

EFFECT OF EMOTIONAL INTELLIGENCE ON ORGANIZATIONAL PERFORMANCE WITH THE MEDIATING ROLE OF ORGANIZATIONAL CULTURE IN COMMERCIAL BANKS; THE CASE OF SELECTED PRIVATE BANKS IN ADDIS ABABA ETHIOPIA



A Thesis Submitted to the Department of Management in Addis Ababa University in Partial Fulfillment of the Requirements for the Degree of Master of Business Administration

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Addis Ababa, Ethiopia

Feb, 2023

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ACKNOWLEDGEMENTS

First and for most I want to thank the Almighty God for his abundant blessings and giving me the strength to finish this program. I would also like to thank my advisor Dr. Lakew Alemu for his unreserved constructive comments, guidance and continuous follow-up at various stages.

My appreciation is extended to my beloved families and friends for the encouragement and support while I am working this thesis, God bless you for all your support.

Finally, I would like to give my thanks to all the respondents and informants for providing me the primary information.

DECLARATION

I, the undersigned, declare that this thesis entitled “Effect of emotional intelligence on organizational performance with the mediating role of organizational culture in commercial banks; the case of selected private banks in Addis Ababa Ethiopia”, is my original work and has not been presented for a degree in any other university or organization, and that all sources of materials used for the thesis have been duly acknowledged.

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ACRONYMS

CG	Career growth
DGB	Dejub global bank
EE	Employee engagement
EI	Emotional Intelligence
ER	Employee Retention
HO	Head Office
IQ	Intelligence quotient
MR	Management relation
NBE	National bank of Ethiopia
NIB	Nib international bank
OC	Organizational culture
OP	Organizational Performance
SA	Self awareness
SOA	Social awareness
SM	self-management
SPSS	Statistic Package for Social Science

ABSTRACT

The aim of this paper was to investigate the effect of emotional intelligence on organizational performance with the mediating role of organizational culture in the case of selected private banks in Addis Ababa. The study used quantitative research approach and Explanatory research design. Both primary and secondary data used. Primary data collected through questionnaires adopted from prior literatures. Fully filled Questionnaires from 303 employees received, the researcher empirically tested that emotional intelligence, organizational culture and organizational performance have positive and significant relationship and organizational culture has a mediating role in using descriptive statistics, Pearson correlation analysis and regression analysis, Sobel test used to see the direct and indirect effect. The result show that emotional intelligence and organizational culture have significant positive correlation, emotional intelligence and organizational performance have significant positive correlation and organizational culture and organizational performance have significantly positive correlations, Furthermore, the regression analysis shows that, emotional intelligence has direct, positive and significant effect on organizational performance with the beta value of (0.357, $P < 0.01$) and employee engagement has significant mediating role in the relationship between emotional intelligence and organizational performance.

Keywords: *emotional intelligence, organizational performance and organizational culture.*

CHAPTER ONE

1. INTRODUCTION

This chapter deals with background of the study, statement of the problem, objective of the study, research questions, significance of the study, scope and limitation of the study, definition of variables, and organization of the study.

1.1 BACKGROUND OF THE STUDY

Even though there are multiple factors affecting the service industries like globalization, competition, market dynamics and customer needs, customer satisfaction is the ultimate goal of any organization(Qadeer, 2013). The one most important attribute that separates competitors is the quality of service delivered to the customers by trying to minimize the gap between the customer's expectations and what the sector provide. This has made the banking sector change the approach from transaction based marketing approach to a relationship based approach that has core recognition of lifetime value to the customer(Agrawal & Sondhiya, 2013).

In the present days environment emotional intelligence play a major role in regard to how it can affect work force if especially business are people oriented. So anything that impacts the effectiveness of people's minds also impacts the businesses they run or work for(Gunu, 2014).

The term emotional intelligence believed to exist during the 1970s and 1980s despite the fact that its credit of using the term goes to Peter Salovey (Wayne Leon Payne, 1985). The concept is first defined in 1990 by US psychologist as "The ability to observe one's own and other people's emotions, to discriminate between different emotions and label them appropriately, and to use emotional information to guide thinking and behavior" (Colman, 2009; Mayer &Salovey, 1997).

As Goleman's (1995) argued that our view of human intelligence is much too narrow, which our emotions play major role in thought, deciding and individual success which results in organizational success. Self-awareness, controlled impulse, persistence, motivation, empathy and social interaction are all qualities that mark people, who are stars within the workplace. (Goleman &Boyatzis, 2017).

Naturally, the criteria for success at work are changing to not just by how smart they are, or by their training and experience, but also by how well they handle themselves and other, and that is

strongly influenced by personal qualities such as perseverance, self-control, and skill in getting along with others.(Serrat, 2017).

Bank performance as measured by customer feedback many banks send out client surveys to gather performance related feedback to track customer satisfaction, score filled about employee communication, variety of products/offers, speed of service, etc.to track individual employee, as well as your overall(Aborampah, 2010). In banks, the straight interaction between service manager and customer plays a critical role. Accordingly, the interaction of the employees with customers has been called the 'fateful moment'. In service organizations, one of the central tasks for the employee is to create an optimistic atmosphere during this convene (Singh & Singhal, 2015)

Managers who understand and utilize their emotional intelligence in the workplace are more prone to retain their staff, enjoy greater cooperation and commitment, and to experience increases in coworker performance(Agrawal & Sondhiya, 2013).

Staff's effectiveness and success on the work go together and may be laid low with poor Organizational culture which leads turnover rate, low productivity and firm performance (Ongori&Agolla, 2008). Emotional intelligence considered as a crucial skill thanks to its significant impact on various aspects, especially on employee development, carrier growth, employee engagement, employee performance, and productivity (Goleman et al., 2013).

In today's business world, employees aren't only reviewed looking on their cognitive skills but also, they're being evaluated on their emotional abilities (O'Connor et al., 2019).

The emotional aspects of the organization's culture are termed affective culture (Barsade and Gibson, 2007), especially cultural change, can cause emotional reactions, the affective culture of the organization is vital in signaling to staff how emotions are to be experienced, expressed and controlled (Alvesson, 2002).Similarly, Fakhar argued that organizational culture forms and manages the employees' behaviors, indicates the way employees look, creates self-regulation, job satisfaction, averts disorder in a company and creates work commitment, shared beliefs and organizational identity for employees(Shahzad, 2014).

Additionally, to attain the organizational performance, the team members, play a major role so, managers must encourage activity and developing prospects which increases the emotional intelligence and abilities of their team members. Emotionally intelligent executives are capable to construct team social uniqueness between their team members and support and move them towards emotional situations that increase their determination and work fulfillment. (Din, 2017). Hence this study aims to empirically investigate the effect of emotional intelligence in organizational performance with the mediating role of organizational culture considering Debus Global Bank, nib International Bank, and Zemen Bank.

1.1.1 BACKGROUND OF NIB

Nib International Bank is one of the private banks in Ethiopia, which was established on 26 May 1999 under License No. LBB/007/99 and commenced operation on 28 October 1999, with a paid-up capital of Birr 27.6 million and authorized capital Birr 150 million. It has 402 branches, Addis Ababa and regional areas (www.nibbanksc.com).

1.1.2 DEBUS GLOBAL BANK

Debus Global Bank S.C. is a privately owned share company which has started operation on August 28, 2012. The Bank was established with subscribed capital of Birr 266.9 million and with a paid-up capital of Birr 138.9 million. (www.debusglobalbank.com).

1.1.3 ZEMEN BANK

Zemen Bank S.C is a privately owned share company licensed by NBE in June 2008 and it started operation in October 2008 with an initial paid-up capital of Birr 95 million and the current paid up capital of Birr 650 million. (zemen bank annual report 2019)

1.2 STATEMENT OF THE PROBLEM

Humans are most vital resource to realize organizational goal successfully. Humans have emotions and their emotions affect teamwork that ultimately affects the success of organization. So, as many research suggested emotions are one among the important factors that ultimately affect the organizational performance (semihSorana, 2014).

Studies show that there is positive relationship between emotional intelligence of employees on their organizational performance. Goleman, et al., (2002) has reported that EI is positively related to a person's leadership quality, performance, and effectiveness. Other evidence has suggested that EI is essential for effective performance (Salovey&Shiyter, 1997).

Emotional Intelligence (EI) is a relatively contemporary concept that has strongly emerged within the business management field which leads psychologists in studying and do extensive research on the role of emotional intelligence within the management field. Research has confirmed the existence of strong ties between emotional intelligence and organizational performance (Goleman' 1995).

With globalization, emotional intelligence is more significant than ever when teams are cross-cultural and global, increasing the complexity of interactions of emotions and the way they're expressed. Essentially, emotional intelligence within the workplaces comes all the way down to organizational culture understanding, expressing, managing, good relationships and solving stressed problems (Goleman etal,2013).The relationship between performance and EI is well understood by most organization within the People from diverse cultures, areas, backgrounds and religions are working together to finish the various tasks in organization (Saxena, 2014).

However, in countries like Ethiopia, on the opposite hand, literature has also ignored the impact of emotional intelligence on organization performance, a number of studies have taken emotional intelligence within the research work but main problem in the literature is that underlying mediating mechanism through which emotional intelligence affect the organization performance is essentially ignored.

Common financial metrics quantitatively to measure performance can be earnings, operating profit, average order value, return on equity, asset under management and return on assets.

Regarding organizational performance through financial aspect, might be a narrow view that doesn't by itself define success in a company (Hill & Jones, 2009).

Non-financial performance measures, on the other hand, can also serve as leading indicators of future financial performance and can provide insight as to organization's impact on stakeholders and society. They can provide deeper insights into the inner workings of your business. And the beauty of non-financial metrics is that you can use them to understand why certain financial results occurred and what you need to change to improve your financial metrics. Outcome-based measures such as customer satisfaction market share, category ownership, and new product/service adoption rate fall into the non-financial metric(Mashovic, 2018).

Since most of empirical research studies are wiped out western countries, focused on business sectors, this study is supposed to contribute additional knowledge within the context.

As the researcher mentioned above there are many Western country research studies which were conducted on emotional intelligence in banking industries. Employees in banking industries have a direct link on emotional intelligence since the employees have to deal with different customers who have different level of emotions face to face. In Ethiopian context there are limited studies done on this area but it is not known to the researcher whether researches are done in selected private banks in Ethiopia relating to emotional intelligence and organizational performance. Thus, there is a need to fulfill a knowledge gap in this field.

1.3 OBJECTIVE OF THE STUDY

1.3.1 General Objective

The main objective of the study is to analyze the direct and indirect influence of emotional intelligence on organization performance with the mediating role of organizational culture.

1.3.2 Specific objective

- To investigate the relationship between emotional intelligence and organizational culture at selected banks.
- To investigate the relationship between organizational culture and organizational performance at selected banks.
- To explore the direct and indirect effect of emotional intelligence on organizational performance at selected banks.
- To identify the mediating effect of culture between emotional intelligence and organizational performance at selected banks.

1.4 RESEARCH QUESTIONS

In order to address the research objectives, the following research questions are asked:

1. Is there a relationship between emotional intelligence and organizational performance?
2. Is there a relationship between emotional intelligence and organizational culture?
3. Is there a relationship between organizational culture and organizational performance?
4. Does Organizational culture plays a mediating role between emotional intelligence and organizational performance: if organizational culture is high then the relationship between emotional intelligence and organizational performance will be stronger?

1.5 SIGNIFICANCE OF THE STUDY

So far, no related and relevant study has been made on this field that tries to relate emotional intelligence with performance with mediating variable concepts. So it is believed that while filling the wide gap it will be of a great contribution for unexplored body of knowledge. In addition, it could also lay the ground work for future researchers who want to conduct study on related topic.

The empirical result could also be a general indicator on effect of emotional intelligence skills of employees on decision making and eventually their organizations. Therefore, it is relevant for employees, managers, executives and policy makers in understanding the importance of having proactive decisions for the common benefit through emotionally intelligent workforce.

The results of this study provide insight and information for top management of each banks regarding the influence of emotional intelligence on organizational performance. In addition, the mediating role of organizational culture. Once the result is shared, the organization can develop and implement change strategies that would help both the organization and individuals. Finally, based on the proposal of past literature and existing literature gap, the framework of this study is developed with the objective to seek empirical evidence on the role of transformational leadership. Hence, this research is perceived to be a significant contribution to the literature where in empirical evidence and findings can be created for academic and management inference purposes.

1.6 SCOPE OF THE STUDY

The scope of this study is limited geographically, conceptually and methodologically to make it manageable within the specified time and budget. Conceptually, it focused on the effect of emotional intelligence on organizational performance with a mediating effect of organizational culture. Methodologically, it employed quantitative approach that data is obtained from questionnaire filled by both management and non-management staffs, of each banks as a target population for this study. Besides, it is geographically limited to Addis Ababa

1.7 LIMITATION OF THE STUDY

Even though, literatures mention there are different variables that influence organizational performance this study limited itself on emotional intelligence with the mediating role of Organizational culture. Among business sector which demands high level of emotional intelligence as the nature of the job this study select nib international bank,Zemen bank and Dehub global bank which has branches in Addis Ababa and regional state. Geographically, the study was delimited to selected branches of Addis Ababa. The intention behind is that it is difficult to cover all areas and branches throughout the country. This is because of time and resource constraint and as a result the researcher will conduct the research through simple

random sampling method to select the branches and hence believe that the chosen sample represents the whole population.

1.8 DEFINITION OF VARIABLES

Emotional intelligence: is the capability of individuals to recognize their own and other people's emotions, discern between different feelings and label them appropriately, use emotional information to guide thinking and behavior, and manage and/or adjust emotions to adapt to environments or achieve one's goal(s) (Coleman, Andrew 2008)

Organizational performance: is the organization's ability to coordinate activities in all components linking this to a common vision to achieve its strategic goals. (Dell & Kramer, 2003). It is common to say that a project is successful when it is effective and efficient. However, Guzman(2015) argues that efficiency and effectiveness are necessary but not sufficient measurements of success.

Organizational culture: is defined as the underlying beliefs, assumptions, values and ways of interacting that contribute to the unique social and psychological environment of an organization which includes an organization's expectations, experiences, philosophy, as well as the values that guide member behavior, and is expressed in member self-image, inner workings, interactions with the outside world, and future expectations. (Grønhaug & Falkenberg, 1990)

1.8 ORGANIZATION OF THE STUDY

The study will be composed of five chapters. The first chapter deals with the introductory part. Chapter two is related to the review of literature where detailed discussion about the topic is undertaken. The third chapter presents the research methodology. In the fourth chapter, data presentation and analysis will be discussed after data collection. The fifth and the final chapter will cover the summary of major findings, conclusions drawn from the findings and recommendations.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 Introduction

This chapter presents theoretical and empirical review of literature related to emotional intelligence, organizational success and organizational culture including the relationship between independent, dependent and mediating variables. Finally, present the conceptual framework of the study.

2.2 Theoretical Review of Literature

2.2.1 Path-Goal Theory

According to this theory, leaders are successful due to their influence on subordinates' motivation, ability to perform effectively and satisfactions. The idea is known as Path-Goal because its major concern is how the leader impact the subordinates' perceptions of their work goals, personal goals, and paths to goal attainment. The idea suggests that a leader's behavior is motivating or satisfying to the degree that the behavior increases subordinate goal attainment and clarifies the paths to those goals (House & Mitchell, 2019). A supportive leader attempts to reduce employee stress and frustration within the workplace. This method is effective when your work tasks are dangerous, tedious, and stressful but isn't effective if your work tasks are intrinsically motivating because you are doing tasks that do not need to be motivated to do the work (Lok & Crawford, 2004).

2.2.2 Affective Events Theory

The theory was advanced by Howard M. Weiss and Russel Cropanzano in 1996. The affective events theory explains the link between employees' internal influences and their reactions to incidents that occur in their work environment that affect their productivity, organizational commitment and job satisfaction. It proposes that positive inducing also as negative emotional incidents at work have significant psychological impact on employees' productivity. The impact results into lasting reactions exhibited through job satisfaction, organizational commitment and job performance (Dugguh & Dennis, 2014).

2.2.3 Social Cognitive Theory

Social cognitive theory (Bandura, 1999) is extremely important theory to understand the emotional and social procedures included in social inspiration, self-efficacy and performance. Variety of researches are conducted involving social cognitive variables, particularly self-

efficacy, to many sides of informative and professional manners (Lent, Brown, & Hackett, 2002). The stress of research has been on the relative of social cognitive variables to consequences attained and employees as individuals. Such a stress is reasonable as long as emotionally intelligent leaders have usually been related with maximizing the expansion and decreasing the difficulties of persons, which predominant incentive instruments in job setting seems to be associated with the value of persons' performance and success.

2.2.4 Interpersonal need gratification theory

When discussing relationships at work, it's important to know interpersonal need gratification theory and its significance to such relationships. The idea consistent with Anderson and Martin (1995) is a goal-oriented perspective for communicating that explains why people enter relationships. The needs theory states that people have individual needs for inclusion, control, and affection (Kram and Cherniss, 2001). By definition, inclusion is that the need to establish and maintain a satisfactory relationship with another person, while affection concerns closeness and intimacy. The control need reflects dominance and power concepts. When employees' needs are met through satisfying communication is quite likely to create relationships, and knowledge satisfaction. Conversely, unfulfilled needs end in counterproductive communication behaviors, which contributes to feelings of dissatisfaction with superiors, jobs and organizations. Like all citizenry, employees are complicated and contradictory characteristics. Therefore, by understanding how they relate to every other, the organization would achieve a far better and simpler working environment (Jablin & Krone, 1987).

In understanding building relationships at work, two aspects are probably worth noting; first is building relationships with superiors, and second is building relationships with co-workers (Kram and Cherniss, 2001). It's also worth noting that both these aspects are linked to the importance of building good relationships with the organization. It's interesting to means here to the Japanese form of relationships at work, their concept of tsukiai specifies one's obligation to develop and maintain harmonious relations with one's work colleagues. On the opposite hand, Harris and Harris (1996) argues that to create good relationships in a company it's important to determine a way of connection to the workplace that represent quite just a paycheck or benefits plan. The author stresses on employees trying to find that special sense of bonding that comes only from an environment of open communication. The second strategy requires establishing a relationship of trust and behaving during a trustworthy manner as a fundamental way of

impressing superiors. The third strategy helps your manager to succeed by bringing forth solutions also as problems. It's equally important to make good relationships with co-workers at work, since they're available connected more frequently than with superiors. Moreover, relationships at work influence both affective and behavioral outcomes (Kram and Cherniss, 2001).

The Mayer and Salovey (1997) model of emotional intelligence defines four discrete mental abilities (also mentioned as 'branches') that comprise emotional intelligence: (i) perception of emotion, (ii) use of emotion to facilitate thought, (iii) understanding of emotion, and (iv) management of emotion. These four inter-related abilities are arranged hierarchically such more basic psychological processes (i.e., perceiving emotions) are at rock bottom or foundation of the model and more advanced psychological processes (i.e., conscious, reflective regulation of emotion) are at the highest. Empirical demonstrations of whether the higher-level abilities are dependent, to some extent, upon the lower-level abilities, have yet to be conducted. (Mayer & Salovey, 1997; Mayer et al., 2008a, b).

There are three models' ability, trait, and mixed model to measure emotional intelligence. These include all tests containing ability-type items and not only those based directly on Mayer and Salovey's model. In contrast to trait-based measures, ability measures do not require that participants self-report on various statements, but rather require that participants solve emotion-related problems that have answers that are deemed to be correct or incorrect. Ability based measures give a good indication of individuals' ability to understand emotions and how they work(O'Connor et al., 2019).

2.3 Empirical review of literature

EI is about understanding your emotions and therefore the emotions of these around you; it's about knowing yourself and your feelings so well that you simply can manage them effectively at any moment and for any given situation. This means working well under stress, handling working relationships during a personal, yet professional manner, keeping a level head and appreciating the emotional needs of yourself and others. Emotional intelligence is hypothesized to influence the success with which employees interact with colleagues, the strategies they use to manage conflict and stress, and overall job performance (Ashkanasy & Daus, 2005; Lopes, Côté, & Salovey, 2006a).

An emotionally intelligent organization is that the one that seeks to return to firm terms with any differences between the values it philosophies and those it lives. Certainty about organizational values, spirit, and mission leads to a decisive self confidence in corporate decision-making (Ugoani, 2016).

Fisher (2011) gave us evident that one area where managers need to make big improvements to a better organization is in the area of people management. Skills on their own, including their Specific behaviors for each skill need to be applied to make these skills truly effective. It is the application of these that is important not basically determined by technical methods or skills but also based on abilities and skills that related to emotions (Fisher, 2011).

Barczak, Lassk and Mulki (2010) have permanently said that emotional intelligence significantly impacts on team member's performance and job satisfaction. A justification for this could be seen that managers with high emotional intelligence perform better in managing the emotional variations of employees at work than managers with lower emotional intelligence and emotionally intelligent managers use the positive emotions to create good working environment. And Positive emotions have always been associated with increase group and managerial relations and building trust relationship with people (Barczak et al., 2010).

H1: There is a positive relationship between emotional intelligence and organizational culture

Daniel Goleman and Richard E. Boyatzis (2017) define as four domains of emotional intelligence; self-awareness, self-management, social awareness, and relationship management. Nested within each domain are twelve EI competencies.

The first domain of emotional intelligence is self-awareness which is our ability to perceive our emotions and understand our tendencies to act in certain ways in given situations Emotional awareness.

Social awareness our ability to know the emotions of people (what others are thinking and feeling) (Empathy, organizational awareness)

Self-management our ability to use awareness of our emotions to remain flexible and direct our behavior positively and constructively (Emotional self-control, adaptability achievement orientation, positive outlook)

Relationship management our ability to use our awareness of our own emotions and people of others to manage interactions successfully. (Influence, coach and mentor, Conflict management, Team work, inspirational leadership)

In the working environment, we frequently face team members of various sorts of emotions i.e. positive and negative. Generally, the positive emotions are recognized to possess a positive impact that facilitates the team members to do job effectively and efficiently (Lindebaum& Jordan, 2014).

On the other hand, Gilnow, Shapiro and Brett, (2004) say that negative emotions like frustration, annoyance and impatience can reduce interest that leads to a decline in performance. Project managers with high emotional intelligence are more motivated and have a more positive affect on their team members and job performance that leads to project success. They provide better solutions to solve the upcoming problems and complexities that ultimately affect the project success. (Von Glinow et al., 2004)

Muller and Turner, (2007) have permanently considered that emotional intelligence is an important prerequisite for project success. They recognized that highly emotionally intelligent project managers have the capability to overcome the negative emotions and conditions. With these outcomes. (Müller & Turner, 2007)

Nowadays, organizational culture has become a significant factor in the business organizations as organizational culture frames actions and behaviors of individual members of the organization by sharing norms values, belief and view. This research project puts forward an empirical study on organizational culture that will seek for a better understanding about the impact of diversified culture on management of bank. To disclose the relation between the management of the organization and organization culture, it is necessary to explain the external and internal factors that develop or change culture in the organization(Bhatta et al., 2015).

Robbinesetal (2016), Organizational culture is the values, principles, traditions, and attitudes that affect the way members of an organization behave. The organizational culture influences the way people interact, the context within which knowledge is made, the resistance they're going to have towards certain changes, and ultimately the way they share (or the way they do not share) knowledge. (Robbins et al., 2016)

The results of Romillham (2018) his study showed that organizational culture dimension had positive impact on employee performance, leadership style had positive impact on employee performance, job satisfaction had positive impact on employee performance, organizational culture had positive impact on job satisfaction, leadership style had positive impact on job satisfaction and leadership style had positive impact on organizational culture. So the research findings prove that organizational culture and leadership style is a crucial element that greatly affect employee performance and job satisfaction.

Every employee working within the organization has its own norms and values and different belief towards organization where he / she work. Sometimes organizational culture differs from employee norms and values so any anytime employee join the organization, he / she should allow herself that either they can come up with them or not. Organizational culture and leadership style has strong and deep impact on the performance of the employees, that help employees to be satisfied themselves with organization and that cause to improve in the productivity of employee's. On the basis of findings of this research we conclude that there is positive and significant correlation among Impact of organizational culture and leadership style on employee's performance and job satisfaction. From our study we found that Organizational culture and leadership style is important element which highly influences the employee performance and job satisfaction. (Ilham, 2018)

H2: There is a positive relationship between organizational culture and organizational performance.

Organizational culture plays an important and main role in an organization, and many scholars believe that culture is not only a concept to explain many organizational phenomena but also a concept used by the managers of an organization to create an effective and successful organization.

Md. Hassan *et al.* (2016) there study examined the relationships between emotional intelligence and employee creativity and specifically the moderating role of proactive personality and organizational climate in emotional intelligence employee creativity relationship. Results revealed the positive and significant relationship between emotional intelligence and creativity. Moderated regression analyses revealed that employee's proactive personality and organizational

climate both influenced the connection between emotional intelligence and employee creativity. Specifically, emotional intelligence exhibited the very best employee creativity when employee showed more proactive personality and when organizational climate was favourable for creativity (Jafri et al., 2016).

According to Fikremariam shows that organizational culture significantly impact on organizational performance in commercial banks of Ethiopia which indicates the predictors variables is significant relationships of organization culture and organizational performance. . This shows that organizational culture dimension of mission, consistency and involvement have statistically significant impact on its performance of CBE in the study area (Fikremariam 2018).

H3: There is a direct and indirect relationship between emotional intelligence and organizational performance.

John (2013) argue that emotional intelligence is that something within us that helps us to sense how we feel and enables us to actually connect with others and form a bond. It gives us the power to be present and hear someone once they most need it. And emotional intelligence is that sense of internal balance within us that allows us to remain our composure, observe decisions, communicate successfully, and maintain effective leadership even when under stress (Brain, 2013).

By developing their emotional intelligence individuals can become more productive and successful at what they are doing, and help others become more productive and successful too. The process and outcomes of emotional intelligence development also contain many elements known to scale back stress for people and thus organizations by moderating conflict; promoting understanding and relationships; and fostering stability, continuity, and harmony. Last but not least, it links strongly with concepts of affection and spirituality. (Serrat, 2017)

Thomas and Mengel (2008) concluded that absence of emotional intelligence leads to annoyance, depression and pressure in complex work environments. Generally, these researchers give evidence for important role of emotional intelligence provides choose project success aspects. (Thomas & Mengel, 2008)

H4: Organizational culture plays a mediating role between emotional intelligence and organizational performance

In overall researches suggests that EI plays a significant role in the job performance, motivation, decision making, successful management and stress when organizational climate/ culture is favourable. Thus applying EI in organization can have lots of benefits for performance. It not only fulfils employee desire but also makes them more efficient in their field. Everyone experiences and relates their feelings and emotions in day-to-day life. Emotions have valuable information about relationships, behaviour and each aspect of the human life around us.

2.5 CONCEPTUAL FRAME WORK

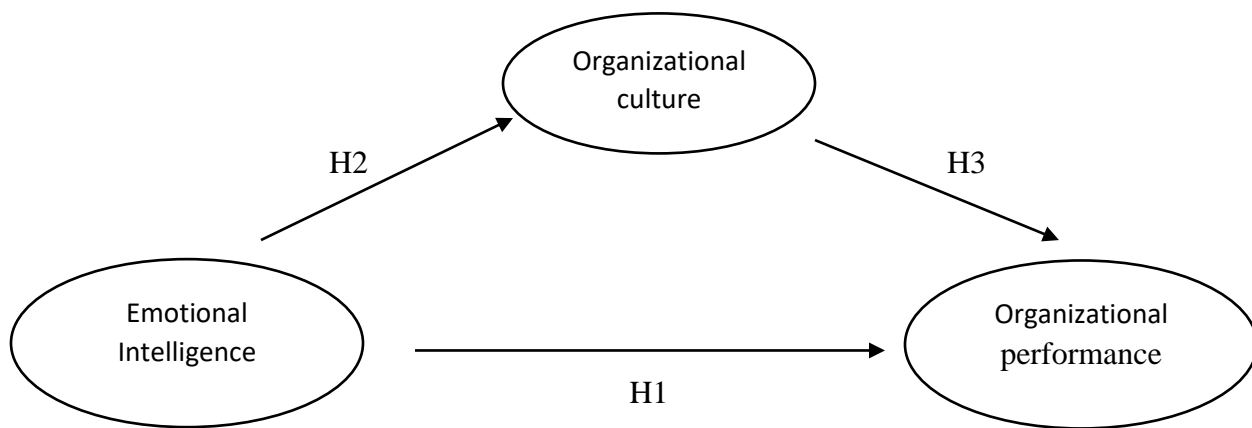


Figure 1 conceptual frame work

2.4 RESEARCH HYPOTHESIS

H₁ There is a positive relationship between emotional intelligence and organizational culture.

H₂ There is a positive relation between organizational culture and organizational performance.

H₃ There is direct and indirect relationship between emotional intelligence and organizational performance.

H₄ There is a mediation effect of organizational culture on the relationship between emotional intelligence and organizational performance. Research model is shown above.

CHAPTER THREE

3. METHODOLOGY

3.1 INTRODUCTION

3.1.1 DESCRIPTION OF THE STUDY

The methodology section of the research paper deals with how the data was collected or generated, and how it administered, organized and analyzed. Research design, sample and sampling technique, instrument of the data collection discussed in this chapter.

3.1.2 APPROACH OF THE STUDY

This research is purely on quantitative approach which is entirely through questionnaires as formulated and developed for this purpose. The researcher chose quantitative approach in order to be consistent with nature of the topic which requires firsthand information of the respondent(J. Creswell, 2013).

3.2 RESEARCH DESIGN

In this study a non-experimental explanatory research design implemented. Because, explanatory design helps to identify the relationship between independent and dependent variables(Broadhurst et al., 2012). And, also it is used to obtain information concerning the status of the phenomena. Based on this, explanatory study used in this study. It also helps to study large number of people, merely explain what people say they think and do. The use of this design is to enable the researcher determine and explain the characteristics of the variables (J. W. Creswell, 2003b).

To conduct this study, quantitative research approach used to determine the direct and indirect influence of emotional intelligence on organizational performance with the mediating role of organizational culture in selected bank. A quantitative research design selected for this study because it is a formal objective based, systematic process in which numerical data are utilized to obtain information (J. W. Creswell, 2003a).

3.3 TYPES AND SOURCES OF DATA

There are many techniques used to conduct survey. However, questionnaire is common technique for survey (Saunders, M. Lewis, P. and Thornhill, 2016). Even though obtaining primary data, being the most significant when gathered through structured questionnaires (Gellner, 2006).

For this research, the primary instrument to collect data design through structured questionnaire, which consists closed-ended questions. In this study the source of primary data was employee of Nib international bank, Dehub global bank and Zemen bank. The internal sources are all employees of the banks. Secondary data also used throughout the research includes data from the banks database, and published and unpublished journals, books, articles and related information in this study area.

3.4 TARGET POPULATION AND STUDY POPULATION

Population is an identifiable total set of elements of interest being investigated by a researcher. The population of interest is the study's target population that it intends to study or treat (Majid, 2018). This study was conducted on employees of commercial banks found in Addis Ababa. According to national bank there are thirty commercial banks in Ethiopia including the two government banks, from these banks; three private banks were selected in order to conduct the study. The selection of those banks were based on years of establishment. one from less than 10 years of establishment, one from ten to twenty years and one from the oldest private banks greater than 20 years. Banks with less than five years of establishment has been excluded from the study since they have a smaller number of employees and branch expansion, this makes difficult to get the required information from the respondent. N is the total population size, which is 2831. Therefore, the sample covered Dehub global Bank, nib International Bank and Zemen Bank. The target population of this study is employees of the three commercial banks at Addis Ababa branch.

In order to get more accurate and representative data, the researcher used all employees as a population. The target populations were directors, managers, specialist, coordinators, officers other support staffs in Addis Ababa only. In addition, security personnel and janitor staff will be excluded from the population to maintain the quality of the information collected as the questionnaire needs higher level of literacy to understand the information.

3.5 SAMPLE DESIGN

The sample size is determined based on the following simplified formula proposed by (Khairuzzaman, 2016).

$$\text{Sample size (n)} = \frac{(z^2 p \cdot q \cdot N)}{e^2 (N-1) + z^2 \cdot p \cdot q}$$

Where, **n** is sample size, and **N** is the total population size, which is 2831

P= sample proportion of success and **q** is sample proportion of failure, $q=1-p$, **p** is 0.5

e= the level of precision (acceptable error) and its value is 0.05

Z= the value of the standard variant at a given confidence level which is 1.96

Accordingly, the sample size for the study would be calculated as follows.

$$\begin{aligned} \text{Sample size (n)} &= \frac{(z^2 p \cdot q \cdot N)}{e^2 (N-1) + z^2 \cdot p \cdot q} \\ &= \frac{(1.96)^2(0.5) (0.5) (2831)}{(0.05)^2(2831-1) + (1.96)^2(0.5)(0.5)} \\ &= \frac{2718}{8.0354} \\ &= 338 \end{aligned}$$

The researcher will prepare to distribute a total of 338 questionnaires to collect the primary necessary data from employees of the three banks.

Table 3.1: Staffs located in Addis Ababa, as of November 2021

S No	Name of bank	Year of Establishment	No. of Branches in A.A.	Number Of Employees (A.A)	Sample Quota
1	Nib international bank	1999	218	1700	203
2	Zemen bank	2008	42	411	49
3	Dehub global bank	2012	71	720	86
	Total		331	2831	338

Source: NBE

3.5.1 Sampling Technique

The researcher systematically categorizes district of Addis Ababa city in to North, South, East, and West Addis Ababa districts. For each district randomly one branch will be selected as a sample for each bank. A total of 12 branches included.

Table 1 sample

	Total number of questioner distributed	Each District	Total number of Employees in each district	Number of questioner distributed For each district	Reponses from each district	Total response from each banks
NIB	203	Central (mexico)	592	158	152	191
		North(arabsa)	14	14	12	
		East(asko)	16	16	13	
		N.West(saris)	15	15	14	
DGB	86	NorthW(Gulele)	8	8	7	76
		west(Gelan)	6	6	6	
		Central/national tower)	200	65	58	
		S.West(Ayer T)	7	7	5	
ZB	49 T-338	NorthE(AddisuG)	11	11	8	36 T-303
		N(Saris)	12	12	9	
		S.East(Bole)	75	13	12	
		N.West(Kolfe18)	13	13	7	

The sampling designs are basically of two types these are non-probability sampling and probability sampling (Kothari, 2004).

For the purpose of this study the researcher uses non-probability sampling of convenience sampling methods to select the sampling from the available population. The researcher decided to employ convenience sampling method because it is actually impossible to carry on a probability sampling because there is no point in time during which all staffs are available due to shift schedule and different reasons and it is not possible to contact everyone who may be sampled.

3.5.2 Instruments of Validity and Reliability Validity

Before the questioner was distributed to the respondents, the instrument was checked by the advisor to see whether it measures what it alleged to measure. Cronbach’s alpha was employed to test the reliability of the questionnaire and all of the questionnaire items were found to have a result higher than 0.7 as suggested by (Taber, 2018) such research as reliability score of 0.70 or better is acceptable when used in basic social science research.

Table 2 Summary of Cronbach’s alpha values

S/N	Items	Cronbach’s alpha	No Items
1	Emotional Intelligence	0.850	12
2	Organizational culture	0.919	12
3	Organizational performance	0.803	9
Total		0.805	33

3.6 INSTRUMENT OF COLLECTION

The main instrument of data collection for this research was structured questionnaire distributed to each and every of the respondents. The questionnaire consisted of four main parts. These are the demographic, Emotional intelligence, organizational performance and organizational culture sections.

The whole data collected through the questionnaires, it will be recorded and coded using Statistical Package for the Social Sciences, (SPSS) software version 25. Different Statistical technique implemented by SPSS V.25 in order for automated analysis of the data. After cleaning the data, reliability will be calculated using Cronbach's Alpha to test internal consistency of variables in this research instrument.

In this study to analyze the collected data two statistical techniques applied; descriptive and inferential statistics. Descriptive statistics will be helpful to describe how employees perceive the way things and analyze the response of each respondent with frequency table, percentage mean and standard deviation. And inferential statistics will be helpful to identify the relationship between the variables and to assess how dependent variable explain the independent variables to generalize the findings.

In addition, regression analysis conducted to examine the effect of emotional intelligence on organizational performance. It is based on correlation but allows a more sophisticated exploration of the interrelationship among a set of variables (Pallant, 2011).

3.7 ETHICAL CONSIDERATIONS

Before conducting data collection, the researcher informs all participants of what the study is all about and get full consent to take part in the research. The researcher uses the expected ethical consideration in using proper citation, access and use of data, analysis and reporting of the findings in a moral and responsible way. The respondents will also keep the collected data confidential.

CHAPTER FOUR

4. DATA ANALYSIS, INTERPRETION AND DISCUSSION

This section of the research shows the results of the study using descriptive and inferential statistical analysis from the data collected through questionnaire.

The sample size determined while designing the research methodology was 338. In order to get the sample sizes 338 questionnaires were distributed to employees found in Addis Ababa. 202 questionnaires were distributed across the three branches of NIB and head office, 49 questionnaires were distributed across to 3 branch and head office (HR located) of Zemen bank, the rest 86 questionnaires were distributed across the 3 branches and head office of DGB. Out of which 303 were completed and used for the research successfully, representing 90% response rate. The data collected were entered, analyzed and interpreted using SPSS software version 25.

Descriptive statistics of demographic information as well as the study variables are presented in the following section, followed by, Pearson correlation among the variables in the study and multiple regression analyses of the dependent variable over the independent variable.

4.1 DESCRIPTIVE STATISTICS OF BACKGROUND INFORMATION

Under this section the selected demographic characteristics of the study respondents such as gender, work experience, educational level, job position, marital status and involvement in emotional intelligence program are presented. Descriptive statistics using frequencies was used to analyze the demographic characteristics of the respondents and hence the result of the analysis is described in detail as follows.

From the total sample respondents 47.2% was male and the remaining 52.8 % was female out of the total 303 respondents which is appears to be a good representation of both sex groups.

Looking at the educational background, 8.6% have second degree and 86.5% have first degree and 5% diploma and work experience which is found to be fairly distributed in three groups: 16.2% below 3 years, 48.5% between 3-5years, 29% 6-10 years and 6.3% above 10 years.

Another important variable is the involvement in any emotional program 4.3 % of the participants involve the rest 95.7% do not.

\\

Table 3 Demographic Characteristics of staff

Characteristics	Category		
		N	(%)
Gender	Female	143	52.8
	Male	160	47.2
Marital status	Single	190	62.7
	Married	108	35.6
	Divorced	5	1.7
	Widowed	0	0
Educational status	Diploma	15	5.0
	BA/BSC	262	86.5
	MA/MSc	26	8.6
	PhD	0	0
Length of time working	Below 3years	49	16.2
	3 to 5 years	147	48.5
	6 to 10 years	88	29.0
	Above 10 years	19	6.3
Emotional Intelligence program	Yes	13	4.3
	No	290	95.7
Job position	Director	19	1.0
	Managerial	4	1.3
	Specialist	41	13.5
	Coordinator	28	9.2
	Officer	218	71.9
	Others	9	3.0

4.2 Descriptive Statistics of Study Variable

Descriptive statistics in the form of mean and standard deviation were calculated for individual items and summery scales on emotional intelligence, organizational success, and organizational culture intention in each bank. The mean indicates to what extent the sample group averagely agree or dis agree with the different statement. The lower the mean, the more the respondent's disagree with the statement. The higher the mean the more the respondents agree with the statement. On the other hand standard deviation shows the variability of an observed response from a single sample(Marczyk et al., 2005).

4.2.1 Emotional intelligence

The analytical result of the data indicates that the overall mean of Emotional intelligence of mean 3.8127 and SD= 0.54596, which can be understood as employees' Emotional intelligence is high. For the question that says "Persons who possess emotional self-control always endeavor to manage their disturbing emotions and impulses, to their advantage." scored highest mean out of 12 items (M= 4.3432, SD = 0.80212). This implies most of employee's and management relationship makes it possible for an employee to get along with the job is higher when comparing with the question "Leaders who possess the change catalyst competence are usually able to lead in the recognition of need for the change, challenge the status quo, and champion the new order.", which scores (M= 2.8152, SD= 1.2093).

Table 4 Descriptive statics of emotional intelligence

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Self-Aware	303	3	5	4.1188	0.80504
Self is	303	2	5	4.1419	0.83962
Sa people	303	2	5	3.769	0.86474
Person	303	2	5	4.3432	0.80212
Employees who	303	2	5	3.5347	0.82868
Optimist leader	303	2	5	3.6634	0.83718
Social Awareness	303	2	5	3.538	0.98215
Social makes	303	2	5	3.7492	0.72087
Social enable	303	2	5	3.9505	0.96333
Leaders that	303	2	5	4.0792	0.91002
Leaders who	303	2	5	4.0495	0.80202
Leaders possess	303	1	5	2.8152	1.2093
Valid N (list wise)	303				

Source; own survey, 2022

4.2.2 Organizational Culture

The overall mean of Organizational Culture was found out (M= 3.9887, SD=0.44084) which implies most of the employees are highly engaged. However, the question in Adaptability dimension “Decisions are usual made at the level where the best information is available” result shows (M= 4.1386, SD=0.58167) higher than another dimension. In contrast one of the dimensions of culture, “It is easy to coordinate projects across different part of t organization.” is lower (M=3.9175, SD= 0.65846) Table 4.9 Descriptive Statistics of Organizational Culture

Table 5 Descriptive statics of organizational culture

Descriptive statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Decision	303	2	5	4.1386	0.58167
Teamwork	303	3	5	4.0264	0.60841
Everyone	303	3	5	4.0132	0.53964
Work is	303	2	5	4.0429	0.57094
Ignoring	303	2	5	4.0495	0.59872
Ethical code	303	1	5	3.9802	0.59768
Strong	303	2	5	3.9439	0.60365
Coordinate	303	1	5	3.9175	0.65846
Good	303	2	5	3.9439	0.60911
The way	303	2	5	3.9241	0.60695
All member	303	2	5	3.9373	0.65054
Learning	303	2	5	3.9472	0.63338
Clear mission	303	2	5	4.1386	0.58167
Set goal	303	3	5	4.0264	0.60841
Organization	303	3	5	4.0132	0.53964
Short term	303	2	5	4.0429	0.57094
Valid N (list wise)	303				

Source; own survey, 2022

4.2.3 Organizational performance

The overall mean of organizational performance was found out (M= 4.0147, SD=0.37450), this indicates most of the respondents most likely agree with the under listed measuring statements of organizational performance.

Table 6 descriptive statics organizational performance

Descriptive Statistics					
	N	Minimu m	Maximu m	Mean	Std. Deviation
Clear Mission	303	2	5	4.0231	0.71604
Set goal	303	2	5	3.9274	0.66711
Organization	303	2	5	3.9505	0.62045
Able to met	303	1	5	4.0297	0.57178
My work	303	1	5	4.0396	0.60769
This company	303	1	5	4.0495	0.55867
I feel	303	2	5	4.0198	0.56931
Career	303	2	5	4.0363	0.5714
Satisfied	303	2	5	4.0561	0.49516
Valid N (list wise)	303				

Source; own survey,2022

	N	Minimum	Maximum	Mean	Std. Deviation
EI mean	303	3.00	4.92	3.812 7	0.54596
OC mean	303	3.00	5.00	3.988 7	0.44084
Op mean	303	2.78	5.00	4.014 7	0.37450
Valid N (listwise)	303				

4.3Correlation Analysis

Correlation analysis is a method used to describe the strength and direction of the linear relationship between variables. In this study, correlation analysis was conducted to test the level of relationship between EI, OC, and OP. Pearson’s correlation coefficient (r) was used to indicate the strength and direction of relationship using the guide that Evans (1996) suggests for the absolute value of (r) as mentioned in (Beldjazia & Alatou, 2016) 0.00-0.19: “very weak”

,0.20-0.39: “weak”, 0.40-0.59; “moderate”, 0.60-0.79: “strong” and 0.80-1.0: “very strong”. In addition, the p-value was used to indicate the significance of the relationship.

4.3.1 Correlation between variables

The correlation analysis between EI and organizational culture shows in table below, there is strong, and significant relationship between EI and organizational culture ($r = 0.486$, $P < 0.01$). And there is a strong relationship between EI and organizational performance ($r = 0.521$, $P < 0.01$) similarly, there is a very strong significant relationship between organizational culture and organizational performance ($r = 0.862$, $P < 0.01$).

Table 7 correlation

Correlations		n=303		
		1	2	3
1.EI Intelligence	Pearson Correlation	1		
2.Culture	Pearson Correlation	.486**	1	
3.Performance	Pearson Correlation	.521**	.862**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Own Survey

Table 4.12 correlation analysis between study variables

4.4 Regression Analysis

4.4.1 Assumption test

Prior to conducting regression analysis, basic assumption of multiple regression analysis autocorrelation, multi-collinearity, linearity, normality and Homoscedasticity were checked accordingly.

Autocorrelation Test

According to Durbin-Watson test for independence (Durbin & Watson, 1951) the statistic will always have a value ranging between 0 and 4. A value close to 2.0 indicates there is no autocorrelation detected in the sample. In this case Durbin-Watson is 1.727 so the assumption of autocorrelation is not violated.

Multicollinearity Test

The other assumption to apply regression analysis is multicollinearity. Key goal of regression analysis is to isolate the relationship between each independent variable and the dependent variable. The variance inflation factor (VIF) identifies correlation between independent variables and the strength of that correlation. Belsley (1991) suggested the lower the tolerance, the more likely is the multicollinearity among the variables. The value of $VIF = 1$ indicates that the independent variables are not correlated to each other. The challenging value of VIF is between 5 to 10 as it specifies the highly correlated variables. If $VIF \geq 5$ to 10, there will be multicollinearity among the predictors in the regression model and $VIF > 10$ indicate the regression coefficients are feebly estimated with the presence of multicollinearity.

Table 8 Collinearity test result

Collinearity statistics		
	Tolerance	VIF
OC	0.643	1.555
SA	0.401	2.496
SM	0.719	1.391
SOA	0.321	3.117
MR	0.299	3.342

Dependent Variable: OP

Linearity Test

To determine whether the relationship between the dependent variables and the independent variables is linear; scatter plots of the regression residuals for each model had been used. The scatter plot of residuals showed in that the points lie in a reasonably straight line from bottom left to top right. This is, therefore, showed that the assumption of linearity was not violated.

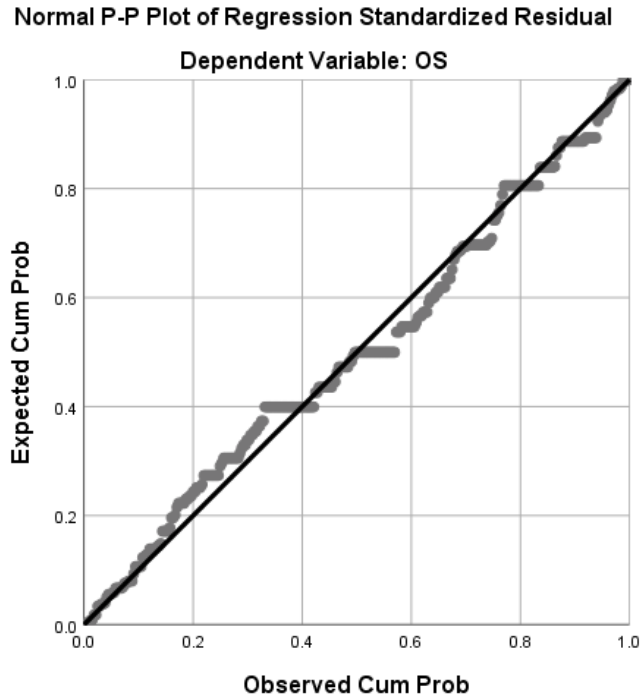


Figure4.1 Normal P-P Plot of Regression standardized residual Source: Own Survey, 2022

Normality Test

As seen in the figure although there are some residuals (e.g., those occurring around 0) that are relatively far away from the curve, many of the residuals are fairly close. Moreover, the histograms are bell shaped which lead to infer that the residual (disturbance or errors) are normally distributed for all models. Thus, no violations of the assumption normally distributed error term.

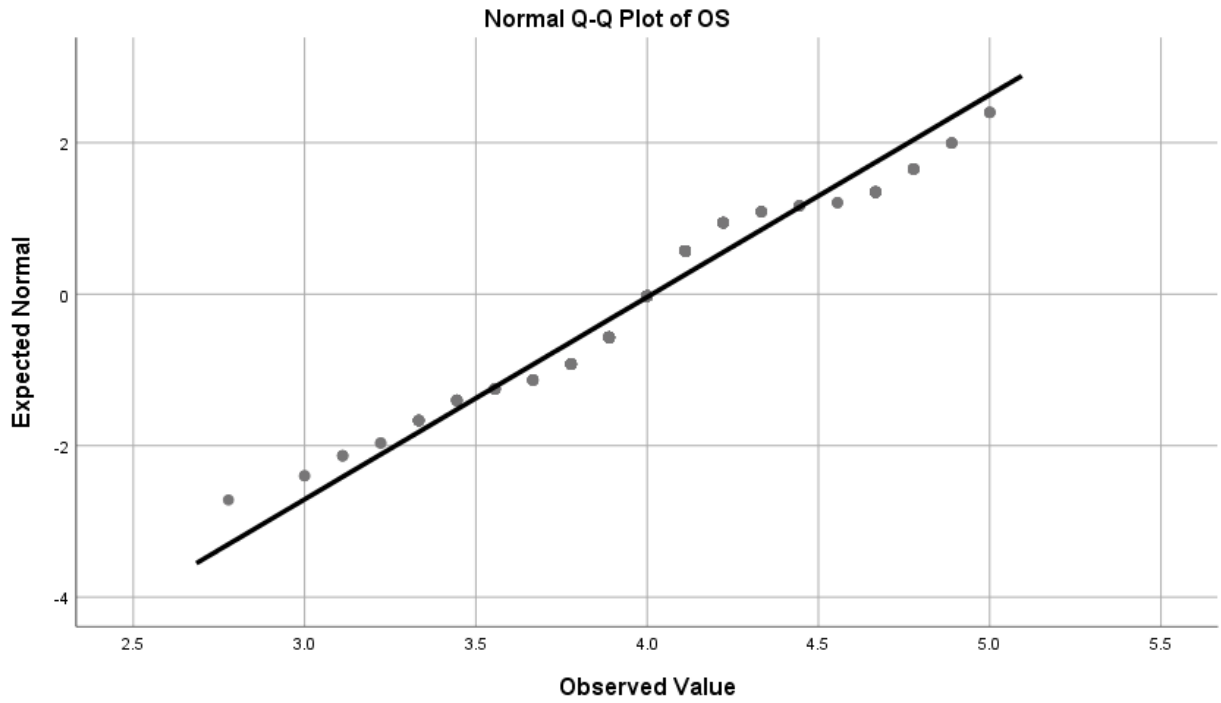


Figure 2Q-Q Plot of OS

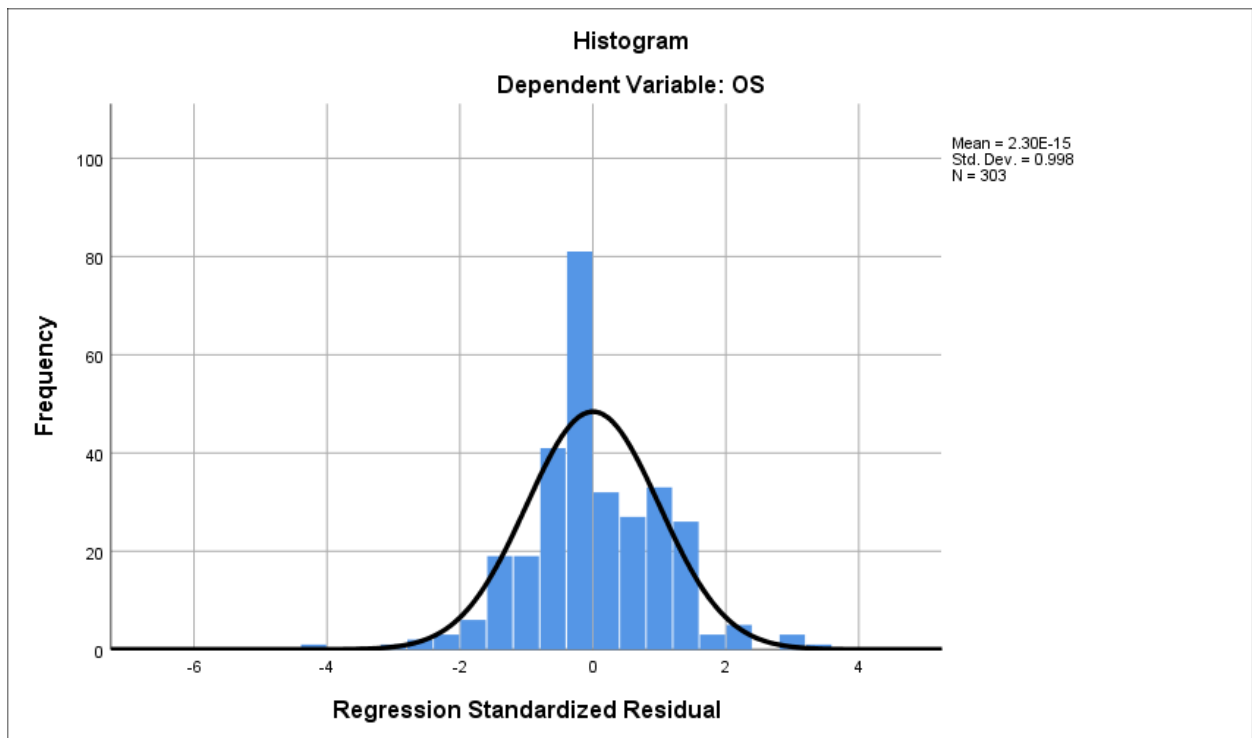


Figure 4.3 Normality result

Homoscedasticity test

Homoscedasticity test was conducted to see a situation in which the error term is the same across all values of the independent variables. Accordingly, the assumption of homoscedastic is not violated as seen in the figure.

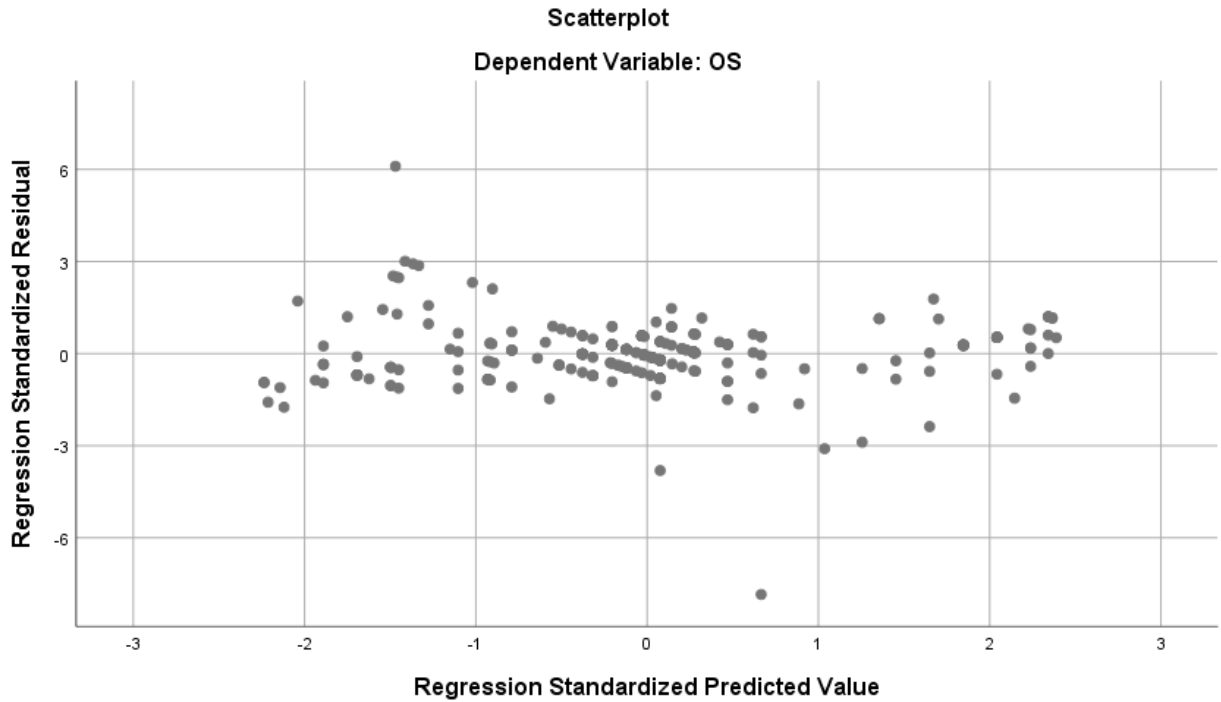


Figure 3 Scatter plot result

4.4.2 Model summary

Table 9 Model Summary

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.870 ^a	0.757	0.755	0.18528	1.727

a. Predictors: (Constant), OC, EI

b. Dependent Variable: OP

The researcher examined the cause and effect relationship between organizational culture, emotional intelligence and organizational performance using Adjusted R squared in this study.

Adjusted R-squared is a variant of R-squared that takes into account the number of predictors in the model. It's utilized in this study because it has the advantage of increasing when a new word improves the model more than would be predicted by chance. When a predictor improves the model by less than expected, it declines. Typically, the adjusted R-squared is positive, not negative. It is always lower than the R-squared. The value of adjusted R2 = .755 means that the total variation in the dependent variable (organizational performance) is explained or caused by 75.5 per cent of the change in both independent variables: emotional intelligence and organizational culture. In other words, 24.5 (1-0.755) per cent of the variation in overall organizational performance cannot be explained by these two independent variables. So, there must be other factors that are not incorporated in the study to explain organizational performance.

4.5 Regression coefficients

4.5.1 Direct Effect of emotional intelligence on organizational performance

Table 10 Direct Effect

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.652	.130		20.404	.000
	EI	.357	.034	.521	10.592	.000

a. Dependent Variable: OP *Source: Own Survey Result of SPSS data output, 2022*

As it is displayed on the above table the standardized beta value for emotional intelligence is 0.521 which is significant as the P value for the coefficient is 0.000. The positive beta value indicates that emotional intelligence has a direct effect on organizational performance in other word when emotional intelligence increases organizational performance also increases.

In line with the finding in this research similar result was reported by Mwangi et al. (2019) who conducted a study in Kenya to investigate Influence of Emotional Intelligence on Organizational Performance Among Insurance Companies in Kenya the findings of this research proved

that **emotional intelligence improves with age, education and experience**. The awareness of emotions has a greater impact on organizational performance.

Based on the above value decision on Hypothesis one is stated here under

Based on the finding alternative hypothesis 3, which predicted “there is a positive significant relationship between emotional intelligence and organizational performance”. Is accepted

4.5.2 Effects of emotional intelligence (dependent variable) on organizational culture (mediator variable)

Before evaluating the mediation effect the researcher should assure if the independent variable has effect on mediating variable. If the effect is not significant the researcher will not investigating the mediation role. Based on this principle in the current study the researcher investigate the effects of independent variable (emotional intelligence) on mediating variable (organizational culture) as it is displayed in the following table

Table 11 Effect of dependent variable on moderator

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.491	.157		15.906	.000
	EI	.393	.041	.486	9.660	.000

a. Dependent Variable: OC Own Survey Result of SPSS data output, 2022

In the table above the Sig value 0.000 indicate that the standardized beta coefficient value 0,486 is significant. More over the positive beta value implies that emotional intelligence has direct effect on organizational performance. Hence when emotional intelligence improved organizational culture also enhanced. Based on the result the decision on hypothesis two is stated below.

Hypothesis 1, states that “there is a positive relationship between emotional intelligence and organizational culture” is accepted because the P value is less than alpha level 0.05.

The finding in this research is opposed the result of Davone (2022) who was reporting that emotional intelligence has no significant effect on organizational culture. However other supportive result was reported by Lambok et al. (2016) who confirmed that emotional intelligence has direct effect on building organizational culture in any types of organization.

4.5.3 Effects of mediating variable (organizational culture) on dependent variable (organizational performance).

The second criteria to investigate mediating effect is having significant relation among the mediating variables and dependent variable. Based on this fact in the current study the researcher investigate the effects of mediating variable (organizational culture) on dependent variable (organizational performance) as the result is displayed in the following table.

Table 12 Effect of mediating variable on dependent variable

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.093	.100		10.982	.000
	OC	.732	.025	.862	29.523	.000

a. Dependent Variable: OP Own Survey Result of SPSS data output, 2022

According to the result in the table above the standardized beta value 0.862 has a sig value of 0.000. It indicates that organizational culture has a direct effect on organizational performance. Simply the beta value 0.862 indicate that when the organizational culture improved by 1 percent organizational performance also improved by 86.2 percent.

Moreover the result in the table support the alternative hypothesis three stated as “organizational culture has significant effect on organizational performance”

Similar result was reported by Jamilu (2017) who was conducting a study to investigate the effects of organizational culture on organizational performance/ in the finding the researcher reported that organizational culture directly improve organizational performance. Furthermore it is claimed that a positive work culture promotes productivity, engagement, and improved

employee experience. A hostile work culture, in contrast, can affect productivity levels, increase turnover rate, and lead to employees feeling disconnected from their work and workplace.

4.5.4 Combination effects of independent and mediator variable on dependent variable

To check the type of mediation (partial or full) researcher should calculate regression coefficient by combining both independent and mediator variables as an independent variable.

Table 13 Combination Effect

Coefficients^a

Model		Unstandardized		Standardized	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.965	.102		9.453	.000
	OC	.677	.028	.797	24.470	.000
	EI	.091	.022	.133	4.087	.000

a. Dependent Variable: OP Own Survey Result of SPSS data output, 2022

As it is displayed in the above table the unstandardized beta value of organizational culture is decreased when it is calculated by combining with emotional intelligence. It implies that the mediating role of organizational culture is partial not full.

4.5.5 Indirect effect of emotional intelligence on organizational performance through organizational culture

By using the unstandardized B value from the previous calculation the direct and indirect effect is calculated in the following figure. The total indirect effect of Emotional intelligence on organizational performance through organizational culture is 0.266 which is calculated by the formula using path a* path b (0.393×0.677). However still it is mandatory to checking if this indirect effect is significant or not? To check it the researcher use Sobel test.

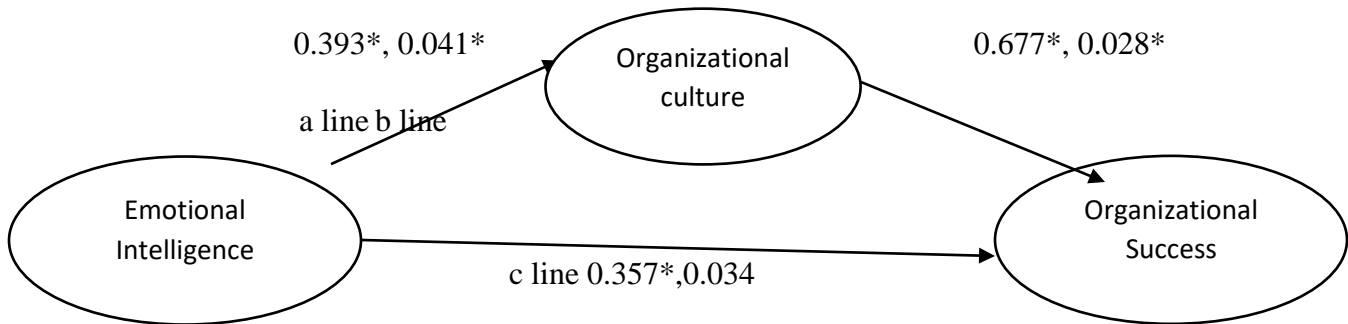


Figure 4 Mediating model

Table 14 Sobel test

Input		Test statistic	Std. Error	p-value
a	Soble test	8.910	0.029	0
0.393				
b	Aroian test	8.904	0.029	0
0.677				
S _a 0.041	Goodman test	8.917	0.029	0
S _b 0.028				

Table 4.15 Soble test result

The above soble test is calculated by using unstandardized beta value and standard error on path a (path from independent variable to mediator variable) and the unstandardized beta value and standard error on path b (path from mediator variable to dependent variable). After these inputs are inserted in the soble test calculator the output results are displayed as the above table. Based on this the P value 0.000 indicate that the significance value of indirect effect of emotional intelligence on organizational performance through organizational culture. Based on this

The total indirect effect of EI on OP through OC is 0.266

The total effect of EI on OP is the sum of total direct effect and total indirect effect which is $0.623 = (0.266+0.357)$.

Based on the above table test result it is possible to accept the fourth alternative hypothesis stated as “emotional intelligence has indirect effect on organizational performance through organizational culture”

Table 15 Summary of Hypothesis Testing

Hypothesis	Beta Value	P-Values	Remarks
H1	.393	.000***	Supported
H2	.732	.000***	Supported
H3	.357	.000***	Supported
H4	.266	.000	Partial mediating

Note: ***Significance at $p < 0.001$

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The data analysis of one-way ANOVA shows there is no significant difference across gender and educational status on the organizational performance ($F(1,301) = 0.321, P < .05$) and ($F(2, 300) = 0.186, P < .05$) respectively. The mean difference of other demographic factors: work experience, job category (position), EI involvement and marital status did not result significant difference in terms of the variables. However, job position and marital status shows significant difference in organizational culture.

The analytical result of the data indicates that the overall mean of Emotional intelligence of mean 3.8127 and $SD = 0.54596$, which can be understood as employees' Emotional intelligence is high. The overall mean of Organizational Culture was found out ($M = 3.9887, SD = 0.44084$) which implies most of the employees are highly engaged. The overall mean of organizational performance was found out ($M = 4.0147, SD = 0.37450$), this indicates most of the respondents most likely agree with the under listed measuring statements of organizational success.

Looking at how dependent and independent variables are correlated,

The correlation analysis between EI and organizational culture shows in table below, there is strong, and significant relationship between EI and organizational culture ($r = 0.486, P < 0.01$) so there is a strong relationship between EI and organizational performance ($r = 0.521, P < 0.01$) similarly, there is a very strong significant relationship between organizational culture and organizational performance ($r = 0.862, P < 0.01$).

Finally, the regression analysis result showed that emotional intelligence significantly affects the level of organizational performance ($\beta_1 = 0.357, P < 0.01$) and organizational culture ($\beta_1 = 0.393, P < 0.01$). Furthermore, organizational culture has a partial mediation role in the relationship between EI and OP with p-value 0.00.

5.2 Conclusion

This study attempted to examine the mediating role of organizational culture in the relationship between emotional intelligence and organizational performance in selected financial sectors in Addis Ababa Ethiopia. The result revealed that emotional intelligence and organizational performance has positive and significant relationship and organizational culture has a partial mediating role in the relationship between emotional intelligence and organizational performances the direct impact reduces when the indirect relationship through culture increases.

The result is consistent with the findings of other similar studies conducted elsewhere and presented in the literature of this study. The study findings shows that the importance of organizational culture and it impact on employee organizational performance. This means organizations should create suitable work environment to increase their organizational culture in return organizational performance increase.

According to Daniel Goleman's emotional intelligence theory emotional intelligence can be applied to meet goals and targets, as well as create a happier and healthier working culture which leads to success. The organization need to design the change management strategy to improve employees, the concept and application of EI should be acknowledged by the management and employees to be the culture of the organization and be practiced every time

As employees perceived supervisors as agents of the organization, each banks need to train supervisors in creating or motivating. It is required that employees should be given training so that they can understand and execute their emotional. For future, other studies see additional dimensions of Emotional intelligence which can influence organizational performance and see the reasons behind the difference in emotional intelligence levels across different categorical groups.

5.3 Recommendation

Based on the findings of the researcher, the following are forwarded recommendations to each bank.

- Since OC mediates the relationship between EI and OP, each bank should develop mechanism to create suitable organizational culture to employees.
- Managers should practice focusing on self-motivation and self-control which in return will improve the emotional intelligence of the employees. This will ensure that employees with higher emotional intelligence will have greater mental health along with extraordinary performance which will result in the development of potent leadership skills. By these personal traits, they will improve the output or productivity of the employee and again this will help the organizations to achieve their goals on time with minimum costs
- Each bank should consider the emotional intelligence of employees while recruiting them and also thereafter developing their emotional intelligence skills so that they can create good organizational culture which facilitates in the realization of goals which subsequently increases the organizational performance.
- The senior management of each Banks should create a scheduled awareness creation program on EI concept and its significance for the leadership effectiveness and success. In order to implement, they can prepare trainings, seminars, workshops, inviting guest speakers etc.

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Annex I

Informed Consent Form

Title of Project: Effect of emotional intelligence on organizational performance with and the mediating role of organizational culture.

Principal Investigator: Baseba Kebede (Basicake21@gmail.com)

You are being asked to participate in a research study. Before you give your consent to volunteer, it is important that you read the following information to be sure you understand what you will be asked to do.

Purpose of The Study This research study is designed to examine Effect of emotional intelligence on organizational performance with mediating role of organizational culture in selected commercial banks, Addis Ababa, Ethiopia.

Procedures Data will be gathered through questionnaire, which consists of questions about organizational performance, emotional intelligence ,and organizational culture. It will take approximately 20 minutes to complete.

Discomforts and Risks Your participation in this research project is completely voluntary and you may refuse to participate at any time. There are no known risks to participation beyond those encountered in everyday life.

Confidentiality Your participation in this research is confidential. The data collection methods do not ask for any information that would identify who the responses belong to. In the event of any publication or presentation resulting from the research, no personally identifiable information will be shared because your name is in no way linked to your responses.

Voluntary Participation Your decision to be in this research is voluntary. If you agree to participate in this project, please answer the questions on the questionnaire as best you can. **Benefits of Your Participation in the Study** Although you may not directly benefit from taking part in this study, however the outcomes of this study could assist management in designing and implementing relevant measures to better understand the influence of emotional intelligence.

Name of Participant

Signature

Annex II: Questionnaire

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

Dear Participant,

This questionnaire is being conducted by Mrs. Baseba Kebede designed to solicit the relevant information for the research carried out on the topic “Effect of emotional intelligence on organizational performance with the mediating role of organizational culture commercial banks” The study is conducted for academic purpose for partial fulfillment of the requirements of the Master of business administration under the supervision of Dr. lakew A. from the School of Management, Addis Ababa University, Ethiopia. By giving 20 minutes of your valuable time, you are providing information that is pertinent to the study. Your answers are very important to the accuracy of the study. To this end, please find enclosed the Informed Consent Form, Personal Data Sheet and Survey Questionnaire for your attention and further action. Questions regarding the research, can be directed to the researcher: Baseba Kebede (basicake21@gmail.com). Thank you for your cooperation.

Part I: Information about Demographic Data

1. Gender Female Male
2. Educational Qualification
Diploma BA/BSC MA/M PHD Other
3. Job position
Directors Managerial Specialist Coordinator Clerk Other
4. For how long you worked?
Below 3 year 3 – 5 year 6- 10 year Above 10 s
5. Marital Status
Single Married Divorced Widowed
6. Have you ever been involved in emotional intelligence Program?
Yes No

Part II: Assessment of emotional intelligence

Here some statements are given and for every statement you have to express your views by making tick (√) on any one cell of the five alternatives. There is no right or wrong answer, so please give your response on all the items. No statement should be left unanswered.

No	Statements	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
		5	4	3	2	1
Self-Awareness						
1.	Self-aware workers are normally not over self-critical or naively hopeful.					
2.	Self-awareness is a propensity for self-reflection and thoughtfulness.					
3.	Self –aware people; think things over rather than react impulsively.					
Self-Management						
4.	Persons who possess emotional self-control always endeavor to manage their disturbing emotions and impulses, to their advantage.					
5.	Employees who are transparent live their values, and where necessary they openly admit mistakes and fault.					
6.	An optimistic leader can roll with the punches, seeing an opportunity rather than a threat in a setback.					
Social Awareness						
7.	Social awareness enables an employee to detect crucial social networks and understand key power relationships.					
8.	Social awareness makes it possible for an employee to get along with people of diverse backgrounds.					
9.	Social awareness enables a leader-manager to monitor customers					

	or client's satisfaction carefully to ensure that they get what they need.					
Managing Relations						
10.	Leaders that have inspiration competence create resonance and more people with a compelling vision or shared mission.					
11.	Leaders who are good at cultivating people's abilities show a genuine interest in those they are helping along to understanding their goals.					
12.	Leaders who possess the change catalyst competence are usually able to lead in the recognition of need for the change, challenge the status quo, and champion the new order.					

Part III: Assessment of the organizational culture at commercial banks

The five-point scale ranging from strongly disagree to strongly agree. So, you are requested to indicate your perception using the following rating scale.

No	Statements	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
		5	4	3	2	1
1.	Decisions are usually made at the level where the best information is available.					
2.	Teamwork is used to get work done, rather than hierarchy.					
3.	Everyone believes that he or she can have a positive impact.					
4.	Work is organized so that each person can see the relationship between his or her job and the goals of the organization					
5.	Ignoring core values will get you in trouble.					
6.	There is an ethical code that guides our behavior and tells us right from wrong					
7.	There is a "strong" culture.					
8.	It is easy to coordinate projects across different parts of the organization.					

9.	There is good alignment of goals across levels.					
10.	The way things are done is very flexible and easy to change.					
11.	All members have a deep understanding of partner /customer wants and needs.					
12.	Learning is an important objective our day to day work.					
Employee Engagement						
13.	There is clear mission that gives meaning and direction to our work.					
14.	Leaders set goals that are ambitious, but realistic.					
15.	This organization (our) vision creates excitement and motivation for our employees					
16.	We are able to meet short-term demands without compromising our long-term vision.					
17.	My work space is comfortable, and I have the tools and resources I need.”					
Career growth						
18.	This company recognizes and rewards people who are doing their jobs well.					
19.	Career development increases employee motivation and productivity					
Employee Retention						
20.	I feel confident in my job security with this company					
21.	Are you satisfied with the overall retention strategy of your organization					

THANK YOU FOR YOUR VALUABLE TIME!