

Emotional Intelligence and Managerial Effectiveness in the Nigerian Banking Sector

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Abstract

This study examined the relationship between emotional intelligence and managerial effectiveness in the Nigerian banking industry. The three key dimensions of emotional intelligence - empathy, motivation, and social skills - were evaluated as predictors of managerial effectiveness, which was measured through leadership, decision-making, and team performance outcomes. A cross-sectional survey design was employed to collect data from 267 mid-level and senior managers in commercial banks located in Abuja, Nigeria. Multiple regression analysis was used to test the research hypotheses.

The findings revealed that all three emotional intelligence dimensions - empathy, motivation, and social skills - had a statistically significant and positive impact on managerial effectiveness. Empathy emerged as the strongest predictor, followed by social skills and motivation. These results highlight the vital role of emotional competencies in enabling banking managers to motivate teams, build lasting relationships, and maintain organizational performance, especially in the face of the industry's complex and dynamic operating environment in Nigeria. The study contributes to both theoretical and practical understanding of leadership effectiveness in the Nigerian banking context. It recommends that banks incorporate emotional intelligence training into their leadership development programs, use EI assessments in hiring and promotion decisions, and implement mentorship initiatives to cultivate emotionally intelligent managers. Future research should explore the department-specific applications of emotional intelligence and investigate the long-term impacts of EI-based interventions on organizational performance.

Keywords: Emotional Intelligence, Managerial Effectiveness, Empathy, Motivation, Social Skills

Introduction

The competencies required for effective banking management have undergone a fundamental shift in the 21st century. Traditional leadership models focused on financial acumen and risk assessment skills are proving inadequate in navigating the complexities of contemporary financial services environments characterized by technological disruption, changing regulatory landscapes, and evolving customer demands. Successful leadership in the modern banking sector necessitates strategies that go beyond conventional management paradigms.

This shift is particularly evident in the Nigerian banking industry, which has witnessed significant growth and modernization over the past two decades, yet continues to grapple with a range of challenges. Banking executives must concurrently manage the demands of digital transformation, global competitive pressures, domestic economic volatility, and the need to preserve customer loyalty in the face of increasingly standardized service offerings. Effective management approaches in both established and emerging economies have been redefined by the wide array of issues confronting the global banking landscape.

In this context, strategic positioning calls for managers who can maintain organizational focus on profitable growth segments while juggling conflicting agendas. As top institutions shift from experimental to full-scale AI integration, leadership must steer digital transformation projects while preserving the human-centric service delivery methods that set successful banking organizations apart. Success in modern banking increasingly rests on managers' ability to balance technological advancements and human connections, which requires improved emotional and social intelligence.

The unique economic and regulatory framework in which Nigeria's banking industry operates further emphasizes the criticality of superior managerial skills. While the industry has demonstrated exceptional resilience through recent economic challenges, forecasts indicate that managers' capacity to navigate growth slowdown and margin compression while maintaining operational excellence will be crucial in determining future performance. The inherent volatility of Nigeria's macroeconomic environment creates special responsibilities for banking managers, requiring them to stay strategically focused while quickly adapting to new situations.

The identification of emotional intelligence as a core management capability has led to a paradigm shift in our understanding of leadership effectiveness. Emotional intelligence, in contrast to cognitive intelligence, focuses on the ability to identify, comprehend, and effectively manage one's own and others' emotions to influence thought and behavior in ways that enhance interpersonal effectiveness and organizational outcomes.

Empathy, motivation, and social skills stand out among the many facets of emotional intelligence that have been shown to be particularly important for the effectiveness of banking administration. Managers who possess empathy are better able to understand and address the needs of both customers and employees, enhancing team performance, loyalty, and customer satisfaction. Motivational competencies provide the perseverance, optimism,

and achievement orientation required to motivate teams and sustain dedication during challenging times. The communication, persuasion, conflict resolution, and teamwork skills encapsulated in social skills strengthen stakeholder relationships and organizational coordination, which are crucial for management success in Nigerian corporate settings.

Research Problem

Despite the acknowledged value of emotional intelligence, there remains a lack of empirical evidence on how specific aspects of it impact managerial effectiveness in Nigerian banking contexts. Broad conceptualizations of emotional intelligence in existing research constrain the development of targeted interventions for leadership development. Furthermore, there is a dearth of data on how social skills, empathy, and motivation translate into quantifiable management outcomes within the banking sector.

This study aims to address these gaps by investigating the precise influence of emotional intelligence characteristics on managerial success in a subset of banks located in the Federal Capital Territory of Nigeria. The focus on Abuja highlights the strategic significance of this financial center, where diverse stakeholder demands and competitive pressures create conditions where emotional intelligence skills can make the difference between effective and ineffective management.

Literature Review

Managerial Effectiveness

The concept of managerial effectiveness encompasses leaders' overall ability to propel organizational achievement, going beyond traditional performance measurements. Recent research suggests that strategic vision, operational proficiency, and people skills are all necessary for effective management (Luthans et al., 1988; Yukl, 2013). This multifaceted construct takes on particular importance in Nigeria's banking ecosystem, where managers must navigate a volatile macroeconomic environment while simultaneously addressing the demands of technology disruption, regulatory compliance, customer service excellence, and human capital development.

This complex issue calls for leadership strategies that integrate social and emotional intelligence with technological expertise (Elias et al., 2021; Onyema & Okenyi, 2024). The development of banking management in the 21st century reflects a fundamental shift in the competencies needed for organizational performance, moving beyond traditional models focused on financial acumen and risk assessment.

Emotional Intelligence as a Management Paradigm

The rise of emotional intelligence as a vital management capability represents a paradigm shift from strictly cognitive-based leadership models toward more holistic approaches that acknowledge the importance of emotional and social variables in organizational productivity.

The groundbreaking work of Salovey and Mayer (1990) laid the theoretical foundations for understanding emotional intelligence as a distinct type of intelligence that encompasses the ability to recognize, comprehend, and effectively regulate emotions. This concept was later popularized by Goleman (1995), who emphasized its relevance in corporate contexts.

In relationship-intensive sectors like banking, where success primarily rests on interpersonal interactions, trust-building, and the capacity to navigate complex stakeholder dynamics, the significance of emotional intelligence to management effectiveness becomes even more apparent. The hierarchical organizational structures and high-touch customer service models of Nigerian banking operations foster conditions where emotional intelligence skills can distinguish effective managers from ineffective ones.

Empathy in Management Practice

Empathetic leadership is fundamentally important in developing organizational cultures that promote employee engagement and high performance outcomes. Managers can build stronger relationships with their teams and make better decisions that consider both business needs and human factors when they possess empathy, defined as the cognitive and emotional capacity to comprehend and experience another person's feelings.

Current research on empathic leadership consistently shows that it is positively correlated with a number of organizational outcomes. Studies have found that employee well-being and leader empathy are significantly correlated in various organizational settings, and similar trends have been observed in banking contexts. For instance, research in the Kenyan banking sector demonstrated how empathic leadership approaches directly improved organizational performance measures and employee engagement (Ng'ang'a & Gachunga, 2020).

Within the Nigerian context, studies have shown that managers who are emotionally attuned perform better on indicators of workplace cohesiveness and productivity (Obeagu & Abimbola, 2022). These results suggest that the ability to lead with empathy may be especially beneficial in culturally diverse settings, as managing a team effectively requires an awareness of other viewpoints and communication modalities.

Motivational Leadership and Managerial Effectiveness

The ability of managers to remain optimistic, encourage success, and instill similar traits in their team members is encompassed in the motivational dimension of emotional intelligence. This skill is particularly crucial in demanding work settings, as leaders must be able to retain team commitment and morale in the face of external challenges to achieve sustained performance.

Empirical evidence strongly supports the substantial influence of motivational leadership on organizational effectiveness. Meta-analytic research has shown that managerial self-motivation and team performance are highly predictive in a variety of organizational contexts (Al-Asfour et al., 2023). This finding is consistent with studies conducted in Nigeria, which

have found that highly motivated bank managers performed better in terms of reaching organizational goals and sustaining team productivity levels (Akinyemi & Ojo, 2022; Eze & Okoro, 2021).

These studies collectively imply that motivational competencies are critical leadership skills, especially in the volatile operating environments typical of emerging market banking sectors.

Social Skills and Managerial Effectiveness

The interpersonal characteristics that allow managers to establish rapport, communicate clearly, resolve problems, and coordinate activities across organizational boundaries are collectively referred to as social skills. These skills are particularly crucial in banking settings, where managing relationships with diverse stakeholder groups is essential for success.

Research findings have consistently demonstrated a positive correlation between managers' social abilities and team performance outcomes. Comprehensive meta-analytic evidence supporting these correlations across different organizational contexts has been presented (Joshi et al., 2019), and studies conducted specifically in Nigeria add credence to these findings. Recent work has particularly examined interpersonal competence in Nigerian banking contexts, showing a favorable correlation between social skills and measures of managerial effectiveness (Nwafor & Okoro, 2024).

These results highlight the value of social skills in relationship-driven workplaces where the capacity to collaborate with a wide range of individuals is essential to success.

Theoretical Underpinnings

The primary theoretical framework guiding this study is Goleman's Emotional Intelligence Theory (1995, 1998), which builds on previous research by Salovey and Mayer (1990) and establishes empathy, motivation, and social skills as separate competencies that improve interpersonal functioning and increase leadership effectiveness.

Additional theoretical support is provided by Bandura's Social Learning Theory (1977, 1986), which explains how emotional abilities are developed through processes of observational learning. This perspective is particularly applicable in Nigerian corporate settings, where mentorship customs and hierarchical structures foster circumstances that support the development of emotional intelligence skills through vicarious reinforcement and role modeling.

Conceptualizing emotional intelligence as a form of human capital that can be cultivated through education and training, with immediate returns in the form of improved productivity and organizational performance, is another way that Human Capital Theory viewpoints (Schultz, 1961; Becker, 1964) contribute to the theoretical foundation.

Finally, contingency theory-based approaches (Fiedler, 1967; Hersey & Blanchard, 1969) highlight the crucial role of situational flexibility in effective leadership. Managers with

emotional intelligence competencies are better able to adapt their leadership styles to fit various situations, team requirements, and environmental demands, which is especially useful in Nigeria's fast-paced banking sector.

Methodology

This study employed a cross-sectional survey design to investigate the relationship between managerial effectiveness and emotional intelligence dimensions in Nigerian commercial banks. The research population consisted of middle-tier and senior-level banking professionals working for commercial banks in Abuja, Nigeria's Federal Capital Territory (FCT). Based on industry reports and organizational structure data, the total population of qualifying managers across participating banking institutions was estimated to be around 800 people.

Sample Size Determination and Sampling Strategy

The sample size was calculated using Yamane's formula for finite population sampling, incorporating a 95% confidence level and 5% margin of error. This mathematical computation yielded an optimal sample size of 267 participants.

A stratified random sampling technique was implemented to ensure proportional representation across different banking institutions and management levels within the sample. Stratification criteria included bank size (measured by asset base), ownership structure (domestic versus international), and management level (middle versus senior management positions).

A structured questionnaire was developed to capture the key concepts under investigation. The questionnaire utilized validated measuring scales that were adapted from well-known emotional intelligence assessment tools and management effectiveness evaluation instruments to ensure cultural and contextual appropriateness for the Nigerian banking sector. The emotional intelligence components were operationalized using multi-item measures that assessed social skills, motivation, and empathy as separate variables. Managerial effectiveness was conceptualized as a composite including team performance outcomes, decision-making quality, and leadership effectiveness.

Secondary data sources, such as publications from the banking sector, scholarly works, Central Bank of Nigeria reports, and government policy documents, were used to provide contextual information regarding the Nigerian banking industry, regulatory environment, and performance patterns.

Multiple linear regression analysis was employed as the primary statistical technique for hypothesis testing, supplemented by descriptive statistics, correlation analysis, and reliability testing procedures. The regression model specification was:

$$ME = \beta_0 + \beta_1(EMP) + \beta_2(MOT) + \beta_3(SS) + \varepsilon$$

Where: ME represents managerial effectiveness, EMP denotes empathy, MOT indicates motivation, SS represents social skills, β_0 through β_3 represent regression coefficients, and ε represents the error term.

Prior to conducting regression analysis, the data was subjected to preliminary screening procedures to assess normality, linearity, homoscedasticity, and multicollinearity assumptions. Reliability analysis using Cronbach's alpha coefficients evaluated the internal consistency of measurement scales, while validity assessment examined construct and content validity characteristics.

Correlation analysis provided preliminary evidence regarding the strength and direction of relationships between variables, informing the subsequent regression modeling approach.

Estimation of Results

Descriptive Analysis and Sample Characteristics

The study obtained data from 267 banking professionals from a selection of commercial banks in the Federal Capital Territory, resulting in a 100% response rate. The sample composition demonstrated diverse representation, with 38% of participants holding senior management positions and 62% holding middle management roles. The distribution of banking institutions was balanced, with 58% of participants from domestic banks and 42% from foreign banks. The sample had a mean experience of 12.4 years in banking management roles, ranging from 5 to 25 years.

Preliminary Statistical Assessments

Reliability assessment using Cronbach's alpha coefficients demonstrated strong internal consistency across all measurement scales, as shown in Table 1.

Table 1: Reliability Analysis

Construct	Cronbach's Alpha
Empathy	0.847
Motivation	0.823
Social Skills	0.856
Managerial Effectiveness	0.891

Source: Research Output 2025

Normality testing indicated that all variables approximated normal distribution patterns, satisfying assumptions for parametric statistical procedures. Multicollinearity assessment revealed variance inflation factors below 2.5 for all predictor variables, indicating the absence of problematic collinearity.

Research Objective One: Empathy and Managerial Effectiveness

Correlation analysis of the empathy construct revealed positive associations across all measurement items, confirming construct validity and measurement consistency.

The multiple regression analysis results are presented in Table 2.

Table 2: Regression Analysis - Empathy and Managerial Effectiveness

Variable	Unstandardized Coefficients		Standardized Coefficients	t-value	p-value
	B	Std. Error	Beta		
(Constant)	1.876	0.203		9.277	0.000
Empathy	0.505	0.057	0.502	8.840	0.000

Source: Research Output 2025

The regression analysis showed a statistically significant and positive relationship between empathy and managerial effectiveness ($\beta = 0.505$, $p < 0.001$). The standardized coefficient suggests that a one standard deviation increase in empathy corresponds to approximately half a standard deviation increase in managerial effectiveness. The model explains 25.0% of the variance in managerial effectiveness.

Research Objective Two: Motivation and Managerial Effectiveness

Examination of the motivation construct through inter-item correlations confirmed appropriate inter-relationships and distinctiveness of the indicators.

The regression analysis results are presented in Table 3.

Table 3: Regression Analysis - Motivation and Managerial Effectiveness

Variable	Unstandardized Coefficients		Standardized Coefficients	t-value	p-value
	B	Std. Error	Beta		
(Constant)	2.052	0.221		9.274	0.000
Motivation	0.448	0.060	0.443	7.470	0.000

Source: Research Output 2025

The regression analysis demonstrated a significant positive relationship ($\beta = 0.448$, $p < 0.001$) between motivation and managerial effectiveness, indicating that motivated managers achieve superior effectiveness outcomes. The motivation model accounts for 19.6% of the variance in managerial effectiveness.

Research Objective Three: Social Skills and Managerial Effectiveness

Correlation analysis of the social skills construct validated positive inter-relationships among the indicators while capturing distinct aspects of social competency.

The regression results are presented in Table 4.

Table 4: Regression Analysis - Social Skills and Managerial Effectiveness

Variable	Unstandardized Coefficients		Standardized Coefficients	t-value	p-value
	B	Std. Error	Beta		
(Constant)	1.989	0.215		9.228	0.000
Social Skills	0.457	0.057	0.453	7.993	0.000

Source: Research Output 2025

The regression results revealed a strong positive relationship between social skills and managerial effectiveness ($\beta = 0.457$, $p < 0.001$). The social skills model explains 20.5% of the variance in managerial effectiveness.

Comparative Analysis of Emotional Intelligence Dimensions

Comparative examination of the three emotional intelligence dimensions showed that empathy had the strongest individual predictive power, followed by social skills and motivation. These findings suggest that while all three dimensions contribute significantly to managerial effectiveness, empathy may play a particularly important role in the Nigerian banking context, potentially reflecting the relationship-intensive nature of banking operations and the cultural emphasis on interpersonal understanding.

The substantial explained variance across all models (ranging from 19.6% to 25.0%) indicates that emotional intelligence dimensions represent important but not exclusive determinants of managerial effectiveness, suggesting that optimal management performance requires the integration of these competencies with other organizational and individual factors.

Conclusion and Recommendations

This study concludes that empathy, motivation, and social skills, as key dimensions of emotional intelligence, have a statistically significant and positive influence on managerial effectiveness in the Nigerian banking industry. Emotionally intelligent managers are better equipped to motivate teams, build lasting relationships, and maintain organizational performance, especially in the face of the industry's complex and dynamic operating environment.

Based on these findings, the study recommends the following:

Banks should incorporate emotional intelligence training, with a focus on empathy, motivation, and social skills, into their leadership development programs.

Human resource departments should utilize proven emotional intelligence tests in hiring and advancement procedures to ensure the appointment of managers with the necessary emotional competencies.

Senior leaders should model emotionally intelligent behavior and foster a collaborative and empathetic organizational culture.

Performance evaluation systems should include metrics for emotional intelligence, rewarding managers who demonstrate excellence in motivating staff and maintaining positive interpersonal interactions.

Structured coaching and mentoring programs should be established to assist managers in acquiring and continuously developing their emotional intelligence skills.

Future research should explore the department-specific applications of emotional intelligence and investigate the long-term impacts of EI-based interventions on organizational performance in the Nigerian banking sector.

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