

CHAPTER - II

REVIEW OF LITERATURE

This chapter covers the review of available literature related to the variables under study viz., Emotional intelligence and Integrity. Emotional intelligence and Integrity being new concepts have little research evidence to support it, although anecdotal evidence is aplenty. Several websites on Emotional Intelligence, in particular were found but the credibility and authenticity of these website were always questionable. Same was the case with Integrity.

Given below is the review of literature available.

Muchinsky (2001) addresses the neglected topic in organizational behavior: emotions in the workplace, presenting possible reasons for its consideration. It is proposed that the workplace is a rich arena for the manifestation of human emotion both positive and negative. He maintains that examination of emotions in the workplace has both a theoretical and practical appeal and may serve to help bridge the scientist- practitioner gap.

Caruso, Mayer and Salovey (2001) presents an overview of an ability model of EQ and explores the role that EQ plays in effective leadership. According to them, EQ underlies a leader's "people" or "relationship" skills. They apply their model of EQ to leadership in work organizations and discuss why organizations should consider EQ in the selection and development of managers and leaders. Ability models have given new respectability to the discussion of emotions in the workplace and they have proven to be of

immense value. Such enthusiasm is important because leaders of today are still chosen for their functional expertise. If leaders do lack EQ, they may be and unmoved by calls for greater understanding of emotions in the workplace. HR practitioners and leadership researchers should focus on the ability model because it offers a unique and valuable perspective on leadership. Organizations, teams and individuals all stand to benefit from choosing leaders who are high in EQ or by developing skills of less EQ leaders.

A study by Tsai, Wei-Chi (2001) examined whether the psychological climate for service friendliness correlated positively with employee displayed positive emotions and whether such positive emotional displays influenced customer purchase decision and customer reactions concerning an organization. The results indicate a positive relationship between psychological climate for service friendliness and employees' positive emotional displays. It showed that positive emotional displays would increase customer willingness to return to the store and pass positive comments to friends.

Ashkanasy and Tse (2001) explore the emotional underpinnings of transformational leadership from a variety of perspectives, including-member exchange and emotional intelligence. A model is provided that links empirical and theoretical work on transformational leadership and on emotions. Propositions for the role of emotion in leadership are developed. Explanations and interpretations of the various elements of EQ and related studies on

emotions are further used to develop propositions that help explain what elements may be at work in making a leader charismatic or transformational

Mayer (2001) examines the research-based concept of emotional intelligence. Topics discussed in this chapter include the trilogy of mind, other parts of personality, emotional traits, cognitive traits, emotion as information, understanding emotion, management of emotion, measuring emotional intelligence as an ability, a description of the Multifactor Emotional Intelligence Scale (MEIS), scoring and findings with MEIS. It is concluded that the field of cognition and affect provided some of the foundation for a new theory of emotional intelligence.

According to McClelland & Kelner (1997), an analysis of more than 300 top-level executives from fifteen global companies showed that six emotional competencies distinguished stars from the average: Influence, team leadership, organizational awareness, self-confidence, achievement drive and leadership.

Using information about the profit produced by partners at a large financial services company, Boyatzis (1999a) was able to analyze the financial impact of having a critical mass of strengths above the tipping point in different EI clusters. At this company, strengths in the Self-Awareness cluster added 78 percent more incremental profit; in the Self-Management cluster, 390 percent more profit, and the Relationship Management cluster, 110 percent more. The extremely large effect from strengths in the Self-Management competencies

suggests the importance of managing one's emotions-using abilities such as self-discipline, integrity, and staying motivated toward goals-for individual effectiveness.

The evidence suggests that emotionally intelligent leadership is key to creating a working climate that nurtures employees and encourages them to give their best. That enthusiasm, in turn, pays off in improved business performance. This trickle-down effect emerged, for example, in a study of CEOs in U.S. insurance companies. Given comparable size, companies whose CEOs exhibited more EI competencies showed better financial results as measured by both profit and growth (Williams, 1994).

According to Cherniss (2000), 80 Ph.D.'s in science underwent a battery of personality tests, IQ tests, and interviews in the 1950s when they were graduate students at Berkeley. Forty years later, when they were in their early seventies, they were tracked down and estimates were made of their success based on resumes, evaluations by experts in their own fields, and sources like American Men and Women of Science. It turned out that social and emotional abilities were four times more important than IQ in determining professional success and prestige.

Mastenbroek (2001) analyzes emotions in work settings taking a historical perspective. He draws from events as long ago as the 14th century and from the history of development of the field of management and illustrates the functions

that emotional control has served. The notion of “the controlled decontrolling of emotions” is evoked to show how the display of emotions has come to be more acceptable, albeit again in a controlled way. Topics discussed include how emotions become a structuring force, how their management underlies other dynamics, how pressures to feel or to display feeling have effects on individuals and how we expect individuals to be effective managers of their emotions.

Sala 2000 explores the relationship between self-other discrepancy and job level with a measure of emotional intelligence. It is hypothesized that self-other discrepancy scores will be higher for those individuals who have higher level jobs. Although it is assumed that higher level (i.e., more successful) managers ought to possess a better understanding of themselves; it is also possible that as managers move up within an organization, there are fewer “sounding boards” that provide opportunities to get feedback from others. Therefore, because of this, higher level managers may have less opportunity to calibrate their self-perceptions against those of others. The results of this study demonstrate that higher-level employees are more likely to have an inflated view of their emotional intelligence competencies and less congruence with the perceptions of others who work with them often and know them well than lower-level employees.

An experiment was done by Barsade (1998). He had a group of volunteers play the role of managers who come together in a group to allocate bonuses to their

subordinates. A trained actor was planted among them. The actor always spoke first. In some groups the actor projected cheerful enthusiasm, in others relaxed warmth, in others depressed sluggishness, and in still others hostile irritability. The results indicated that the actor was able to infect the group with his emotion, and good feelings led to improved cooperation, fairness, and overall group performance. In fact, objective measures indicated that the cheerful groups were better able to distribute the money fairly and in a way that helped the organization.

Bachman (2000) found that the most effective leaders in the US Navy were warmer, more outgoing, emotionally expressive, dramatic, and sociable.

Rosenthal (1977) and his colleagues discovered over two decades ago that people who were best at identifying others' emotions were more successful in their work as well as in their social lives.

According to Cherniss (2000) retail sales buyers found that apparel sales reps were valued primarily for their empathy. The buyers reported that they wanted reps who could listen well and really understand what they wanted and what their concerns were.

Bar-On's EQ-I (1997) was designed to assess those personal qualities that enabled some people to possess better "emotional well-being" than others. In one study the EQ-I was predictive of success for U.S. Air Force recruiters. In

fact, by using the test to select recruiters, the Air Force saved nearly 3 million dollars annually. Also, there were no significant differences based on ethnic or racial group.

According to Turner (2000) the Center for Creative Leadership published that 27% of individuals display poor emotional intelligence (EQ) in the work environment.

A study was done by Boyatzis (1999), in which experienced partners in a multinational consulting firm were assessed on the Emotional Intelligence competencies. Partners who scored above the median on 9 or more of the 20 competencies delivered \$1.2 million more profit from their accounts than did other partners- a 139 percent incremental gain

According to Goleman (1998), competency research in over 200 companies and organizations worldwide suggest that about one-third of this difference is due to technical skill and cognitive ability while two-thirds is due to emotional competence.

A study of 130 executives done by Clark & Associates (1997) found that how well people handled their own emotions determined how much people around them preferred to deal with them.

According to Cherniss (2000), 515 executives analyzed by a search firm showed that 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. In other words, emotional intelligence was a better predictor of success than either relevant previous experience or high IQ. More specifically, the executive was high in emotional intelligence in 74 percent of the successes and only in 24 percent of the failures.

In a research done by Seligman (1990), new salesmen who were optimists sold 37 percent more insurance in their first two years than did pessimists. When the company hired a special group of individuals who scored high on optimism but failed the normal screening, they outsold the pessimists by 21 percent in their first year and 57 percent in the second. They even outsold the average agent by 27 percent.

A study was conducted by Cavallo and Brienza (1999) on three hundred and fifty-eight Managers across the Johnson & Johnson Consumer & Personal Care Group (JJC&PC Group) globally to assess if there are specific leadership competencies that distinguish high performers from average performers. Participants were randomly selected, then coded for performance rating, potential code, gender, functional group and regional area. More than fourteen hundred employees took part in a one hundred and eighty three question multi-rater survey that measured a variety of competencies associated with leadership

performance including those commonly referred to as Emotional Intelligence. Results showed that the highest performing managers have significantly more "emotional competence" than other managers. There was strong inter-rater agreement among Supervisors, Peers, and Subordinates that the competencies of Self-Confidence, Achievement Orientation, Initiative, Leadership, Influence and Change Catalyst differentiate superior performers. The high potential managers received higher scores in the emotional competencies by Peers and Supervisors, but not by Subordinates. Some gender difference was found, with Supervisors rating Females higher in Adaptability and Service Orientation, while Peers rated Females higher on Emotional Self-Awareness, Conscientiousness, Developing Others, Service Orientation, and Communication. Direct reports scored Males higher in Change Catalyst

According to Boyatzis (1982), one of the foundations of emotional competence -- accurate self-assessment -- was associated with superior performance among several hundred managers from 12 different organizations.

According to McClelland (1999), in a large beverage firm, despite 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 were far more likely to perform in the top third based on salary

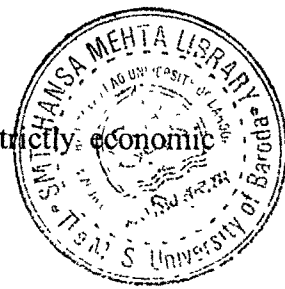
bonuses for performance of the divisions they led: 87% were in the top third. In addition, division leaders with these competencies outperformed their targets by 15 to 20 percent. Those who lacked them under-performed by almost 20%.

Literature related to Integrity was scanty and hence any study which came slightly closer to the concept of integrity which is defined as “adherence to moral and ethical principles; soundness of moral character; honesty” (Cooper and Sawaf, 1997) was considered. Given below is the available literature on Integrity.

Meara, Naomi M. (2001), argues that a virtue ethics perspective can inform the conversation about moral aspects of organizational justice. Questions focus on the characters of those who distribute justice and how the goals of an organization influence its salient virtues. Justice is characterized as a virtue that does not stand alone, but rather is suggested that a just person is characterized by the virtues of veracity, prudence, humility, compassion and respect.

The author Miller (2001) says that there is reason to take the concept of trust more seriously in the context of organizations and an attempt to understand how mutual expectations of what the author calls “self-denying” behavior can bridge hierarchical differences between superiors and subordinates. Reviewing literature on principal – agent problems, team production, the role of ownership and theories of incentives, the author explains how research on trust can help to

address questions in organizational behavior literature that strictly economic notions of behavior fail to answer.



Kasper-Fuchrer, Eva C. and Ashkanasy (2001) propose a theory of trust in inter- organizational virtual organizations that focuses on how trustworthiness can be communicated and trust built in this environment. The theory highlights 3 issues that must be dealt with if the potential obstacles to the development of trust in the virtual context are to be overcome. These are communication of trustworthiness facilitated by reliable information and communication technology, establishment of a common business understanding and strong business ethics.

Mavondo and Rodrigo, Elaine M. (2001) studied the effect of relationship dimensions on interpersonal and inter-organizational commitment in organizations conducting business between Australia and China. Questionnaires were completed by CEOs or those directly involved in the day-to-day management. Findings show that relationship variables were hierarchical and that personal relationships were critical to building and enhancing inter-organizational relationships.

Pizarro (2001) reviews the primary arguments for the traditional position that holds emotions as antagonistic to moral judgments. A theoretical model of emotive moral judgment is offered that takes a closer look at how emotions, specifically empathy plays an integral role in the process of moral judgment. It

is further argued that emotions should not be discussed as irrelevant or harmful to moral evaluation but that affect can actually aid moral deliberations. The emphasis is on moral judgment (i.e., judgments concerning rightness or wrongness of situations, actions or individuals); the otherwise important role of emotions in moral behavior is not dealt with. But empathy is seen as the most prototypical moral emotion and is certainly the most widely discussed.

According to Turner, N; Barling, J; Epitropaki, Olga; Butcher V, et al (2002) Terms such as moral and ethical leadership are used widely in theory, yet little systematic research has relapsed a sociomoral dimension to leadership in organizations. This study investigated whether managers' moral reasoning (w=132) was associated with transformational and transactional leadership behaviors they exhibited as perceived by their subordinates (n=407). ANCOVA indicated that managers scoring in the highest group of moral reasoning distribution exhibited more transformational leadership behaviors than leaders scoring in the honest group. As expected, there was no relationship between moral-reasoning group and transactional leadership behaviors.