

THE INFLUENCE OF EMPLOYEES' EMOTIONAL INTELLIGENCE ON CUSTOMER LOYALTY IN THE SERVICE INDUSTRY

1. Introduction - 2. Method - 3. Results of the research - 4. Discussion - 5. Conclusion

Abstract

Questo articolo intende identificare l'impatto dell'intelligenza emotiva degli addetti sul livello di soddisfazione dei loro clienti. Per tale analisi è stato scelto il settore dell'accoglienza (alberghiero) e lo studio è stato condotto sui dati estratti dalla piattaforma online di Booking. L'analisi del contenuto delle recensioni degli ospiti e delle valutazioni degli hotel ha mostrato una forte correlazione tra il numero di valutazioni negative riguardanti il personale dell'hotel e il grado di soddisfazione dell'Hotel. Ciò a dimostrare che la soddisfazione del cliente dipende dalla qualità dei servizi forniti e dal personale alberghiero. Ciò rende l'intelligenza emotiva estremamente importante per gli addetti delle strutture alberghiere in quanto è capace di influenzare la fedeltà dei clienti. La capacità di gestire lo stato emotivo impedisce anche il *burnout* emotivo e professionale del personale dell'albergo.

The purpose of this paper is to identify the impact of employees' emotional intelligence on the level of their customers' satisfaction. The field of hospitality was chosen, and the study covered the Booking global online platform. Content analysis of guest reviews and hotel ratings displayed a strong correlation between the number of negative assessments regarding the hotel staff and the hotel Booking rating. That means that customer satisfaction depends on the quality of services provided by hotel staff. That makes emotional intelligence extremely important for hospitality industry representatives as it influences customer loyalty. The ability to manage emotional state also prevent emotional and professional burnout of hospitality industry staff.

Keywords: emotional intelligence, service industries, hospitality industry, hotel staff, customer loyalty.

1. Introduction

Nowadays, emotional intelligence (EI) became an integral part of human life that affects both personal and professional qualities. In the 1920s, R. Thorndike conducted research that served as the beginning of the EI studies. He separated social intelligence as a part of a person's intelligence and identified it as the ability to understand others and behave appropriately with them¹. G. Gardner later raised the question of EI in his "Frames of Mind" (1983)². He presented a model of multifactorial personal intelligence, dividing it into interpersonal and intrapersonal. Interpersonal

¹ R. THORNDIKE, *Stanford-binet Intelligence Scale: 4th edition, Technical Manual*, Chicago, 1986.

² G. GARDNER, *Frames of Mind. The Theory of Multiple Intelligence*, Basic Books, New York, 2011.

intelligence is identified as a person's ability to understand herself, her feelings, and control her behavior. Intrapersonal intelligence expresses how much a person can understand others and influence them. Currently, two models of EI are widespread. The ability model displays a combination of human knowledge and emotions. The mixed model combines human intellectual, emotional, and personal competences³.

The EI problems were also explored by Peter Salovey and John Meyer in their 'Emotional Intelligence' article (1990)⁴. That research served as a basis for the EI phenomenon, where the first model was formulated. According to this model, the main EI components are a person's emotional competences and the ability to influence the external manifestation of her emotions. According to the authors, EI consists of a set of the following properties: perception and identification of emotions, the usage of emotions to influence the thinking process and activity, the ability to understand and manage emotions. Among EI key elements are awareness, empathy, responsibility, and balance. So, EI begins with the understanding and analysis of personal emotions, which will lead to the ability to understand the emotions of others and identify factors that caused them. Through the development of EI, people can adjust and control their emotions during stressful situations, independently influence their emotional state and learn to interact intelligently with others.

In 1995, Daniel Goleman published the book 'Emotional Intelligence'⁵. His research gave a powerful impetus to further EI studies as it focused on the impact of emotions on human life and business, and the ability to manage them. D. Goleman complemented the model, which was presented by Peter Salovey and John Mayer, by proposing five components:

- 1) *Emotional self-awareness*: the ability of a person to understand her feelings and their impact on her psychological state. With the help of feelings, a person can choose reactions and behavior in different situations, clearly understand her strengths, weaknesses, and competences.
- 2) *Self-control*: the ability of a person to control her emotions, be initiative, confidence in her strengths and abilities.
- 3) *Social sensitivity*: a tendency to empathy, the ability of a person to understand the feelings of others, and recognize a large number of emotional signals.

³ J.D. MAYER, *Emotional Intelligence meets traditional standards for an intelligence, Intelligence*, 1999.

⁴ P. SALOVEY, *Some final thoughts about personality and intelligence*, U.K. Cambridge University Press, Cambridge, 1994.

⁵ D. GOLEMAN, *Emotional intelligence*, Bantam books, New York, 1995.

4) *Relationship management*: the ability of a person to resolve conflicts, team working, and acceptance of changes.

5) *Motivation*: the desire of a person to achieve her goals just for the fact of achieving them.

Further, the concept of EI was studied by psychologist Reuven Bar-On. In his study 'Emotional Quotient Inventory' (1997)⁶, he proposes the concept of 'emotional coefficient' and a questionnaire to determine it. In his opinion, the growth of human emotional intelligence depends on the quality of life. R. Bar-On defines EI as a combination of emotional and social knowledge and skills that help a person to interact intelligently with others. The model offered by R. Bar-On includes five components:

1) *intrapersonal*: the ability of a person to understand herself;

2) *interpersonal*: a tendency to empathy, ability to constructively build interpersonal relationships;

3) *adaptability*: the ability to resolve conflicts and flexibility of personality;

4) the *ability to manage stress*;

5) *attitude to life*: a tendency to optimistic views, the ability to enjoy life.

The psychologist supports the idea that a person with high emotional potential shows quick adaptation, is not impulsive, control herself in stressful situations, can solve problems by finding flexible solutions. He defines EI as a combination of non-cognitive knowledge and skills that help a person to adapt to society.

All the discussed research have formed an understanding of the EI importance for all spheres of human life, especially professional activity. D. Goleman confirmed that 85% of successful activities of professional top-managers could be explained by the high development of their emotional intelligence⁷. That explains why EI has a significant impact on the professional activities of people whose job is related to others. Therefore, special attention should be given to the development of emotional intelligence in the service industries, namely in the hospitality industry.

Services involve constant contact with people with a continuous emotional exchange, which often causes stressful situations⁸. The ability to control emotions, feel the mood of a client, resolve a conflict by influencing a client's emotions reflects the professional qualification of the hospitality industry staff. These competencies help to create customer loyalty towards a service company and

⁶ R. BAR-ON, *Emotional Quotient Inventory (EQ-i): Technical Manual, Multi-Health Systems*, Toronto, 1997.

⁷ D. GOLEMAN, *Working with Emotional Intelligence*, Bantam books, London, 2000.

⁸ S. COTE, *Emotional Intelligence in Organizations*, University of Toronto, Toronto, 2014, 1.

mitigate negative emotions caused by external factors. Therefore, among the main requirements for employees in the service industries should be the ability to communicate effectively and have emotionally intelligent behavior⁹.

This paper studies the impact of employee's emotional intelligence and their behavior in conflict situations on the level of customer satisfaction with hospitality services. We have chosen this sector because it sufficiently represents the service industry and is simple to analyze.

2. Method

The purpose of this study is to determine the correlation between the hospitality industry staff EI and the level of customer satisfaction with the services provided by a specific hotel. We have analyzed Booking reviews for 96 three, four, and five-star hotels located in Kyiv, Ukraine. We have chosen Booking as the most famous hotel aggregator with a database of 30,000 hotels worldwide. We tried to discover the correlation between a hotel rating on Booking and the number and tonality of clients' negative reviews towards the hotel staff. The ratio of the number of negative feedback and the overall number of clients' reviews was calculated. Content analysis¹⁰ of emotionally colored negative and positive responses was performed based on the selection of words and phrases used by the clients to describe the behavior and personal qualities of the hotel staff.

3. Results of the research

As was demonstrated before, the hotel staff directly influence hotel competitiveness and economic efficiency. Of particular importance is the selection of qualified customer service staff as it has constant direct contact with clients and is responsible for their satisfaction by the service level. The study revealed that the number of negative reviews does not correlate with the hotel star rating. Some 3-star and 5-star hotels had the same number of negative feedback. The number of negative reviews in some 5-star hotels could have been higher.

The study found out the following correlation: the higher is the hotel rating on Booking, the lower is the number of negative feedback about staff (Fig.1). We have identified six ranges of

⁹ J.D. MAYER, *The intelligence of emotional intelligence, Intelligence*, New York, 1993.

¹⁰ K. KRIPPENDORFF, *Content Analysis: An Introduction to Its Methodology*, OAKS, Sage, 2013.

Booking ratings: 6.4-6.9; 7.0-7.5; 7.6-8.0; 8.1-8.5; 8.6-9.0, and 9.1-9.5. In fact, all ratings for Kyiv hotels lie in this range. As can be noticed from the figure, the number of negative reviews from customers rapidly decreases when moving to ratings above 8.1. Customers usually perceive a hotel with a Booking rating of 8 as more status. To get such a high assessment, hotels begin to pay more attention to their staff, which positively affects the assessment of its work by clients.

The study revealed that negative staff descriptions usually followed low Booking ratings (from 1 to 5 on a 10-point scale). On the contrary, client reviews with high Booking evaluations (from 8 to 10) contained only positive staff descriptions, although other hotel attractiveness factors (location, equipment, and so) could receive lower grades. So the higher is the hotel rating on Booking, the less negative feedback is directed towards the hotel staff.

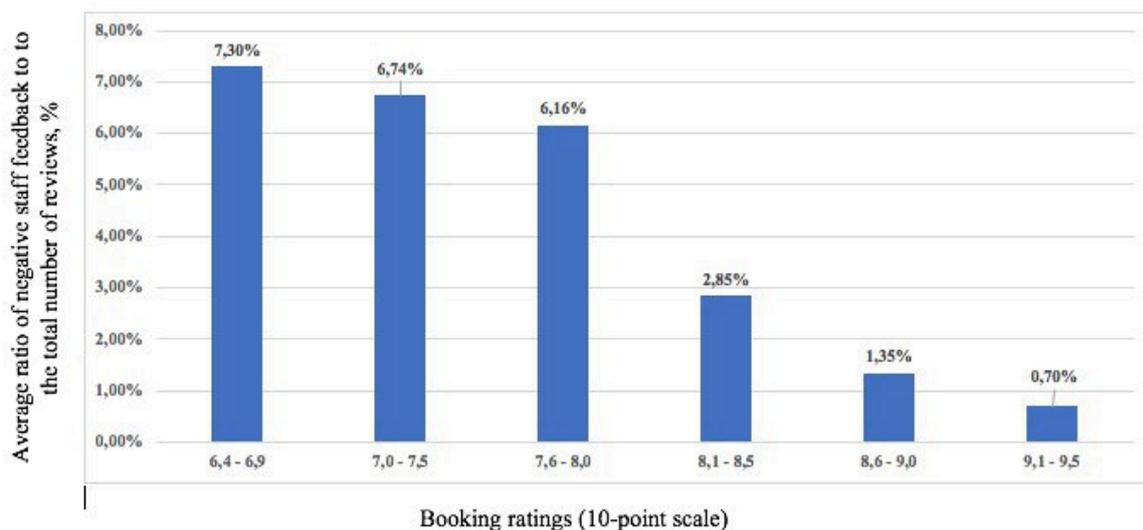


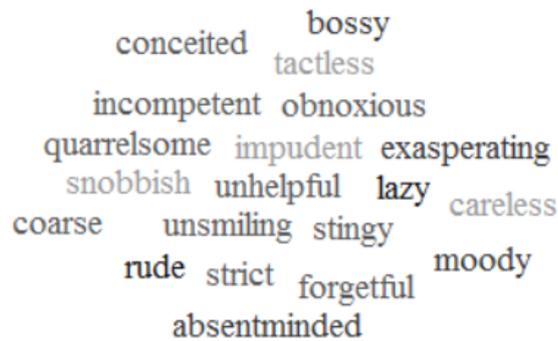
Figure 1. The ratio between the number of negative reviews about the staff and the hotel rating on Booking

Source: compiled by the author based on¹¹

The next step was to analyze the emotional valence of clients' responses towards hotel staff. As a result, we have identified the most popular words used by the clients to describe their negative and positive feedback towards the hotel staff (see Fig. 2 and Fig. 3). Figures show that negative feedback mostly talked about staff behavioral issues (e.g., unhelpful, forgetful, unsmiling, and so). On the contrary, positive reviews emphasized more staff personality traits (e.g., patient, diligent,

¹¹ BOOKING.COM, *Hotel rating and clients' reviews, 3-6 June 2020.*

polite, friendly, and so). In any case, the observed personal and behavioral characteristics correspond to the level of the staff's emotional intelligence.



A word cloud of negative feedback about hotel staff. The words are arranged in a roughly triangular shape, with 'conceited' and 'bossy' at the top, and 'absentminded' at the bottom. The words include: conceited, bossy, tactless, incompetent, obnoxious, quarrelsome, impudent, exasperating, snobbish, unhelpful, lazy, careless, coarse, unsmiling, stingy, rude, strict, forgetful, moody, and absentminded.

Figure 2. Negative feedback about the hotel staff
Source: results of the content analysis



A word cloud of positive feedback about hotel staff. The words are arranged in a roughly triangular shape, with 'patient' and 'gentle' at the top, and 'hardworking' at the bottom. The words include: patient, gentle, affable, diligent, hospitable, amiable, gregarious, benevolent, flexible, friendly, helpful, attentive, tactful, smiling, polite, responsive, studious, caring, compassionate, and hardworking.

Figure 3. Positive feedback about the hotel staff
Source: results of the content analysis

As we can see, in most cases, the guests highlighted the peculiarities of behavior, communication, and personal trait of the staff. There were some comments about the knowledge of foreign languages. However, this factor appeared to be of low influence. The study did not find a significant correlation between the hotel rating on Booking and the foreign language competencies of the hotel staff.

Emotional intelligence is the main factor influencing social adaptation, which directly affects communication with others. In service industries, the communication factor is the most important for both the employee and the client. Work in the hospitality industry, especially in front-desk positions, consists of constant contact with people. For high-quality professional communication with them, the staff needs to be able to control their reactions, feel the client's emotions, and adapt to them.

The main difficulty in working with people is a high-stress environment. The stressed client could increasingly accumulate dissatisfaction and transfer it to the staff. If the employee has a low level of emotional intelligence, two main scenarios may occur:

1) The employee responds aggressively to passive (or active) aggression from the client. Such a reaction ultimately drives the client crazy. As a result, he or she leaves negative feedback using words like 'cheeky', 'unfriendly', 'aggressive', and so (see Fig. 2).

2) The employee does not react to the conflict aggressively and remains within the ethical norms. It may cause even better satisfaction of the previously upset client who gives positive feedback on Booking. However, an employee with a low EI level can hardly cope with his emotions after such a stressful situation. That will affect his further work, and as a result, reduce the satisfaction of subsequent guests seeing that employee 'upset' and 'not smiling'.

The study also showed that hotel positioning influences clients' expectations towards the level of services. The more elite and exclusive the hotel is, the more meticulous are customers to its services, design, and personnel. Many four and 5-star hotels located in the city center receive more negative comments than apart and boutique-hotels, whose guests are generally satisfied with their stay. In general, guests do not expect any exclusive attitude from hotels that do not claim to be the best in the hospitality industry. The paradox of this situation is that such low-star hotels receive high Booking ratings even with a standard level of service. The same service for a high-star hotel will be perceived as inappropriate.

4. Discussion

The importance of emotional intelligence in the professional sphere will continue to grow, and research in this area will be more active. Ukraine still shows limited attention to the emotional intelligence of employees, although some growing interest is observed. However, our study shows the importance of EI, especially for the hospitality industry, where the level of employees' emotional intelligence directly influences the customer's satisfaction and the image of the service company itself. Given the urgency of this issue, we consider it appropriate to conduct further research on emotional intelligence and its impact on the work of employees in the service sector. It will also be useful to determine the level of EI development for employees in various fields.

5. Conclusion

Our study confirmed the primary hypothesis of the direct correlation between employees' emotional intelligence and client satisfaction with the service company. The higher is the hotel rating on Booking, the less negative feedback is directed towards the hotel staff. Content analysis of emotionally glowing reviews showed that guests focus mostly on the personal traits and emotions of the staff but do not talk about its professional competencies. Foreign guests sometimes complain about the knowledge of foreign languages, but these reviews do not reduce the hotel rating on Booking. This study again proved the importance of HR management for the reputation of the service company and customer loyalty. As was mentioned above, the main staff requirement in service industries is not necessarily related to a set of professional competences. Instead, the quality of the personnel in this sector requires a high level of emotional intelligence, namely the ability to communicate competently with customers, resolve conflicts, feel the customer's mood and manage their emotions. Since all these components affect a person's interaction with others, they mainly affect the quality of interaction with customers, which are much more complicated.

In addition to the ability to control emotions, it is crucial to learn to keep them in balance. Constant nervous tension, anger control, and frustration lead to chronic anxiety, fatigue, and professional burnout. Emotional exhaustion of the employee directly affects his communication with clients, who expect that staff should always be ready to help. If a guest remains dissatisfied with the employee's behavior, it will directly affect the reputation of the service company that may lose potential clients. Emotional exhaustion of the employee also causes staff turnover that again negatively influences customer loyalty. Therefore, it is essential to support employees and create additional intangible benefits from work. Corporate training with a psychologist several times a month may also help. With this in mind, senior management and business owners in the service industries are faced with the task of monitoring the emotional state of their employees, provide them with timely rest, and, if necessary, some psychological and emotional support. Management should promote the development of the emotional intelligence of their personnel to ensure a competitive level of service in their company.

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