

# The Impact of Emotional Intelligence on Employee Performance in Saudi Arabia Banking Sector

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## Abstract

Saudi Arabia's banking sector plays an important role in the country's development as it is among the leading sectors in the financial sector. Considering, two main Saudi banks (The National Commercial Bank and Saudi American bank), the present study aims to observe the impact of emotional intelligence on employee performance. The components of emotional intelligence affecting employee performance include self-management, relationship management, self-awareness, and social awareness. A quantitative methodology was applied to analyse the survey results of 300 respondents over the period from 2018 to 2019. The results show that there was a significant positive impact of self-management, self-awareness, and relationship management on employee performance. However, in the Saudi banking sector, there was no impact on social awareness on employee performance.

**Keywords:** Emotional intelligence; employee performance; self-awareness; self-management; social awareness; relationship management.



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## **The Impact of Emotional Intelligence on Employee Performance in Saudi Arabia Banking Sector**

### **1. Introduction**

Emotional intelligence (IE) has gained significant importance in today's world as it is capable of recognizing and regulating emotions in oneself and others too. It is a management concept that substantially impacts organizational efficiency and effectiveness. Studies have identified that sustaining a high level of productivity requires optimized use of the firms' human capital. Emotional intelligence assists in attaining a high level of employee performance as it could accurately regulate emotions, help adjust to changing the environment and improve a firm's performance. This has amplified the firm's aggressive investment in the development of EI among its workforce, where a paramount inclination of financial institutions is observed, particularly banks.

Previous studies have shown that the banking sector is among the most competitive sectors across the world as well as emotional intelligence acquisition in the banking sector would maximize organizational growth through enhanced employee performance (Danquah, 2014: 35). The overall development of the country relies on the positive role played by the banking sector; however, there is a significant impact of the industrial and service sectors on the performance of banking sectors. High-quality services define the business performance of the banking sector. The most important determinants of service quality include human effort and emotional intelligence that increase the adaptability of service providers towards the behaviors and demands of the consumers.

According to Export. Gov, (2017), The National Commercial Bank which is also called Al-Ahli bank- and Saudi American Bank which is also called Samba are considered from top Saudi banks in growth and productivity. Therefore, the main focus of this study is on two main Saudi banks that would help in examining the impact of emotional intelligence considering four factors; self-management, relationship management, self-awareness, and social awareness. Valuable output to the organization can be provided through the examination of the impact of EI on the enhancement of employee performance and outcomes and help in identifying their competencies and skills to ensure employees and customer satisfaction (Praveena, 2015: 43).

### **2. Literature review**

The modification in exiting strategies, systems, resources, policies, and structures of the banks is because of increasing competition (Danquah, 2014: 35). Praveena (2015: 42) showed that sustainable competitive advantage is achieved by ensuring high employee competence as well as emotional intelligence. EI is the center of focus for researches in different areas, including organizational behavior, psychology, and management (Danquah, 2014: 34; Salah Al-Din, 2016: 231-232) A US (United States) study showed that training improved employees' EI, with a predominant increase of 75 percent in their social skills (Salah Al-Din, 2016: 232) Therefore, EI has become an important and vital part of any organization's philosophy in training its members; that is



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because it helps employees work well and reach a common goal. There is variation in strengths, emotions, and personalities of employees that affects their way and style of working (Tabassum, 2017: 34). The value of an organization enhances when people in the firm can collaborate with their skills. Therefore, people are likely to become capable and self-managed to make the greatest contribution after developing EI skills. An organization can perform at its best when the employees are working in the zone of peak performance (Tabassum, 2017: 34).

### 2.1 EI models

EI models help in understanding and measuring various factors associated with the regulation and recognition of one's own or other emotions (Al-Asmari, 2014: 179). Mohanad (2014) highlighted three major models of emotional intelligence. Table 1 outlines the three models of emotional intelligence according to the encyclopaedia of applied psychology. In this paper, we used the Goleman model to identify some prime factors associated with emotional intelligence.

**Table 1: EI Models**

Model Name	Description	Provided by
Ability Model (First formal model of EI)	The four main abilities of this model include; perceiving, understanding, using, and managing emotions. Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT) is used by this model as it demands the completion of tasks associated with emotional intelligence (Stys & Brown, 2004: 22).	Mayer-Salovey model
Mixed Model (Bar-on Model (1997))	According to this model, EI is a cross-section of social and emotional competencies, facilities, and skills affecting intelligent behavior. The managerial performance is contributed by an array of social and emotional competencies. The measurements are taken by Emotion Quotient Inventory (EQ-i).	Goleman Model
Trait Model	This model, developed by Daniel Goleman is concerned with cognitive and personality factors determining the success of an employee's workplace. Wong and Law Emotional Intelligence Scale (WLEIS) scale is used for measuring it (based on self-emotional appraisal, other emotional appraisals, emotional use, and emotion regulation)	Daniel Goleman Model



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### **2.2 Role of emotional intelligence on employee performance**

Previous studies found that EI enhances customer satisfaction, productivity, and profitability, which are critical for enhancing the firm's performance, particularly banks (Abdullah et al., 2010: 1). Godini & Baghfalaki (2015) depicts EI as a significant component in employee success. Sy et al. (2006: 462) analyzed the relationship between employees' EI and managers' EI and its impact on performance and employee satisfaction. It revealed that employee high EI improves his performance at work, and his level of employee satisfaction, regardless of the manager's EI, whereas, increased managers EI substantially impacts the employee work productivity.

Baloch et al. (2014: 209) identified four key EI factors at work to evaluate leaders' EI levels and their impact on employees' productivity that includes; self-management, relationship management, self-awareness, and social awareness. The results depicted that the performance, satisfaction, and productivity of the employees is affected by emotional intelligence. Similarly, Chirasha et al. (2017: 89) found the incremental impact of managers' EI on employee performance. The impact of emotional intelligence on the performance of the employee was studied by Shahzad et al. (2011), which showed a positive association between social awareness and employee performance. However, there was no association between self-awareness and self-management with employee performance. It also revealed that EI is considered a strong predictor for measuring the efficient performance of the employees in the telecom sector.

Mishra (2016) identified self-management, relationship management, and contextual performance as important factors for employees of the steel industry in the manufacturing sector of Odisha. It implied that organizations could be profitable by identifying the EI level of their employees and applying interventions, particularly for developing employees' EI competency. The significant association between work attitudes and work outcomes was indicated by Sinha and Kumar's (2016: 118). This relationship is likely to affect the employee involvement, employee performance, and work-family conflict issues of the employees. The study also revealed that emotional intelligence among the employees in the Indian cultural context is affected based on organizational commitment, employee satisfaction, and career commitment.

### **2.3 Role of emotional intelligence in the bank industry**

Emotional intelligence is very crucial across all service sectors, particularly banks, as they compete with undifferentiated products. The competitive edge of a bank is achieved through its quality services, improving its performance while simultaneously attaining high market share, customer satisfaction, as well as loyalty, particularly in developing countries (Georgoudes, 2012). Since the service quality can be affected as a result of employee's behavior, mood, and activities, therefore, ensuring high EI is integral for financial institutes (Akhtar et al., 2017). Such as employees with a high level of



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EI can better manage their emotions and retain a positive mental state, which can lead to improved employee performance (Akhtar et al., 2017).

Various studies have been conducted in the banking sector across the world. For instance, Chirasha et al. (2017) study on Indian employees working in public, private, and the cooperative banking sector as well as in insurance companies showed a positive relationship between EI and employee performance. EI is likely to improve the effectiveness of teamwork, along with the management of emotions, administrative decisions, and problem-solving strategies (Durra, 2015: 832-833). Shrestha and Baniya (2016: 15) showed in Nepal showed that a positive relationship between EI, employee participation, employee satisfaction, and organizational citizenship behavior. There is no significant association between EI and organizational policies. Emotional intelligence overcomes various challenges associated with customer expectations, growth in the banking sector, global banking, employee and customer retention, transparency, management of risks, human factor, and environmental concerns (Hussein & Goel, 2016). It also showed that employees' high emotional intelligence enhances working on shared goals and productivity.

The close relationship between staff and clients makes the retention of bank employees critical because the loss of employees has a negative impact on valuable customer relationships (Akintayo, 2010). As a result of competition among the bank employees in hiring them away, the retention of bank employees is regulated at all levels from tellers to executives to customer service representatives. It is highlighted that EI is neglected as it is not explicitly requested or due to an inadequate understanding of the graduates (Hussein & Goel, 2016). The 'incentives' dimension leads to a high-performance work system where incentive mechanisms are now more team focused which need more flexible and emotionally intelligent behavior to gain both individual and organizational goals (Sinha & Kumar, 2016: 119). Diminishing employee morale results in decreased revenue. The significant association among employee performance, organizational commitment, and emotional intelligence were found by Kumari and Priya (2017: 300). In addition, emotionally intelligent managers can control the level of stress among employees (Seiyefa, 2012).

### **2.4 Determinants of Emotional Intelligence**

The level of emotional intelligence in a person can be determined based on two sets of competencies that include social competencies and personal competencies. The three components defining personal competencies of an individual include; self-motivation, self-awareness, and emotional management. If a person possesses these three determinants, he is likely to possess a high level of personal competence (Goleman et al., 2001: 49). This competence reflects the intellectual level of a person based on his capacity to recognize and manage his emotions (Baloch et al., 2014: 209). Whereas, social competencies are based on two factors; relationship management and emotional coaching (Goleman et al., 2001: 47 and 49), which highlight an individual capacity to regulate and manage



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others' emotions (Baloch et al., 2014: 223). Table 2 shows the EI competencies by Goleman et al. (2001: 49).

**Table 2. Goleman's (2001) Emotional Intelligence Competencies (Stys & Brown, 2004)**

	<b>Self Personal Competence</b>	<b>Other Social Competence</b>
<b>Recognition</b>	<b>Self-Awareness</b> <b>Emotional Awareness</b> <b>Accurate Assessment</b> <b>Self-Confidence</b>	<b>Social Awareness</b> <b>Empathy</b> <b>Service Orientation</b> <b>Organizational Awareness</b>
<b>Regulation</b>	<b>Self-Management</b> <b>Self-Control</b> <b>Trustworthiness</b> <b>Conscientiousness</b> <b>Adaptability</b> <b>Achievement</b> <b>Drive Initiative</b>	<b>Relationship Management</b> <b>Developing Others</b> <b>Influence</b> <b>Communication</b> <b>Conflict Management</b> <b>Leadership</b> <b>Change Catalyst</b> <b>Building Bonds</b> <b>Teamwork and Collaboration</b>

The famous theory presented by Goleman's (1995) was highlighted by Seiyefa (2012). This helped in the identification of some prime factors associated with emotional intelligence at the workplace including; self-regulation, social awareness (empathy), self-awareness, self-motivation, and relationship management (social skills). Goleman (1995) suggested that these five components of EI substantially impact an individual's perception and reaction to organizational events (Seiyefa, 2012). Boyatzis et al. (1998) reduced these five components to four that included; self-regulation, social skills, self-awareness, and social awareness. Mayer and Salovey (1997) provided another classification of EI based on four levels that included; assimilation of emotion in thought, reflective regulation of emotion, perception, and expression of emotion, and understanding and analysis of emotion (Mayer and Salovey, 1997; Ghamrawi et al., 2013). Another model which assimilated mental, social and emotional intelligence is of Bar-on (1997), which predicts the success probability of an individual based on five components; interpersonal skills, stress management, intrapersonal skills, adaptability, and general optimistic mood (Seiyefa, 2012). This paper used four components. First, self-awareness which is the capability to recognize other feelings, strength and weakness and sense of self-worth. Second, self-management is considering the ability to manage the internal state and



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emotional self-control. Third, social awareness is the ability to define and satisfy the client's needs by understanding the emotional power. Finally, relation management which includes essential social skills to analyze and influence others, induce desirable responses on others.

### 3. Research Hypothesis

Improved performance of the employees, along with organizational commitment, employee satisfaction, employee involvement, and career commitment is important for EI (San & O'Higgins, 2012; Danquah, 2014). An employee in the banking sector is required to regulate increased EI control, given its impact on mental and emotional behaviors. Al-Muaigil (2016: 459) highlights that an employee EI may impact the service quality as emotion can lead to pressures, tension, and nervousness. Therefore, it is hypothesized that;

- **H<sub>1</sub>**: Emotional intelligence significantly affects employee performance in the banking sector in Saudi Arabia.

Self-awareness is also considered a determinant that affects the performance of bank employees (Seiyefa, 2012). The key competencies of self-awareness include self-assessment, self-confidence, and self-awareness. A strong sense of self-worth and capacities improves employee performance (Godini & Baghfalaki, 2015; Mohanad, 2014; Noel, 2016). When people are more self-aware, they are likely to make an effective, prompt decision, utilize every opportunity, and contribute to their best efforts at work. Therefore, it is hypothesized that;

- **H<sub>1A</sub>**: Self-awareness significantly affects employee performance in the banking sector in Saudi Arabia.

An individual manages internal states, impulses, and controls through self-management that has a direct impact on employee performance (Seiyefa, 2012). The elements defining employee performance of an individual include; trustworthiness, adaptability, achievement orientation, emotional self-control, conscientiousness, optimism, and initiative (Goleman et al., 2002; Godini & Baghfalaki, 2015). A meta-analytic finding provided convergent evidence for the positive influence of consciousness on employee performance (Sonnentag, 2002). Therefore, it is hypothesized that;

- **H<sub>1B</sub>**: Self-management significantly affects employee performance in the banking sector in Saudi Arabia.

Best employees are likely to be retained by empathetic managers through effective handling of customer complaints and the development of intercultural communication skills (Ahmed et al., 2016). Noel (2016) indicated that employees improved social-awareness leads to high performance, improved collaboration among employees, and the ability to seek advice concerning their jobs. It also



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keeps them motivated at work leading to improved performance. It has been shown that that others-emotion appraisal contributed more to employee performance, as compared to other EI dimensions (Pekaar et al., 2017: 135). Seiyefa (2012) stated that self-assessment enables identifying clients' needs and concerns that are further aligned with the offered services/products in the service industry like a bank. Therefore, it is hypothesized that;

- $H_{1C}$ : Social awareness significantly affects employee performance in the banking sector in Saudi Arabia.

Relationship management is critical for the banking sector, given its reliance on its customer and employee relationship (Khan, 2013). The great social skills possessed by managers include well-versed persuasion, networking, and productive organizational change (Ahmed et al., 2016; Noel., 2016). The most important determinant of relationship management is the management of conflict that helps an individual in developing an understanding of other's emotions (Baloch et al., 2014: 214). Employees become more functional and perform better when they have high relationship management abilities as they can better collaborate and benefit from different skills, competencies, and knowledge. Therefore, it is hypothesized that;

- $H_{1D}$ : Relationship management significantly affects employee performance in the banking sector in Saudi Arabia.

Previous studies have directly or indirectly shown the impact of the identified factors on the emotional intelligence and performance of banks. Figure 1 presents the research model used in this study.

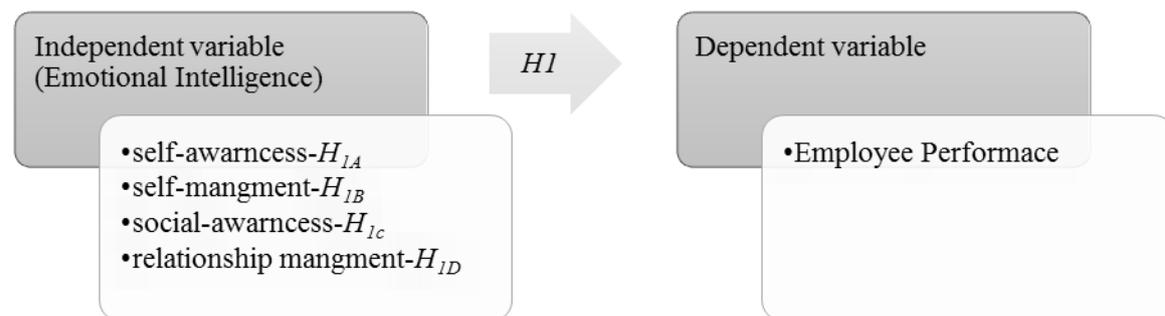


Figure 1: Research Model



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### 4. Sample

The study aims to investigate the impact of EI on EP of the employees working in the banking sector in Saudi Arabia. The study was conducted between the years 2018 and 2019. The survey focused particularly on Samba and NCB banks as they are the oldest and the largest banks in the kingdom and they achieved a high level of growth and productivity (Export. Gov. 2017). The survey was taken by 300 employees from both banks out of almost 8000 employees. Statistical Package for Social Science (SPSS) was used to analyze the collected data.

#### 4.1 Demographic characteristics analysis

The demographic characteristics of the employee at Samba and NCB have been analyzed including gender, age, social status, education level, and workplace. The results based on 300 participants showed that 66.3% of the participants are male while 33.7% are female participants and this is due to the separation of the branches and the number of women's branches is few. However, this might be changed due to the new governmental women empowerment to achieve Saudi Arabia's 2030 vision. We found that male emotional intelligence skills are significantly higher than the female which indicate that males have greater ability to manage and control their emotions and know how to deal with others and this result in line with Durrah (2015: 833) which indicated that male candidates had higher emotional intelligence scores than females.

Moreover, 66.0% of the respondents at the second age class (31-to 40) years mean the majority of banks employees participated in the study are at a productive age, therefore, it is expected to achieve a high rate of performance. This is in line with Goleman (1996) and Mayer et al. (2001), they found that EI increases with age and experience. However, Tabassum (2017) found that the younger generation had a higher level of EI compared to senior employees. On the other hand, this result is inconsistent with Durrah (2015: 833) that showed no significant difference related to age.

There were no statistical differences between the emotional intelligence of the participants related to their social status. This clearly depicts that there is no impact on the social status of banks' employees towards emotional intelligence and employee performance. In regards to the educational level, we found that 83.0% of the employee are university graduates who indicated that the Saudi banks comply with the regulations of the ministry of labor in Saudi Arabia. Danquah (2014) argued that higher education levels would enhance the level of EI. Therefore, it can be concluded that emotional intelligence skills can be acquired at any educational level because EI is a characteristic that can be learned (Goleman, 1998). Statistically significant differences were shown between participants' attitudes towards emotional intelligence and employee performance related to the workplace.



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### 4.2 Descriptive analysis

means and standard deviation of the dependent variable- employee performance and four independent variables are presented in Table 3. It reflects emotional intelligence for the full sample and two sub-samples (i.e., examining the variables in each bank separately).

Table 3 Descriptive analysis

	Total sample		Samba Bank		NCB Bank	
	Mean	SD	Mean	SD	Mean	SD
Self-awareness	3.98	0.62	4.12	0.60	3.91	0.62
Self-management	3.93	0.62	4.10	0.56	3.85	0.64
Social awareness	3.54	0.49	3.74	0.45	3.43	0.48
Relationship management	3.92	0.57	4.06	0.47	3.85	0.60
Emotional intelligence	3.84	0.48	4.01	0.42	3.76	0.49
Employee performance	4.03	0.54	4.15	0.50	3.97	0.55

The majority of participants declared a high level of self-awareness, self-management and relationship management in the banking sector (mean value approximately 4) (Table 3). However, social awareness has the least means of 3.54 which indicates that there are some banking employees have a positive feeling towards social awareness, while some others were not coping well with social awareness due to the feeling of being isolated from others during teamwork.

The findings show that bank employees have a high level of emotional intelligence with an overall mean of 3.84. This finding is consistent with Durra (2015: 832) which showed that the employee in Jordan banks has a high level of EI which significantly affects employee performance. This finding is in line with Akhtar et al., (2017) which emphasized that employees with a high level of EI can manage their emotions in terms of retaining a positive mental state in order to understand their weaknesses and overcoming them which can lead to enhance their performance at the workplace.

High levels of emotional intelligence of bank employees were indicated by the overall mean of employee performance in the banking sector in Saudi Arabia. This result agrees with Praveena (2015) which revealed that a higher level of emotional intelligence skills affects employee performance positively in Sri Lanka banks. In addition, this result is consistency with many previous studies such as Mishra, 2016; Sy et al., 2006; Lopes at al., 2006; Shahzed et al., 2011; Ahangar, 2012 and Seiyefa, 2012). EI is significantly correlated with employee's performance, which showed that employees with high EI have increased awareness about certain emotions influencing their behaviors and execute instructions accurately as they receive on time.



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Moreover, the results from the above table show that the overall mean of emotional intelligence in Samba (4.01) is higher than NCB (3.76) as well as the mean of each sub-dimensions of emotional intelligence in Samba is higher than those in NCB. As compared to other sub-dimensions of emotional intelligence, social awareness among the two banks is lower. Similarly, the level of employee performance in Samba is greater than the level of employee performance in NCB. This result indicated that international banks as Samba pay more attention to their employees' emotional intelligence than local banks like NCB where an employee at international banks is more able to identify and regulate their own emotions as well as others which leads them to achieve higher employee performance and organizational goals. This finding is in line with Naeem et al., (2008) who argued that EI is a strong predictor of service quality in case of foreign bank in Pakistan; and the use of EI skills is high in case of a foreign bank; while in local Bank, EI is a weak predictor of service quality; indicating that there is an absence of practice of EI skills by the employees when delivering services to the customers.

### **5. Research methodology**

The study has mainly focused on the identification of the impact of emotional intelligence on employee performance in Saudi Arabia reflected by four factors: self-awareness, self-management, social awareness, and relationship management to fill the gap in the literature by examining the probability of increasing the success of organization through increasing their employee performance which can be significantly affected by the emotional intelligence. This study uses quantitative methodology, which is based on the survey method through a structured questionnaire. For measuring emotional intelligence, the questionnaire is adopted from Al-Shhahat et al., (2012: 293) who used Bradberry and Greave (2009) model which is based on Goleman's (2002) measurement. For measuring employee performance, the questionnaire is adopted from Kaddoumi, & Al-Khawaldah (2013: 154). The variables in this study are measured by using a questionnaire with a five-point Likert scale ranging from strongly disagree to strongly agree. The questionnaire is based on closed-ended questions conducted using the survey google website and consists of three main sections:

First Section helps in verifying the demographics of the respondents from the research community sample as age, gender, marital status and level of education. the selection of these demographic details was based on the association of emotional intelligence with these demographics (Mishra, 2016).

The second section aims to evaluate the level of the employee performance of employees through five statements. All the statements are taken from the survey of Kaddoumi and Al-Khawaldah, (2013: 165-166). but slightly modified and adapted to current research.

The third section consists of 16 statements that measure emotional intelligence through four statements for each variable of the four main variables.



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### 5.1 Validity and reliability of research methodology

The internal consistency of the survey questionnaire method was tested using a Pearson correlation coefficient. Tables 4 and 5 show that validity depends on verifying the internal consistency of the questionnaire relying on the correlation coefficient of each statement and the factor it belongs to and correlation coefficient of each factor, along with the total score of the questionnaire, respectively.

**Table 4** The correlation coefficient of each statement and the factor it belongs to

Factors		Number of statement	Relation Coefficient	Number of statement	Relation Coefficient
First axis:EP	<i>EP</i>	1	0.660**	2	0.711**
		3	0.746**	4	0.712**
		5	0.753**		
Second axis:EI	Factor1: <i>SA</i>	6	0.739**	7	0.792**
		8	0.696**	9	0.778**
	Factor2: <i>SM</i>	10	0.766**	11	0.791**
		12	0.725**	13	0.775**
	Factor3: <i>CA</i>	14	0.670**	15	0.673**
		16	0.614**	17	0.354**
	Factor4: <i>RM</i>	18	0.784**	19	0.717**
		20	0.705**	21	0.688**

\*\* the Correlation is statically significant at 0.01 level

Table 4 shows that all the statements are statistically significant correlated which confirmed that the survey questionnaire statements are significantly valid to achieve the purpose of measurement.

**Table 5** The correlation coefficient of each factor and the total score of the questionnaire

Axis	Factors	Number of statements	The correlation
First axis	<i>EP</i>	5	0.839**
Second axis	Factor 1: <i>SA</i>	4	0.885**
	Factor 2: <i>SM</i>	4	0.886**
	Factor 3: <i>CA</i>	4	0.650**
	Factor 4: <i>RM</i>	4	0.853**
	EI (total)	16	0.982**

\*\* the Correlation is statically significant at 0.01 level



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The results from table 5 show that all factors that reflect emotional intelligence, and employee performance are statistically correlated with the overall score of the survey question, which indicates that all factors would be valid to measure the assigned variable.

Furthermore, Cronbach's alpha test was used to examine the survey questionnaire reliability. Table 6 shows the survey stability (reliability) checked through calculating the Cronbach Alpha coefficient. Table 6 shows that the survey method had achieved a good level of reliability except for social awareness, the alpha was poorly accepted.

**Table 6 Cornbrash Alpha Reliability**

Axis	Factors	Number of statements	Reliability Coefficient-Cronbach Alpha
First axis	<i>EP</i>	5	0.762
Second axis	Factor 1: <i>SA</i>	4	0.742
	Factor 2: <i>SM</i>	4	0.762
	Factor 3: <i>CA</i>	4	0.501
	Factor 4: <i>RM</i>	4	0.695
	EI (total)	16	0.875

### 5.2 Research model

The effect of each factor of the four factors reflecting the emotional intelligence and the overall impact of emotional intelligence on employee performance was examined through single and multiple *OLS* regression analysis as the following:

$$EP = a_1 + b_1 SA + e$$

$$EP = a_1 + b_1 SM + e$$

$$EP = a_1 + b_1 CA + e$$

$$EP = a_1 + b_1 RM + e$$

$$EP = a_1 + b_1 SFA + b_2 SFM + b_3 SLM + b_4 RM + e$$

Where *EP* is the employee performance, *SA* is self-awareness, *SM* is self-management, *CA* is social awareness and *RM* is relation management.



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**Table 7 Results of regression analysis to examine the impact of emotional intelligence on employee performance of the banking sector**

	<i>OLS</i> <sub>1</sub>	<i>OLS</i> <sub>2</sub>	<i>OLS</i> <sub>3</sub>	<i>OLS</i> <sub>4</sub>	<i>OLS</i> <sub>5</sub>
<i>SA</i>	<b>0.785**</b> (17.99)				<b>0.457**</b> (6.90)
<i>SM</i>		<b>0.741**</b> (16.15)			<b>0.312**</b> (4.64)
<i>CA</i>			<b>0.470**</b> (6.30)		<b>-0.108</b> (-1.74)
<i>RM</i>				<b>0.747**</b> (13.87)	<b>0.208**</b> (3.01)
<i>R</i> <sup>2</sup>	<b>0.521</b>	<b>0.467</b>	<b>0.118</b>	<b>0.392</b>	<b>0.582</b>

The numbers in parentheses represent *t*-statistics.

\*\* indicated that *t*-statistics is significant at the (0.01) level.

The first *OLS* regression analysis showed that the coefficient of self-awareness is significantly positive and implies that when a self-awareness rises by 1%, the employee performance increases by 0.78%. This result support Hypothesis 1A. The second *OLS* regression results support Hypothesis 1B which states a positive relationship between employee performance and self-management. Moreover, the third *OLS* regression shows that the impact of social awareness is significantly positive but less by almost 60% compared to other emotional intelligence factors and this result support Hypothesis 1C. However, this relation is weak since social awareness capture only around 11% of the variations in employee performance. Finally, the regression coefficient of relationship management reached 0.747, which is statistically significant. There is a significant association of relationship management on employee's performance in the banking sector and this result support Hypothesis 1D.

The emotional intelligence determinants including (self-awareness, self-management, and relationship management) have a significant positive impact on employee performance in the Saudi Arabia banking sector and were revealed through multiple variable *OLS* regression. However, the social awareness coefficient is statistically insignificant indicating that the banking sector in Saudi Arabia needs to increase its employees' social awareness to reach the highest level of performance and productivity. However, the result showed that the four factors of emotional intelligence are capable of capturing around 58.0% of the variations in employee performance in the Saudi Arabia banking sector. This result partially accepts Hypothesis 1.



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Since bank employees' social awareness is low to some extent compared with other factors of EI and did not show a significant effect on employee performance in the current study, banks should focus on increasing social awareness which requires high competency to find emotions of others and to take appropriate actions, banks should improve communication with the employees through exchanging ideas, feelings, and opinions with management, and foster influencing skills which are vital to achieving higher performance. Moreover, banks should involve their employees in decision making which will improve trust between them and improve understanding of each other; since social understanding is a vital tool in increasing social awareness (Goleman, 1998). On the contrary, Shahzad et al. (2011) showed a positive relationship between social awareness and employee performance; however, there was no significant impact of self-awareness and self-management on employee performance in the telecom sector in Pakistan. In addition, Khan (2013), did not find that self-awareness and self-management as strong predictors of employee performance because of a lack of personality development skills. While social awareness was a good predictor of employee performance at customer service, such differences in findings showed that, in Saudi Arabia, there might be more focus on individual persons and their emotions than on their interactions and communication with other people; while in Pakistan it is vice versa.

Overall, the result indicated that employees who are emotionally intelligent and are thus emotionally aware of their strengths and weaknesses, self-controlled, trustworthy, adaptable, committed, optimistic, empathetic and cooperative were able to complete task on time, handle criticism well and easily able to get along with others and hence were able to perform efficiently.

For instance, Deeter and Sojka (2003) found that sales performance was significantly related to EI; while, Baloch et al., (2014) found that EI became a stronger predictor of employee performance in two public universities in Pakistan. Apart from this, the positive association of employee EI with employee performance and satisfaction among employees was revealed by Sy et al., (2006). Therefore, all the organizations need to recognize the importance of EI; especially in banks. This is especially important for the banks because it is for the development and prosperity of the country's economy as a whole, rather than a usual subject for employees or for their better employee performance.

### **6. Limitation and future research**

The impact of emotional intelligence on employee performance was examined through the quantitative method. However, the utilization of qualitative research for investigating emotional intelligence and skill development at the managerial level would be important too. Moreover, this study focused only on two main banks over a period from 2017 to 2018 in Jeddah, Saudi Arabia. A further research study can be done on many banks, other cities, other service sectors and over a longer period of time in Saudi



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Arabia to increase the sample size and improve the understanding of emotional intelligence in Saudi Arabia. Future studies need to examine the impact of emotional intelligence on organizational productivity, organizational climate, employee morale, and employee training along with employee satisfaction.

### **7. Conclusion**

Emotions are likely to be regulated by individuals with a high emotional level. This information would be useful in making a decision, which in return enhance the performance of the employees by changing certain behavioral strategies. The presents study included 300 employees in Saudi American Bank (Samba) and Al-Ahli National Commercial bank (NCB) to examine the impact of emotional intelligence on employee performance by focusing on four aspects of emotional intelligence: self-awareness, self-management, social awareness, and relationship management over the period from 2017 to 2018. The results demonstrated that the employee performance of employees increases with a high level of emotional intelligence. This clearly shows that there is a positive relationship between self-awareness, self-management, relationship management, and employee performance. However, employee performance is not associated with social awareness as it showed a slightly weak relationship. Therefore, banks should pay more attention to increase social awareness of their employees and improve their communication skills by giving them proper training and developing their EI skills to increase employee performance and achieve organizational goals.

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### تأثير الذكاء العاطفي على أداء العاملين في القطاع المصرفي السعودي

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### المستخلص

يلعب القطاع المصرفي في المملكة العربية السعودية دوراً مهماً في تنمية البلاد حيث أنه من بين القطاعات الرائدة في القطاع المالي. بالنظر إلى اثنين من البنوك السعودية الرئيسية (البنك التجاري الوطني والبنك السعودي الأمريكي)، تهدف هذه الدراسة إلى ملاحظة تأثير الذكاء العاطفي على أداء الموظفين. تشمل مكونات الذكاء العاطفي التي تؤثر على أداء الموظف الإدارة الذاتية وإدارة العلاقات والوعي الذاتي والوعي الاجتماعي. تم تطبيق منهجية كمية لتحليل نتائج الدراسة الاستقصائية لـ 300 من المشاركين خلال الفترة من 2018 إلى 2019. أظهرت النتائج أن هناك تأثيراً إيجابياً كبيراً في الإدارة الذاتية والوعي الذاتي وإدارة العلاقات على أداء الموظف. ومع ذلك، في القطاع المصرفي السعودي، لم يكن هناك أي تأثير على الوعي الاجتماعي على أداء الموظفين.

**الكلمات المفتاحية:** الذكاء العاطفي. أداء الموظفين؛ الوعي الذاتي. الإدارة الذاتية؛ الوعي الاجتماعي إدارة العلاقات.