

Effect of Emotional Intelligence on Performance Appraisal: An Evidence from State Bank of India Employees

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Abstract

This research study is focused on studying the effect of the emotional intelligence of SBI employees and on investigating its impact on their performance appraisal. The primary data of 100 employees at the State Bank of India has been collected for this purpose. In this study, the ability-based test questionnaire has been used, which uses a fictional type of question to determine a person's response to a particular scenario. The results show a significant relationship between Emotional Intelligence and the performance of the employees at SBI. More specifically, employees with high emotional intelligence perform better at their workplace and handle situations more efficiently than others.

Keywords: *Emotional Intelligence, Performance, Self-Awareness, Job Satisfaction*

1. Introduction

The environment of today's business world is highly competitive, rivalries and confrontations among companies are always present. Many management theories have evolved models on "the rivalry of a company based on its human resources," laid down emphasis that any organization can bring about some competitive advantages by establishing and safeguarding its core activities, which increases the distinctive value of an organization. In the current business scenario, managers have begun to adjudge that businesses should concentrate on "not knowing how to do it, but increasing its value."

It has been seen that the emotional intelligence of the employees helps to manage and improve their emotional self-awareness, emotional expression, creativity, and also increases resilience, increases trust and honesty, advance relationship within and beyond the organization. Hence it results in the increased efficiency and the productivity of the employees and the organization as a whole.

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“Emotional intelligence is considered one of the crucial elements that give rise to strategic leaders in organizations.” More specifically, the actions of an employee having high IQ along with sound knowledge, but a significant role in the organization is played by the employees having low EI; hence it became a crucial benchmark of appraisal for judging a competent employee.

The highly competitive business environment demands even more of it for making it possible for companies to survive or merely exist. Here comes the next level for the employees where only cognitive intelligence is not sufficient to reach the desired performance level, but there is a need for augmented emotional abilities. Emotional intelligence indicates how one can handle and monitor his feelings and emotions along with others, differentiate them, and how this information could be used towards the thinking and actions of employees (Garg & Singh, 2016). A lot of researchers specifically proposed that these abilities can help employees to forecast work-related issues, such as job performance and job satisfaction (Sy et al., 2006).

Mutually, emotional awareness and regulatory processes that accompany with EI have been proposed to assist social relationships of peoples, which might have an impact on the emotions and stress at work. Intrapersonally, one can use awareness of emotional levels in regulating anxiety and avoiding negative emotions to perform better and enhanced productivity at work (Kafetsios & Zampetakis, 2008).

Gibbs N. (1995) emphasized that too often it has been seen that even rising stars who flame out have failed, not because of technical competencies but due to emotional dilemmas such as discontent relations at the workplace, too much authoritarian, high aspirations, and often conflict with the top management.

This research study is focused on finding out whether the emotional intelligence of managers creates an impact on the performance of employees.

2. Literature Review

To better comprehend the emergence of emotional intelligence, at first, it is vitally important, at first, to explore the terms intelligence and emotion separately. Primitively, Aristotle used the term intelligence afterward; in 1920, Thorndike did the first systematization of intelligence. He examined the concept of intelligence in three primary dimensions in his work named “Permanent

Mistakes in Psychological Evaluation.” As a result, social intelligence, general intelligence, and mechanical intelligence came out.

The first dimension of intelligence, i.e., social intelligence, referred to the adaptability of human beings towards their social life. It encompasses their ability to learn to manage with people to develop social skills. The next dimension of intelligence is referred to as abstract or general intelligence, which correlates with the humanistic approach and their fundamental principles, and propositions which can be helpful while dealing with some problems. The next dimension in this is referring to as the competency and attitude of individuals using some mechanism tools (Yaşlıoğlu et al.,2013).

Sternberg has laid down emphasis on the intellectual competencies, which are essential for an individual to opt for the environment, organize it, and adhere to the same; he referred these abilities as cerebral abilities. Hence, intelligence may also be not only reactive but also proactive. As far as individual adaptation is concerned, selection and formation of the environment have always been considered as essential criteria. Innovative individuals with a high level of pragmatic intelligence are the ones who are most likely to have positive impacts on the others around, and very often, they try to change the situation for themselves and for others (Sirem, 2009).

The origin of the term emotion itself is derived from the Latin word “motere” which means to pass or move. After adding the “e” prefix to this word, the meaning of this becomes to walk away. This can be interpreted as if each emotion transforms into a movement. Any emotion can also be “the tendency of a feeling and certain specific thoughts of this feeling, psychological and biological states, and a series of movements” (Goleman, 2013).

At the outset, Dr. Peter Salovey of Yale University and Dr. John D. Mayer of New Hampshire University identified emotional intelligence in 1990. Following the authors, emotional intelligence has evolved as an awareness of one’s and others’ thoughts, emotions, control capability, and the potential to think emotionally. There are primarily three dimensions of emotional intelligence discovered by Salovey and Mayer: assessment of emotions, control of emotions, and the extent to which emotions can be used as intelligence. (Gürbüz & Yüksel, 2008).

Emotional intelligence as a concept has continuously been used by researchers to characterize its attributes, e.g., “empathizing, expression and comprehension of emotions, controlling temperament, ability to adapt, admiration, solving interpersonal problems, persistence, compassion, and respect” (Yesilyaprak, 2001). Although previous researches also revealed that if the employees feel engaged in the workplace, they often feel satisfied, and this leads to maximization in organizations’ profits (Hill & Birkinshaw, 2012). Besides, this could also help an organization to get a synergy effect and dominance in the market. Whether it’s a manufacturing unit or a service organization, emotional intelligence plays a significant role; for instance, hospitality employees should be pleasant and courteous while handling customers, especially though they are in an impoverished state or confronted with challenging clients (Pizam, 2004). However, previous studies have also emphasized that optimistic emotional stimuli could enhance emotional assimilations and even lead to job satisfaction (Petrides and Furnham, 2006; Anari, 2012; Joshi et al., 2015).

However, numerous researchers and psychoanalysts have also written several research articles about EI and excavated its probable effect on people’s lives. The role of well managed emotional intelligence is not just only limited to job satisfaction Walter, Humphrey, and Cole (2012) emphasized that it could also lead to striking up leadership possibilities in the employees and their overall personality development.

Although, people, in general, have indeed been unaware of it until Goleman (1995), who acquainted the idea of EI and shared it with the broader population.

It was Goleman’s commitment towards the reasonable advancement of EI, which is twofold; from one viewpoint, he attempted to investigate the possibility that success in life doesn’t just rely upon IQ yet besides a few bits of insight and the control of feeling are also crucial factors. He further figured out that intelligence can compensate for just 20 percent of the overall achievements, and perhaps the rest, i.e., 80 percent of it depends on the efficiency to handle emotional and social intelligence of the EI. Unlike IQ, which is not static and could be developed far more conveniently through continuous learning and practice.

Towards those having low IQ, such theories seemed encouraging and, but from the other side of the counter, and he emphasized the point that the human psyche operates in two parts: cognitive

and emotional. The emotional mind, he states, is the foundation of our daily behaviors, and the logical or cognitive mind functions upon that (Goleman, 1995).

The phrase “employee efficiency” refers to accomplishing an employee’s work just after necessary commitment on the task coupled with such a distinguished life, a reputation, and conscientious peers/workers (Hellriegel et al., 2010). Many studies have defined self-confidence as a central determinant for career advancement. It also helps in identifying the relevance of one’s emotions and the connectedness to success besides.

Megerian & Sosik (1997) outlined self-awareness as more of an individual’s ability to acknowledge the influence of one’s feelings on someone’s sentiments, behavioral patterns, and priorities. It also contributes to high efficacy scores from subordinates and colleagues. The emotional self-awareness has indeed been recognized as an essential emotional intelligence proficiency. Along with it, Salovey & Mayer (1990) have also described self-consciousness as the capacity to understand one's sentiments.

Sy, Tram & O'Hara (2006) observed those extremely emotionally competent managers are often likely to handle their subordinates’ job fulfillment inside an organization. Additionally, the association between transition leadership, as well as its ability to influence emotional responses while engaging with customers and colleagues, also has been examined by several of the researchers (Bono, Foldes, Vinson & Muros 2007).

The capacity of an individual to acknowledge and manage their own emotions enables them to communicate with others, and also it lets them understand while they are doing emotional work. Brotheridge (2006) claims that perhaps it is the function of emotional intelligence that is critical in the prediction of presumed task requirements, which can sometimes foresee emotional work. Highly competent employees in terms of emotional intelligence have seemed to realize that their work includes communicating emotions.

Likewise, emotional exhaustion could be used as a measure of the effectiveness of employees in jobs involving emotional work (Joseph & Newman, 2010).

3. Research Methodology

3.1 Research Objectives

The objective of this study is to examine the effect of the emotional intelligence of employees and investigating its impact on performance appraisal.

3.2 Data Collection

The sampling unit used for the study were employees at the clerical level working in the State Bank of India branch, Haridwar, and a sample size of 100 respondents was taken due to limitation of time and money. The sampling technique for data collection is non-probability in nature using a convenience method. Each question in the questionnaire will yield maximum points of 20 questions; the total score of a person can get 200. In this study, the questionnaire used for data collection is a type of ability-based test. It uses a narrative kind of question to determine a person's response to a particular scenario.

Ability based tests are currently gaining popularity. These tests use situational responses, which may be narrative or pictorial or any other form. The objective was to assess whether, in various circumstances, a person is conscious of his emotional states as well as how the individual would respond in those circumstances.

3.3 Statistical Tool

Since the sample size used in this study is small, i.e., 100, the chi-square test is deemed suitable for analyzing the data collected and drawing the necessary conclusions. Specific statistical techniques, however, may also be used for further research.

3.4 Data Collection Instrument

The questionnaire used in the study is an instrument developed and validated by Aruna K. Suganthi.

The questionnaire used in this study and the parameters used to frame the questionnaire have been chosen so as to cover the gaps in the existing literature on Emotional Intelligence. The parameters have been selected to cover all the critical points in popular theories.

The questionnaire does not contain certain variables from the current research that have been defined by the characteristics of reviewers, actions, or personalities.

The variables which are excluded as being symbolic of behavioral characteristics are:

- Assertiveness
- Reality testing
- Independence
- Impulse control
- Trustworthiness
- Conscientiousness
- Happiness

The variables considered for the study and the weights are given in table 1.

Table 1: Parameters used to define EI in the study

S. No.	Parameters	Weightage (no. of questions)
1	Emotional Awareness	1
2	Self-Control	1
3	Achievement Drive	2
4	Empathy	3
5	Service Orientation	1
6	Developing Others	1
7	Adaptability	1
8	Optimism	3
9	Self-Awareness	3
10	Self Confidence	3
11	Organizational Awareness	1
12	Communication	1

Source : Compiled by author

4. The hypothesis used for the study

In this study, the following hypotheses will be tested:

H_0 : There is no significant relationship between the emotional intelligence and performance of the employees.

H_a: There is a significant relationship between the emotional intelligence and performance of the employees.

5. Data Analysis and Findings

Table 2: The level of emotional intelligence of the employees of the SBI

Emotional Intelligence	Frequency of Respondents	Employees (in %)
0-45% (Below Average)	12	12
46%-65% (Average)	42	42
66%-75% (Above Average)	32	32
76%-100% (Very Good)	14	14

Source: Primary Data

The table reveals that the employees of SBI have a reasonably good level of emotional intelligence, 42 percent of the respondents are average, and 32 percent of employees are above average in their emotional intelligence.

Table 3: Observed frequency table. (Fo)

Emotional Intelligence (In Percentage)	Level of Performance		Total
	Avg. Performance (B1)	High Performance (B2)	
0 to 45% (Below Avg.) A1	10	2	12
46% to 65% (Average) A2	12	10	22
66% to 75% (Above Avg.) A3	6	34	40
76% to 100% (Very High) A4	0	26	26
Total	28	72	100

Source: Primary Data

The above table shows the observed frequency from the collected data for the chi-square test.

Table 4: Expected frequency table. (Fe)

Emotional Intelligence (In Percentage)	Level of Performance		Total
	Avg. Performance (B1)	High Performance (B2)	
0 to 45% (Below Avg.) A1	3.36	8.64	12
46% to 65% (Average) A2	6.16	15.84	22
66% to 75% (Above Avg.) A3	11.2	28.8	40
76% to 100% (Very High) A4	7.28	18.72	26
Total	28	72	100

Source: Primary Data

The above table shows the expected frequency from the collected data for the chi-square test.

Table 5: Calculation of Chi-square test

	Observed Frequency	Expected Frequency	$(fo - fe)$	$(fo - fe)^2$	$(fo - fe)^2 / fe$
A1B1	10	3.36	6.64	44.0896	13.12190476
A1B2	2	8.84	-6.84	46.7856	5.292488688
A2B1	12	6.16	5.84	34.1056	5.536623377
A2B2	10	15.84	-5.84	34.1056	2.153131313
A3B1	6	11.2	-5.2	27.04	2.414285714
A3B2	34	28.8	5.2	27.04	0.938888889
A4B1	0	7.28	-7.28	52.9984	7.28
A4B2	26	18.72	7.28	52.9984	2.831111111
Calculated Value					39.56843385

Source: Primary Data and analyzed through SPSS 21

Table 5 shows the calculated value of the chi-square test, i.e., 39.56843385, which is higher than the table value, i.e., 14.06714045. Since the computed value is found higher than the table value, the null hypothesis is being rejected, so it can be concluded that there is a significant relationship between the emotional intelligence and performance of the employees of the State Bank of India at the Haridwar branch.

5.1 Findings and Conclusion

A significant relation has been found between the emotional intelligence and performance of employees at the clerical level at the SBI Haridwar branch. Hence, it is also to be concluded that Emotionally intelligent workers have a tremendous impact on their output. Very often, they perform well, even in adverse situations within the organization.

It has also been noticed that emotionally stable people can express their emotions very effectively; too often, they are self-motivated, generous with others, and have admirable social skills. The employees' emotional intelligence has significant implications for management. Organizations' profitability relies primarily on how employees' level of emotional intelligence is being addressed, and appropriate measures should also be implemented, which concentrate on developing social skills and self-management between employees within the organization.

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