CHAPTER-2
PERSONALITY, RISK TAKING ABILITY AND EMOTIONAL INTELLIGENCE-CONCEPTUAL FRAMEWORK
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The main concepts of the study are discussed below with reference to their meanings and nature.

2.1 CONCEPT OF PERSONALITY

The term ‘personality’ is derived from the Latin word ‘Persona’ – which means ‘the mask worn by the Roman actors’. In this sense personality means the individual as seen by others. It is of interest to note that in 1937, G.W. Allport in his book, ‘Personality: A Psychological Interpretation’ mentioned fifty-three definitions of personality. How many definitions have added since then, is anybody’s guess. This divergence of views clearly demonstrates the importance of the subject. Personality is the totality of everything about a person – his emotional, mental, social and spiritual make-up. In fact, it also includes ethical and physical make-up of an individual. Behavioural scientists and other define personality from different perspective. The term personality is used in so many different ways that a detailed discussion is neither possible nor desirable in the present context. However, some of the important definitions are given here which may throw light on the meaning of the term ‘personality’.

1. According to G.W. Allport (1937), personality is the dynamic organization within the individual of those psycho-physical systems that determine his unique adjustment in the environment.

2. In the words of Cattell R.B. (1967), ‘personality is that which permits a prediction of what a person will do in a given situation.’
3. According to Guilford, J.P. (1967), ‘An individual’s personality then, is his unique pattern of traits – a trait is any distinguishable, relatively enduring way in which one individual differs from another.’

4. Carver and Scheier (2000), describe personality as a dynamic organization inside the person of psychophysical system that creates the person’s characteristic pattern of behaviour, thoughts and feelings. The definition makes several points:
   1. Personality is not just an accumulation of bits and pieces.
   2. Personality is active and has processes.
   3. Personality is a psychological concept, but it is tied to the physical body.
   4. Personality shows in patterns, recurrences and consistencies.

Although there is a disagreement in the meaning of personality, there is a common agreement that what people do is influenced by stable characteristics that is, their personality. Personality is an individual’s personal identity—the sum of his characteristics.

**POSITIVE ASPECTS OF AN EFFECTIVE PERSONALITY**

1. It creates a positive impression on others.
2. It develops leadership qualities in an individual.
3. Personality refines to skills needed for exceptional service, enabling an individual to grow.
4. A person with personality creates a comfortable environment.
5. It boosts one’s career.
6. It honors and re-affirms commitment to quality and overall excellence.
PERSONALITY TYPES AND TRAITS

Personality type refers to the psychological classification of different types of individuals. According to Kagan Jerome (1994) the noted developmental psychologist, one can distinguish between two different types of personalities. Type A refers to those who are achievement-oriented and are impatient to get there, whereas Type B people are relaxed individuals with an easy-going attitude. The Trait theory employs the term "Type" to distinguish between high and low achievers for any specified personality trait. Personality factors which are super coordinate are regarded as types while more specific features are considered as traits. In some sense, Type theory is somewhat simplistic and describes introverts and extraverts as completely opposite ends of the spectrum. On the other hand, according to Trait theory, it is a continuous process with most people, being neither totally introvert, nor completely extravert. Most researchers now believe that it is impossible to explain the diversity of human personality with a small number of discrete types. They recommend trait models instead, such as the five factor model.

The early work in the structure of personality revolved around attempts to identify and label characteristics that describe an individual’s behaviour. Popular characteristics include shyness, ambition, loyalty, aggressiveness, submissiveness, laziness and timidity. These characteristics when they are exhibited in a large number of situations are called personality traits. A trait may be defined as any distinguishable relatively enduring way in which one individual differs from others. Thus traits can be considered as individual variable.

Personality is composed of external traits and no two traits and no two individuals possess identical characteristics. Since the days of Plato, scholars of
personality have been trying to isolate personality traits. Allport and Odbert identified 17,953 individual traits. It is virtually impossible to predict behaviour when such a large number of traits are taken into account. R.B. Cattell isolated 171 traits but concluded that they were superficial and lacking in descriptive power. What he sought was a reduced set of traits that would identify underlying patterns. The result was the identification of 16 personality factors by R.B Cattell.\(^2\)\(^1\) The sixteen personality factors are called primary traits.

**THE PRIMARY PERSONALITY TRAITS**

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<td>A</td>
<td>Reserved</td>
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<tr>
<td>B</td>
<td>Less intelligent</td>
<td>vs</td>
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<tr>
<td>C</td>
<td>Affected by feelings</td>
<td>vs</td>
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<tr>
<td>E</td>
<td>Submissive</td>
<td>vs</td>
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<tr>
<td>F</td>
<td>Serious</td>
<td>vs</td>
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<tr>
<td>G</td>
<td>Expedient</td>
<td>vs</td>
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<td>H</td>
<td>Timid</td>
<td>vs</td>
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<tr>
<td>I</td>
<td>Tough minded</td>
<td>vs</td>
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<tr>
<td>L</td>
<td>Trusting</td>
<td>vs</td>
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<td>M</td>
<td>Practical</td>
<td>vs</td>
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<td>N</td>
<td>Forth righted</td>
<td>vs</td>
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<tr>
<td>O</td>
<td>Self-assured</td>
<td>vs</td>
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<tr>
<td>Q1</td>
<td>Conservative</td>
<td>vs</td>
</tr>
<tr>
<td>Q2</td>
<td>Group dependent</td>
<td>vs</td>
</tr>
<tr>
<td>Q3</td>
<td>Uncontrolled</td>
<td>vs</td>
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<tr>
<td>Q4</td>
<td>Relaxed</td>
<td>vs</td>
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</tbody>
</table>

These sixteen traits have been found to be generally steady and constant sources of behaviour, allowing prediction of an individual’s behaviour subject to the influence of particular situation. Traits are reactions, not something a person possesses.

\(^2\)\(^1\) Stephen P. Robbins ‘Organizational Behaviour’, op.cit: P-94
Eysneck described human personality by using just three traits--extraversion, neuroticism and psychoticism. He used orthogonal rotation in his statistical analysis of personality questionnaires, while Cattell used the oblique technique in the factor analysis. Another leading authority in this field, Guilford (1959) agreed with Eysneck and suggested that the resultant trait factors derived through factor analysis should be statistically independent and un-correlated, or in a mathematical sense, orthogonal to one another. The work of Cattell and other researchers threw considerable weight in support of the major five factors.

THE BIG FIVE DIMENSIONS OF PERSONALITY

Cattell’s traits were too complex and Eyseneck’s traits were too limited in scope. As a result, the Big Five traits emerged to describe the basic traits that serve as the building block of personality. The credit for ‘the Big Five’ goes not to a single individual, but to a number of personnel involved in personality research. However, the following have contributed in laying the foundation of the five-trait personality theory – Allport and Odbert (1936), Norman (1963) and Cattell (1945). In the view of Saucier and Goldberg (1998), it is possible to classify nearly all models of personality into the five major dimensions.

The number of evidence suggests that there are five dimensions of personality which are very important and they are strongly related to work performance. Because these five dimensions have emerged on many different studies conducted in so many different ways, they are often referred to as the Big Five dimensions of personality. They are:-


The Big Five Personality Traits

Dimensions : Characteristics of a person scoring positively on the dimension

Extroversion : Outgoing, talkative, sociable, assertive
Agreeableness : Trusting, good natured, cooperative, softhearted
Conscientiousness : Dependable, responsible, achievement - oriented, persistent
Emotional stability : Relaxed, secure, and unworried
Openness to experience : Sensitive, intellectual, imaginative, curious, broadminded

**Extroversion**- (outgoing/energetic vs solitary/reserved) –relates to a person’s degree of comfortness with relationships. Extroverts are sociable, talkative and open to establishing new relationships; introverts are less assertive, and more reluctant to begin relationships. They also need lots of stimulation and variety.

**Agreeableness**-(Friendly/compassionate vs cold/unkind) refers to be compassionate toward others. Highly agreeable people value harmony more than they value having their say or their way. They are cooperative and trust others. People who score low on agreeableness focus more on their needs rather than the need of others. They are modest and straight forward. Highly agreeable people are cooperative, warm and trusting where as less agreeable people are cold, disagreeable and antagonistic.

**Conscientiousness**- (efficient/ organized vs easy going/ careless) refers to the number of goals that a person focuses on High conscientious people focuses on limited numbers of goals and often succeed in achieving set goals. He or she is
likely to be organized, systematic, careful, thorough, responsible, self-disciplined and achievement-oriented. A person with a low Conscientious nature tends to focus on a greater number of goals at a time and often fail to achieve any of them. Consequently, the individual is more disorganized, distracted and even unreliable as well as less thorough and self-disciplined. More conscientious persons tend to be higher performers than less conscientious person in a variety of jobs. The Conscientiousness trait includes excitable, responsibility dependability, persistency and achievement oriented.

**Neuroticism**- (Sensitive/nervous vs secure/confident) focuses on an individual’s ability to cope with stress. The individual with positive emotional stability tends to be calm, enthusiastic and secure. A person with low emotional stability tends to be nervous, reactive and subject to extreme mood swings. Neuroticism also refers to the degree of emotional stability and impulse control and is some time referred by emotional stability.

**Openness**-(inventive/curious vs consistent/cautious) addresses ones range of interests. Extremely open people are fascinated by novelty and innovation. They are open to learning in response to new information. Those high on this trait have a broad range of interests.. On the other hand people with low levels of openness tend to be less receptive to new ideas and less willing to change their minds. They also tend to have fewer and narrow interest and be less curious and creative. They embrace change and are sensitive to ideas of others. This trait includes imaginative, artistically sensitive, intellectual, creative and curious people. Generally persons with more openness perform better due to their flexibility and the likely hood is that they are better accepted in the organization.
Each of the five personality factors represents a range between two extremes. In the real world, most people live somewhere in between the two polar ends of each dimensions.

**Figure 2.1: Extreme traits of the Big five intellectuals**

- **Extroversion**
  - Gregarious, Energetic, Self-dramatizing
  - Shy, Unassertive, Withdrawn

- **Agreeableness**
  - Warm, Tactful, Considerate
  - Independent, Cold, Rude

- **Emotional Stability**
  - Stable, Confident, Effective
  - Nervous, Self-Doubting, Moody

- **Conscientiousness**
  - Well Planned, Neat, Dependable
  - Impulsive, careless, Irresponsible

- **Openness to experience**
  - Imaginative, Curious, Original
  - Dull, Unimaginative, Literal minded

The Big Five traits that have been found are related to job performance. The descriptive characteristics of these traits are summarized as follows:

<table>
<thead>
<tr>
<th>S. No</th>
<th>Personality Traits</th>
<th>High</th>
<th>Average</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Extroversion</td>
<td>Extrovert, outgoing, active and high spirited, prefer to be surrounded by people most of the time.</td>
<td>Moderate in activity and enthusiasm, enjoy the company of others.</td>
<td>Introvert, reserved and serious, prefer to be alone or with a few close friends.</td>
</tr>
<tr>
<td>2</td>
<td>Agreeableness</td>
<td>Compassionate, good-natured and eager to co-operate and avoid conflict.</td>
<td>Generally warm, trusting and agreeable, but can sometimes be stubborn and competitive.</td>
<td>Hard-headed skeptical, proud and competitive, tend to express anger directly.</td>
</tr>
<tr>
<td>3</td>
<td>Conscientiousness</td>
<td>Conscientious and well organized, have high standards and always strive to achieve goals.</td>
<td>Dependable and moderately well organized, generally have clear goals but are able to set work aside.</td>
<td>Easy going, not very well organized and sometimes careless, prefer not to make plans</td>
</tr>
<tr>
<td>4</td>
<td>Emotional Stability</td>
<td>Sensitive, emotional and prone to experience feelings that are upsetting.</td>
<td>Generally calm and able to deal with stress, but sometimes experience feelings of guilt, anger or sadness.</td>
<td>Secure, hard and generally relaxed, even under stressful conditions.</td>
</tr>
<tr>
<td>5</td>
<td>Openness to Experience</td>
<td>Open to new experiences, have broad interests and are imaginative.</td>
<td>Practical but willing to consider new ways of doing things. Seek a balance between the old and the new.</td>
<td>Down to earth, practical, traditional and pretty much set in ways.</td>
</tr>
</tbody>
</table>

Source: Leadership skills and change management, professionals Books, Lucknow, p-23
The Big Five framework continues to attract the attention of both researchers and managers. The potential value of this framework lies in the fact that it encompasses and integrates a set of traits that appear to be valid predictors of certain behaviours in certain situations.

The Big Five dimensions of personality are very important and they are related strongly to task/work performance. For instance, agreeableness is related positively to various interpersonal aspects of work (e.g., getting along well with others), extraversion is related positively to performance. The Big Five dimensions are also related to team performance. In addition, the Big Five traits are also linked to other organizational processes. The five-factor model answers questions about a person: Whether she or he is Agreeable or Difficult, Emotionally Stable or Unstable, Conscientious or Irresponsible? These questions cover a large measure of what we want to know about someone’s personality.

The Big Five contain important dimensions of personality. These five dimensions are called the five factor model of personality or FFM in short, and some authors call it the Big-Five. The NEO Personality Inventory used to measure personality dimensions that are based on the five factor model of personality. However, some personality researchers argue that this list of major traits is not exhaustive. Some support has been found for two additional factors: excellent/ordinary and evil/decent. However, no definitive conclusions have been established.

‘The Big Five’ have been of much interest to researchers, both in support or against the model.
Those opposing the model argue that there are limitations to the range of ‘the Big Five’ as an explanatory or predictive theory. According to them, ‘the Big Five’ fails to explain all of human personality. Some of them even disqualify the model for not being ‘theory-driven’. They argue that it is but a ‘data-driven investigation of certain descriptors’ which have somehow clustered together during factor-analysis.

**HEXACO MODEL**

A six dimensional personality structure model, referred to as the HEXACO MODEL was postulated by Ashton and Lee (2008). The six personality traits or factors are: Humility, Emotionality, Extraversion, Agreeableness, Conscientiousness, and Openness to experience. These are represented by the symbols, H, E, X, A, C and O respectively. Extraversion, Conscientiousness, and Openness of the three-dimensional model are regarded the same as their counterparts in the big Five Model. However, there are some fundamental differences between the HEXACO Model and the BIG FIVE MODEL. Honesty-Humility, Emotionality and agreeableness of the HEXACO MODEL differ from the Neuroticism and Agreeableness factors of the Big Five Model. According to Ashton and Lee, the major factor that differentiates the HEXACO MODEL from all other personality models is the Honesty-Humility factor H, which can account for criminal, materialistic, power-seeking and unethical tendencies. The H factor is described as sincere, honest, faithful/loyal, modest/unassuming, and fair-minded, VERSUS sly, deceitful, greedy, pretentious, hypocritical, boastful and pompous. Lee and Ashton point out that the correlations among the factors of the HEXACO are actually lower than the observed correlations among the five factor model.

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2.2 Retrieved from http://www.wikpedia.org
PERSONALITY-JOB FIT THEORY

A prolific writer in the field of personality and the influence of personality on career choice is Holland (1985). He developed a theory to predict the characteristics of individuals and their environment that could lead to either positive or negative occupational stability. According to him career choices are expression of personality, ability and the appropriate environment. Individuals view the world of work in terms of stereotypes based on their perception and experiences. According to John Holland (1985) theory there are six types of vocational personalities which could make individual better, predisposed to certain occupations that match their personality type and so tend to choose a career that is reflected of their personality.

Psychologist and vocational counselor Holland has proposed a personality-job fit theory of personality. He has suggested six personality types

The Six Personality Types Are:-

1. **Realistic personality** - Usually independent, practical minded, aggressive, prefer concrete rather than abstract problems; solve problems by doing something physical.
2. **Investigative personality** - Very insightful, logical, unconventional, intellectually curious, enjoy challenges; solve problems by thinking and analyzing.
3. **Artistic personality** - Creative, visionary, express possibilities in creative ways prefer to work alone and independently rather than with others, solve problems by creating something new.
4. **Social personality**- Sensitive to others, sharing feelings being in groups, supportive, responsible, and tactful, solve problems primarily by feeling and intuition by helping.

5. **Enterprising personality**- Confident, quick decision makers, leaders who are talented at organizing, persuading, managing, solve problems by risking.

6. **Conventional personality**- Quiet, responsible, practical, task oriented, careful, to attend to every detail.

John Holland says that one of six major personality types- or perhaps a combination of two or more types plays a highly important role in an individual’s career. Most of us probably cannot deal with many areas of interest. We become preoccupied with a certain one early in life. It becomes our focal point, largely because of choices that stem from our needs, wants and values. Each person notice and experiences things differently. Generally the interests that predominate and point to a particular personality are among the most important key to career satisfaction. He has prepared an instrument containing 160 occupational titles. The answers provided by the respondents (regarding the occupation they like or dislike) were used to develop various personality profiles. The research results were presented in the form of hexagonal diagram with each corner representing the type of occupational personality. Holland codes RIASEC is a theory of careers and vocational choices based upon personality type.
This figure shows the similarities or dissimilarities among various occupational personality types. The closer two personality types are in the hexagon, the more compatible they are. The personality types adjacent to each other are similar whereas those that are diagonally opposite are dissimilar in nature. For example, artistic is least like conventional, but closer to investigative and social.

The theory argues that satisfaction is highest and turnover lowest when personality and occupation are in agreement. Realistic individuals should be in realistic jobs, conventional people in conventional jobs and so forth.

**Compatible Work Environments**

While Holland suggests that people can be categorized as one of six types, he also argues that a six category scheme built on the assumptions that there are only six kinds of people in the world is unacceptable on the strength of common sense alone. But a six category scheme that allows a simple ordering of a person’s resemblance to each of the six models provides the possibility of 720 different personality patterns.
The following table summarizes the compatibility of personality type with work environments:

<table>
<thead>
<tr>
<th>Personality Type</th>
<th>Most Compatible Work Environments</th>
<th>Compatible Work Environments</th>
<th>Least Compatible Work Environments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realistic</td>
<td>Realistic</td>
<td>• Investigative</td>
<td>Social</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Conventional</td>
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<tr>
<td>Investigative</td>
<td>Investigative</td>
<td>• Realistic</td>
<td>Enterprising</td>
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<td>• Artistic</td>
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<tr>
<td>Artistic</td>
<td>Artistic</td>
<td>• Investigative</td>
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<td>• Social</td>
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<tr>
<td>Social</td>
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<td>• Artistic</td>
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<td>• Enterprising</td>
<td></td>
</tr>
<tr>
<td>Enterprising</td>
<td>Enterprising</td>
<td>• Social</td>
<td>Investigative</td>
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<td></td>
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<td>• Conventional</td>
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</tr>
<tr>
<td>Conventional</td>
<td>Conventional</td>
<td>• Enterprising</td>
<td>Artistic</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Realistic</td>
<td></td>
</tr>
</tbody>
</table>

They Key Points of This Model Are:

- There are some intrinsic differences among individual personalities.
- There are a variety of jobs.
- Personality helps in the selection of right people for right job.
- Those individuals whose personalities match their work environment are most satisfied with their jobs and are less likely to quit the job voluntarily.

Holland has proposed a personality Job-fit theory. This theory makes a case for job specific personality type. Matching the right person to the right job requires an understanding of both the personality characteristics needed for a sustained successful performance as well as the job role requirements Holland presents six

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Holland, Codes (Wikipedia)
personality types and proposes that satisfaction and prosperity to leave a job depend on the degree to which individuals successfully match their personality to an occupation environment. Each of the six personality type has congruent occupational environment. Different jobs demand different personality type.

No doubt the hiring process has to find the right fit. Someone whose personality fits what the job demands. For example if a job demands attention to detail and personality does not support that behaviour, it will be hard to succeed. The other is the fit with the culture of organization. People get hired for competencies and fired for personality. Intelligence contribute only 25-30% of a person’s success. The other 60-70% comes from personality factors. The ability to manage emotions, dealing with colleagues or customers are all driven by personality.

CARL JUNG’S PSYCHOLOGICAL TYPES

Jung (1971) grouped people in two different ways: first, using mental functions he postulated these two categories, sensing-intuition and thinking-feeling. The second way of grouping is by attitude: extraversion versus introversion. Mayers (1980) added one more attribute, namely judging-perceiving which can influence the type characteristics. We can combine both Jung's and Myers' suggestions into the following four dichotomies among two bipolar dimensions, with the understanding that each pole gives an opposite preference.

1. extraversion-introversion.
2. sensing-intuition.
3. thinking-feeling.
4. judging-perceiving.
One should regard these four functions along with attitudes (extraversion-introversion). It should be noted that where as thinking and feeling are rational, sensation and intuition are not. Permutations of the above four attributes give 16 different personality types, which are abbreviated into four letters (the first four letters of each type preference), except for intuition (the letter N is used not to be confused with introversion).

For instance:

- ESTJ: extraversion (E), sensing (S), thinking (T), judgment (J)
- INFP: introversion (I), intuition (N), feeling (F), perception (P)

And so on for all 16 possible type combinations.\(^2^4\)

<table>
<thead>
<tr>
<th>ISTJ</th>
<th>ISFJ</th>
<th>INFJ</th>
<th>INTJ</th>
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<tbody>
<tr>
<td>ISTP</td>
<td>ISFP</td>
<td>INFP</td>
<td>INTP</td>
</tr>
<tr>
<td>ESTP</td>
<td>ESFP</td>
<td>ENFP</td>
<td>ENTP</td>
</tr>
<tr>
<td>ESTJ</td>
<td>ESFJ</td>
<td>ENFJ</td>
<td>ENTJ</td>
</tr>
</tbody>
</table>

According to Myers and Briggs, people use all four cognitive functions. However, one function is generally used in a more conscious and confident way. This dominant function is supported by the secondary (auxiliary) function, and to a lesser degree the tertiary function. The fourth and least conscious function is always the opposite of the dominant function. Myers Briggs type indicator (MBTI) is widely used for understanding and assessing personality. Many organizations of today adopt this instrument to determine the behaviour of individuals.

\(^2^4\) Retrieved from: http:/www.capt.org
PERSONALITY TRAITS OF INDIAN MANAGERS

Since personality traits are highly correlated with managerial performance, it is desirable to have a glimpse of personality traits of Indian managers. Das G.S. (1987)\textsuperscript{2.5} stated long back in the year 1989 that a competent, efficient and dynamic manager is one who has latest job-knowledge, foresight and foresight and good management skills. Such a manager is an asset to its employer's concerns and a very good leader of other employees who work either above or under him and who corporate him/her by their convincing performance.

In the study conducted by Dave and Rastogi (2004)\textsuperscript{2.6} findings revealed an interesting feature which shows how effective manager with good personality marks his/her stamp on the performance. The study also shows that the effective and efficient managers are those who do not assess themselves by successes and failures, achievements or time-elements but their main criteria are those outputs which emerge from performances.

Another study was undertaken by Thomas Crescentia and Vijay Pandey (2011)\textsuperscript{2.7} spells out some qualities of an imaginative performance-oriented manager A successful manager is always enthusiastic, operative in the field of challenge and has good insight to solve problems and foresight for attempting new ventures. The above personality traits are needed for a high performer manager.

All the above studies lead to one significant conclusion that a good business manager is one who sustains good-will of his/her organization and whose

\textsuperscript{2.5} Das G.S. (1987), ASCI Journal of Management, 17(1), 30-38.
\textsuperscript{2.6} Dave and Rastogi (2004), Retrieved from http://www.thefrelibrary.com
\textsuperscript{2.7} Thomas Crescentia and Vijay Pandey (2011), Retrieved from www.centraltest.com
performance is enviable for those who are in a competitive run. However the results of many researches show good variation because of differences in personality traits that have been studied.

Therefore instead of reviewing each of these studies, some generalizations are being presented which are as follows:

1. Indian managers are somewhat emotional, casual, sensitive, tough, tense and group dependent.

2. On two personality characteristics- authoritarianism (traits like rigidity, lack of tolerance, dominance over weak and submission to powerful, adherence to connections and traditional values) and Machiavellianism (traits like being cool and detached, manipulative and indifferent to individual needs), there is equal distribution of managers among high and low.

3. Indian managers have need for achievement and competence though they have lower level of maturity, persistence and suspicion as compared to American managers.

4. Indian managers show paternalistic type behaviour such as cooperation, friendliness, sympathy and nurture. They believe in assisting others who are less fortunate, showing a great deal of affection towards others, and being able to confide in and discuss personal problems with someone.

Differences in personality traits of Indian managers indicate that universal personality traits might not be suitable for all types of work, because each type of work requires specific set of personality traits. Therefore understanding of their own personality traits as well as those of their subordinates is necessary for Indian managers to become effective at the workplace.
The two year MBA programme may be considered a pre-career as students are beginners exploring their interests and capabilities, who have yet not committed to the career. Therefore it is desirable to study the types of personality of management students.

2.2 CONCEPT OF RISK

The Webster New Dictionary and Thesaurus (1990), defines risk as hazard: chance of loss or injury. The word risk is derived from the Greek word ‘rhiza’ which refers to such hazards of sailing as too near the cliff contrary winds, turbulent downdraughts and swirling tides. Hence in one sense, risk can be defined as “a variation in the possible outcome”. In another sense risk is defined as “the degree of uncertainty associated with a possible action”. In his book, ‘The Psychology of Risk Taking Behavior’, Rudiger Trimpop (1994) defined risk taking behaviour as: Risk taking is any consciously or unconsciously controlled behaviour with a perceived uncertainty about its outcome, and or about its possible benefits or costs for the physical, economic or psychosocial well-being of oneself or others. There is no definite definition or commonly accepted definition of term risk.

Kogan and Wallach (1964)\(^1\) described risk-taking behaviour on the basis of kind of situations in which it is likely to be elicited. Chaubey (1974) says that, ‘Risk is a condition where both the aspects of a thing are clearer to an individual and out of them clearly defines success and failure.’ Another well known personality Benjamin Franklin writes “In this world, nothing can be said to be uncertain except the death and taxes.” Therefore, uncertainty and risk remain in every part of life.\(^2\)

\(^1\) Kogan and Wallach (1964), Risk Taking: A study of Cognition and Personality, New York: Holt, Rinehart and Winston
At an academic level risks can be looked from different perspectives e.g. finance, economics, strategy and international business. Following table gives the definitions of risks from different discipline perspective.

Definitions of Risks (Adapted from Sharma S.K & Bhat A., 2010)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Risk Definition</th>
<th>Author Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Variance of returns.</td>
<td>Markowitz, 1952</td>
</tr>
<tr>
<td>2</td>
<td>Probability of expected loss.</td>
<td>Mitchell, 1999</td>
</tr>
<tr>
<td>3</td>
<td>Risk is essentially a manifestation of uncontrollability rather than merely a downside possibility.</td>
<td>Arrow, 1970</td>
</tr>
<tr>
<td>4</td>
<td>Risk is essentially the process of choosing between prospects that have different outcomes, each with differing probability.</td>
<td>Kahneman and Tversky, 1979</td>
</tr>
<tr>
<td>5</td>
<td>Risk is a measure of the probability and severity of adverse effects.</td>
<td>Lowrance, 1980</td>
</tr>
<tr>
<td>6</td>
<td>Risk is the likelihood of the occurrence of an uncertain event or set of circumstances that would have an adverse effect on the achievement of the project’s activities.</td>
<td>Simon et al, 1997</td>
</tr>
<tr>
<td>7</td>
<td>Risk associated with failure to satisfactorily implement a business process re-engineering project.</td>
<td>Crowe et al, 2002</td>
</tr>
<tr>
<td>8</td>
<td>Within the SCM context, it is purely the downside that accurately reflects the business reality.</td>
<td>Wagner and Bode 2008</td>
</tr>
</tbody>
</table>

Source: Journal of IMS Group, Volume 8, No. II July-December, 2011

In the words of Alexander Smith, ‘everything is sweetened by risk’. Cardinal Newmen said, ‘there would have been no triumph in success if there had been no hazards of failure.’ Generally the term risk means a dangerous element or where an individual is put in willingly or unwillingly in that situation. Thus “risk” is the uncertainty or chance of loss or injury, which is one of the realities of life. Risk involves the following:

- It is an inevitable and unavoidable
- It can be minimized but usually cannot be eliminated completely.
- It can help promote the dignity and rights of the individual.
Risk is defined in several different ways depending upon the usage. An international committee comprising of representatives from more than thirty countries have defined risk as the effect (both positive as well as negative impacts) of uncertainty on objectives. This definition is based upon the input from thousands of experts in this field. It is assumed that the uncertainty is caused by lack of information or ambiguity.\textsuperscript{2.10}

**THEORIES OF RISK TAKING**

1) **Problem Behavioural approach**

   One of the theories in explaining risk-taking is Problem Behavioural Theory (PBT) propounded by Jessor and Jessor (1977). PBT emphasizes perceived environment and personality components. Perceived environment component consists of variables such as parental control, peer control etc. Personality component consists of variables such as self-esteem, locus of control etc. Besides that Jessor’s problem behaviour Theory emphasizes the cognitive aspects of risk-taking. In other words, persons who have a tendency toward risk-taking behaviour are characterized by a set of attitudes, perceptions and values about themselves and their environment. Researchers Shapiro et al, 1998 have classified this theory in personality approach.

2) **Development approach**

   Development view suggests that risk-taking cannot be defined apart from individual’s development context. From the development perspective, risk-taking is viewed as normative and adaptive for healthy psychological development and conceptualized as a means of dealing with developmental tasks such as autonomy and

exploration. Therefore, risk-taking can be regarded as a method of development optimal social and psychological competence, autonomy, independence and self-regulation (Baumrind, 1987).

3) **Cognitive approach**

According to cognitive (decision making) approach, a risky behaviour can be defined as an action requiring some chance of a loss. Individuals who have different values and beliefs make different decisions and actions under the same conditions. Cognitive theorists suggest that understanding the reasons of risk-taking is more significant than considering the consequences of these behaviours. Cognitive theories of risk-taking suggest that under normal conditions individuals can decide whether they involve in the risky behaviour or not. However, Seigel et al, (1994) argue that cognitive approach theories ignore the emotional motives that drive an individual to engage in risky behaviours. Therefore, a purely cognitive approach in explaining risk-taking may be inadequate.

4) **Personality- Trait approach**

In this approach, risk-taking is regarded as a trait peculiar to an individual like sensation-seeking and self-esteem. According to Zuckerman (1994), sensation-seeking is a personality trait that provides individuals with satisfying their needs of risk-taking. Personality trait approach studies the relations between risk-taking behaviours and variety of personality characteristics, including the variables such as sensation-seeking, self-esteem, impulsivity, egocentrism and locus of control.
COMPONENTS OF TAKING RISK

In our country most of the people are willing to take risk. They will say that they are risk takers, they have high risk appetite, they love challenge etc. But they forget to consider their ability to take risk. It is not important enough whether one is willing to take risk or not, the situation should allow taking risk. The two components of taking risk are-

1. **Willingness to take risk**: This depends on one’s inherent nature, attitude towards life, finance domain etc. One’s whole upbringing will contribute towards this, because willingness to take risk will depend on our inherent self. So one can either be extra cautious by nature and may not be willing to take risk or one can be a big risk taker who is willing to do everything.

2. **Ability to take risk**: This is the next important part in risk taking. Whether one’s situation allow him to take risk or not? It has nothing to do with one’s willingness to take risk.

So, risk is composed of two parts. Impact of event occurring should be primary. Probability of event occurring should be the secondary thing. In other words:-

\[
\text{Risk} = (\text{Probability of event occurring}) \times (\text{Impact of event occurring})
\]

Taking a risk is usually considered when the probable advantage and chances of success is more than the cost resulting from a disastrous decision. Risk-taking refers to the tendency to engage in behaviours that have the potential to be harmful or dangerous, yet at the same time provide the opportunity for some kind of outcome that can be perceived as positive. People differ in their willingness to take chance. In taking a risk, the questions to be considered include the following-
• What is the possible advantage of taking this decision?
• Why should this decision be taken?
• What are the possible costs of taking this decision?
• What is the probability of success and failure?
• What are the options if the decision ends in failure?
• Is it worth taking the risk?

In every-day usage risk-taking is a part of a broader aspect of decision-making. To take a risk for the solution of a problem, one may find the uncertainty of achieving desirable goals and the penalties or negative consequences that might result from the failure in attaining a particular goal. These two aspects of decision situations, the lack of certainty and the prospect of loss or failure, lend a risky character to the decision-making process. In the language of decision theory, it has been designated a ‘decision under uncertainty’. In the face of uncertainty when a man takes a risky decision or undertakes a task at a very low probability of success he is said to be a risk-taker.

People who are highly risk-taking in their behaviour make decisions quickly without searching for much information. Risk-averse people do not make decisions in a hurry and gather a lot of information before making any decision. In organization the suitability of a person’s risk-taking or risk-averse behaviour depends on the duties and responsibilities of his job. The effectiveness of an organization depends to a large extent on the risk taking ability of managers. Greater risk may cause managers to become more risk-averse.
RISK SPECTRUM

Every action is followed by outcomes. Some actions have single outcome while most actions have wide range of outcomes. When an action is followed by a range of outcomes, we need to know or predict which of the outcomes are possible so that we can decide whether to act or not. If the outcome is single it means certainty, while innumerable and unknown outcomes are close to uncertainty. Risks lies between certainty and uncertainty. Viewed in this context, it is measurable and in terms of attaching possibilities to uncertain outcomes.

Knight and Shackle give ‘insurance theory’ in which they explored a distinction between measurable and non-measurable risks. According to them, a measurable risk is that situation which can be fairly and accurately estimated, as it can be predicted on the basis of past experience. The non measurable risk, on the other hand, cannot be predicted with any degree of accuracy.

Modern age is the age of competition in which the human being is busy to keep himself in a leading position. This competitive spirit bonds him/her to opt for risks. Risks lurk in every corner. It takes a brave heart to be a risk taker. However, risk taking does not mean the same as recklessness, rather it means planning actions to take bigger or bolder steps. Generally speaking, a risk-taker is successful and holds leading position in society. Risk and self-image are often closely connected. Status from success is balanced against the potential damage that follows failure.

Basically the concept of risk-taking ability has been dealt with extensively in recent theoretically and experimental literature. In general the term risk-taking is a condition where a possibility of occurrence of loss as a result of deviation from the
expected situations exists. Risk-taking ability has been made synonymous of liking for adventure.

Risk is a measure of the adverse effect on an issue. It is about assessing and communicating the possible hazards associated with a particular process relative to the safeguards and benefits which it offers.

Risk understanding and managing is essential when:

- A new risk emerges
- The degree of existing risk changes.
- A new perception of risk occurs.

There are number of dilemmas to understand and manage the dynamics of risk:

- Risk means different things to different people. We overestimate sensational risks like flying while we underestimate common risk such as driving a car.
- Basic attitudes are hard to change. They are forged by a range of factors and reinforced by our own contact with others. These attitudes shape the way we interpret, understand and act upon new risks.
- The source of information about risk is critical.
- Emotion is the most powerful influence of all.
- Not looking for zero risk—we constantly makes risk/benefit choices consciously or unconsciously.

Risk originates in decision making, which relates to some future period. Decisions are normally focused on some events. The future outcome of which may not be perfectly predictable. This brings the concept of risk.
Risk taking is less risky, if people have to be right every time. They have to make every decision cautiously. In addition they avoid making decisions in areas when they don’t have a theory of action of trust.

Rational decision making requires the availability of prior information about the future events. Accordingly there may be conditions of certainty and uncertainty. The former where there is complete information about the future and the latter where there is none. Between the two extremes lies the risk zone.

**Risk Propensity**

Risk propensity is the degree to which a person is willing to take chances and make risky decisions. A person with a risk propensity experiments with new ideas. In an organizational context, he may introduce new ideas, gamble on new products, and lead the organization in new and different directions. However, such a person may jeopardise the continued well-being of the organization if the excessive risky decisions prove to be bad ones. On the other hand, a person with low risk propensity believes in excessive conservatism and tries to maintain status quo. In an organization, such a person resists changes and trying new ideas.

**Risk Retention**

It is the most common method of dealing with risks. Individuals face a number of risks some of which cannot be avoided, reduced or transferred. Such risks are retained by individuals and organizations. Risk may be retained knowingly or unknowingly. Risk is retained knowingly when the risk is perceived and no attempts are made to transfer it or reduce it. When the risk is not perceived at all it is retained unknowingly.
Risk retention can also be voluntary or involuntary. When the risk is recognized but retained by an implied agreement to bear the loss it is voluntary. Involuntary risk retention takes place when the organization is unaware of the risk and/or when the risk cannot be avoided, reduced or transferred. Only risks that lead to relatively small losses should be retained.

TOLERANCE FOR RISK

There are always acceptable as well as unacceptable variations from the expected outcomes and risk tolerance takes into account both these. Entrepreneurs who are willing to take moderate risks seem to earn higher return on assets than those, who either take no risks or take extravagant risks. Risk is the name of uncertainty and one of the basic realities of life. People differ in their willingness to take chance. This propensity to assume or avoid risk has been shown to have an impact on how long it takes managers to make a decision and how much information they require before making their choice. High risk-taking managers make more rapid decisions and use less information in making their choices than low risk taking manager’s. A high risk taking propensity may lead to more effective performance. In organizations the suitability of a person’s risk taking or risk averse behaviour depends on the duties and responsibilities of his job. Usually risk is divided into three categories from low risk to high risk.

The business risk is universal and takes a variety of form. In order to face risks successfully, management students should understand the nature and causes of risks and measures which can be taken to minimize the risk. Risk taking ability is just natural and it comes inherit to one. Some people calculate risk before taking it
and some do not. It is basic difference between wise risk and foolish risk just like some wise and foolish decisions

**RISK MANAGEMENT**

No risk no gain is a fundamental principle of business. The task of handling risks is known as risk management. Management of risks involves the following stages:-

1. Identification of the risk
2. Evaluation of the risk
4. Utilizing the selected device.
5. Evaluating the aftermath.

Managing risk is very different from managing strategy. Risk management focuses on the negative- threats and failures rather than opportunities and successes.

Opinion is divided as to the best way of managing risk. Some argue that we should try to identify the most likely risks and work out strategies for dealing with those events concentrating on them and learning the more improbable risks to chance. The second opinion is that we should be prepared to deal with any threat and deal with it accordingly. In fact a mixture of both approaches is likely to yield the best results. Some specific events do need to be planned for and anticipated, but it is also important to expect the unexpected. Risks must be managed. To some extent, every manager has responsibility for assessing, forecasting and managing risk.

**ATTITUDE TOWARDS RISK**

An individual who is willing to take risk will opt for risky proposition. The individual who avoids risks feels uncomfortable in a risky situation. He would like
to minimize his exposure towards risk in all possible ways. A person may like to take up risk in a particular situation and would try to avoid the same risk in other situations. Thus for an individual the attitudes towards risks varies as per the situation and may like to avoid risk yet in another situation. Thus individuals can be grouped into three different categories:-

- Those who are neutral or indifferent to risk.
- Those who are willing to take risks.
- Those who avoid risk.

There are no hard and fast rules to categorize the individual into the above mentioned categories.

There are three different attitudes towards risk: averse, neutral and seeking. It is important to note that attitude varies towards risk on several factors, such as the age of the person, his/her health and the availability of resources to that individual. Even though risk can either be positive or negative, we mainly focus on the negative aspects, because it can affect our future. People are terrified of the negative aspects of risk due to the possible danger of causing someone to lose their life.

**Figure 2.3: Over view of Risk**
As soon as the source of risk has been identified, the next step is to measure the degree of risk. However measurement is not possible in subjective risk, and is possible only with that of objective risk, where the possible outcomes associated with risks are easily observed. The important concept that is used for measuring objective risks is chance of laws refers to the probability of occurrence of a law and degree of risk refers to intensity of risk.

**Degree of Risk**

Degree of risk refers to the intensity of risk, which is assessed by finding the difference between the expected losses with that of actual losses. The formula used for this purpose is-

\[
\text{Degree of Risk} = \frac{\text{Difference between the expected and the actual losses}}{\text{Expected loss}}
\]

The degree of risk is estimated based on the certainty level with which the outcome of an activity can be forecast. The greater the accuracy with which the outcome can be predicted the lower is the risk.

Uncertainty exists in different degrees which can be represented on a straight line, called continuum. On one end of the line we can represent complete or 100% uncertainty and on other end of the line, we can represent no or 0% uncertainty. In fact 0% uncertainty means certainty. We can divide this continuum into different levels of uncertainty.

**Certainty and Uncertainty Continuum**

- **Certainty**: Exposure to uncertainty is zero at this level.
- **Uncertainty**: Exposure to uncertainty is very high at this level.
It is not possible in an uncertain situation to predict the results. Thus where there is uncertainty there is risk. According to Hubbard there is no risk without uncertainty, but one could have uncertainty without risk.

It is difficult to measure uncertainty, as it is subjective concept. Moreover, since it is as state of mind, the ability to predict outcomes varies from individual to individual.

Risk is equal to the triplet (S, P, and C), Where S is the scenario, and P is the probability of the scenario and C is the consequences of the scenario.

**Figure 2.4: Risk Triplet**

Source: Journal of IMS Group, 8-11(July-December 2011)

**INTELLIGENT RISK TAKING**

Risk Taking is an integral part of business life. The very nature of life requires risk taking. A small child would never learn to walk, talk, or socially interact without taking risks, experiencing successes and failures, and then monitoring and adjusting accordingly. According to Leo F. Buscaglia “the person, who risks
nothing, does nothing, has nothing, is nothing and becomes nothing. He may avoid suffering and sorrow, but he simply cannot learn and feel and change and grow and love and live.” Often the difference between a successful person and a failure is not that one has better abilities or ideas, but the courage that one has to bet on one’s ideas, to take a calculated risk-and to act.

Risk taking as one of the important construct is found among the individuals in different degrees. It is not only essential for individual development rather has substantial contribution to the growth and development of organization from various angles. Therefore attempts through appropriate strategies should be taken for enhancing such abilities among the management students. Preparation of well equipped and skilled management students is must for brighter future of nation.

2.3 CONCEPT OF EMOTIONAL INTELLIGENCE

The concept of ‘emotional intelligence’ was first described as a form of social intelligence ‘that involves the ability to monitor one’s own and other’s feelings and emotions, to discriminate among them and to use this information to guide one’s thinking and actions’ (Salovey & Mayer 1990.) Salovey & Mayer recognized the connection between two underlying components of personality, cognition and emotion.

Peter Salovey and John Mayer noted Psychologists of Yale University coined the phrase ‘Emotional Intelligence’ in (1990). Mayer and Peter Salovey defined Emotional Intelligence as a social intelligence, that involves the ability to monitor one’s own and others emotions, to discriminate among them, and to use the information to guide one’s thinking and actions. However the concept gained
popularity through Goleman’s (1995) bestseller titled Emotional Intelligence: ‘Why it can matter more than IQ’ Goleman (1995) has defined emotional intelligence as the ability to recognize, regulate and control one's emotion to most effectively interact with others. He has explained emotional intelligence as-

- The ability to identify and name one’s emotional state and to understand the link between emotions, thoughts and actions.
- The capacity to manage one’s social status to control emotions or to shift undesirable emotional states to more adequate ones.
- The ability to enter into emotional states associated with a drive to achieve and be successful.
- The capacity to read, be sensitive and to influence other people’s emotions.
- The ability to enter and sustain satisfactory interpersonal relationships.

Goleman says that emotionally intelligent people have the ability to marshal their emotional impulses. They have the self-awareness to know what they are feeling, and are able to think about and express those things. They have empathy for the feelings of others and insight into how others think. They are optimist and generally positive. They understand easily the dynamics of a given group and most important, where they fit inside that group. Goleman in his book, Emotional Intelligence states that a manager's effectiveness depends more on his emotional intelligence.

Based on extensive research, Goleman (1995, 1998) has proposed five dimensions of Emotional intelligence consisting of 25 competencies namely-

- **Self-awareness**: emotional self-awareness, realistic self-assessment and self-confidence.
• **Self-regulation**: self-control, trustworthiness, and integrity.

• **Self motivation**: achieve optimism drive, commitment and initiative.

• **Social awareness**: understanding others, developing others, service orientation, cross cultural sensitivity and political awareness.

• **Social skills**: influence, communication, conflict management, leadership change catalyst, building bond, collaboration and cooperation and team capabilities.

A few years later, Goleman et al simplified this model into a two-by-two matrix with four domains of self-awareness, social-awareness, self-management and relation-management and 20 competencies.

**Figure 2.5: Dimensions of Emotional Intelligence**

<table>
<thead>
<tr>
<th>What I see</th>
<th>What I Do</th>
</tr>
</thead>
<tbody>
<tr>
<td>With Me</td>
<td></td>
</tr>
<tr>
<td>Self Awareness</td>
<td>Self-Management</td>
</tr>
<tr>
<td>With Others</td>
<td></td>
</tr>
<tr>
<td>Social Awareness</td>
<td>Relationship Management</td>
</tr>
</tbody>
</table>

Source: Retrieved from http://www.talentsmart.com

Emotional intelligence is a phrase that incorporates intricate aspect of both emotion and intelligence. Emotions rule the heart while intelligence reign supreme the brain. The twin qualities are inseparable and they exercise tremendous influence in the lives of individuals. EI gives a person a competitive edge. Emotions generates from exposure of a particular situation. The ranges of emotions are usually related to the cognitive activities in the way of perception of circumstances. Bar-on (1997) has suggested that emotional Intelligence can make a unique contribution to a better
understanding of people and also use their potential to succeed in various aspects of life. The effect of emotional intelligence is an area that warrants exploration and development. The relevance of the concept in finding solutions to organization’s inadequacies has made it inevitable in educational contexts too. The research of Salovey & Mayer (1993) suggest a model on emotional intelligence and four different branches that effect emotional intelligence-

1. The perception and expression of emotion.
2. The ability of reasoning emotions.
3. The ability to understand emotions.
4. The ability to manage emotions.

These were later expanded by Goleman when he emphasized that emotional intelligence consists of five components: Self awareness, Management, Motivations, Recognizing emotions in other’s (empathy) and Handling relationships. The students who have less skill in emotional intelligence think negatively, cannot concentrate for a long time and have more difficulty in reaching their potential that their counterparts with high skills in it.

Emotional intelligence is the ability to monitor one’s own and others feeling and emotions to discriminate among them and to use this information to guide one’s thinking and outcome. Emotional intelligence is also knot with the social intelligence that deals with the emotional set up of one’s surrounding. The concept of emotional intelligence is an umbrella term that covers a broad spectrum of individual skills and disposition usually referred to as soft skills or inter and intra-personal skills, that are outside the traditional areas of specific knowledge, general intelligence technical or
professional skills. As indicated by Cooper (1997), emotions are useful for fostering stronger personal relations, and effective leadership skills. People who are skillful in emotional intelligence are able to regulate their own feelings, monitor and evaluate others’ feelings (Salovey & Mayer; 1990); empathize with others (Kelley & Kaplan, 1993), and have excellent interpersonal skills (Goleman, 1998).

Goleman (1995, 1998) included competencies as optimism, conscientiousness, motivation, empathy and social competence, thus widening the relatively narrow definition of EI which terms it as the ability to understand how others’ emotions work and to control one’s own emotions. The business world was enlightened by Goleman’s concept of EI by two of his articles in the Harvard Business Review in the year 2000. In the first article he established that ‘truly effective leaders are distinguished by high degree of emotional intelligence’. In the second article he confirmed the link between leadership and Emotional Intelligence. Drawing on the experiences of over 3000 executives, Goleman showed that by understanding which ‘emotional intelligence competencies underlie the leadership styles they are lacking’, and thereby working to develop them, leaders can ‘increase their quotient’ of leadership styles significantly. In their work, Goleman et. al. further adapted their understanding of EI for use in the business world. In fact, it was they who credited the importance of EI as an essential ingredient for business success. Moreover, there is evidence that emotional intelligence is regarded as intrinsic contemporary leadership concept in modern work (Marques 2006, Johnson 2005; & Boyle 2006). Thus it is safe to conclude that different types of EI skills are required for different leadership roles.
Many business educators in the business world have developed adapted and embraced emotional intelligence. A strong bond between emotional intelligence and both dynamic leadership and satisfying personal life experiences has been established. Moreover, EI has come to reside in the business world as an ingredient for success in the workplace. But the focus so far was on the measurement of EI in the researches produced by academics instead of its incorporation into college and university curricula.

THE FIVE PILLARS OF EMOTIONAL INTELLIGENCE

Goleman’s books on emotional intelligence reorganized Salovey and Mayer’s model into five broad categories:

- **Self-awareness**
  Know about yourself your emotions as people who are aware about self don’t let their emotions and feelings rule them. They try to overcome their weaknesses for better performance.

- **Self-regulation**
  Manage and control owns emotions and feelings to bring discipline regulations are essential. Regulations help to make adjustment.

- **Motivation**
  Enables a person to achieve goals .Motivation keeps a person active. Motivated people are dedicated to attain goals, take initiative and are optimistic.
• **Empathy**

Understanding and to be aware of other’s emotion. People with good empathy can understand other’s needs wants and their viewpoint.

• **People skills**

Share and persuade others. Healthy empathic people have better social skills. Such people are good communicators and maintain better relation with others.

People with better social skills can manage and maintain better relation with others. Social skills are also important in the workplace for communication, leadership, resolution for conflict, mutual understanding, cooperation and aid for change etc.

Social scientists are beginning to uncover the relationship of emotional intelligence to other phenomena, e.g., leadership, group performance, individual performance, interpersonal or social exchange, managing change and conducting performance evaluation.

**EMOTIONALLY INTELLIGENCE COMPETENCY FRAMEWORK**

Emotional Intelligence according to Daniel Goldman is “the capacity for recognizing our own feelings and those of others for motivating ourselves, and for managing emotions well in ourselves and in our relationships” In the modern organizations degree of effectiveness and productivity of an employee is determined by their degree of EI.
A framework of Emotional Competencies

<table>
<thead>
<tr>
<th></th>
<th>Self</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognition</td>
<td>Self-Awareness</td>
<td>Social-Awareness</td>
</tr>
<tr>
<td></td>
<td>Emotional Self-awareness</td>
<td>Empathy</td>
</tr>
<tr>
<td></td>
<td>Accurate Self-awareness</td>
<td>Service orientation</td>
</tr>
<tr>
<td></td>
<td>Self-confidence</td>
<td>Organizational awareness</td>
</tr>
<tr>
<td>Regulation</td>
<td>Self-Management</td>
<td>Social-Skills/Relationship</td>
</tr>
<tr>
<td></td>
<td>Self-control</td>
<td>Management</td>
</tr>
<tr>
<td></td>
<td>Trustworthiness</td>
<td>Developing others</td>
</tr>
<tr>
<td></td>
<td>Conscientiousness</td>
<td>Influence</td>
</tr>
<tr>
<td></td>
<td>Adaptability</td>
<td>Communication</td>
</tr>
<tr>
<td></td>
<td>Achievement drive</td>
<td>Conflict Management</td>
</tr>
<tr>
<td></td>
<td>Initiative</td>
<td>Leadership</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Change catalyst</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Building bonds</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Teamwork and collaboration</td>
</tr>
</tbody>
</table>

Source: Journal of IMS Group, 8-II, July-December, 2011

**Self Awareness**

Keeping one’s internal states, preferences, resources and intuitions. It is characterized by:

- Reading one’s own emotions and recognizing their impact, using them in decision making.
- Self-analysis to know ones strengths and limits.

**Self Management**

Managing one’s internal state and impulses. It is characterized by:

- Transparency-To exhibit honesty and integrity.
- Adaptability- Openness to adapt to changing conditions.
- Achievement- Striving to improve or meet standards of excellence.
• Initiative- Readiness to act on opportunities.
• Optimism- Seeing the brighter side of all happenings.

**Social Awareness**

Awareness of others feeling, needs and concerns. It is characterized by:

• Empathy-Sensing others’ feelings, to be open to their perspectives and taking active interest in their concerns.
• Organizational awareness-Scanning the current happenings at the organizational level.

**Relationship Management**

An ability to induce desirable responses in others and include:

• Inspirational leadership -Guiding and motivating with a compelling vision.
• Influence-Adept in persuasion and building networks.
• Developing others-sensing what others need in order to develop and bolster their abilities.
• Change Catalyst-Initiating or managing change.
• Conflict Management-Negotiating and resolving disagreements.
• Building Bonds- Nurturing instrumental relationships.
• Teamwork and capabilities- Creating group synergy in pursuing collective goals.

**Structure of Emotional Competence**

Whether emotional intelligence is an inborn attribute or acquired during the lifetime of an individual, has always been a controversial issue. Some researchers
like Mayer are of the opinion that every child is born with a quality of emotional stability and self-control, whereas others have concluded that like leadership, emotional intelligence or competence is gained by an individual through his/her own experience, upbringing, and is influenced by the social and cultural life of the individual. But most of them were unanimous on the fact that emotional competence is a sum total of personal and social competence. Personal competence is also known as intrapersonal intelligence and is the ability of one to draw an accurate image of oneself, develop emotional stability and have self-control. Social competence or interpersonal intelligence is the ability to understand others, how they work, what motivates them, etc. The structure of emotional competence and its broad classification is shown below-

**Figure 2.6: Structure of Emotional Competence**

![Figure 2.6: Structure of Emotional Competence](http://www.dattnerconsulting.com/presentationsd/ei.pdf)
COMPONENTS OF EMOTIONAL INTELLIGENCE

The components of emotional intelligence are briefly listed below in three categories (masculine, feminine and common). The components are grouped under six heads - two groups each for men and women and two groups common to both.

<table>
<thead>
<tr>
<th>Men</th>
<th>Women</th>
<th>Common</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Achievement motive</td>
<td>C. Extension motive</td>
<td>E. Self determination</td>
</tr>
<tr>
<td>Urge to excel and compete</td>
<td>Urge to help and care</td>
<td>Self-awareness</td>
</tr>
<tr>
<td>Acceptance of responsibility</td>
<td>Compass</td>
<td>Internality</td>
</tr>
<tr>
<td>Low fear of failure</td>
<td>Empathy, synchrony</td>
<td>Optimism</td>
</tr>
<tr>
<td>Persistence, perseverance</td>
<td>Trust</td>
<td>Flow (as opposed to ruminination)</td>
</tr>
<tr>
<td>B. Power motive</td>
<td>D. Self-determination</td>
<td>F. Social competence</td>
</tr>
<tr>
<td>Urge to control and impact</td>
<td>Intuition</td>
<td>Reflection</td>
</tr>
<tr>
<td>Positive self-image</td>
<td>Value-orientation</td>
<td>Ambiguity tolerance</td>
</tr>
<tr>
<td>Energy, discontent</td>
<td>Authenticity, integrity</td>
<td>Commitment</td>
</tr>
<tr>
<td>Assertiveness</td>
<td>Management of emotions</td>
<td>Management of others’ emotions</td>
</tr>
<tr>
<td>Self-reliance Independence</td>
<td>Resilience</td>
<td>Networking</td>
</tr>
<tr>
<td></td>
<td>Goal-involvement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management of others’ emotions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Self-resistant)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Personality and Personal Effectiveness, page 303.

This is a tentative classification and it is not suggested that the categories are mutually exclusive. It is interesting that most of the components of emotional intelligence are valued in Indian culture and traditions. Goleman has commented that some of these attributes are found in larger measure in Asian cultures.

MODELS OF EMOTIONAL INTELLIGENCE

The Bar-On Model of Social and Emotional Intelligence (ESI)

Emotional intelligence is defined as ‘being concerned with effectively understanding oneself and others, relating well to people, and adapting to and coping with the immediate surroundings to be more successful in dealing with
environmental demands’ by Reuven Bar-on (2006). According to this model, emotional intelligence develops over time. Also, training, programming and therapy could improve upon EI. The model hypothesizes that people with higher EQs are more successful in meeting the demands and pressures of their environment. On the other hand, any deficiency in emotional intelligence leads to failure and in some cases, to emotional problems. Those individuals who are deficient in the subscales of reality testing, problem solving, stress tolerance and impulse control display problems in coping with their environment. Bar-on place equal stress weightage on emotional intelligence and cognitive intelligence as factors of a person’s general intelligence, and also places them as indicators of success in life. In his model, Bar-On outlines 5 components with are sub-components, all of which are given below-

Components of Bar-On’s Model of Emotional Intelligence

<table>
<thead>
<tr>
<th>Components</th>
<th>Sub-Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrapersonal</td>
<td>Self Regard</td>
</tr>
<tr>
<td></td>
<td>Emotional Self-Awareness</td>
</tr>
<tr>
<td></td>
<td>Assertiveness</td>
</tr>
<tr>
<td></td>
<td>Independence</td>
</tr>
<tr>
<td></td>
<td>Self-Actualization</td>
</tr>
<tr>
<td>Interpersonal</td>
<td>Empathy</td>
</tr>
<tr>
<td></td>
<td>Social Responsibility</td>
</tr>
<tr>
<td></td>
<td>Interpersonal Relationship</td>
</tr>
<tr>
<td>Adaptability</td>
<td>Reality Testing</td>
</tr>
<tr>
<td></td>
<td>Flexibility</td>
</tr>
<tr>
<td></td>
<td>Problem Solving</td>
</tr>
<tr>
<td>Stress Management</td>
<td>Stress Tolerance</td>
</tr>
<tr>
<td></td>
<td>Impulse Control</td>
</tr>
<tr>
<td>General Mood Components</td>
<td>Optimism</td>
</tr>
<tr>
<td></td>
<td>Happiness</td>
</tr>
</tbody>
</table>

Source: Yvonne Stys & Shelly L Brown, A Review of Emotional Intelligence; Research Branch, Correctional Source of Canada, Ontario
However, doubts have been expressed about this model in the research literature (in particular about the validity of self-report as an index of emotional intelligence) and in scientific settings it is being replaced by the trait emotional intelligence (trait EI) model.

The ability-based model

The ability-based model views emotions as useful sources of information. The model proposes that individuals vary in their ability to process information of an emotional nature and in their ability to relate emotional processing to a wider cognition. This model claims that Emotional Intelligence includes four types of abilities:-

**Perceiving Emotions** - The ability to detect and decipher emotions in faces, pictures, voices and cultural artifacts-including the ability to identify one’s own emotions. Perceiving emotions represents a basic aspect of emotional intelligence as it makes all other processing emotional information possible.

**Using Emotions** The ability to harness emotions to facilitate various cognitive activities, such as thinking and problem solving. The emotionally intelligent person can capitalize fully upon his or her changing moods in order to best fit the task at hand.

**Understanding Emotions** The ability to comprehend emotion language and to appreciate complicated relationships among emotions. For example, understanding emotion encompasses the ability to be sensitive to slight variations between emotions, and the ability to recognize and describe how emotions evolve over time.

**Managing Emotions** The ability to regulate emotions in both ourselves and in others. Therefore, the emotionally intelligent person can harness emotions, even
negative ones, and manage them to achieve intended goals. This ability is seen to manifest itself in certain adaptive behaviours. The ability EI is measured through tests of maximal performance.

**Mixed Model**

This model introduced by Daniel Goleman focuses on Emotional Intelligence as a wide array of competencies and skills that drive leadership performance. Goleman model outlines four main Emotional Intelligence construct.

- Self-Awareness
- Self –Management
- Social Awareness
- Relationship Management

Goleman includes a set of Emotional Competencies within each construct of Emotional Intelligence. Emotional Competencies are not innate talents, but learned capabilities that must be worked on and can be developed to achieve outstanding performance. Goleman posits that individuals are born with a general Emotional Intelligence that determines their potential for learning Emotional Competencies.

The emotional intelligence model of Goleman and Bar-on are often referred to as mixed model. The mixed models assess both cognitive ability and personality traits.

**Trait E.I Model**

K.V Petrides proposed a Trait based model of Emotional Intelligence (E.I). The Trait E.I refers to an individual’s self-perceptions of their emotional abilities. Trait E.I should be investigated within a personality framework. An alternative label for the same construct is trait emotional self-efficacy. The trait EI model is general
and subsumes the Goleman and Bar-On models. The trait model focuses on personality framework and includes measures of non-cognitive abilities. The conceptualization of EI as a personality trait leads to a construct that lies outside the taxonomy of human cognitive ability. This is an important distinction in as much as it bears directly on the operationalization of the construct and the theories and hypotheses that are formulated about it.

Petrides, Frederickson, Furnham (2004), explain that there is a clear conceptual distinction between two types of EQ namely, Trait EQ and Ability EQ. Trait EQ(or emotional self-efficacy) refers to self perception concerning one’s ability to recognize, process and utilize emotion-laden information. Trait EQ is significantly related to scholastic achievement, with its effects having noteworthy implications for low IQ peoples.

**CONSTRUCTS COMMONLY DESCRIBED AS RELATED ABILITY EMOTIONAL INTELLIGENCE (EQ) AND TRAIT (EQ)**

<table>
<thead>
<tr>
<th>ABILITIES(Ability EQ)</th>
<th>PERSONALITY TRAITS (Trait EQ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of emotions in self</td>
<td>Attending to emotions</td>
</tr>
<tr>
<td>Perception of emotions in others</td>
<td>Assertiveness</td>
</tr>
<tr>
<td>Perception of emotions in objects</td>
<td>Emotional expressiveness</td>
</tr>
<tr>
<td>Managing emotions in self</td>
<td>Emotion based-decision making</td>
</tr>
<tr>
<td>Managing emotions in others</td>
<td>Impulse control</td>
</tr>
<tr>
<td>Understanding emotions</td>
<td>Motivation</td>
</tr>
<tr>
<td>Social competence</td>
<td>Optimism</td>
</tr>
<tr>
<td>Emotional integration</td>
<td>Self-esteem</td>
</tr>
</tbody>
</table>

As a trait, EI is considered to be an innate characteristic that enables and promotes well being. As ability, EI considers to be important not only for regulating emotions but also integrating them.

**Emotional Intelligence Model**

Business and management researchers focused on the impact of emotional intelligence on organizational performance. To understand how one chooses to use emotional intelligence consciously and unconsciously depends upon the emotional intensity and the triggering events. The model is based on the assumption that every individual possess emotional energy, and this level of energy may naturally differ from individual to individual. The emotional intensity can be managed by training and therapy. The triggering event sets off the emotions and intensity of the emotions generates synergy (emotional intelligence) to achieve the desired outcome. There are three possible outcomes from the use of emotional intelligence to achieve the desired outcomes, (1) positive (2) neutral (3) negative (Ahmed, 2010)

**Figure 2.7: Emotional Intelligence Model**

![Diagram of Emotional Intelligence Model](image)

The figure highlights emotional intelligence and the possible outcomes as a result of individual abilities and capabilities to feel and manage emotions.

**Measuring Emotional Intelligence**

**Reuven Bar-On Emotional Quotient Inventory (EQ-i)**

A self-report has been designed to measure competencies including awareness, stress, tolerance, problem solving and happiness. According to Reuven Bar-On, “Emotional intelligence is an array of non cognitive capabilities, competencies and skills that influence one’s ability to succeed in coping with environment demands and pressures”. The Bar-On Emotional Quotient Inventory (EQ-i), is a self-report test designed to measure competencies including awareness, stress, tolerance, problem solving and happiness of EI provides an estimate of one's emotional and social intelligence. The EQ-i is not meant to measure personality traits or cognitive capacity, but rather the mental ability to be successful in dealing with environmental demands and pressures. One hundred and thirty three items are used to obtain a Total EQ (Total Emotional Quotient) and to produce five composite scale scores, corresponding to the five main components of the Bar-On model. A limitation of this model is that it claims to measure some kind of ability through self-report items. Another limitation of EQ-i is that it includes several irrelevant facets such as problem solving and neglects many relevant ones like emotion, perception and regulation.

**Mayor Salovey-Caruso Emotional Intelligence Test (MSCEIT)**

It aims to measure the four abilities outlined in Salovey and Mayer’s model of emotional intelligence MSCEIT is based on series of emotion-based problem solving items. The scale yields 6 scores: an overall emotional intelligence score
(expressed as an emotional intelligence quotient, or EIQ), two area scores (Experiential Emotional Intelligence, or EEIQ and Strategic Emotional Intelligence, or SEIQ) and four branch score corresponding to the four branches of emotional intelligence. Each ability (perception, facilitation of thought, understanding and regulation) is measured by using specific tasks. Perception of emotion is measured by rating the extent and type of emotion expressed on different types of pictures. Facilitation of thought is measured by asking people to draw parallels between emotion and physical sensations (e.g. light, colour, temperature). Understanding is measured by asking the subject to explain how emotions can change from one to another such as anger to rage. Regulation (management) of emotions is measured by having people choose effective self and other management techniques.

**Emotional Competency Inventory (ECI)**

Since the publication of the book in 1998, Goleman worked closely with Richard Boyatzis to develop the emotional competence inventory (ECI), a 360 degree tool designed to measure emotionally intelligent behaviour of executives, leaders and managers. The ECI measures emotional competencies broadly related to EI. The ECI covers the four dimensions of emotionally intelligent behaviour, self-awareness, self management, social awareness and relationship management. Each of these dimensions is a set of competency that can be observed behaviourally. Each competency is a learned capacity based on emotional intelligence that contributes to effective performance at work.

The ECI enables people in the work environment to assess themselves and to receive feedback from their seniors, peers and their direct report. This type of
feedback can help redirect people towards their behaviour that will improve their performance. Thus the ECI-360 collects data in a 360 fashion, making it more comprehensive than EQ-i and of being easy to administer.

**What EI Does**

Emotional Intelligence influences the overall ability to cope with environmental demands. When one understands the circuit of feelings, thoughts and reaction they can blossom into nature individuals. This helps in handling irrational fears, understands strengths and overcome weakness to cope with the challenges. Then the employees can transcend self-imposed limitations and actualize their potential. They become adaptable, constructive, creative, productive and effective in the tasks they undertake.

The ability to be aware of oneself enables one to understand and relate to others better. They become more empathetic and sensitive to others feelings. Such people bring out the best in others and make them highly productive. They become adept in interpersonal relationships that are unswervingly important to build harmonious relationships in the functional groups.

**INTELLIGENCE QUOTIENT AND EMOTIONAL QUOTIENT**

Intelligence refers to abilities to adjust with the situation. Earlier it was thought performance is the outcome of certain abilities, collectively known as intelligence. However, it has been realized that in addition to intelligence, emotions are equally or even more responsible for performance.

Hence the concept of EQ has become more important particularly in management field. Emotions are powerful organizers of thought and action and
paradoxically indispensable for reasoning and rationally. EQ comes to the aid of IQ when there is need to solve important problems or to make a key decision. It enables to accomplish this in a superior fashion and in fraction of time- a few minutes or even moments, for example, instead of entire day or more of the exhausting non-stop linear, sequential thinking that might be required to reach the same decision without the aid of IQ. Moreover, emotions awaken intuition and curiosity, which assist in anticipating an uncertain future and planning our actions accordingly.

Nelson and Low’s (2003) believed that emotional intelligence measures are more predictive of academic and career success than IQ tests.

Goleman (1995) made a proactive claim that if I.Q contributed up to 20% to life’s success, the remaining was fulfilled through one’s Emotional Intelligence and as a result predicted E.I. would contribute to the success at home, at School and at Work.

In fact, emotional intelligence is an indispensable activator and enhancer of IQ. IQ and EQ interrelate with each other and this creates a dynamic tension from one to the other stabilizing their respective energies. For people with identical IQs, some outperform others. This suggests something beyond, which IQ is at work. That something or a large part of it is EQ. When emotions are acknowledged and guided consecutively, they enhance performance. Unlike IQ, EQ can be developed and nurtured even in adulthood and can prove beneficial to one’s health, relationship and performance. Over the years, vigorous debate has surrounded the issue of whether nature (genetic endowment) or nurture (environment influences) primarily determine personality or not? Personality is defined as the combination of physical and mental characteristics that give the individual his or her identity. Emotional intelligence can
be learned and gradually developed unlike IQ which after a particular age cannot be developed. EI is developed through experiences. Competencies keep on growing through experiences; people get better and better in handling emotions, influencing others and in social adroitness. In fact, studies that have tracked people’s level of EI through the years show that people get better and better in those capabilities as they grow handling their own emotions and impulses.

With mere IQ one not only becomes ambitious and productive, but also inhibitory and anxious. People with Emotional Quotient (EQ) become cheerful, outgoing, risk taking and possess tremendous capacity for commitment. They do not succumb to overwhelming anxiety, diffidence, or depression amid stiff challenges and setbacks. They strive hard to achieve their goals and convert adversity into an opportunity. They nurture great attitudes. Emotionally intelligent people thus stand in sharp contrast with their degree of skills and perform creditably well.

However, it requires two wings to fly in the sky. Emotions uninfluenced by the light of reason can play havoc with life. We have heard many people tossed against the waves of emotions could not hold the handle steady and ended up doing something irrational and unacceptable. They can get enraged and embittered when things go against their expectations and thus resort to destructive behaviour. If not controlled by reason, such actions can result in violence, reprisal and disaster. Good blend of IQ and EQ can guide people to unambiguous success. To enhance one's competiveness and performance of both EI and EQ become extremely critical.
EI AT WORKPLACE

Modern organizations are highly volatile, dynamic and demand higher productivity. Tasks cannot simply be accomplished individually or by working with others in fixed or routine ways. Only those who can respond to the mounting challenges and be open to innovate can survive. These jobs involve understanding, communicating, emphasizing with and learning from team members. The skills required to succeed at these jobs with a future require a high degree of intellectual ability as well as EI. Knowledge and skills may help someone get into the position, but it takes an emotional understanding of oneself and those around us to emerge triumphant. Hence, employees too are called on to balance their skills with the qualities of the head and heart. Emotional Intelligence is not the sole predictor of workplace success, career satisfaction, or leadership effectiveness. It is one of many components. It should be not thought of as a replacement or substitute for ability, knowledge or job skill. EI acts as a commitment towards success and profitability. Emotional Intelligence enhances one’s success, but it does not guarantee it in the absence of suitable skills.

PRACTICAL IMPLICATIONS OF EMOTIONAL INTELLIGENCE

EI is responsible for the way we behave, how we feel, how we relate to others and how well we do at the job. In today’s context, emotional intelligence is being perceived as the most important element in a person’s success. While comparing IQ and EQ, Goleman suggested that while 20% success is contributed by IQ, the remaining 80% success is determined by EQ. It is now widely believed that emotions rather than IQ may be true measure of human intelligence. Decision making, managing and leading all are possible if the mind is agitated by the waves
of emotions. Self-actualization can only be achieved through emotional self control. Therefore, behavioural scientists are now focusing more on emotional intelligence. In particular, the emotional intelligence is important in the following ways:-

**General happiness**- Emotional intelligence leads to general happiness. The high EQ generates positive feeling which results into general happiness. As against this low EQ generates negative feelings which result into general unhappiness.

The features of a person’s feelings with high and low EQ.

<table>
<thead>
<tr>
<th>High EQ</th>
<th>Low EQ</th>
<th>High EQ</th>
<th>Low EQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation</td>
<td>Frustration</td>
<td>Happiness</td>
<td>Sorrow</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Disappointment</td>
<td>Self-Control</td>
<td>Depression</td>
</tr>
<tr>
<td>Mental Peace</td>
<td>Mental Disturbance</td>
<td>Autonomy</td>
<td>Dependence</td>
</tr>
<tr>
<td>Appreciation</td>
<td>Emptiness</td>
<td>Contentment</td>
<td>Victimisation</td>
</tr>
<tr>
<td>Friendship</td>
<td>Loneliness</td>
<td>Balance</td>
<td>Instability</td>
</tr>
<tr>
<td>Fulfillment</td>
<td>Resentment</td>
<td>Focus</td>
<td>Failure</td>
</tr>
<tr>
<td>Awareness</td>
<td>Guilt</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Rationality in behaviour**- Emotional Intelligence leads to rationality in behaviour. Rationality is defined as the capacity for objective action. It is usually characterized by behavioural nexus between ends and means. Thus if appropriate means have been chosen to reach desire ends, the behaviour is rational. With high EQ a person is able to see the situation, under which the behaviour takes place in right perspective, then he is able to establish right relationship between ends and means and his behaviour tends to be rational. Lack of emotional intelligence leads to wrong perception of situations and the person interprets the information based on his emotions rather than reality.

**Fulfilling social objectives**- Since human beings live in society, they are not only responsible to themselves but also to the society. A person with high EQ displays
Chapter-2

the same behaviour towards others which he expects from them. This brings general happiness in the society including family, friendship group and the work organization. As against this a person with low EQ acts with emotions and becomes self-centered. His behaviour is often dysfunctional leading to general unhappiness in the society.

The most important qualities that characterize effective leaders include integrity, maturity, business acumen and social skills (Charan & Colovin 1999), which are also EI traits. However, the traditional recruitment of business graduates puts more emphasis on intelligence quotients (IQ) measures than EQ measures (Siegel & Sorensen 1994). This is despite the fact that firms often invest significant amounts of time and money in the recruitment process (Moncada & Sanders 1999). This is particularly true in the business discipline. The importance of EI skills in the business workplace is highlighted by the very nature of the job. Business professionals work both by themselves and in teams. Personal EI skills of self-awareness, self-regulation and motivation are essentials if individuals are to recognize their own strengths and weaknesses, develop good self esteem, maintain integrity, demonstrate flexibility, take responsibility for their own actions, take initiative and strive for excellence. Interpersonal EI skills such as empathy and social ability are at the heart of handling relationships. They involve needs of others, implementing successful conflict management strategies, listening and leadership. Thus EI is an essential ingredient for a productive workplace (Smigla & Pastoria 2000). After evaluating the EI of undergraduate business majors,. Brown (2003), while studying the integration of teaching of EI competencies, found that students who understand their own emotions tend to
improve their interpersonal skills and also built trust and empathy. For preparing people for career success and fulfilment, training in appropriate skills was essential, the research indicated.

We conclude that EI is a dynamic force which acts as a guide to professional success. EI influences the overall ability to succeed in coping with environmental demands and pressures. EI play an important role in job performance and employers consider it as factor in selection. It is also an essential element in leadership effectiveness. EI should probably be added to the list of traits that management students must possess. It seems persistent that EI be incorporated in management education programme to train the future managers.

PERSONALITY AND EMOTIONAL INTELLIGENCE

According to McCrae (2000) emotional intelligence and personality traits are inter-connected. This is consistent with the five factor model. There is a feeling among researchers that open-minded people can possess and develop high emotional intelligence.

The Mayer and Salovey Model (1997) suggests that there is a weak positive correlation between emotions and agreeableness and conscientiousness, and a negative correlation with openness (Lopes et al, 2003). No other components of this model have any relationship to personality. Davies et al (2000) do not subscribe to emotional intelligence, especially the Bar-On-EQ-i, since personality factors have the same common attributes. Ciarrochi et al. (2000) also supported the above hypothesis, because emotional intelligence as determined by the Multi-factor
Emotional Intelligence test (which later led to the MSCEIT) has little correlation with personality factors.

**PERSONALITY AND RISK TAKING ABILITY**

According to contemporary theory\(^{2,11}\), personality traits play an important role in distinguishing between people who enjoy taking risks and those who would rather play it safe. Individuals react differently to the same situations, and these differences are caused by variations in personality traits from person to person.

In applying personality traits to risk-taking behaviour, one must look at whether the dimensions of personality help to predict risk-taking behaviour. A considerable amount of research supports the idea that individuals who take risks tend to be high in the Sensation Seeking trait.

Zuckerman’s four sub-dimensions support the idea that various forms of risk-taking behaviour may all be connected with a general “risk taking personality”, Knowledge about an association between personality and risk taking can also be important in preventing risky behaviours.

**RELATION BETWEEN EMOTIONS AND RISK-TAKING ABILITY**

Risk-taking has been a focus of research for a long time, but few theoretical frameworks have been advanced to guide satisfactory explanations and successful interventions (Steinberg, 2007). Powerful emotions are often implicated in decisions under uncertainty. The studies of Simonsohn (2007), produced evidence that emotions can influence, and be influenced by, risky decisions, but little in the way of

systematic integration. The development process has mainly focused on the experience and interpretation of emotions in individuals. The relationship between decision making and emotions works both ways, because the outcome (positive or negative) of a decision affects the emotions. What guides the decision are the emotional responses as one can make risky decisions in uncertain situations.

Emotions and feelings have been connected by learning to predict future outcome of certain scenarios. Contemporary approaches more empathically stress the relationship between impulsivity and emotional regulation. The individuals who lack regulation skills hastily engage in more goal-defending risky behaviours, especially in frustrating or anger provoking situations. Bracket Warner and Mayer (2004) report that lower EQ has been relate to harmful risk behaviour.

People are always led by emotions in one situation but by reason and discretion in another situation. Reason cannot be ruled out but discretion can rule-over. One is intelligence input the other is emotional input and when people exploits both of them, the success is ensured and motivation level pitches very high. Empathetic, flexible and friendly approaches are market-friends. Generosity generates good will and adversities can averted by becoming more human, more humble and more honest to benefit the product and people both.

An elegant series of experiments by Lerner and Keltner (2001) successfully demonstrated the predicted contrast between angry and fearful people in both risk assessments and hypothetical risky choices. Angry people (rather like happy people) tended to make optimistic risk assessments and risk-seeking choices, while fearful people made pessimistic risk assessment and risk-averse choices.
The desire to maintain positive affect has been shown to make happy people more risk averse than angry people when stakes are high (Isen & Geva, 1987). Kugler (2007) suggest that both negative emotions, fear and anger, show to have opposite effects on participants’ willingness to take risks.

The conceptual framework of personality, risk taking ability and emotional intelligence are summarized within this chapter. This has been referenced to establish the basis for exercising concept and theories and practical implications. The present study is centered within the framework describe in this chapter and in the context of management students.