

# Relationship Amongst Opportunity-Enhancing HR Practices Emotional Intelligence And Customer Satisfaction: Empirical Evidence From Banking Sector

Sarah Azhar<sup>a</sup>, Muhammad Aleem<sup>b</sup>, Abid Ahmad<sup>c</sup>, Naveed Tariq<sup>d</sup>

<sup>a</sup> Assistant Professor, University of Education Township Campus, Lahore, Pakistan

<sup>b and c</sup> Department of Management Sciences, CECOS University of IT and Emerging Sciences Peshawar, Pakistan.

\*Corresponding author E-mail: [aleem@cecos.edu.pk](mailto:aleem@cecos.edu.pk)

<sup>d</sup> Department of Management Sciences, Qurtuba University of Science and Information Technology, Peshawar, Pakistan

## Abstract

This study defines and expound the relationship between opportunity-enhancing HR practices (O-HRM) and customer satisfaction (CS) through the mediating role of emotional intelligence (EI). This study illustrates the relationship between opportunity-enhancing HR practices (O-HRM) and customer satisfaction (CS). Opportunity-enhancing HR practices embrace job involvement (JI) and job design (JD). The mediating role of emotional intelligence (EI) is tested within the relationship of opportunity-enhancing HR practices (O-HRM) and customer satisfaction (CS). The study was conducted on a group of 467 employees and same number of customers from 126 banks branches operating in Punjab, Pakistan. Structural equation modeling (SEM) was used in the process of statistical analysis. The research confirmed a significant statistical relationship between all studied variables i.e., O-HRM, EI and CS. It was concluded, based on the analysis, using SEM, that opportunity-enhancing HR practices (O-HRM) have direct impact on customer satisfaction (CS), and indirect influence through emotional intelligence (EI). Cross-sectional design and use of self-reported questionnaire data are limitations of this study. The results of this research extend the knowledge in the area of customer service outcomes, with aspects of HR practices and emotional intelligence at workplace settings in the organizations in banking sector. In the light of results discussed above, there is sufficient evidence that the cluster of HRM practices working in bundles within the banking sector can play a decisive role for enhancing the EI of banking employees. This study further signifies the importance and usefulness of EI by empirical evidence of its link with outcome of CS in banking sector. The results of this research extend the knowledge in the area of customer service outcomes, with aspects of HR practices and emotional intelligence at workplace settings in the organizations in banking sector.

**Key words:** Opportunity-enhancing HR practices, Emotional intelligence, Customer satisfaction

## Introduction

In a progressive competitive environment, customer custody is one of the important doctrines of a successful business (Colgate & Danaher, 2000). At the same time service industry is growing continuously (Henderson,

2012), and achieving exceptional customer's service is a challenge (Liao & Chuang, 2007). For this, with the passage of time, literature has focused to identify the different kinds of services relationships (Guttek, 1995) which would demonstrate outcomes of relationship marketing

and would also help to understand the motivation to engage the customers in service relationships (Gwinner, Gremler, & Bitner, 1998).

Conversely a tributary of services linkage work (Wiley, 1996) is revealed which has examined relationship of internal management mechanism of service organizations and outside customers' outcome (Liao & Chuang, 2004). Foundation of such stream of literature was that front line employees, no doubt, contribute the vital part in introducing how organization functions in a desired manner of customer outcomes. Front-line employees of service organizations representing the agenda of organizations play a vital role in service encounters involving dynamic interaction between consumers and the workers (Solomon, Suprenant, Czepiel, & Gutman, 1985). Empirically tested research reflects that higher the individuals are capable to offer high-standard services; the more consumers are expected to show positive assessment of services interaction, enjoy greater satisfaction which resultantly enhance the buying and also possibility of next visit (Borucki & Burke, 1999). So, for this reason it is necessary to know that what would predict the employees' service functioning. For better comprehension of those reasons which can affect the emotional performance, many scholars have examined the 'emotional labor'. The study of emotional labor demonstrates the emotional intelligence to be strong predictor of emotional performance (Joseph & Newman, 2010) as well as the customer satisfaction (Giardini & Frese, 2006).

Organizations may influence emotional labor through human resource (HR) practices (Pugh, Diefendorff, & Moran, 2013), for instance, to train the employees about displaying proper feelings and presenting the incentives system which would benefit the emotional performance. But despite significance of HR systems, application of integrative theory of HR systems on emotional labor is still undeveloped.

Although some work has established the role of different HR practices to decrease employees' emotional exhaustion (Chen & Lin, 2009), but this effort is mere a beginning towards the broader concept of 'emotional labor' (HR) practices.

Pugh et al. (2013) has reviewed the available work in admiration of the impact of HR on emotional labor, but research also reveals that majority of work is quantitative in nature (Poster, 2011). As per Jiang, Lepak, Han, et al. (2012) HRM researches recommended focusing on HR practices in bundles instead of separate practices as the basic set of examination while investigating the effect of (HR) system upon the personal as well as the organizational performance. HR practices refer those fundamental factors that may affect the employees in terms of their skills and behaviors in an organization so as to perform for achieving targets of the organization (Chen & Huang, 2009; Collins & Smith, 2006).

The purpose of the study presented in this article is to describe and explain the relationship between the Opportunity-enhancing HR practices (job involvement & job design), emotional intelligence and customer satisfaction. Proposed theoretical model is depicted in Figure 1. At the basic level, it could be claimed that opportunity-enhancing HR practices, manifesting itself through acceptance of employee, is related to customer satisfaction. However, opportunity-enhancing HR practices are insufficient determinant of customer satisfaction. Hence, it was suggested that emotional intelligence acts as an intervening variable between opportunity-enhancing HR practices and customer satisfaction.

Lastly, this study contributes to the understanding of how these variables are related in the context of a developing country in banking sector. Justification for selecting banking sector for this research is the empirical evidence that banking sector is facing a challenge to manage

customer satisfaction. (Khan, M. M., & Fasih, M. 2014; Naeem, Akram & Saif 2011). The service sector has a huge proportion of local and global employment, too. Hence, because of its fast and continual growth, the scope and the economic potential of this sector have not yet been researched extensively (Wamboye & Nyaronga, 2018).

## Literature Review

### Opportunity-enhancing HR practices

HR practices are the fundamental means which can influence and shape the skills and behaviors of individuals in the firms to do their work for achieving organizational goals (Chen & Huang, 2009). HR systems are also known as (HR) policy domains (Jiang, Lepak, Hu, et.al. 2012). Three HR policies domain include ability and skill HR domain, motivation & effort HR domain, and opportunities to contribute the HR domain. Jiang, Lepak, Han, et al. (2012) clustered opportunity-enhancing HR practices by way of including job involvement and job design .

**Emotional intelligence:** The part of emotions in service interactions are addressed by tributaries of emotional labor (Hochschild 1983). Majority of the models of emotional labor contain at three-dimensional procedure which includes emotional display rules, emotion regulation, and emotional displays (Grandey & Gabriel, 2015). Emotional intelligence is thus defined as: “The ability to perceive emotion, integrate emotion to facilitate thought, understand emotions, and to regulate emotions to promote personal growth (Mayer & Salovey, 1997).”

**Customer satisfaction:** Conventionally, the term satisfaction was explained as just a state of mind, being affected by perceptible precursors (Bigné, Andreu, & Gnoth, 2005). Hunt (1993) says that broadly speaking satisfaction is perceptible

assessment of experience of emotions by the customers.

Hunt (1993) says that broadly speaking satisfaction is perceptible assessment of experience of emotions by the customers. Consumption related view considers it as something which relates to the experience of having consumed something (Oliver, 1981). Transactional features of emotions take into consideration the attitude and also how customers perceive quality of services and as being, so it is something the difference laying between evaluation and satisfaction of customers. This view generally considers the overall construct in a manner of making extended and wide evaluation of services facilities that would not be related with some specific experiences of consumption (Hennig-Thurau & Klee 1997). Furthermore, satisfaction is a statement of mind that germinate from an evaluation process, such as when a consumer of a goods or services make a comparison between what he or she received and the expected utility goods or services (Kotler, Keller, Koshy, & Jha, 2009).

**Opportunity-enhancing HR practices and emotional intelligence:** According to Jiang, Lepak, Han, et al. (2012) job design and job involvement are well considered to increase employees’ opportunity to participate at work. Opportunity -enhancing practices of HR seem intrinsic in features as compared to the practices of motivation -enhancing (Jiang, Lepak, Han, et al., 2012). The concept of interactional autonomy has been found in line with job autonomy an established dimension of job design (Hackman & Oldham, 1976). The literature of job design explains how autonomy of attitude has got a pivotal role to understand motivation and stress at workplace. The sense of independence in a permitted environment of choice in work, the employees seem themselves motivated in their conscious that enables them to perform more effectively to meet with job demands. On the

other hand, in a bit-controlled situation there is more probability of feeling themselves as bit stressed (Deci, Connell, & Ryan, 1989; Spector, 1986). The leadership may boost interactional autonomy (service employee empowerment) by way of giving support and honor to employees (Corsun & Enz, 1999). This might also be achieved through technical resources for managing the tough job of interacting with customers particularly while dealing with complaints as it may decrease the stress of such interaction (Ben-Zur & Yagil, 2005). Therefore, such dimension of public interaction in job design as motivated and satisfied can also absolutely be applied in those circumstances where usual interactions are comparatively volunteer or in particular situation when employees are fully empowered through policies of management (Grant & Parker, 2009). On the basis of above-mentioned literature and arguments it can be safely assumed that opportunity-enhancing HR practices (job involvement & job design) are correlated with the emotional intelligence of employees.

**H1a:** There is a significant relationship between job involvement and emotional intelligence of employees.

**H1b:** There is a significant relationship between job design and emotional intelligence of employees.

**Emotional intelligence and customer satisfaction:** The study of emotional labor demonstrates the emotional intelligence to be strong predictor of emotional performance (Joseph & Newman, 2010) as well as the customer satisfaction (Giardini & Frese, 2006). In ordinary course of nature, the higher the emotional display, the more would be customer satisfaction and intention to return as well (Barger & Grandey 2006). Physical gestures like smile, remarks with eyes and soft tone, all part of positive display, have impacts on evaluation of service by customers through feelings of

satisfaction and friendly attitudes in service sector (Gabriel, Acosta, et al. 2015). On the basis of above mentioned literature and arguments it can be safely assumed that employee emotional intelligence positively affects customer satisfaction.

**H2:** There is a significant relationship between emotional intelligence and customer satisfaction.

### **Opportunity-enhancing HR practices and customer satisfaction**

Once the employees perceive HR practices to offer fairly by the management, they naturally feel dedicated while putting their best into exercise in terms of both their energy and resources for developing an effective dealing with the customers (Ulrich, Halbrook, Meder, Stuchlik, & Thorpe 1991). On the same lines Zerbe, Dobni, and Harel (1998) noted that 'employee perceptions of HRM practices' was directly related with their service behavior. According to Schneider (1994) employees' perception of HRM practices was observed as having significant relation with customers that how they perceive the service quality. In previous studies the relationship of employees' perception of HR practices with the way customers rate the organizational service effectiveness was found as positive (Hung, 2006; Hoque 2000a,b). Few studies in Pakistan have pointed out the significant effect of service quality in banking sector on customer satisfaction in many banking operations including the e-banking (Shams, Radmand & Batoie, 2013; Zafar, Zaheer & Rehman, 2011). Moving further study of Taiwan hotel industry has revealed that there is positive relationship of HRM practices with service performance (Rust & Oliver, 1993). Employees' 'job satisfaction' has been noticed having a positive relationship with 'internal service quality' in HRM comprising standardized practices followed by the banking sector of Pakistan. On the basis of above-mentioned

literature and arguments it can be safely assumed that.

**H3a:** There is a significant relationship between job involvement and customer satisfaction.

**H3b:** There is a significant relationship between job design and customer satisfaction.

### Mediating role of emotional intelligence

Pugh, Diefendorff, and Moran (2013) have suggested a way to attain target of emotional labor through implementing the HR practices, for instance to train the employees the manner they can display their emotional behavior and expected incentives for customers in such a proper way that emotional performance can be marginally rewarded. However, yet the theory of integrated HR practices is undeveloped. Previous research has demonstrated that emotional performance is related with outcomes of customer service like customer satisfaction (Gabriel, Acosta, & Grandey, 2015). Though Chen and Lin (2009) have made an effort to demonstrate how HR policies may decrease the employees feeling emotionally exhausted, but obviously same is just a beginning towards the broader canvas of (HR) practices in this field of emotional labor. On the basis of above discussion therefore it is hypothesized as:

**H4a:** Emotional intelligence mediate the relationship between job involvement and customer satisfaction.

**H4b:** Emotional intelligence mediate the relationship between job design and customer satisfaction.

### Research Model

The model in figure1 displays conceptual framework of current study.

**H1a:** There is a significant relationship between job involvement and emotional intelligence of employees.

**H1b:** There is a significant relationship between job design and emotional intelligence of employees.

**H2:** There is a significant relationship between emotional intelligence and customer satisfaction.

**H3a:** There is a significant relationship between job involvement and customer satisfaction.

**H3b:** There is a significant relationship between job design and customer satisfaction.

**H4a:** Emotional intelligence mediate the relationship between job involvement and customer satisfaction.

**H4b:** Emotional intelligence mediate the relationship between job design and customer satisfaction.



**Fig 1:** Conceptual Framework

### Research Methodology

#### Participants and procedure

The setting of the current study is the banking sector of Punjab, Pakistan. The study was conducted anonymously on 467 employees and

same number of customers from 126 branches of banks operating in 09 administrative divisions of Punjab, Pakistan. The banks were selected randomly for participation in this study. From the selected bank branches employees were selected randomly as a sample for this study. Customers

were selected from sampled branches of banks. Unit of Analysis is dyad (banking employees & customer) in banking sector.

All research questionnaires were made available to bank employees in the English language and the process of their adaptation was based on checking the tool's reliability through pilot studies. While questionnaire for bank customers was prepared both in English and Urdu, translational equivalence was established by the process of translation and back translation.

The statistical analyses were performed using SPSS software, version 21. For the verification of the hypotheses and mapping out the paths of relationships between the variables, the PLS-SEM approach was used. For analysis and presentation of output specifically Smart PLS 3.2.7 program was employed (Ringle, Wende, and Will, 2005).

### **Measurement of the Variables**

A five-point Likert scale ranging from strongly disagrees to strongly agree is be used for all variables. The conducted survey took into consideration the following set of variables.

**Opportunity-enhancing HR practices:** Opportunity-enhancing HR practices include a scale on job involvement and job design.

**Job Involvement:** A 3- item scale has measured this construct. The items of this scale have been adopted from the study of Kanungo (1982). Example of sample item is "I am really interested in my work". Higher scores reflected positive perceptions about job involvement in the bank employees.

**Job design:** A 4-item scale has measured this construct. The items of this scale have been adopted from the study of Ma Prieto, I., & Pilar Perez-Santana, M. (2014). "Employees in this organization have broadly designed jobs requiring a variety of skills." is an example of

items. Higher score reflected positive perceptions about the job design programs for employees.

**Emotional intelligence:** The scale requires participants to rate their agreement to a list of 16 statements on a 5-point Likert format-scale from 1(Totally Disagree) to 5 (Totally Agree). These items have been adopted from Emotional Intelligence Scale by Law, K. S., Wong, C. S., & Song, L. J. (2004).

**Customer satisfaction:** A 3 -item scale has measured this construct. The items of this scale have been adopted from the study of Maxham, J. G., & Netemeyer, R. G. (2002). "I am satisfied with my overall experience with this bank" is an example of items. Higher scores indicated customers are satisfied with in the bank. The scale requires participants to rate their agreement on a 5-point likert scale from 1(not at all satisfied) to 5 (extremely satisfied).

### **Results**

A PLS path model was used to study the relationships between different variables and the weight played by each on the others. The analysis was developed using Smart PLS 3.2.7 software (<http://www.smartpls.de/>).The results in this study shows measurement Model and structural model analyzed using SmartPLS3.

### **Assessment of Measurement Model**

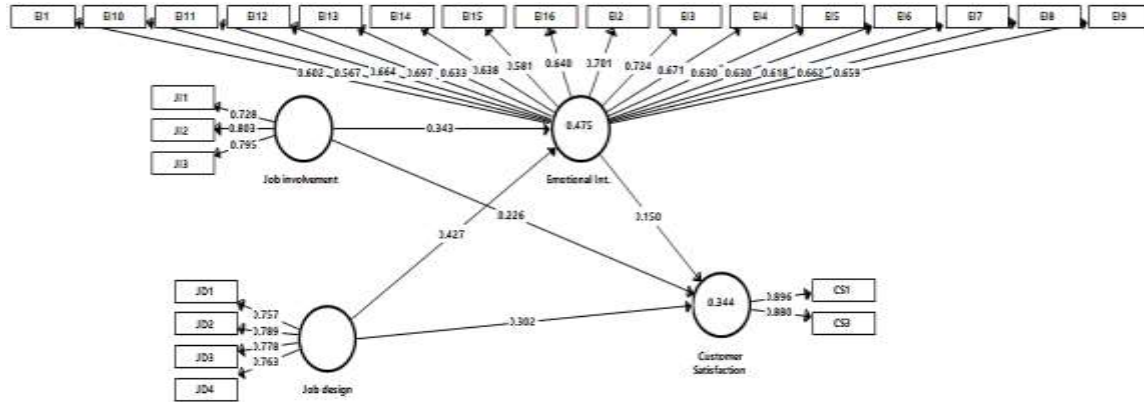
Factor analysis was carried out to examine the factor structure of the items relating to HR practices, emotional intelligence and customer satisfaction. The scales with their appropriate items were then developed into constructs based upon their factor loadings. The hypotheses were then tested using partial least squares (PLS) path models. To assess the 'indicator reliability', the loadings of all the PLS analysis reflective indicators were examined and found that all the outer loadings were greater than 0.4, as suggested by Churchill (1979).

Establishing convergent and discriminant validity in PLS requires an appropriate AVE (average variance extracted) analysis. Table 1 showed the factor loadings, composite reliability and average variance extract that are used to access the convergent validity of constructs. Convergent

validity of constructs is measured by using average variance extract and composite reliability. The value of AVE for all constructs is above 0.50, and composite reliability is greater than 0.7, indicating that convergent validity of all constructs has been established.

**Table 1:** Confirmatory Factor Analysis (CFA)

<b>Constructs</b>	<b>Items</b>	<b>Loadings</b>	<b>Alpha</b>	<b>CR</b>	<b>AVE</b>
Job involvement			0.700	0.819	0.602
	J11	0.728			
	J12	0.803			
	J13	0.795			
Job design			0.774	0.855	0.595
	JD1	0.757			
	JD2	0.789			
	JD3	0.778			
	JD4	0.763			
Emotional intelligence			0.906	0.919	0.517
	EI1	0.602			
	EI2	0.701			
	EI3	0.724			
	EI4	0.671			
	EI5	0.630			
	EI6	0.630			
	EI7	0.618			
	EI8	0.622			
	EI9	0.659			
	EI10	0.567			
	EI11	0.664			
	EI12	0.697			
	EI13	0.633			
	EI14	0.638			
	EI15	0.581			
EI16	0.640				
Customer satisfaction			0.733	0.882	0.789
	CS1	0.896			
	CS3	0.880			



**Fig 2:** Confirmatory factor analysis

Table 2 divulged the outcomes of discriminant validity evaluation of under study variables. Along the diagonal, result shows the square root of AVE for all constructs. All the square roots of

AVE for constructs are higher than the off-diagonal elements or coefficients in the corresponding columns and rows, hence establishing an evidence of discriminant validity.

**Table 2:** Discriminant Validity

Variables	CS	EI	JD	JI
CS	<b>0.888</b>			
EI	0.476	<b>0.646</b>		
JD	0.531	0.632	<b>0.772</b>	
JI	0.496	0.597	0.595	<b>0.776</b>

**Assessment of structural model**

**Direct Effects.** To understand the main relationship effects within the constructs, SEM PLS structural model analysis was conducted. Study used bootstrapping procedure to assess the significance of path coefficients (Table 3). Hypothesis H1a predicted an effect of job involvement on emotional intelligence. Results determined a significant positive effect of job involvement on emotional intelligence ( $\beta = 0.343, t = 8.284$ ), hence hypothesis H1a is

supported. Hypothesis H1b predicted an effect of job design on emotional intelligence. Results determined a significant positive effect of job design on emotional intelligence ( $\beta = 0.427, t = 9.236$ ), hence hypothesis H1b is also supported. Hypothesis H2 predicted an effect of emotional intelligence on customer satisfaction. Results determined a significant positive effect of emotional intelligence on customer satisfaction ( $\beta = 0.150, t = 2.337$ ), hence hypothesis H2 is also supported. Hypothesis H3a predicted an effect of job involvement on customer satisfaction. Results

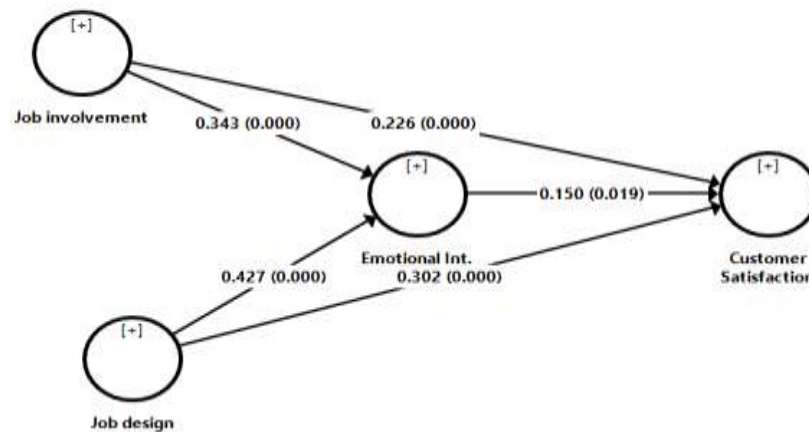


determined a significant positive effect of job involvement on customer satisfaction ( $\beta = 0.226$ ,  $t = 4.093$ ), hence hypothesis H3a is supported. Hypothesis H3b predicted an effect of job design

on customer satisfaction. Results determined a significant positive effect of job design on customer satisfaction ( $\beta = 0.302$ ,  $t = 5.766$ ), hence hypothesis H3b is supported.

**Table 3:** Path modeling

Hypothesis	Relationship	Std. Beta	S.E.	t-Value	Decision
H1a	JI -> EI	0.343	0.041	8.284	Supported
H1b	JD -> EI	0.427	0.046	9.236	Supported
H2	EI -> CS	0.150	0.064	2.337	Supported
H3a	JI -> CS	0.226	0.042	4.093	Supported
H3b	JD -> CS	0.302	0.055	5.766	Supported



**Mediation analysis:** The bootstrapping analysis in table 4 shows results of all indirect effects. Hypothesis H4a with indirect effect JI -> EI -> CS was significant ( $\beta = 0.052$ ,  $t = 2.180$ ). As indicated by Preacher and Hayes (2008) the indirect effects 95% Boot CI as showed in table 4: [LL = 0.007, UL = 0.100], did not straddle a 0 in between indicating there is mediation. Thus, it can be concluded that the mediation effect is

statistically significant indicating that H4a was supported. Hypothesis H4b with indirect effect JD -> EI -> CS was significant ( $\beta = 0.064$ ,  $t = 2.316$  with [LL = 0.010, UL = 0.119], did not straddle a 0 in between indicating there is mediation. Thus, it can be concluded that the mediation effect is statistically significant indicating that H4b was also supported.

**Table 4:** Mediation Analysis

Hypothesis	Relationship	Std. beta	Std. error	T Statistics	Lower Limit	Upper Limit	Decision
H4a	JI -> EI->CS	0.052	0.024	2.180	0.007	0.100	Supported
H4b	JD->EI-> CS	0.064	0.028	2.316	0.010	0.119	Supported

## Discussion

This research contributes to the field of customer services by providing empirical evidence of the relationship between opportunity-enhancing practices, emotional intelligence and customer satisfaction.

The results highlight that opportunity-enhancing HR practices were observed to be a significant determinant of 'emotional intelligence' of employees. In customer service organizations, opportunity-enhancing HR practices concentrate how to make it happen that employees do embrace themselves with required emotional abilities for delivering proper emotional performance.

As compared to ability and motivation-enhancing HR policy domains, far little research in the field of 'emotional labor' is made on opportunity-enhancing HR practices. Generally, Jiang, Lepak, Han, et al. (2012) has clustered opportunity-enhancing HR practices in two components i.e. JI (job involvement) and JD (job design). He has articulated those individual practices i.e. empowerment, voice, employee participation and information sharing can be included in this domain. Furthermore, Jiang, Lepak, Hu, et al. (2012) proposed that above practices intend to aim intrinsic motivation to engage oneself in emotional labor, provided that such practices embolden the workforce to rise and accept challenging task at workplace. These practices show resonance with the recognition of identity in jobs requiring emotional labor.

Once the employees get to know their role at workplace it is quite normal that negative impacts of emotional labor would diminish at the cost of enhancing positive impacts (Ashforth & Humphrey 1993). These demonstrated conditions have empirical support from the work of Schaubroeck and Jones (2000) who has suggested that increased ratio of job identification decreased the employees' state of ill-being. Hence plenty of fortunes are expected from intrinsic motivation of employees and better identification of emotional

labor demands caused by the extended help of 'opportunity-enhancing practices' embedded in management policy.

Some of the emerging research has also suggested that matters relating to 'job involvement' or 'job control' may provide interesting incentives for employees working in emotional labor jobs. For example, Pugliesi (1999) has demonstrated that job control (e.g., I make decisions about how to do my work) as well as the complexity (e.g., I keep learning new things in my position) were noted as having positive relationship with job satisfaction in emotionally laden jobs. Feelings of control have also been found negatively related with stress. Similarly the output noted by Erickson and Wharton (1997) have also suggested the feeling of control on his/her work task was found to be negatively related with uncertainty and depressive mood. When connected with emerging performance made on job design, it is quite possible that 'opportunity-enhancing HR practices' do contain the strength of impacting in a positive manner on the well-being of employees in the emotionally laden jobs. As much as the employees are autonomous in emotional display (Grandey et al., 2012) by way of encouraging them to develop service relationship (Gabriel, Acosta, et al., 2015) or through permitting them to express their natural emotions, the true nature of motivation for regulating their emotions may be enhanced which would also affect their overall motivation to express appropriate emotions at workplace (Diefendorff et al., 2005).

In the context of the present study, employees' emotional intelligence increases customer satisfaction. Emotional performance has been defined as the expression of behaviors through attitude being reflective of set patterns of organizations (Hu'sheger & Schewe 2011), and same are mostly considered as basic determinants of service industry (Diefendorff et al. 2006). In ordinary course of nature, the higher the emotional display, the more would be customer

satisfaction and intention to return as well (Barger & Grandey 2006). Physical gestures like passing smile, giving eyes contact as well as soft pitch of voice are relevant to satisfaction of consumers in many ways (Barger & Grandey 2006). Researchers through data collection observed that dealings of consumers, by receiving team of banks, with smile on face in process of providing service, stood as cause of satisfaction level just after availing the services. The analysis revealed such welcoming behavior was found related with satisfaction of customers. Gabriel, Acosta, et al. (2015) noted smile, remarks with eyes and soft tone all part of positive display have impacts on evaluation of service by customers through feelings of satisfaction and friendly attitudes in service sector.

Anticipation of good effects of employee's positive emotional display is gathered from the study of marketing in the quality of service. It was also noted that assessment for the quality-of-service means comparing expected image of customers with perceiving real experience of service (Parasuraman, Zeithaml & Berry, 1985). There is possibility that employee positive emotional display either come up to the standard or even goes beyond the standard of customer's criterion that how they be entertained which would lead to high assessment of service quality. In the present study, opportunity-enhancing HR practices constituted an independent variable, whose indirect influence on customer satisfaction was performed through emotional intelligence. Since the service industry is continuously growing (Henderson, 2012), so the firms have to face major challenges to ensure extra ordinary services for customers to get the minimum target level of output (Liao & Chuang, 2007). For this challenge, the firms usually rely upon the front-line employees to deliver services in a pleasant smiling way by way of applying emotional labor for regulating their emotions to comply with the emotional display expectations (Hochschild,

1983). Consequently, it will affect positively the consumer-oriented targets (Grandey, 2000). The researchers (Pugh, Diefendorff, and Moran, 2013) have suggested a way to attain target of emotional labor through implementing the HR practices, for instance to train the employees the manner they can display their emotional behavior and expected incentives for customers in such a proper way that emotional performance can be marginally rewarded. However, yet the theory of integrated HR practices is undeveloped.

Previous research has demonstrated that emotional intelligence is related with outcomes of customer service like customer satisfaction (Gabriel, Acosta, & Grandey, 2015). After knowing its significance related to outcomes of customer service, there is no extensive work available to highlight the ways and strategy which the firms may apply for positive affect on capabilities and regulation of employees. Though Chen and Lin (2009) have made an effort to demonstrate how HR policies may decrease the employees feeling emotionally exhausted, but obviously same is just a beginning towards the broader canvas of (HR) practices in this field of emotional labor.

Results regarding the mediating effects of emotional performance represent the major contributions for this study because the literature was unable to find much evidence to support the claim of mediation of emotional performance on the relationship between HR practices and customer service outcomes.

### **Implication for theory and practice**

This study contributes to the existing body of knowledge in management theory in several ways. Empirically supported bundle of opportunity-enhancing HR practices can manipulate the satisfaction and interest of customers of banking sector and this important link is fostered by the mediating role of emotional intelligence of banking employee. Moreover, the organizations can also evaluate job design system

for employee handling to prolong their committed stay in respective organizations. Besides to acquire high standard of committed employees, the organizations must introduce and implement new job design patterns for their employees to meet challenges of open competition in service industry

For last two decades banks and its related all financial services industry experienced a lot of reforms which was necessary for to adopt. This scenario demanded the examination of the variables under study in order to have an insight how customer services outcome can be enhanced in the banking sector in a well-planned manner

This study has taken up an employee viewpoint to explain their real experiences with the HR practices so that relationship between opportunity-enhancing HR practices and customer satisfaction be documented more certainly.

This study has explored a relatively new tool of analysis (i.e., PLS) to explain the structural relationship between the constructs of this study. The PLS tool provided a new framework for comparisons of results obtained from previous studies that used different tools of analysis.

### Conclusion

This research thesis attempts to supplement and test the integrated model which links emotional intelligence to opportunity-enhancing HR practices. Moreover, this study further signifies the importance and usefulness of emotional intelligence by empirical evidence of its link with outcome of customer satisfaction in banking sector.

This research attempts to supplement and test the integrated model which links EI to HR practices. In the light of results discussed above, there is sufficient evidence that the culture of HRM practices working in bundles within the banking sector can play a decisive role for enhancing the EI of banking employees. This study further signifies the importance and usefulness of EI by

empirical evidence of its link with outcome of CS in banking sector. The findings of thesis present compelling empirical evidence that EI of employees is one of basic drivers of organizational success, it can yet be safely concluded that organizations in general and banking sector in particular are likely to reap substantial benefits if they have a workforce enriched in EI. This study provides a deep insight on how CS can be enhanced in the banking sector in a well-planned manner.

### References

1. Chen, L.H., & Lin, S.P. (2009). Reducing service agents' emotional labor by emotion-focused human resource management practices. *Social Behavior and Personality: An International Journal*, 37, 335–341.
2. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *The Journal of Marketing*, 41-50.
3. Barger, P. B., & Grandey, A. A. (2006). Service with a smile and encounter satisfaction: Emotional contagion and appraisal mechanisms. *Academy of management journal*, 49(6), 1229-1238.
4. Diefendorff, J. M., Richard, E. M., & Croyle, M. H. (2006). Are emotional display rules formal job requirements? Examination of employee and supervisor perceptions. *Journal of Occupational and Organizational Psychology*, 79(2), 273-298.
5. Ashforth, B. E., & Humphrey, R. H. (1993). Emotional labor in service roles: The influence of identity. *Academy of management review*, 18(1), 88-115.
6. Barger, P. B., & Grandey, A. A. (2006). Service with a smile and encounter satisfaction: Emotional contagion and

- appraisal mechanisms. *Academy of management journal*, 49(6), 1229-1238.
7. Giardini, A., & Frese, M. (2006). Reducing the negative effects of emotion work in service occupations: emotional competence as a psychological resource. *Journal of occupational health psychology*, 11(1), 63.
  8. Hennig-Thurau, T., & Klee, A. (1997). The impact of customer satisfaction and relationship quality on customer retention: A critical reassessment and model development. *Psychology & marketing*, 14(8), 737-764.
  9. Oliver, R. L. (1981). Measurement and evaluation of satisfaction processes in retail settings. *Journal of retailing*.
  10. Kotler, P., Keller, K. L., Koshy, A., & Jha, M. (2009). *Marketing management: A South Asian perspective* (13th ed.). New Delhi, DL: Pearson Prentice Hall.
  11. Bigné, J. E., Andreu, L., & Gnoth, J. (2005). The theme park experience: An analysis of pleasure, arousal and satisfaction. *Tourism Management*, 26, 833-844.
  12. Borucki, C. C., & Burke, M. J. (1999). An examination of service-related antecedents to retail store performance. *Journal of organizational Behavior*, 943-962.
  13. Chen, C. and Huang, J. (2009), Strategic human resource practices and innovative performance: the mediating role of knowledge management capacity, *Journal of Business Research*, 62, 104-114
  14. Chen, L.H., & Lin, S.P. (2009). Reducing service agents' emotional labor by emotion-focused human resource management practices. *Social Behavior and Personality: An International Journal*, 37, 335-341.
  15. Colgate, M. R., & Danaher, P. J. (2000). Implementing a customer relationship strategy: The asymmetric impact of poor versus excellent execution. *Journal of the Academy of Marketing Science*, 28, 375-387.
  16. Diefendorff, J. M., Richard, E. M., & Croyle, M. H. (2005). Are emotional display rules formal job requirements? Examination of employee and supervisor perceptions. *Journal of Occupational and Organizational Psychology*, 79(2), 273-298.
  17. Fitzsimmons, J. A., Fitzsimmons, M. J., & Bordoloi, S. (2008). *Service management: Operations, strategy, and information technology*. New York, NY: McGraw-Hill.
  18. Voorhees, C., Fombelle, P., Allen, A. M., Bone, S. A., & Aach, J. (2014). Managing postpurchase moments of truth: Leveraging customer feedback to increase loyalty. *Marketing Science Institute Reports*, 14-115.
  19. Henderson, R. (2012). Industry employment and output projections to 2020. *Monthly Labor Review*, 135, 65-83.
  20. Grandey, A. (2000). Emotion regulation in the workplace: A new way to conceptualize emotional labor. *Journal of Occupational Health Psychology*, 5, 95-110.
  21. Pugh, S. D., Diefendorff, J. M., & Moran, C. M. (2013). Emotional labor: Organization-level influences, strategies, and outcomes. *Routledge/Taylor & Francis Group*.
  22. Liao, H., & Chuang, A. (2007). Transforming service employees and climate: a multilevel, multisource examination of transformational leadership in building long-term service

- relationships. *Journal of Applied Psychology*, 92, 1006–1019.
23. Lemon, K. N., & Verhoef, P. C. (2016). Understanding customer experience throughout the customer journey. *Journal of marketing*, 80(6), 69-96.
24. Bitner, M. J., & Wang, H. S. (2014). 11. Service encounters in service marketing research. *Handbook of service marketing research*, 221
25. Gabriel, A. S., Acosta, J. D., & Grandey, A. A. (2015). The value of a smile: Does emotional performance matter more in familiar or unfamiliar exchanges?. *Journal of Business and Psychology*, 30(1), 37-50.
26. Ulrich, D., Halbrook, R., Meder, D., Stuchlik, M., & Thorpe, S. (1991). Employee and customer attachments: Synergies for competitive advantage. *Human Resource Planning*, 14(2), 89–104.
27. Giardini, A., & Frese, M. (2006). Reducing the negative effects of emotion work in service occupations: emotional competence as a psychological resource. *Journal of occupational health psychology*, 11(1), 63.
28. Grandey, A. (2000). Emotion regulation in the workplace: A new way to conceptualize emotional labor. *Journal of Occupational Health Psychology*, 5, 95–110.
29. Grandey, A. A., & Gabriel, A. S. (2015). Emotional labor at a crossroads: Where do we go from here? *Annual Review of Organizational Psychology and Organizational Behavior*, 2, 323–349.
30. Gutek, B. A. (1995). The dynamics of service: Reflections on the changing nature of customer/provider interactions. *Jossey-Bass*.
31. Gwinner, K. P., Gremler, D. D., & Bitner, M. J. (1998). Relational benefits in service industries: The customer's perspective. *Journal of the Academy of Marketing Science*, 26, 101–114.
32. Henderson, R. (2012). Industry employment and output projections to 2020. *Monthly Labor Review*, 135, 65–83.
33. Chen, C. and Huang, J. (2009), Strategic human resource practices and innovative performance: the mediating role of knowledge management capacity, *Journal of Business Research*, 62, 104-114.
34. Collins, C. J., & Smith, K. G. (2006). Knowledge exchange and combination: The role of human resource practices in the performance of high-technology firms. *Academy of Management Journal*, 49, 544–560.
35. Wamboye, E. F., & Nyaronga, P. J. (2018). *The Service Sector and Economic Development in Africa*. Routledge.
36. Khan, M. M., & Fasih, M. (2014). Impact of service quality on customer satisfaction and customer loyalty: Evidence from banking sector. *Pakistan Journal of Commerce and Social Sciences*, 8(2), 331-354
37. Naeem, H., Akram, A., & Saif, M. I. (2011). Service Quality and its impact on Customer Satisfaction: An empirical evidence from the Pakistani banking sector. *International Business & Economics Research Journal (IBER)*, 8(12).
38. Deci, E. L., Connell, J. P., & Ryan, R. M. (1989). Self-determination in a work organization. *Journal of applied psychology*, 74(4), 580.
39. Grandey, A.A., Foo, S.C., Groth, M., & Goodwin, R.E. (2012). Free to be you and me: A climate of authenticity alleviates burnout from emotional labor.

- Journal of Occupational Health Psychology, 17, 1–14.
40. Spector, P. E. (1986). Perceived control by employees: A meta-analysis of studies concerning autonomy and participation at work. *Human relations*, 39(11), 1005–1016.
  41. Hackman, J.R., & Oldham, G.R. (1976). Motivation through the design of work: Test of a theory. *Organizational Behavior and Human Performance*, 16, 250–279.
  42. Ben-Zur, H., & Yagil, D. (2005). The relationship between empowerment, aggressive behaviors of customers, coping, and burnout. *European Journal of Work and Organizational Psychology*, 14(1), 81–99.
  43. Grant, A. M., & Parker, S. K. (2009). 7 redesigning work design theories: the rise of relational and proactive perspectives. *Academy of Management annals*, 3(1), 317–375.
  44. Hochschild, A.R. (1983). *The Managed Heart: The Commercialization of Feeling*. Berkeley, CA: University of California Press.
  45. Hülsheger UR., & Schewe AF. (2011). On the costs and benefits of emotional labor: a meta-analysis of three decades of research. *J. Occup. Health Psychol.* 16(3):361–89
  46. Hunt, H. K. (1993). CSD&CB Research Suggestions and Observations for the 1990's. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 6, 40–42.
  47. Jiang, K., Lepak, D. P., Hu, J., & Baer, J. C. (2012). How does human resource management influence organizational outcomes? A meta-analytic investigation of mediating mechanisms. *Academy of management Journal*, 55(6), 1264–1294.
  48. Jiang, K., Lepak, D.P., Han, K., Hong, Y., Kim, A., & Winkler, A.L. (2012). Clarifying the construct of human resource systems: Relating human resource management to employee performance. *Human Resource Management Review*, 22, 73–85.
  49. Joseph DL, Newman DA. 2010. Emotional intelligence: an integrative meta-analysis and cascading model. *Journal of Applied Psychology*. 95(1):54–78
  50. Law, K. S., Wong, C. S., & Song, L. J. (2004). The construct and criterion validity of emotional intelligence and its potential utility for management studies. *Journal of applied Psychology*, 89(3), 483.
  51. Liao, H., & Chuang, A. (2004). A multilevel investigation of factors influencing employee service performance and customer outcomes. *Academy of Management Journal*, 47, 41–58.
  52. Liao, H., & Chuang, A. (2007). Transforming service employees and climate: a multilevel, multisource examination of transformational leadership in building long-term service relationships. *Journal of Applied Psychology*, 92, 1006–1019.
  53. Maxham III, J. G., & Netemeyer, R. G. (2002). A longitudinal study of complaining customers' evaluations of multiple service failures and recovery efforts. *Journal of marketing*, 66(4), 57–71.
  54. Schaubroeck, J., & Jones, J. R. (2000). Antecedents of workplace emotional labor dimensions and moderators of their effects on physical symptoms. *Journal of Organizational Behavior*, 163–183.
  55. Pugliesi, K. (1999). The consequences of emotional labor: Effects on work stress, job satisfaction, and well-

- being. *Motivation and emotion*, 23(2), 125-154.
56. Erickson, R. J., & Wharton, A. S. (1997). Inauthenticity and depression assessing the consequences of interactive service work. *Work and occupations*, 24(2), 188-213.
57. Poster, W. R. (2011). Emotion detectors, answering machines, and e-unions: Multi-surveillances in the global interactive service industry. *American Behavioral Scientist*, 55, 868-901.
58. Pugh, S. D., Diefendorff, J. M., & Moran, C. M. (2013). Emotional labor: Organization-level influences, strategies, and outcomes. Routledge/Taylor & Francis Group.
59. Solomon, M. R., Surprenant, C., Czepiel, J. A., & Gutman, E. G. (1985). A role theory perspective on dyadic interactions: the service encounter. *The Journal of Marketing*, 99-111.
60. Wiley, J. W. (1996). Linking survey results to customer satisfaction and business performance. *Organizational surveys: Tools for assessment and change*, 330-