Probing The Linkage Between Emotional Intelligence And Customer Relationship Management In The Banking Industry

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Abstract

The study aimed to identify whether the emotional intelligence of employees in the banking sector influences customer relationship management. For the study, an opinion based survey was made adopting a descriptive research design. The data was collected from 106 employees, Assistant Manager and Manager in banking sectors using a structured questionnaire. For the study, the researcher has adopted the purposive sampling technique. Through the analysis made it was found that the majority of the respondents working in banking were female belonging to employee carder from all the age categories. Using the result it was found that, there is no significant difference in the emotional intelligence of the banking employees and their opinion on the customer relationship management practices adopted by the bankers. It was found that; Adaptability, stress management skill and self-motivation are the important emotional intelligence characteristics found among banking employees. Also, it was found that increased customer satisfaction, timely delivery of financial services and increasing No. of customers are the important result obtained due to emotional intelligent employees handling customer relationship management. The result indicates that there is a significant impact of Emotional Intelligence impacts on Customer relationship Management.

Keywords: Emotional Intelligence, Customer Relationship Management, Banking Industry.

Introduction

Daniel Goleman's writings popularised and marketed the concept of emotional intelligence. According to a few studies, emotional intelligence is one of the most important criteria in the hiring of employees and executives, and he defined emotional intelligence as the ability to recognise our own and others' feelings, to motivate ourselves, and to effectively manage emotions in ourselves and our relationships (Feyerherm, et. al., 2002). Emotional intelligence has been defined as a set of abilities to accurately perceive, appraise, and express emotions; the ability to access and/or generate feelings when they facilitate thought; the ability to understand emotions and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual growth, according to many studies (Kearney, T., et. al., 2017).

Few studies have pointed out the contrasts between the two definitions, stating that Goleman's definition concentrates on motivational factors like ardour and persistence rather than particular feelings (Sahu, T. L., et. al., 2016). Despite significant differences in these two definitions, there are some commonalities in how emotional intelligence is measured, and the overall opinion reached was that emotional intelligence has a beneficial impact on customer relationships and service performance. Several research have looked into

the relationship between emotional intelligence and relationship marketing, concluding that there is a favourable link between emotional intelligence and relationship marketing (Hadiwijaya, et. al., 2017). Emotional tiredness of frontline staff has also been identified as a crucial factor in the service industry's success in several other research studies. In light of the foregoing, the current study is a modest attempt to investigate the relationship between demographic variables and emotional intelligence and the ability to manage customer relationships, particularly among bank employees, particularly those on the front lines who provide services to customers (Nwokah, N. G., et. al., 2009).

Review of Literature

Customers need to feel as if they are being appropriately cared for, given attention, and respected by service providers when it comes to service performance. When clients deal with businesses' service providers, there is sometimes ambiguity (Misron, A., et. al., 2021). When the service provider knows on his or her own, with empathy and sympathy, what the clients may be going through, what they want, what support/facilities they desire but are unable to voice due to ignorance, fear, or lack of confidence, it eventually delivers mileage to either party. Customers appreciate the service providers' gesture, which leads to brand loyalty, retail loyalty, and organisational loyalty (Jeon, T. S., et. al., 2012). It establishes a long-term relationship with the customer. Here, the service provider's emotional intelligence is crucial.

Personal attention, care, and concern can contribute to the development of a healthy relationship with the client, which can be one of the reasons for the customer to return or stay with the company (Langhorn, S., 2004). According to Reichheld (1996), if a company's

customer retention strategy is improved, profits can be doubled. Since serving long-term customers is less expensive because loyal customers are more willing to pay a higher price (Beigi, M., et. al., 2011). The image of a service company is built on the quality of service provided, as opposed to a manufacturing company's image, which is built on the quality of its products. As a result, it is critical for marketers and service providers to place a premium on emotional intelligence among their staff, particularly frontline personnel who are responsible for managing long-term client relationships. It is also past time for these organisations to provide proper consideration at the entry point, particularly when selecting personnel. Service providers should be chosen based on candidates' emotional intelligence scores (Weng, et. al., 2008). Without a minimal standard of emotional intelligence in a candidate, the business should not provide the person a position as a service provider within the organisation.

Objectives of the Study

The study focuses on identifying whether the emotional intelligence employee in the banking sector influences customer relationship management.

Methodology

For the study, an opinion based survey was made adopting a descriptive research design. The data was collected from 106 employees, Assistant Manager and Manager in banking sectors using a structured questionnaire. For the study, the researcher has adopted the purposive sampling technique.

Analysis and Interpretation

Here the analysis was made to find out the demographic profile of the respondents considered for the study.

Table No. 1: Demographic Profile of the Study

		Frequency	Percent
Gender	Male	48	45.3
	Female	58	54.7
	Total	106	100.0
Age	Less than 30 Years	27	25.5
	30 - 40 Years	24	22.6
	41 - 50 Years	26	24.5

	Above 50 Years	29	27.4
	Total	106	100.0
Designation	Employee	72	67.9
	Assistant Manager	22	20.8
	Manager	12	11.3
	Total	106	100.0

Source: (Primary data)

From the percentage analysis, it was found that the majority of the respondents working in banking were female belonging to employee carder from all the age categories.

Here below analysis was made to understand whether there is a significant difference in the emotional intelligence of the respondents considered for the study.

Table No. 2: Multivariate Test – Emotional Intelligence

Multivariate Tests						
	Effect	Value	F	Hypothesis df	Error df	Sig.
D1	Pillai's Trace	.076	1.552[b]	5.000	95.000	.181
	Wilks' Lambda	.924	1.552[b]	5.000	95.000	.181
	Hotelling's Trace	.082	1.552[b]	5.000	95.000	.181
	Roy's Largest Root	.082	1.552[b]	5.000	95.000	.181
D2	Pillai's Trace	.064	.421	15.000	291.000	.973
	Wilks' Lambda	.938	.414	15.000	262.655	.974
	Hotelling's Trace	.065	.409	15.000	281.000	.976
	Roy's Largest Root	.038	.731[c]	5.000	97.000	.602
D3	Pillai's Trace	.082	.825	10.000	192.000	.605
	Wilks' Lambda	.919	.820[b]	10.000	190.000	.610
	Hotelling's Trace	.087	.815	10.000	188.000	.615
	Roy's Largest Root	.063	1.201[c]	5.000	96.000	.315
Tests of Between-Subjects Effects						
	Source	Type III Sum of Squares	df	Mean Square	F	Sig.
D1	Adaptability	.012	1	.012	.018	.892
	Self-Motivation	4.351	1	4.351	5.368	.023
	Assertiveness	.004	1	.004	.005	.941
	Social Competencies	1.829	1	1.829	1.642	.203
	Stress Management Skill	.125	1	.125	.157	.693
D2	Adaptability	1.108	3	.369	.558	.644
	Self-Motivation	.161	3	.054	.066	.978
	Assertiveness	.480	3	.160	.234	.872
	Social Competencies	.289	3	.096	.086	.967
	Stress Management Skill	.985	3	.328	.413	.744
D3	Adaptability	1.429	2	.714	1.079	.344
	Self-Motivation	1.688	2	.844	1.041	.357
	Assertiveness	.563	2	.281	.412	.663
	Social Competencies	5.197	2	2.598	2.332	.102
	Stress Management Skill	3.078	2	1.539	1.938	.149

Source: (Primary data)

The calculated Pillai's trace significance value is greater than 0.05, meaning the null hypothesis is accepted. Therefore, there is no significant difference in the emotional intelligence of the respondents considered for the study.

Here the rank analysis using the mean score was carried out the important emotional intelligence character found among the banking employees.

Table No. 3: Rank Analysis – Emotional Intelligence

Descriptive Statistics			
	N	Mean	Rank
Adaptability	106	4.2925	1
Self-Motivation	106	4.2075	3
Assertiveness	106	4.1981	4
Social Competencies	106	4.1604	5
Stress Management Skill	106	4.2642	2

Source: (Primary data)

Using the rank analysis made using the mean score, it was found that; Adaptability, stress management skill and self-motivation are the important emotional intelligence characteristics found among the banking employees.

Here below analysis was made to understand whether there is a significant difference in the opinion for the customer relationship management practices adopted by the bankers.

Table No. 4: Multivariate Test – Customer Relationship Management

Multivariate Tests						
	Effect	Value	F	Hypothesis df	Error df	Sig.
D1	Pillai's Trace	.074	1.512[b]	5.000	95.000	.193
	Wilks' Lambda	.926	1.512[b]	5.000	95.000	.193
	Hotelling's Trace	.080	1.512[b]	5.000	95.000	.193
	Roy's Largest Root	.080	1.512[b]	5.000	95.000	.193
D2	Pillai's Trace	.136	.920	15.000	291.000	.542
	Wilks' Lambda	.869	.911	15.000	262.655	.553
	Hotelling's Trace	.144	.901	15.000	281.000	.564
	Roy's Largest Root	.070	1.359[c]	5.000	97.000	.247
D3	Pillai's Trace	.107	1.086	10.000	192.000	.375
	Wilks' Lambda	.894	1.095[b]	10.000	190.000	.368
	Hotelling's Trace	.117	1.104	10.000	188.000	.361
	Roy's Largest Root	.106	2.039[c]	5.000	96.000	.080
Tests of Between-Subjects Effects						
	Source	Type III Sum of Squares	df	Mean Square	F	Sig.
D1	Increased Customer Satisfaction	.484	1	.484	.819	.368
	Timely Delivery of financial services	.220	1	.220	.362	.549
	Increasing No. of Customers	.283	1	.283	.416	.520
	Decreased Cost for Customers	.612	1	.612	1.148	.286
	Expanding Branches	3.212	1	3.212	4.283	.041
D2	Increased Customer Satisfaction	1.769	3	.590	.998	.397
	Timely Delivery of financial services	2.583	3	.861	1.418	.242

	Increasing No. of Customers	1.223	3	.408	.601	.616
	Decreased Cost for Customers	1.465	3	.488	.917	.436
	Expanding Branches	1.514	3	.505	.673	.571
D3	Increased Customer Satisfaction	1.809	2	.905	1.530	.222
	Timely Delivery of financial services	2.095	2	1.048	1.725	.183
	Increasing No. of Customers	.439	2	.219	.323	.725
	Decreased Cost for Customers	.122	2	.061	.114	.892
	Expanding Branches	6.785	2	3.392	4.524	.013

Source: (Primary data)

The calculated Pillai's trace significance value is greater than 0.05, meaning the null hypothesis is accepted. Therefore, there is no significant difference in the opinion of the customer relationship management practices adopted by the bankers.

Here the rank analysis using the mean score was carried out the important result obtained due to emotional intelligent employees handling customer relationship management.

Table No. 5: Rank Analysis - Customer Relationship Management

Descriptive Statistics			
	N	Mean	Rank
Increased Customer Satisfaction	106	4.3679	1
Timely Delivery of financial services	106	4.3512	2
Increasing No. of Customers	106	4.3302	3
Decreased Cost for Customers	106	4.3208	4
Expanding Branches	106	4.2264	5

Source: (Primary data)

From the rank analysis using the mean score, it was found that increased customer satisfaction, timely delivery of the financial services and increasing No. of customers are the important result obtained due to emotional intelligent employees handling customer relationship management.

Herein analysis was carried out to identify whether the Emotional Intelligence impacts the Customer relationship Management

Table No. 6: Regression Analysis – Impact of Emotional Intelligence on Customer relationship Management

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.782[a]	.611	.608	.33288
a. Predictors: (Constant), Emotional Intelligence				
ANOVA				
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	18.122	1	18.122	163.542	.000[b]
Residual	11.524	104	.111		
Total	29.646	105			
a. Dependent Variable: Customer Relationship Management				
b. Predictors: (Constant), Emotional Intelligence				
Coefficients[a]				

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.616	.214		7.545	.000
	Emotional Intelligence	.641	.050	.782	12.788	.000
a. Dependent Variable: Customer Relationship Management						

Source: (Primary data)

The estimated R-square value (0.611) indicates, the forecasting accuracy of the regression equation would be 61.1%, which is acceptable. Further, the ANOVA significance value is less than 0.05, this indicates the model is fit. Further, the coefficient significance value is less than 0.05, therefore, there is a significant impact of Emotional Intelligence impacts on Customer relationship Management.

The regression equation is given by;

Customer relationship management = 1.616 + (0.641 x Emotional Intelligence)

Findings and Conclusion

Through the analysis made it was found that the majority of the respondents working in banking were female belonging to employee carder from all the age categories. Using the result it was found that, there is no significant difference in the emotional intelligence of the banking employees and their opinion on the customer relationship management practices adopted by the bankers. It was found that; Adaptability, stress management skill and self-motivation are the important emotional intelligence characteristics found among banking employees. Also, it was found that increased customer satisfaction, timely delivery of financial services and increasing No. of customers are the important result obtained due to emotional intelligent employees handling customer relationship management. The result indicates that there is a significant impact of Emotional Intelligence impacts on Customer relationship Management.

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