CHAPTER – II

REVIEW OF LITERATURE

In chapter-I an attempt has been made to introduce the topic. The four different variables i.e. Organizational Effectiveness, Productivity, Emotional Intelligence and Work Values have been presented with their conceptual framework.

In the present chapter an effort is made to review the literature on the research topic. Literature on such and similar researches done in India and abroad has been referred. Emotional Intelligence is the major variable in this study. This concept being very recent does not have much of a historical perspective in its fold. Hence in some cases studies undertaken in recent past is referred and sited in this chapter. Few important studies have been reviewed in details while other studies which are relevant but not very significant, have been described briefly.

LITERATURE SURVEY ON ORGANIZATIONAL EFFECTIVENESS

The early approach to Organizational Effectiveness which probably lasted up to 1950's, was innocently simple. Effectiveness was simply defined as the degree to which an organization realized its goals. Hidden in the definition however, were many ambiguities that severely curtailed both research on the subject and practicing managers' ability to grasp and use the concept.

Effectiveness through adaptive coping cycle:

An effective organization attempts to adapt itself to environment. It implies that the organization must develop a system through which it can cope with the requirements of the environment. Stein (1972) has suggested that organization can do this through adaptive coping cycle, which consists of various activities,

which enables the organization to cope up with the dynamics of environment. Thus for establishing organizational effectiveness, it is not sufficient that organization is just efficient which may be mainly due to an internal condition but it should also be effective i.e. interact properly with the external environment.

## Stages of adaptive coping cycle

Adaptive coping cycle as name suggests is a continuous process. However, its various stages can be identified for bringing fulfillment into effectivity. There are six stages in adaptive coping cycle.

1. Sensing of changes :

   The first stage in the cycle is the sensing of change in some part of internal and external environment. There may be many reasons for change in internal and external environment. Failure to perceive changes in the environment is the major factor for the failure of the organization in coping up with the environment. Most of the organization tries to have adaptive systems such as market research, research and development and other similar developmental and fact-finding projects for effective coping with the environment.

2. Incorporating the relevant information:

   The second stage of the cycle is incorporating relevant information about the change into those areas of organization that can act upon it. The system approach views organization as input-output system and organization takes material, energy and information from the environment. However, the decision of what inputs will be taken from the environment is not simple because organization often fails to perceive the relevant inputs and its importance.
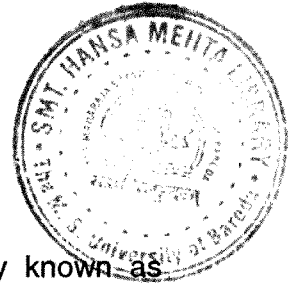
3. Conversion process

The organization takes inputs for further processing, normally known as conversion process. The conversion process should be modified according to environmental requirements as indicated by the information.

4. Stabilizing internal changes.

The fourth stage of cycle is to stabilize the internal changes while reducing or managing undesired byproducts that are taking care of undesired changes in related system which have resulted from the desired changes. This is necessary because each subsystem of the organization is dependent upon other and change in one may affect others also but the effect may be positive or negative.

5. Exploring new outputs:

When the internal change is stabilized the organization comes in a position that it can export new outputs which are in accordance with the environmental requirements. This means some different attempts may be required for exporting the new outputs. If the organization fails to adopt the new method, it may become ineffective.

6. Obtaining feedback:

The last stage in cycle is the obtaining of feedback on the outcome of the changes for further sensing of the state of external environment and the degree of integration of the internal environment.

Failure at any of these stages may result into ineffectiveness. A successful coping suggests that all the stages must be successfully negotiated. However, all organizations may not be able to do so but only those which are able to do so, meet certain criteria for successful coping. Following are the major conditions for bringing effectiveness in an organization by coping with the external environment.

1. For bringing effectiveness in the organization the organization requires communication system through which reliable and valid information may be passed.

2. There should be enough of internal flexibility so that changes can be brought and absorbed by the organization.

3. Successful coping requires integration and commitment to organization goals which provides willingness to change.

4. There should be supportive internal climate which can support good communication and reduce inflexibility.

Phadke (2002) conducted study on 'A study of organizational culture, organizational effectiveness and productivity.' He found that the legitimization dimension of organizational effectiveness is positively correlated with organizational commitment dimension of organizational effectiveness.

Job involvement dimension of organizational effectiveness is positively correlated with need for independence and organizational commitment dimension of organizational effectiveness.

Khanna (2002) has studied 'A study of organizational environment with reference to organizational learning capacity, organizational Health and organizational effectiveness.' The finding reveals that productivity, commitment and independence dimensions of organizational effectiveness are significantly correlated and score is quite positive. The other dimensions like recognition, need for innovation and communication score are moderately positive but it positively correlates with organizational effectiveness.

Pathak (2002) studied 'A study of HRD sub system with reference to individual relations and organizational effectiveness. It is concluded that majority of the respondents are from service category and are willing to do their work without much expectations or any reasons. A large majority of the respondents agree that they make efforts to make themselves more effective in their own work which may lead to organizational effectiveness.

Ogunrinde and Raef Olakere (2001) have conducted a study on 'Strategic Human Resources Planning and Organizational Effectiveness.' This study examined the extent of informal strategy of Human Resource Planning. The research has found that comprehensive HR strategies were related to higher performance and efficiency. The researcher has analysed and compared performance before and after implementing formal Human Resource Planning in term of organizational effectiveness.

Minis and William Carey (2001) have studied 'The relationship between measures of perceived organizational effectiveness and actual financial performance' in the medical group practice environment. The study focused the relationship of perceived organizational effectiveness and financial performance in medical practice organizations. It is revealed that organizational effectiveness and financial performance of an organization have strong mutual co-relation. Although financial performance is not the only measure but still it is one of the important constituents. Further, it is found that a large number of respondents felt that functioning of HRD sub system in the organization help to create and maintain better harmonious relations and organizational effectiveness.

Mulimath (1999) studied Dynamics of power in organizational effectiveness. It is found that managers perceived themselves as having a high level of involvement and total commitment to the organization. Total commitment, involvement and loyalty to the organization were higher in the top levels of administrative departments and manufacturing divisions.

Daftuar (1998) studied organizational culture and organizational effectiveness. The study revealed that there is positive correlation between the cultural beliefs and culture of an organization on one hand and the effectiveness of the organizational on the other hand. The consensus dimension of organizational effectiveness is correlated with the competitiveness culture of an organization.

Kline and Russell (1998), conducted study to explore the commitment levels of employees in U.S. The findings revealed that job satisfaction, participative decision-making, and age were predictive of organizational commitment. Furthermore, it was found that leaders behaviour and tenure were significantly correlated with commitment.

Johnson and Mcintge (1998) conducted research on organizational effectiveness and job satisfaction. The measures of effectiveness most strongly related to scores on job satisfaction were empowerment, involvement, and recognition. Measures of effectiveness most strongly associated with scores on job satisfaction were communication followed by goals, creativity and innovation and decision-making. The results have meaningful relevance to organizational effectiveness.

Dhanwane (1997) conducted study with regards to organizational effectiveness in term of work values, initiative, job commitment, belongingness and job satisfaction; majority of the respondents from the lower and middle income group view organizational effectiveness as a medium level while majority of high income group level employees view organizational effectiveness at a high level. Majority of the experienced group have a low view of organizational effectiveness while the high experiences group view it at a high level.

James, Joseph and Philip (1997) have studied 'organizational effectiveness' in labour intensive companies: small to medium size CPA firms. The objective was to identify the important variables affecting to effectiveness. The finding reveals that CPA firms perceived personnel criteria as the most important in assessing

54

organizational effectiveness. Personnel are a combination of emphasis on employees (worker productivity, compensation, training) and an emphasis on the output of the audit process. In the study this factor was considered most important in contributing to overall success of the organization. The finding supports the use of the constituent approach in measuring effectiveness of CPA firms.

The study conducted by V.V. Subramanghsarma (1997) on 'Organizational Effectiveness process and Leadership style' reveals that :

1. The organizational effectiveness is influenced by decision-making process in the public enterprises. Scarce resource, Government policies, union interventions, competition from private sector and implications of public policy are the key factors influencing the decision making process. Flexibility, quickness, fairness and acceptance of the decisions are manifested by the top management action. Delay in decisions, distortions in communication of decisions, change in the top management structure, violation of their own policies by the top management are said to have been exercising adverse influence on the organizational effectiveness.

2. There is considerable evidence to state that in selected public enterprises lack of flexibility and limited adaptability with regards to corporate policies and procedures have resulted in negative influence on organizational effectiveness.

3. In selected public enterprises integration of activities, logical organization of tasks and inter departmental exchange of information are not given adequate emphasis in the organization process. Here the role of top management in the coordination process is very important.

4. The goal setting has to be effective. Lack of perception regarding fairness and reasonableness of goal are the reasons for inadequate participation and commitment for the attainment of goals.

5. The analysis of the impact of characteristics of communication on organizational effectiveness has identified serious lapses and bottlenecks like lack of time, technical, physical and personality barriers.

6. Management controls in selected public enterprises are found to be ambiguous and least effective in improving the organizational effectiveness. There is a wide gap between perceived controls and existing controls.

7. The present organizational arrangements for training and development are not adequate for improving the organizational effectiveness. Training goals, methods, contents are not oriented towards the skills requirements of the organization.

According to Buddha (1996) the future challenges before Human Resources practisenor is to find out the various factors, which affects organizational effectiveness on account of Human Resources Management, so that appropriate Human Resources practice can be formulated and successfully implemented. The Human Resources Management must focus on continuous innovation by responding positively to new ideas and constantly keeping track of new trends. Innovative Human Resources interventions designed to ensure that people respond spontaneously to the critical demand of the organizations have tremendous potential to build successful and effective organizations.

Anderson (1995) made survey on 'organizational effectiveness' in community college and business partnership. Analysis of the data revealed that there is a relationship between the culture of the organization and the effectiveness of the partnership.

Jans and Jans (1989) have studied the relationship between organizational effectiveness and the perceived degree of bureaucracy and the priority given to Human Resource Management. The sample was drawn from the Australian public sector and broacher of common wealth agency. The data collected supported to the hypotheses of the researcher of that organization which gives high priority to the Human Resources Management functions. The data also support to the second hypothesis of the research that organizational that are hierarchical in their working arrangements are less likely to be effective than those which are non-institutionalised or hierarchical. Most organizations surveyed apparently did not give with high priority to Human Resources Management functions, particularly regarding the lower levels. In the organization studies have shown that organization that encourages work related and person cantered values, organization effectiveness is better in such organizations. Organizational effectiveness is seen in terms of the effectiveness of the organization in meeting the need of both its internal and external customers.

Hendrix and McNichols (1984) measured 'managerial situational and organizational effectiveness factors among 4786 military and civilian personnel. Results showed that one managerial style group processing style was associated with higher scores on all three criterions. Findings indicate that for the managerial style and situational environments utilized in the study, effectiveness was not dependent on different styles being effective in different situations.

Maheshwari (1980) studied the decision-making styles of an Indian corporation which includes public sector and privates sector in the study 'Decision styles and organizational effectiveness'. The researcher tried to measure how far each organization has a participatory and an entrepreneurial style of decision-making. High scores on the participatory style indicated a management committed to decentralization, operating autonomy for the managers, a consultative leadership and group decision-making. Low score indicated a centralized, autocratic mode of management. High scores on the entrepreneur orientation indicated a

management that was good at anticipating problems, trends and emergencies and quickly responding to them, diagnosing the weaknesses of the organization making intuitively right decisions, strongly committed to getting results and getting organizational members excited about big goals. Low scoring management were seen as conservative, traditional, slow and bureaucratic.

Schein (1980) defines 'organizational effectiveness' as 'acknowledging that every system has multiple functions and also exits within an environment that provides unpredictable inputs, a system effectiveness can be defined as its capacity to survive, adopt, maintain itself and grow regardless of the particular functions it fulfils.

Miles (1980) the extent to which an organization is able to satisfy the claims of its owners, suppliers, customers and the government can be considered as organizational effectiveness.

Singh (1978) distinguishes between the concepts of effectiveness and efficiency. Efficiency is an index of how well resources are used and is measured by the amount of input used to produce a unit of output. With its primary focus on input and output, ratio, it is limited to expressing only economic and technical values. While effectiveness, on the other hand, is a broader concept than efficiency. Efficiency is a means of attaining the higher objectives of effectiveness. It is necessary but insufficient conditions for effectiveness. Therefore by implication, an organization may be efficient and yet not be considered effective.

Kotter (1978) argues that the importance of power-oriented behaviour in managerial career success, organizational health and organizational effectiveness depends on factors that define management jobs. It was found that the large number of job related dependence, more time and energy will be put into power oriented behaviour. He further states that Organizational theorists seem to agree that organizational effectiveness is multidimensional and there is also reason to believe that determinants of organizational effectiveness vary.

The organizational theory holds that the structural features of an organization should fit the demands of environment and technology. The organizational design alone will not ensure organizational effectiveness.

Cameron (1978) has noted organizational effectiveness may be typified as being mutable (composed of different criteria at different life stages) comprehensive (including a multiplicity of dimensions), divergent (relating to different constituencies) transpositive (altering relevant criteria when different level of analysis are used) and complex (having non-parsimonious relationship among dimensions).

G.I. Gibson, J.M. Ivancevich and J.H. Donnelly (1973) proposed a comprehensive package of criteria for effectiveness.

1. Production : This reflects the ability of an organization to produce the quantity and quality of output that the environment demands.

2. Efficiency : The efficiency can be defined as the relation of output to inputs.

3. Satisfaction : The conceptualisation of the organization as a social system requires that some consideration to be given to the benefits received by an organizational participant, as well as by the customers. Satisfaction is the label for this criterion and its measure includes attitude turnover, absenteeism and grievances.

Mott (1972), it can be defined as the ability of an organization to mobilize its centres of power for action, production and adaptation.

Parrow's (1972) views of bureaucratic structure as superior if the technology is routine which may mean that such organizations may be effective in their profit making or market share, though job satisfaction or morale may be low.

Larence and Lorseh (1969) suggested that the development of an organization can take place only if there is a good fit between the organization and the demand of its environment or a good fit between the organization and the need of the individual contribution to it or both; so if organizations is making more efficient transactions with its environment and if at the same time people within the organization are better satisfied and better able to contributes to its efficiency.

Schein (1969) defines following criteria for measuring organizational effectiveness.

1. Ability of the organization is to take in and communicate information reliably and validly.

2. Internal flexibility and creativity to introduce changes which are demanded by the information obtained.

3. Integration with commitment to the organizational goals of the members and willingness to change.

4. An internal climate of support and freedom from threat since being threatened undermines good communication reduces flexibility and stimulates self-protection rather than concern for total system.

Organizational effectiveness is an important variable in the area of organizational analysis. Organizational effectiveness implies that organizations are made up of interrelated sub parts. If any sub part performs poorly, it will negatively affect the performance of the whole system. The concept of organizational effectiveness is not only related to qualified goals but also includes qualitative goals, intend of measuring the performance of an organization in terms of its profits or its input-output-ratio, organization should be evaluated on its ability to move and its actual movement towards the various goals it sets for itself.

Yuchtman and Seashore (1967) take the concept of effectiveness a good deal further by suggesting that the best measure of effectiveness would be the ability of the organizations to exploit the environment in the acquisition of scarce and valued resources where optimum is defined in relation to its long run ability to service.

Katz and Kahn (1966), they divided efficiency from other aspects of effectiveness notably the organization's transaction with its environment and they suggested that both aspects were necessary component of overall effectiveness which they measured in overall effectiveness and in terms of the maximization of total returns of all kind.

Further they distinguished between short terms and long-term effectiveness. They analysed the type of human behaviour needed within the organization to produce high effectiveness. People must join and remain in the organizations; they must perform the role assigned to them and they must engage in occupational innovative and cooperative behaviour beyond the requirement of role but in the service of organizational object.

Benis (1966) gives the following criteria for measuring organizational effectiveness.

1. The flexibility of organization is to react with flexibility to change environmental demands.

2. The ability of the organization is to search out and correctly interpret those properties of the environments which have a relevance to its functioning.

3. Knowledge and insight on the part of an organization of what it is, what its goals are and what it has to do.

Mc Gregor has argued in a similar way for the integration of personal and organizational goals. (1964) According to this theory if management develops

practices built on a more valid set of assumptions about man, it will produce an integration and hence greater effectiveness.

Blake and Mouton (1964) argue for the integration of concern for production and concern for people. Organizational effectiveness according to Blake and Mouton is achieved when management succeeds being both production and people cantered. To support this theory both have developed training programme which explicitly attempts to develop management style. In short, system level orientation of organizational effectiveness must be a multiple criterion involving adaptability, sense of identity, capacity to test reality and internal integration. The effectiveness is a multiple criterion; one need to be careful to avoid the haste of concluding that it depends on merely one criterion.

Approach to organizational effectiveness which depends upon good communication, flexibility, creativity and genuine psychological commitment. Such conditions are to be obtained by (1) recruitment, selection and training practice which stimulate rather than demean people as more realistic psychological relationships based on a more realistic psychological contract (3) more effective group action (4) better leadership in the sense of goal setting and value orient. The argument is that systems work better, if the parts are in good communication with each other, are committed, and are creative and flexible.

Organizational effectiveness has attracted considerable research interest ever since organizations achieved a major role in our society. In the beginning organizational effectiveness was measured by productivity or profits. Over a period of time humanistic approaches to management emerged which has included individual satisfaction and need fulfilment.

Burns and Stalker (1961) simply limited that effectiveness in terms of relevant feeling of satisfaction rather than profit or market penetration.

Psychologically, it has come to mean a dependent or predicted measure for judging the effectiveness of behaviour results and organizational effectiveness.

Evan (1961) suggested that organizational effectiveness could be conceptualised in terms of four processes – inputs, transformation, outputs and feedback effects. As a multi-dimensional concept organizational effectiveness may be defined as 'the concept of an organization to cope with all four systematic process related to its goal seeking behaviour.'

Etzioni (1960) developing his ideas suggested that organizational effectiveness has frequently been assessed in relation to achievement of the goals set for the organization. He advocated internal emptying multi functional systems model through which effectiveness is assessed via the organization's ability to use its resources optimally in relation to the defined functions.

Geogropoulors and Tennenbanm (1957) suggested that effectiveness be measured as the extent to which an organization as a social system give certain resources and means, fulfils its objectives without incapacitating its means and resources and without placing undue strain on its members.

The above definitions and concepts of organizational effectiveness revealed that now if one wants to measure organizational effectiveness, there is no one criteria or dimensions but multi-dimensions and multiple criteria are to be considered for measuring organizational effectiveness. Popular mechanisms to measure organizational effectiveness are for profit maximization and goal achievement. But profit is subject to the vagaries of demand and supply. It also excludes non-profit organization from consideration. Goal achievement too is a criteria in which verifiability is difficult, i.e. It is difficult to verify the goal achievement of intangible groups e.g. satisfaction, moral etc. These might be neglected in favour of hard facts and statistics of the measurable ones. Moreover, each organization has several internal groups. Evaluation of goal achievement differs from one such group to another.

Researcher's submission on Organizational Effectiveness

As can be seen from the various studies mentioned above there are multiple parameters for measuring organizational effectiveness.

The fact that few studies used multiple criteria in measuring organizational effectiveness and that the criteria themselves ranged from one extreme of quality and morale of staff members to the other extreme having specific factors such as accidents rates and absenteeism, it certainly led to the conclusion that organizational effectiveness means different things to different people.

Quantifying the above multiplicity of factors of measurement, thirty major criteria have been identified and they are as stated below:

Overall effectiveness	Goal census
Productivity	Internalization of organization goals
Efficiency	Role and norm congruence
Profit	Managerial interpersonal skill
Quality	Managerial task skill
Accidents	Information, management and communication
Growth	Readiness
Absenteeism	Utilization of Environment
Turnover	Evaluation of external entities
Job satisfaction	Stability
Motivation	Value and human resources
Morale	Participation and shared influence
Control	Training and development emphasis
Conflict	Achievement emphasis
Flexibility	Planning and Goal setting

For the purpose of this study and considering the dimension of professional social work in an industrial setup we have taken into consideration below stated 9 dimensions for measuring the organizational effectiveness in an organization.

- Consensus
- Legitimization
- Need for independence
- Self control
- Job involvement
- Innovation
- Job satisfaction
- Organizational commitment
- Organizational attachment

All above stated 9 dimensions have also direct or indirect co-relation with Emotional Intelligence which is the major variable of this research.

LITERATURE SURVEY ON PRODUCTIVITY

Not many years ago, the word 'productivity' was practically unknown. Yet, in recent years, it has become a key word in any discussion related to industrial and economic problems. To layman, it may appear that the productivity movement is a sudden growth of the post-war period. It is not true; in fact, it has a much longer history.

Conceptual evolution of Productivity in managerial contexts:

It was in the closing years of the last century that F.W. Taylor developed a technique of management, which has come to be known as Scientific Management. When he was appointed as gang boss, he tried to increase output by exerting pressure on the workers. While he succeeded in doing so after a struggle, it left him with a feeling that such conflicts could be avoided and production increased if the management knew what constituted a full day's work. He experimented along these lines and the technique he developed has two major elements. One was to discover the best way of doing a job and measure the time taken to do it efficiently. This was achieved by breaking down the job

into its various elements, eliminating all unnecessary movement and assessing the time taken to do this job with the help of a stopwatch. The second was to ensure that all workers engaged in the job were trained to do it in the best way. The introduction of such a method coupled with the piece-rate system would ensure high output, high wages for workers and low costs of production. Taylor believed that instead of management and workers fighting for a share of the profits, they should attempt to reduce costs so that there would be plenty to share.

The factories with which Taylor was concerned in introducing the system were small and there was no collective bargaining involved. While he was not against collective bargaining, he was of the view that the quantum of work and the best method of performing it should be a matter of scientific study and not a matter for negotiation. Taylor was the first person to look at work in an objective manner and attempted to increase efficiency by its measurement and better performance.

While the Scientific Management movement was making slow headway in American industry in the first quarter of this century, psychologists also entered the industrial field and began to study problems of work from another angle. Most of their earlier studies were concerned with problems of fatigue, monotony, working conditions, noise, etc. They were also engaged in measuring the aptitude of workers for different jobs and in developing aptitude and intelligence tests for the selection of right type of workers. Later they extended their studies to the fields of motivation and morale, individual and group behaviour, relationships and other organizational problems. These studies yielded extremely interesting and sometimes unforeseen results. But their application to industry to any extent was not to come until Second World War.

During the past twenty-five years, a host of outsiders – scientists, economists, statisticians, social scientists, etc. – have been applying their various sciences to industrial problems and have been attempting to develop techniques for their

solution. Periodically, managements of industrial enterprises have been told of a particular technique that would provide a solution to all their production problems. While many managements ignored them, a few intelligent ones were aware that even scientists behaved like salesman when it came to selling their ideas and while all their claims might not be justified, there were, nevertheless, some problems that could be successfully solved by the application of a particular technique in its own limited sphere. Recent years have witnessed the development of some extremely sophisticated and advanced techniques such as Operations Research that make use of many branches of science at the same time. Such techniques are employed not only to solve day-to-day problems of productivity but are intended to aid management in their decisions on broad policy matters also.

A number of these techniques – work study, quality control, cost control, production planning, market research, etc – were being used by many managements in the United States and a few in Europe and Great Britain even in the pre-war period. But the thirties were not a particularly propitious period for the development of these techniques on a large scale. As an aftermath of the recession, production was being curtailed everywhere, unemployment was increasing and markets were more and more difficult to find. Consequently, many of these techniques remained at an academic rather than at factory level.

The attitude of workers and trade unions to many of these developments was one of active opposition. The bitter experience of indiscriminate and often unfair application of Time and Motion Study in factories had left American and British trade unions totally against it and the appearance of a man with a stopwatch in a department was often the signal for a strike. To them, it meant harder work and greater unemployment with no corresponding advantages. As far as the other techniques were concerned, trade unions were indifferent if not actually hostile.

But the situation that existed in the post-war period was very different. There was an increasing demand for all types of consumer goods throughout the world. It

was a period of full employment and rising wages. The need was greater, and greater production and increase in productivity meant not only increased profits for the employer but higher emoluments for the workers also. The threat of unemployment that was the curse of the thirties had largely disappeared because of the economic measures taken by various countries as a result of past experience and as a result of generous welfare and unemployment benefit measures. The experience of the war – particularly in Great Britain and in the United States – when managements and trade unions co-operated whole-heartedly to increase output of war materials as also extremely useful in the post-war period in increasing the production of much-needed consumer goods.

As far as India is concerned, two teams of productivity specialists from the ILO visited India in 1952 and 1954 respectively. They were able to demonstrate in selected industries how it was possible to increase productivity by the application of productivity techniques. As a result of these visits, a Productivity Centre was set up in Bombay with the object of training supervisors in industry in the use of productivity techniques and demonstrating these techniques in factories. The visit of these missions was also responsible for the establishment of the centre for training middle management in industry in the skills of supervision.

It was in 1956 that the Government of India sent a Productivity Delegation to Japan with two major terms of reference. They were:

1. To study the industrial policies and practices that have created a climate of high productivity in Japan, and

2. To study the working of the Japan Productivity Centre and to make suitable recommendations for the setting up of a similar organization in India.

Japan was chosen in preference to a European country, possibly because of the similarity in the traditional culture patterns of the two countries and because the industrial conditions in Japan were nearer to Indian conditions than those of a

more advanced country. Consequently, the problems of productivity were likely to be more similar.

In the context of India's developing economy, the importance of productivity increase cannot be overemphasized. Increased productivity in any one industrial unit would mean a lowering of cost which would in turn be reflected in increased profits, improved wages and a lowering of prices. Increased productivity on a national scale would mean that our meagre foreign exchange resources could be better conserved and the targets set in the plans could be achieved at a lower cost. It would also mean that many of our exporting industries which are struggling to retain their precarious hold on foreign markets would be in a better position to compete and earn more foreign exchange. All these would be reflected in a quicker tempo of economic growth and an earlier achievement of our social and economic objectives. Increasing productivity has therefore become an inescapable necessity.

Productivity is usually defined as the ratio between the output of products or services and the input of resources in the form of manpower, machinery, materials etc. If with the same input we are able to achieve a greater output, then there is an increase in productivity. Increased productivity should not be confused with increased production. It is possible to increase the input of manpower, materials, machinery and so on and thus increase production. But productivity may remain the same. It is only when increased production is attained through the employment of the same resources that productivity can be said to have registered an improvement. If we make the maximum use of all the available resources, then productivity can be maximised or if by the employment of a few additional resources- such as the use of better materials – a high increase in productivity is achieved, then also the productivity increases. This is a useful definition because it leads us to the measurement of productivity.

Bloom and northrup (1969) define productivity or efficiency as a ratio between output measures in specific units. They point out that productivity index reflects

the combined impact of several factors including changes in leadership, capital investment, rate of plant utilization, managerial efficiency and scale of operation as well as skill, quality and effort of human resources.

Productivity is defined as the achievement of goals by transferring inputs to outputs. It is a performance measure including effectiveness and efficiency. Effectiveness means the achievement of goals and efficiency is the ratio of effective output to the input required to achieve it.

Sutermeister (1969) described in detail about the factors that determine the productivity in an industrial organization. According to him productivity is the function of technical and employees' job performance factors. The technical factors include technological development, raw materials, job layout and methods. Knowledge involves education, experience, training and interest while skill relates to aptitude and personality, individual needs include psychological social and egoistic needs embracing several variables. Physical conditions include lighting, temperature, ventilation, rest pauses, safety and music whereas social conditions include union, leaders, informal group and formal organizations that in turn involve several factors.

Dunn and Stephens (1972) point out that there are three categories of specific factors in productivity including employee ability, employee motivation and situational factors.

1. Ability Factor : Productivity is determined by ability factors including knowledge and skill. It also includes the ability to put in practice the knowledge and skill that a person has with optimum output.

2. Motivational Factor : Productivity is also influenced by motivation. Motivation is defined as an internal drive that helps a person to accomplish tasks. Motivation not only ensures consistency but also is responsible for increase in output.

3. Situational Factors: Factors like working conditions, supervision and leadership, rewards, penalties etc. According to Stephens and Dunn, these characteristics include setting high standards or goals, enforcing these standards through rewards or punishments, influence of higher managers to get things done by subordinates, support for subordinates, consistency between action and values and attitudes, behavioural flexibility and predictability, technical knowledge and managerial skills.

Homan's (1950) model of social system explains the potential power of working group in controlling behaviour of their members and consequences of the same on level of the productivity. According to him, there are three elements in a social system, namely – activities, interactions and sentiments. Activities are the tasks that people perform. Interaction is the behaviours that occur between people in performing these tasks and sentiments are the attitudes that develop between individuals and within the groups. These concepts are like a process and any change or disruption in any of this element affects the other two. Sentiments develop with the interactions among individuals. Greater the interactions, more positive the sentiments of people. In turn, more positive the sentiments greater the amount of interactions. This spiralling process continues till equilibrium is achieved. With the continuing spiralling process, the group members tend to have identical activities and sentiments, that is, they tend to perform similar things and feel similarly about them. This gives rise to certain expectations or norms dictating as to how the group members should behave in specific situations.

John P. Kotter and James L. Heskett (1971)

They conducted four studies between January 1991 and August 1997 to determine whether a relationship exits between productivity and organizational effectiveness and to clarify the nature of and reasons for such a relationship, and to discover whether and how that relationship can be exploited to enhance a firm's performance.

71

The first study was focused on the largest 10 firms in 22 different U.S. industries. The studies attempted to test the most widely accepted theory linking productivity to long-term economic performance i.e. organizational effectivity. The study concluded that there is a very strong positive correlation between productivity and organizational effectivity.

William G. Ouchi, (1981)

He analyzed the organization cultures of three groups of firms, which he characterized as typical Japanese firms, typical U.S. firms and typical U.K. firms. Through his analysis, Ouchi developed a list of seven points on which these three types of firms were compared. Ouchi argued that the cultures of typical Japanese firms were more driven by emotions than facts. Japanese firms because of these emotions had a strong sense of belongingness for their organization. This resulted into a substantial high level of productivity as compared to U.K. and U.S. firms.

Michael L Tushman (1998)

Innovation in productivity is the name of the game today. But managing productivity has become a fairly challenging task. Leadership teams having high emotional intelligence must be able to manage streams of innovations and there by improve upon the productivity. They must be able to handle existing products and services even as they create new ones. They should be able to manage both incremental and radical cycles of productivity.

Management in Turbulent times by Peter Drucker (2000)

Peter Drucker in his book 'Management in turbulent times states that' 'in turbulent times, an enterprise has to be managed both to withstand sudden blows and to exploit unexpected opportunities. In short, the fundamentals have to be managed well. This is only possible if the organization has proper intellectually and intuitive decision taking manpower. Such manpower has to be well intending productive work force. In absence of this other qualities will not

produce results in predictable times, the fundamentals tend to be taken for granted. But the fundamentals deteriorate unless they are managed carefully, consistently and conscientiously by a group of such effective people. Such management only will consistently retain and improve the standards of worker's productivity'.

Regional Advantage By Annalee Saxenian

Much research has been done on the formation and growth of industrial clusters. In this fascinating work, Annalee Saxenian provides a detailed account of two of the most famous high tech clusters in the world – The Route 128 region near Boston and Silicon Valley in Northern California.

During the 1970s, Silicon Valley and Route 128 attracted international acclaim as the world's leading centers of innovation in electronics. They become known for their technological vitality, entrepreneurship, and extraordinary economic growth. The two regions were often compared and widely imitated. This work explains the reasons behind the decline of Route 128 and the rise of Silicon Valley. The author provides several insights and helps us to understand the relationship between culture, organizational effectiveness and productivity.

Japanese Manufacturing Techniques - Richard S Schonberger

The Japanese make do with little and avoid waste. The modern Japanese system of hand-to-mouth management of materials, with total quality control is consistent with their inclination to conserve resources. The Japanese have a 'Just-in-time' production objective. They use engineering to drastically cut machine set up times so that it is economical to run very small batches. The idea is to make one piece just in time for the next operation. The main benefit is not reduction in inventory carrying costs but improvement in quality, worker motivation, and productivity.

Researcher's Submission

Amongst the various parameters measuring individual productivity of an employee, the researcher has considered five important dimensions having direct co-relation with social work phenomena and also with the principle variable i.e. emotional intelligence.

Those five important dimensions are as stated below:

1. Learning Attitude

2. Motivational Morale

3. Discipline

4. Working conditions

5. Work methodology

LITERATURE SURVEY ON EMOTIONAL INTELLIGENCE

Historical Roots

'Emotional intelligence' has become a major topic of interest in management circles as well as in the lay public since the publication of a bestseller by the same name in 1995 (Goleman). Despite this heightened level of interest in this new idea over the past decade, scholars have been studying this and the historical roots of this wider area can actually be traced back to the nineteenth century.

a. Pre Goleman Period

Publications began appearing in the twentieth century with the work of Edward Thorndike on *social intelligence* in 1920. Many of these early studies focused on describing, defining and assessing socially competent behaviour (Chapin, 1942; Doll, 1935; Moss & Hunt, 1927; Moss et al., 1927; Thorndike,

1920). Edgar Doll published the first instrument designed to measure socially intelligent behaviour in young children (1935). Possibly influenced by Thorndike and Doll, David Wechsler included two subscales ("Comprehension" and "Picture Arrangement") in his well-known test of cognitive intelligence that appear to have been designed to measure aspects of social intelligence. A year after the first publication of this test in 1939, Wechsler described the influence of non-intellective factors on intelligent behaviour which was yet another reference to this construct (1940). He argued that our models of intelligence would not be complete until we can adequately describe these factors (1943).

The early definitions of social intelligence influenced the way emotional intelligence was later conceptualised. Contemporary theorists like Peter Salovey and John Mayer originally viewed emotional intelligence as part of social intelligence (1990, p. 189), which suggests that both concepts are related and may, in all likelihood, represent interrelated components of the same construct.

At about the same time researchers began exploring various ways to describe, define and assess social intelligence. Scientific inquiry in this area began to center around emotional-social intelligence in which it focuses on the ability or inability to recognize, understand and describe emotions.

Two new directions that possibly evolved were psychological mindedness (Appelbaum, 1973) and emotional awareness (Lane & Schwartz, 1987).

b. Post Goleman Period

Scholars began to shift their attention from describing and assessing social intelligence to understanding the purpose of interpersonal behaviour and the role it plays in effective adaptability (Zirkel, 2000). This line of research helped define human effectiveness from the social perspective as well as strengthened one very important aspect of Wechsler's definition of general

75

intelligence which got redefined as: "The capacity of the individual to act purposefully"

The literature reveals various attempts to combine the emotional and social components of this construct. For example, Howard Gardner (1983) explains that his conceptualization of personal intelligences is based on intrapersonal (emotional) intelligence and interpersonal (social) intelligence. Additionally, Carolyn Saarni (1990) describes emotional competence as including eight interrelated emotional and social skills. Furthermore, emotional-social intelligence is composed of a number of intrapersonal and interpersonal competencies, skills and facilitators that combine to determine effective human behaviour (1988, 1997, 2000). Based on the above, it is more accurate to refer to this construct as 'Emotional-Social Intelligence' rather than 'Emotional Intelligence' or 'Social Intelligence' .

The Encyclopedia of Applied Psychology (Spielberger, 2004) recently suggested that there are currently three major conceptual models:

- The Salovey-Mayer model (Mayer & Salovey, 1997) which defines this construct as the ability to perceive, understand, manage and use emotions to facilitate thinking, measured by an ability-based measure (Mayer et al., 2002);

- The Goleman model (1998) which views this construct as a wide array of competencies and skills that drive managerial performance, measured by multi-rater assessment (Boyatzis et al., 2001).

- The Bar-On model (1997b, 2000), which describes a cross-section of, interrelated emotional and social competencies, skills and facilitators that impact intelligent behavior, measured by self-report.

c. <u>Indian Context</u>

Ever since the publication of Daniel Goleman's first book on the topic in 1995, emotional intelligence has become one of the hottest buzzwords in corporate world. For instance, when the Harvard Business Review published an article on the topic five years ago, it attracted a higher percentage of readers than any other article published in that periodical in the last 40 years. When the CEO of Johnson & Johnson read that article, he was so impressed that he had copies sent out to the 400 top executives in the company worldwide.

According to Dr. Dalip Singh in his book Emotional Intelligence At Work:

'Emotional Intelligence is the ability of an individual to appropriately and successfully respond to a vast variety of emotional stimuli being elicited from inner self and immediate environment.'

The empirical research done in Indian homes and business has identified the three dimensions which seem to cover Emotional Quotient. They are:

1. Emotional Competency

Constitutes the capacity to tactfully respond to emotional stimuli elicited by various situations.

2. Emotional Maturity

Constitutes evaluating emotions of one and others, identify and express feelings, balancing state of heart and mind, adaptability and flexibility, appreciating other's point of view and developing others.

3. Emotional Sensitivity

Constitutes understanding threshold of emotional arousal, managing the immediate environment, maintain rapport, harmony and comfort with others, letting others feel comfortable in your company.

77

These psychological dimensions motivates an individual to :

Recognize Truthfully,

Interpret honestly and

Handle tactfully the dynamics of human behavior.

In 1996, Daniel Goleman of the New York Times initiated the concept of EQ leading to a great deal of interest in this new category for assessing human abilities. Mostly, the emotional competencies, abilities, concepts etc. are learned by people through role models i.e. teachers, parents, heroes in the movies etc. They are not being taught in schools or colleges. They have to learn 'emotional intelligence' though social learning process. At no point of time in their lives does someone tell them how to understand themselves, others and how to handle interpersonal relations. This is something every individual is expected to know of his own and master and use these concepts in personal and professional life. The knowledge of emotional intelligence is taken for granted in society without even realizing that the people were never formally exposed to such concepts. To put it simply, there is no formal education or knowledge being imparted to learn these emotional competencies.

Emotional intelligence is being defined, as skills to know whom you are, how your thoughts, feelings, and actions inter-relate. In addition it refers to skills to reevaluate, direct, and transform yourself and skills to enlarge, direct, and make sense of your life. Feelings are a complex aspect of every person. While research has identified eight 'core' feelings such as :

Fear, Joy, Acceptance, Anger, Sorrow, Disgust, Surprise, Expectation.

We all experience dozens, even hundreds, of variations each day. These emotions blend and merge, and frequently they conflict .The contention is that an individual's personality is a right mixture of 'The Head' and 'The Heart' representing the IQ and EQ respectively. However, it has been empirically

proved that the success in personal or professional life depends only around 20 percent on IQ and around 80 percent on EQ.

Culturally we are taught to think of emotion as an intellectual exercise rather than a feeling response. You have been taught not to trust your emotions as emotions distort the accurate information supplied by the mind. Even the term "emotional" often signifies weak personality, one who is out of control or even childish and foolish at times. In fact, you tend to mould your entire self-image around your intellect. The society tells you that academic intelligence is the way to get ahead and completely ignores that human being are not meant to be think tanks alone. You have been told to value "the head" and devalue "the heart". In society you tend to suppress your emotions as a method of emotional management. This is what your parents teachers and society have indirectly taught you or you have learned it unconsciously. When you get into the habit of suppressing emotions this way, you are holding back your emotions and trying that they do not reach the point of explosion. This can gradually become a source of abnormal behaviour and other psychological problems. The examples of job dissatisfaction, burnout, stress, interpersonal conflicts with higher ups, colleagues or subordinates, frustration, anger and anxiety etc are a few examples affecting the productivity of self, others and organizations. An increase in the number of such instances is making management conscious that the employees have to learn or they have to be taught different methods of managing their emotions and expressing themselves for job satisfaction and productivity.

Emotional intelligence and various researches

Many research projects have been undertaken to explore and understand emotional intelligence but the most important research is to do with the correlation between high job performance and EQ. This is where knowledge of your own EQ profile gets to be really invaluable. Here are a couple of real life examples.

79

The evidence supporting the critical importance of emotional intelligence is mounting. Daniel Goleman in his landmark Harvard Business Review article, What Makes a Leader? (HBR Nov./Dec., 1998, p. 93) shares insight into the power of emotional intelligence: "when I calculated the ratio of technical skills, IQ and emotional intelligence (identified in competency models from 188 companies) as ingredients of excellent performance, emotional intelligence was twice as important as the others for jobs at all levels. ...Moreover, my analysis showed that emotional intelligence played an increasingly important role at the highest levels of the company, where differences in technical skills are of negligible importance"

In short, the numbers are beginning to tell us a persuasive story about the link between a company's success and the emotional intelligence of its leaders. And just as important, research is also demonstrating that people can, if they take the right approach, develop their emotional intelligence.

1. In 1981, James Dozier discovered the power of emotional intelligence. It saved his life. Dozier was a U.S. Army brigadier general who was kidnapped by the Red Brigades, an Italian terrorist group. He was held for two months before he was rescued. During the first few days of his captivity, his captors were crazed with the excitement surrounding the event. As Dozier saw them brandishing their guns and becoming increasingly agitated and irrational, he realized his life was in danger. Then he remembered something he had learned about emotion in an executive development program at the Center for Creative Leadership in Greensboro, North Carolina. Emotions are contagious, and a single person can influence the emotional tone of a group by modeling.

Dozier's first task was to get his own emotions under control—no easy task under the circumstances. But with effort he managed to calm himself. Then he tried to express his calmness in a clear and convincing way through his

actions. Soon he noticed that his captors seemed to be catching his calmness. They began to calm down themselves and became more rational. When Dozier later looked back on this episode, he was convinced that his ability to manage his own emotional reactions and those of his captors literally saved his life (Campbell, 1990).

2. The survey conducted by Daniel Goleman of 188 companies of large and global sizes reveals the following:

- Emotional Intelligence proves to be twice as important as other job related factors.

- Emotional intelligence played increasingly important role at the highest level of the company.

- Star performer has higher Emotional intelligence capabilities.

- 90 % of the performance is attributed to Emotional Intelligence rather than cognitive factors.

3. Metropolitan Life

At Metropolitan Life (a garment manufacturing company) they had great trouble in keeping sales staff. It cost them $30,000 per person to recruit and train a new representative and they recruited around 5,000 per year! Half of these would leave within one year and 80% would be gone in four years. Metropolitan Life decided to look at the emotional intelligence aspect of optimism in their prospective recruits since this quality had been shown to equate with success. They recruited people who scored high on this EI scale.

The test paid off big. The optimists outsold the pessimists by 21% in their first year and by 57% in their second. They stayed because they were doing well and could easily ride the rejections that are part of the job.

4. American Express

In American Express they decided to do a test. They took a group of their sales people and put them through a 20 hour training on only one aspect of emotional intelligence. This was on coping skills. They also selected a control group who didn't do any extra training. After 6 months they measured the sales of the sales people in these two groups. The results were that the trained group had outperformed the control group by 10% adding significantly to the American Express bottom line.

5. Canadian Airforce

In the Canadian Airforce actually finding recruiters who could handle the pressure of quotas, the loneliness of travelling and rejections was very hard. Even harder than finding the fly-boy recruits themselves! The Airforce began to use the EQ-i to profile their existing top recruiters. They soon had a template 'norm' profile that they used to compare new potential recruiters against. This has transformed their selection procedure. They are now using it to modify their training practices too.

Use of Emotional Intelligence in organizational development

Teams, departments and individuals can become locked into conflict very easily in the workplace. Or they can become disaffected, bored and unmotivated. Teams, department and individuals all have different needs and aspirations in the workplace. Each set of needs and problems can be dealt with by using EI effectively.

When we use our EI on an everyday basis we will soon be noticed by management. They will see us as the person who keeps the team ticking, who doesn't invite conflict but who can manage it when it's happening. They will remember the person who remained optimistic and understanding when the company went through a downturn. Having our managers and company

executives be aware of us and our worth is the way that we can get promoted quickly. They will not want to lose such a good team player.

Most managers hate doing staff reviews, unless they have good news to give their team members. With high emotional intelligence we won't have to worry again about these potentially sticky interviews. We will be able to conduct them respectfully and positively no matter what feedback we have to give. Our staff will appreciate that and will learn how to appraise themselves effectively too.

Recruitment is one area where emotional intelligence measurement really is invaluable. Because there is such a high correlation between EI and successful job performance the more we test and recruit for this the better our staff pool is going to become as stated in Metropolitan Life example. There are EI profiles that show the optimum measurements for many different kinds of role. By recruiting people who show a similarity of profile to the 'high performance norm' we get people on board who will be up and running, generating profits for us, within a very short time.

a. Creating trusting teams:

Emotional Intelligence measurement and development is a practical method to build teams that work co-operatively and productively. Because Emotional Intelligence encompasses the capacities involved with maintaining good relationships it makes sense to focus on it in teams.

Benefits –

- The team members learn how to communicate with each other so that the task isn't slowed down by misunderstandings.

- They learn how to support one another in order to get the task done in the least stressful way.

- The project gets finished in time.

83

How it works :

There are two complementary approaches because the effectiveness of a team depends partly on the individual emotional intelligence of each member of the team, and in particular that of the team leader, but also depends on the nature of the team culture, climate or ethos. Some teams allow people to act at their emotionally intelligent best, and others inhibit them from doing so.

The first approach is therefore a team-oriented one. Each member of the team is asked to fill in the Team Effectiveness questionnaire, and these are then fed back to the team at a meeting under the guidance of the consultant. Because the measure is problem-oriented, this process usually leads to a lively discussion as to the nature of the problems in the team, moving onto a debate about what to do about them.

Alternatively, or preferably simultaneously, team members are each asked to generate their own individual EI profile by completing the Individual Effectiveness questionnaire. This is computer scored and a team profile produced from the individual scores. The consultant feeds back the composite and individual results to the team and together they identify the team strengths and weaknesses.

Specific training in areas that need higher skills is given. Those members who are already stronger in these become internal team coaches to help maintain the learning in the group. The consultant provides ongoing support with regular team coaching sessions that focus on constructive communication.

b. Recruiting people with the right skills and attitudes:

The cluster of abilities that forms Emotional Intelligence is strongly correlated with super performance at work. We all know people who are intellectually very bright but just don't work well with other people or their personal lives are so chaotic that it becomes difficult for them to work. On the other hand there are the people who don't show much evidence of intellect but whose

lives are happy and successful. They have warm relationships, make good leaders, work productively and are financially stable. Now we know that it is their emotional intelligence that makes this happen.

Benefits :

- The new recruit gets up and running faster than usual

- They integrate easily into a new team

- They quickly learn the political networks in the organization and negotiate for resources effectively

- Significant savings are made through not having to give excessive training or spending on rehiring when the person leaves before you have broken even on their recruitment costs.

How it works :

Once the selection procedure has come down to a short list the applicants are given an EI profile to complete. This is then discussed with them during the final interviews. The levels of their intrapersonal and interpersonal skills, adaptability, and stress tolerance and general mood can be seen from the profile. This can also be compared with the team profile of the group they will be joining, if there are mismatches that do not bring a new and needed strength into the team the recruit is unlikely to settle in productively.

In your organization there will be top performers who are just 'naturals' at their jobs. These people can be profiled to find out what aspects of their Emotional Intelligence are contributing to their success. Once this is established you can then select new recruits who are near this profile.

c. <u>Developing Executives who Excel:</u>

Individuals in senior positions who are not making as expected, cost companies a lot of money. They cause problems with other staff and slow down any project they are involved with.

The cluster of abilities that forms Emotional Intelligence centres on an individual's ability to have a good relationship with themselves and also effective relationships with other people. We all know people who are intellectually very bright but just don't work well with other people or their personal lives become so chaotic that it becomes difficult for them to work, at all. Supporting them to develop their Emotional Intelligence gives them a way to recoup and come through as valuable workers.

Benefits :

- Profiling these individuals for their EI helps to give a structure to any development plan for that individual.

- It gives a method for solving 'problem people'.

- It saves money because it means your investment in the person so far is retained.

- It boosts the creativity, problem solving, effectiveness and management skills of anyone who undertakes it and they can pass their learning on to the next level.

How it works :

The executive(s) begins a personal development plan based on their Emotional Intelligence profile. They develop this together with their personal coach and this ensures that they are working on the things that they are most committed to changing. They then have regular meetings with the coach as they work through the goals they have agreed upon.

d. <u>Focusing Sales competency programs:</u>

Sales people are crucial members of an organization. They are the interface with the customer and if the customer doesn't like them - or trust them - the company won't make sales.

86

The cluster of abilities that forms Emotional Intelligence centres on an individual's ability to have a good relationship with themselves and also trusting relationships with other people. We all know the stereotypical salesperson - brash, arrogant, assertive and so much sales focused that they forget the person behind the money. This won't do anymore. Relationship selling is the current movement and for this the sales person needs to be better than ever; able to manage themselves well when they are rejected, able to form and maintain a good working relationship with each of their customers and also be as assertive as necessary to make the sale.

Their Emotional Intelligence holds the key to these abilities.

Benefits :

- Profiling these individuals for their EI helps to show which salespeople already have the talent for relationship marketing.

- It gives a quick way of determining the development needs of any sales person. Focused training produces fast results.

How it works :

Salespeople are tested for their capacity to empathize, be assertive and form interpersonal connections. A development plan is made from the results and a coaching programme supports any workshop on skills training.

Super sales performers are profiled to establish the most desirable set of scale scores and then new recruits are checked against this. Similarly internal staff members can be checked against this too and extremely focused programme developed to support them developing the skills they need and showing them how to maximise their existing strengths.

e. Emotional Intelligence and individual performance

Studies have shown it is a combination of particular personal and interpersonal skills that makes the difference. A pioneer study undertaken by Manila University in association with Reuven BarOn, the designer of the EQ-i, the first scientifically validated EQ test, showed that EQ accounted for 27% of the job success of front line bank employees, whereas IQ scores were shown to account for less than 6%.

According to Daniel Goleman, author of the most influential books on Emotional Intelligence, emotional intelligence becomes more and more important as people progress up the career ladder in their organizations. He estimates that in jobs in general it is twice as important for outstanding ability as technical skill and cognitive ability combined, but in leadership jobs four times as important. People who are able to be adaptable, to feel and project self-confidence and to be internally motivated are vital as the head of organizations.

The most encouraging aspect of Emotional Intelligence is that it can be measured and changed. This is unlike IQ which stays about the same throughout life. EQ actually improves with age. It is a new term for old-fashioned 'maturity', but because it is trainable maturity is now attainable earlier than ever before!

f. Emotional Intelligence and Leadership

High Emotional Intelligence is a necessity for a company's leaders, but it is also vital at every level since people skills and the ability to manage and motivate oneself make a significant difference in any role. Being both measurable and trainable, EI can be developed in all the people in an organization, thus making everyone more productive and creating an emotionally intelligent organization.

New recruits can be tested for their Emotional Intelligence profile and their scores on the different scales compared to in-house star performer scores. Recruiting therefore becomes much easier and more highly targeted.

The EI profile created for each person or team becomes the basis for a tailored emotional competence development program, which can fast track an employee to maturity and productiveness far faster than has previously been possible.

It is understood that the key principles and skills needed to stop struggling, release energy and potential, start problem solving, and take control is emotional intelligence. These skills and attitudes are encapsulated in the concept of 'emotional intelligence'. We have combined this professional experience with the latest research on intelligence and job-related 'super performance', and now offer the most focused effective programs for human performance and leadership development available.

This is as per 'The Centre for Applied Emotional Intelligence (CAEI)' which is the representative body for professionally qualified Emotional Intelligence practitioners in the UK and Europe. The CAEI is committed to promoting ethical practice in the application of Emotional Intelligence in the workplace.

The Centre was established to provide a recognised body responsible for the education and ethical use of EI in business within the UK and Europe. With a stringent Code of Ethics and a recognisable qualification, the Centre is pioneering the industry standards necessary for this important and emerging discipline.

Emotional intelligence is a predictor of performance and success

- High emotional intelligence leads to effective self-management and effective relationship management, which in turn lead to high performance and personal success.

- High emotional intelligence is demonstrated by the fundamental underlying attitude of acceptance of self and others which enables effective self and relationship management.

- EI development involves changing attitudes and habits as well as acquiring knowledge and skills, so it does take time and commitment to be sustained. It must therefore be seen as a medium-term investment by the organisation and by the individual – but the rewards for both are significant.

- All aspects of emotional intelligence are changeable and developable, and some changes can be immediate. High performance and personal success are therefore achievable goals both for individuals and organisations. There will often be some short-term benefits, but for sustainable change, development over time is needed.

- Because different people have different interferences, which hinder their acting with emotional intelligence, the development of emotional intelligence needs to be individual-oriented. It needs to begin with the measurement of the individual's current awareness and competence in each of the aspects of emotional intelligence.

- Having assessed current levels of EI, development programmes need to develop specific areas which will strengthen self and relationship management. At the same time, they need to pay attention to the development of emotionally intelligent attitudes and habits.

Positive Impact on Business

Emotional Intelligence (EI) abilities have been shown to be critical to individuals' and organization's success. Developing and using Emotional Intelligence skills offers a set of core abilities that impact many business issues important to individual and organizational success:

a. Developing Leaders

   Emotional Intelligence is more than 85% of what enables "star performers" to develop into great leaders.

b. Personal Productivity

   EI skills allow people to think more clearly under pressure, eliminating time wasted by feelings of anger, anxiety, and fear.

c. Career Success

   Emotional Intelligence, as a determinant of high performance, is twice as important as technical and cognitive skills combined!

d. Team Performance

   People with high EI skills get along better and don't let anxieties and frustrations get in the way of efficiently solving problems.

e. Motivation/ Empowerment

   People with high EI skills positively impact every person they contact. They are the role models of excellent performance.

f. Difficult Clients/Teams

   Developing EI skills increases the understanding between people, which minimizes time wasted arguing and defending turf.

g. Customer Satisfaction

Excellent customer service is based on sincere care. High EI skill people take care of themselves and extend sincere care to others.

h. Creativity & Innovation

People with high EI skills calm and clear their minds quickly and easily opening the way for insight and intuitive, creative ideas.

i. Time Management

People with high EI skills do not waste time worrying, arguing, second guessing themselves. They choose productive behaviors.

j. Talent Retention

Leaders with high EI skills have been shown to be the best, most effective bosses, the kind of talented people employees want to work for.

k. Work/Life Balance

Improved personal productivity and improved staff performance means people can confidently leave work at a reasonable time.

l. Stress Reduction

People with strong EI skills easily handle emotions of anxiety, frustration, and fear that cause stress in today's work world.

Emotional Intelligence

The following studies and researchers conducted by various scholars emphasis how emotional intelligence contributes to the bottom line in any work organization.

Based on data from a variety of sources, it has been proved as a valuable tool for HR practitioners and Managers.

Egon Zehnder International, 2001

For 515 senior executives analyzed by the search firm Egon Zehnder International, those who were primarily strong in emotional intelligence were more likely to succeed than those who were strongest in either relevant previous experience or IQ. The study included executives in Latin America, Germany, and Japan, and the results were almost identical in all three cultures.

Center for Creative Leadership, 2000

Research by the Center for Creative Leadership has found that the primary causes of derailment in executives involve deficits in emotional competence. The three primary ones are difficulty in handling change, not being able to work well in a team, and poor interpersonal relations.

Bachman et al., 2000

The most successful debt collectors in a large collection agency had an average goal attainment of 163 percent over a three-month period. They were compared with a group of collectors who achieved an average of only 80 percent over the same time period. The most successful collectors scored significantly higher in the emotional intelligence competencies of self-actualization, independence, and optimism. Self-actualization refers to a well-developed, inner knowledge of one's own goals and a sense of pride in one's work.

Stein and Book (2000), conducted a study to know, the requirements to be successful at work. The investigators tested 4,888 working people in various occupations throughout North America. Among different occupation the related occupations were Social Workers, Graphic Designers, Primary School Teachers, Secondary School Teachers, Education Workers, Psychologists and Psychiatrists.

Boyatzis, 1999

Experienced partners in a multinational consulting firm were assessed on 20 EI competencies. Partners who scored above the median on 9 or more delivered $1.2 million more profit from their accounts as compared to other partners which was 139 % incremental gain.

McClelland, 1999

In a large beverage firm, using standard methods to hire division presidents, 50% left within two years, mostly because of poor performance. When they started selecting based on emotional competencies such as initiative, self-confidence, and leadership, only 6% left in two years. Furthermore, the executives selected based on emotional competence performed 87% higher as compared to others. In addition, division leaders with these competencies outperformed their targets by 15 to 20 percent. Those who lacked them under-performed by almost 20%.

Richard Handley and Reuven Bar, January 30, 1998.

The US Air Force used the EQ-I to select recruiters (the Air Force's front-line HR personnel) and found that the most successful recruiters scored significantly higher in the emotional intelligence competencies of Assertiveness, Empathy, Happiness, and Emotional Self Awareness.

The Air Force also found that by using emotional intelligence to select recruiters, they increased their ability to predict successful recruiters by nearly three-fold. The immediate gain was a saving of $3 million annually. These gains resulted in the Government Accounting Office submitting a report to Congress, which led to a request that the Secretary of Defense order all branches of the armed forces to adopt this procedure in recruitment and selection. The GAO report is titled, 'Military Recruiting'.

Spencer, L. M., Jr., 1997

An analysis of more than 300 top-level executives from fifteen global companies showed that six emotional competencies distinguished star performers from the average performers. Those six emotional competences were Influence, Team Leadership, Organizational Awareness, Self-confidence, Achievement drive and Leadership.

Spencer, McClelland, & Kelner, 1997

At L'Oreal, sales agents selected on the basis of certain emotional competencies significantly were proved to be star performers. On an annual basis, salespeople selected on the basis of emotional competence sold $91,370 more than other salespeople did, for a net revenue increase of $2,558,360. Salespeople selected on the basis of emotional competence also had 63% less turnover during the first year than those selected in the typical way.

Hay - McBer Research and Innovation Group, 1997

In a national insurance company, insurance sales agents who were weak in emotional competencies such as self-confidence, initiative, and empathy sold policies with an average premium of $54,000. Those who were very strong in at least 5 of 8 key emotional competencies sold policies worth $114,000.

Walter V. Clarke Associates, 1997

A study of 130 executives found that how well people handled their own emotions determined how much people around them preferred to deal with them.

Hay - McBer Research and Innovation Group, 1997

For sales representatives at a computer company, those hired based on their emotional competence were 90% more likely to finish their training than those hired on other criteria.

Pesuric & Byham, 1996

After supervisors in a manufacturing plant received training in emotional competencies such as how to listen better and help employees resolve problems on their own, lost-time accidents were reduced by 50 percent, formal grievances were reduced from an average of 15 per year to 3 per year, and the plant exceeded productivity goals by $250,000. In another manufacturing plant where supervisors received similar training, production increased 17 percent. There was no such increase in production for a group of matched supervisors who were not trained.

Richman, L. S., "How to get ahead in America," Fortune, May 16, 1994, pp.46-54

The following description of a 'star' performer reveals how several emotional competencies (noted in italics) were critical in his success: Michael Iem worked at Tandem Computers. Shortly after joining the company as a junior staff analyst, he became aware of the market trend away from mainframe computers to networks that linked workstations and personal computers *(Service Orientation)*. Iem realized that unless Tandem responded to the trend, its products would become obsolete *(Initiative and Innovation)*. He had to convince Tandem's managers that their old emphasis on mainframes was no longer appropriate *(Influence)* and then develop a system using new technology *(Leadership, Change Catalyst)*. He spent four years showing off his new system to customers and company sales personnel before the new network applications were fully accepted *(Self-confidence, Self-Control, Achievement Drive)* Financial advisors at American Express whose managers completed the Emotional Competence training program were compared to an equal number whose managers had not. During the year following training, the advisors of trained managers grew their businesses by 18.1% compared to 16.2% for those whose managers were untrained.

Lusch & Serpkeuci, 1990

Emotional competence of the ability to handle stress, was linked to success as a store manager in a retail chain. The most successful store managers were those who were best able to handle stress. Success was based on net profits, sales per square foot, sales per employee, and per dollar inventory investment.

Seligman, 1990

Optimism is an important emotional competence that leads to increased productivity. New salesmen at Met Life who scored high on a test of "learned optimism" sold 37 percent more life insurance in their first two years than pessimists.

It was found from the study that emotional quotient can account anywhere between 15 percent and 45 percent of work success. The findings of the study also revealed that the successful people score significantly higher in emotional quotient than unsuccessful people. Within each occupational group, the top five emotional parameters significantly higher were: Independence, Stress Tolerance, Assertiveness, Impulse control and Optimism.

Researcher's Submission

As can be seen from above review of literature, there are many competencies identified for measuring the emotional intelligence of an individual. The consideration of competency would depend upon the type and size of the group on which it is administered.

The study undertaken by me is based in an industrial setup and hence the respondents would be working executives from various organizations. Hence 19 different competencies that are stated below have been identified for the purpose of this study. These dimensions have some relevance with the field of

social work and also have relevance in an industrial setup. They are also known as competencies.

Those competencies are :

- Work
- Emotional expression
- EQ competencies internationality
- Interpersonal connection
- EQ values and beliefs comparison
- Trust radius
- Integrity
- Quality of life
- Optional performance

- Emotional self-awareness
- Emotional awareness of others
- Creativity, Resilience
- Constructive discontent
- Outlook
- Personal power
- General health
- Relationship quotients
- Personality Traits

An attempt is being made to project this as a major variable and co-relate the same with other three variables i.e. Organizational Effectiveness, Productivity and Work Values.

LITERATURE SURVEY ON WORK VALUES

A value is a principal or standard that is held in high esteem by an individual and is related to all aspects of one's personal and work life.

The Practice of Management - Peter Drucker

The emergence of work values in management as an essential is a pivotal event in social history. Rarely, it would have been possible for a new basic institution to emerge in absence of human touch. As Drucker puts it, management has become indispensable quickly; and it has arrived with little opposition, or

disturbance since human race has found it as an essential for growth and sustainace both.

Post Capitalist Society - Peter Drucker

The basic economic resource, the means of production, is not capital, natural resources or labour but knowledge. Work Value is created by 'productivity' and 'innovation,' both applications of knowledge to work. The leading social group of the emerging society will be knowledge workers who have values and will be one who knows and has a desire to allocate knowledge to productive use. Most of these knowledgeable people will be employees of organizations. But, unlike the past, they will own both the "means of production" and the "tools of production" because of the value systems they posses. They will be workers like partners, who are rapidly emerging in all developed countries as the only real owners. They own their knowledge and work values and can take it with them wherever they go.

Lean Thinking -James Womac & Daniel Jones

Lean thinking provides a way to specify work value. Lean thinking means doing more and more with less and less human effort, less equipment, less time, and less space – while coming closer and closer to providing customers with exactly what they want by creating values at work and in society both. Lean thinking also makes work more satisfying by providing immediate feedback on efforts to covert waste into value.

Managing across borders - Sumantra Ghoshal and Christopher Bartlett)

Today's global corporations need to have a portfolio of competencies - standardization to generate global economies of scale, localization to respond to the unique needs of different markets and knowledge sharing across the world wide system. Ghoshal and Bartlett explain the challenges facing today's transnational corporations on account of diminishing value system.

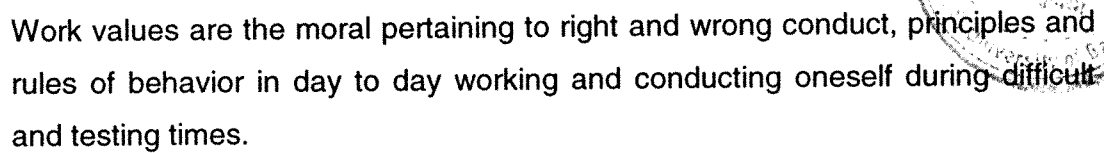## Judge T. A. Bretz R. D. – American Psychological Association

Work values have been receiving increased research attention. Ravlin, Meglino and their associates have recently conceptualized and provided measurement of work values. Although the effects of work values on job satisfaction, commitment, and individual decision making have been studied, work values have not been explicitly linked to job choice decisions. Using a sample of professional degree students and a policy-capturing design, we examined the influence of organizational work values on job choice in the context of job attributes that have been shown to affect this decision process. Organizational work values significantly affected job choice decisions. Individuals were more likely to choose jobs whose value content was similar to their own value orientation

Dose J. J. - British Psychological Society

It is important to examine the work values and ethics literatures with the goal of integrating these diverse and independent research streams. The vocational behavior literature and the management and organizational behavior literature on work values, the Protestant Work Ethic construct and business ethics theory are first reviewed and discussed, demonstrating how insights from these diverse research areas can inform each other. The framework consists of a two-by-two dimensional structure, with one continuum ranging from personal to social consensus-type values, and the other axis corresponding to moral versus preference values. The contents of each resulting quadrant and the relationships between quadrants are examined. Implications of this proposed structure for organizational socialization are important.

Researcher's Submission

Amongst the multiple dimensions referred at several places, very few of them contradict with each other. There is a common consensus between the below mentioned work values.

Work values are the moral pertaining to right and wrong conduct, principles and rules of behavior in day to day working and conducting oneself during difficult and testing times.

With respect to Work values the major 9 dimensions identified are as follows:

- Honesty
- Integrity
- Respect
- Fairness
- Purposefulness
- Trust
- Responsibility
- Citizenship
- Caring

The researcher for the purpose of this study has considered the below mentioned 6 dimensions since they closely co-relate with the industrial setup and principle variables.

1. Interest in work

2. Supervisory treatment

3. Participation

4. Rewards and punishment

5. Praise and blame

6. Favoritism

At the end researcher intends to undertake this research by incorporating 1 main variable, 3 support variables, 39 dimensions and 205 opinion-oriented statements.

* * * * *