
| Total | 65 | 100 |
| Age (inyears) | | |
| Lessthan35 | 32 | 49.23 |
| Morethan35,lessthan45 | 19 | 33.85 |
| Morethan45 | 14 | 21.54 |
| Total | 65 | 100 |
| EducationalQualification | | |
| Undergraduate | 14 | 21.54 |
| Postgraduate | 39 | 60 |
| Professional | 12 | 18.46 |
| Total | 65 | 100 |
| Designation | | |
| Lower level | 22 | 33.85 |
| MiddleLevel | 34 | 52.31 |
| Top Level | 9 | 13.85 |
| Total | 65 | 100 |
| TypeofBank | | |
| Private | 53 | 81.54 |
| Public | 12 | 18.46 |
| Total | 65 | 100 |

Interpretation

The demographic profile of the study participants reveals a predominantly male composition (66.15%), with 33.85% being female. In terms of age distribution, nearly half of the participants are below 35 years (49.23%), 33.85% fall in the more than 35 but less than 45 years category, and 21.54% are over 45 years old. Educationally, 60.00% hold postgraduate qualifications, 21.54% are under graduates, and 18.46% have professional qualifications. Regarding job designations, the majority are at the middle level (52.31%), followed by lower-level positions (33.85%), and top-level positions (13.85%). In the context of the type of banks they work for, 81.54% are employed in private banks, while 18.46% are associated with public banks. This demographic breakdown provides valuable insights for interpreting research findings, suggesting potential variations in responses based on gender, age, education, job level, and the nature of the banking sector, enabling a more nuanced analysis of the study's outcomes.

Table2: Descriptive Statistics for Normality of Data

| Scale | No. of Respondents | Skewness Statistic | Std. Error | Kurtosis Statistic | Std. Error |
|-------|--------------------|-----------------------|------------|-----------------------|------------|
| EI | 65 | -.247 | 0.123 | 0.307 | 0.246 |
| ME | 65 | -.050 | 0.123 | 0.307 | 0.246 |
| ORS | 65 | -.135 | 0.123 | 0.307 | 0.246 |

Emotional Intelligence

To address the initial research query concerning the degree of emotional intelligence, we computed overall mean values and standard deviations. The emotional intelligence construct encompassed five sub-dimensions: "Self-Awareness (SA), Self-Regulation (SR), Motivation (MOT), Empathy (EMP), and Social Skills (SS)." The assessment utilized a total of 22 items, measured on a 5-point Likert scale, ranging from 'is not the case (1)' to 'is precisely the case (5)'. Respondents could achieve a maximum score of 110, with the average score falling within the 1 to 5 range. Importantly, all scores obtained by respondents surpass the midpoint when compared to the average scores. The mean and standard deviation (SD) scores on Emotional Intelligence are presented in Table 4.1.

Table 3: Scores on Emotional Intelligence

| EI Sub-dimensions | No. of Items | Mean | SD |
|--------------------------|--------------|-------------|-------------|
| Self-Awareness | 4 | 3.75 | 0.84 |
| Self-Regulation | 4 | 3.7 | 0.86 |
| Motivation | 4 | 3.75 | 0.91 |
| Empathy | 5 | 4.94 | 1.02 |
| Social Skills | 5 | 4.58 | 1.15 |
| Overall Score(EI) | 22 | 3.76 | 1.19 |

Interpretation

The values associated with "Self-awareness (SA), Self-regulation (SR), Motivation (MOT), Empathy (EM), and Social Skills (SS)" range from 3.7 to 4.9, indicating a tendency toward higher levels. Additionally, the standard deviations display a diverse pattern of scores. These findings suggest that respondents generally assess themselves favorably across dimensions of emotional intelligence and its specific sub-dimensions. Notably, among the five sub-dimensions, empathy receives the highest scores. Empathy is particularly noteworthy within the realm of emotional intelligence, as it equips managers with the ability to comprehend others' perspectives and foster improved relationships among team members. Similarly, the significance of Social Skills or interpersonal skills is underscored in the results.

Managerial Effectiveness

The second construct, termed Managerial Effectiveness (ME), is composed of four sub-dimensions: Competence, Team Management, Delegation, and Communication. A total of 19 items were employed to gauge managerial effectiveness, utilizing a 5-point Likert scale that spans from Strongly Disagree (1) to Strongly Agree (5). Participants could achieve a maximum score of 95, and the average score falls within the 1 to 5 range. Notably, all the scores obtained by respondents surpass the midpoint when compared to the average scores. The corresponding standard deviation (SD) and mean scores are presented in Table 4.2.

Table 4: Scores on Managerial Effectiveness

| ME Sub-dimensions | No. of Items | Mean | SD |
|---------------------------|--------------|----------|-------------|
| Competence | 4 | 4.14 | 0.74 |
| Team Management | 6 | 3.94 | 0.89 |
| Delegation | 5 | 3.85 | 0.87 |
| Communication | 4 | 4.01 | 0.86 |
| Over all Score(ME) | 19 | 4 | 0.84 |

Interpretation

The mean scores for Competence and Communications surpass 4, indicating a heightened level of managerial effectiveness. Similarly, scores for Team Management and Delegation also exceed the average. The overall mean score, calculated from the 393 respondents across 19 items, is 4. With a scale ranging from a minimum mean score of 1 to a maximum of 5, the overall score for managerial effectiveness is notably on the higher side. These elevated scores underscore a considerable amalgamation of knowledge, skills, and attitudes conducive to fostering effective managerial roles in the banking sector. Furthermore, the scores suggest well-developed communication skills, essential for handling team responsibilities adeptly. The collective perception among banking sector employees is one of effectiveness, as evident from the scores across Competence, Team Management, Delegation, and Communication.

Organizational Role Stress

The third construct is Organizational Role Stress, which is divided into 6 sub dimensions viz. –Inter Role Distance (IRD), Role Stagnation (RS), Role Conflict (RC), Role Erosion (RE), Role Overload (RO), Role Ambiguity (RA)”. Table 4.9 depicts the mean and standard deviations:

Table5: Scores on Organisational Role Stress

| ORS Sub-dimensions | No. of Items | Mean | SD |
|---------------------------|--------------|----------|-------------|
| Inter Role Distance | 4 | 3.06 | 1.23 |
| Role Stagnation | 5 | 2.92 | 1.14 |
| Role Expectation Conflict | 5 | 2.9 | 1.12 |
| Role Erosion | 5 | 3.36 | 1.0 |
| Role Overload | 4 | 3.42 | 1.3 |
| Role Ambiguity | 5 | 3.4 | 1.03 |
| Overall Score(ORS) | 28 | 3 | 1.13 |

Interpretation

The mean scores for the six sub-dimensions, listed in descending order, are as follows: Role Overload (3.42), Role Ambiguity (3.4), Role Erosion (3.36), Inter-Role Distance (3.06), Role Stagnation (2.92), and Role Expectation Conflict (2.9). The overall mean score for Organisational Role Stress (ORS) is 3. The mean values indicate a moderate level of stress among bank managers. Analysis of the mean values and standard deviations points to Role Erosion, Role Overload, and Role Ambiguity as the most significant stressors for bank executives. Despite all sub-dimensions scoring above the average (mid-point score of 2.5 on a scale of 1 to 5), the results reveal a high level of organisational role stress experienced by banking executives. Given the multifaceted responsibilities and products handled by bank managers, role overload and role ambiguity are plausible stress factors, particularly in the context of the dynamic business environment where changes in products, functions, and roles are common place across sectors, including banking. These changes of ten result in alterations or even stripping of roles and functions, contributing to organizational stress.

Findings:

1. Findings with respect to Emotional Intelligence

Results of the study helped assess the level of emotional intelligence of bank managers/executives. Respondents reported a significantly high level of emotional intelligence. Empathy was reported as the highest scoring sub dimension of emotional intelligence among bank managers. This was followed by social skills. Subsequently, the other three scores for motivation, self-regulation and self-awareness were almost at par with each other.

2. Findings with respect to Managerial Effectiveness

The study helped us crystallize a measurement tool to assess the managerial effectiveness among bank executives. ME was assessed through its four sub dimensions i.e.: Competence, Team Management, Delegation and Communication.

3. Findings with respect to Organisational Role Stress

The study brought out that – Role Erosion, Role Ambiguity and Role Expectation Conflict are key stressors among the six stressors of Organisational Role Stress. Banking roles are getting multi-dimensional in nature. Hence, it is noteworthy that bank managers are finding that importance of their role has been eroded, leading to Role Erosion.

Suggestions:

1. Implement comprehensive training programs focusing on emotional intelligence for employees at all levels. These programs should cover key aspects such as self-awareness, self-regulation, motivation,

empathy, and social skills to enhance interpersonal relationships and client interactions.

2. Establish mentorship and coaching programs where experienced managers guide and share insights with junior managers. This can facilitate knowledge transfer and skill development.
3. Initiate stress awareness programs to educate employees at all levels about the impact of stress and effective stress management techniques. This can include workshops, seminars, and training sessions.

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