CHAPTER 1
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The banking and insurance sectors are the prevalent sub sectors of the financial sector in India. Banks play an important role in shaping up the economy of any nation. The failure of a single bank can lead to the failure of the entire economy. The overall performance of the banking sector directly exerts influence on the other industrial and service sectors of the economy.

For economic growth, investment are mandatory, investments are made out of savings. Insurance Companies are the major instrument for the mobilization of savings of people especially from the middle and lower income groups. These savings are channelized into investment for economic development.

Today insurance stands as a business growing at the rate of 15-20% annually. Together with banking services, it adds about 7% to the country’s Gross Domestic Product (GDP).

The success of the banking and insurance sector as a customer service organization, largely depends upon the customer satisfaction. The employees are the key factor and play an important role in providing better service to their customers and ultimately it leads to improve the overall performance of the organisation. It also depends on employees to deliver high quality services, to promote the corporate image and to improve customer satisfaction (Karatepe and Tekinkus, 2006). Gabbott and Hogg (1997), described the employee’s Job Performance as a key individual outcome in the financial and banking sector. Therefore, enhancing the Job Performance of the employees is the highest priority of any manager in the organization. In reviewing the theoretical and empirical evidence, researchers have identified different factors like human psychology, organizational behavior, and emotional intelligence etc. that can be affecting the employee’s work outcomes.

At the turn of the 21th century a new approach in psychology has emerged i.e. Positive Psychology. This approach refers to the study of optimal human functioning and an attempt to respond to the systematic bias inherent in
psychology’s historical emphasis on *mental illness* rather than on *mental wellness* (Seligman, 2002), mainly by focusing on two classical psychological aspects, i.e. (a) Help ordinary people to live a more productive and meaningful life, (b) A full realization of the potential that exists in the human beings.

Since Martin Seligman a former president of American Psychological Association (APA) who chose Positive Psychology as the theme of his presidency term, more empirical research and theoretical development emerged in this field. As a matter of consequence, behavioural scientists explored two important approaches in positive psychology, which are parallel and complementary. These are commonly referred to as ‘Positive Organizational Scholarship’ (POS), emanating primarily from a research group at the university of Michigan (Cameron, Dutton, & Quinn, 2003) and ‘Positive Organizational Behaviour’ (POB) arising from University of Nebraska (Luthans, 2002a, 2002b, 2003; Luthans & Avolio, 2003).

**Positive Organizational Scholarship (POS)**

Positive organizational scholarship is a research field that asserting the positive characteristics of the organization that facilitates its capacity to function during span of crisis. Positive Organizational Scholarship (POS) is the study of what is positive in organizations and the people who constitute them and a perspective - it is a commitment to reveal and nurture the highest human potential. As described by Cameron, Dutton, and Quinn, Editors in ‘Positive Organizational Scholarship: Foundations of a New Discipline’, “POS is concerned primarily with the study of especially positive outcomes, processes, and attributes of organizations and their members. POS does not represent a single theory, but it focuses on dynamics that are typically described by words such as: excellence, thriving, flourishing, abundance, resilience, or virtuousness. POS is distinguished from traditional organizational studies in that it seeks to understand what represents and approaches the best of the human condition.”
Positive Organizational Behavior (POB)

Positive organizational behavior focuses on “the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed and effectively managed for performance improvement in today’s workplace” (Nelson & Cooper, 2006; Luthans, 2002; Wright, 2003). Thus, for a psychological strength or capacity to be included in our conception of POB, it must be positive and relatively unique to the field of organizational behavior, but most importantly, it must reach the scientific criteria of being theory and research based, measurable, state-like or developmental, and related to work performance outcomes.

POB origins developed from the Positive Psychology movement, initiated in 1998 by Martin Seligman and colleagues. Positive Psychology targets to shift the focus in psychology from dysfunctional mental illness to mental health, calling for an increased focus on the constructing of human strength.

Now a days behavioural scientist are trying to develop and discover these abilities in order to enhance job performance and quality of life at work place. Therefore, organizational positive psychology focuses on situational characteristics that can be developed and enhanced through intervention at work place and proactive management techniques. Moreover it focuses only on measurable and improvable characteristics.

Organizational Psychological Capital

Organizational psychological capital is an interrelated construct with the terms of financial, social and human capital. But different from financial capital (i.e. what you have?), social capital (i.e. who you know?) and human capital (i.e. what you know?), psychological capital emphasizes on “who you are?” and “what you are becoming with regard to psychological development?” (Avolio & Luthans, 2006; Luthans et al, 2004). Psychological capital is employee’s positive psychological states beyond intellectual capital in obtaining and sustaining the competitive advantage (Luthans et al, 2004). Employee’s psychological states are not like trait or characteristic displaying continuity in every condition (self esteem, self discipline etc.) but positive status keep changing according to the
Organizational psychological capital is the sum total of these positive attributes changing and improving with the education or development (Luthans & Youssef, 2007). Thus psychological capital is becoming a positive improvable construct intended to enhance and redirect the organizational and personal performance. Luthans et al. (2006) found that psychological capital may be developed or enhanced with the short practices during group training.

The leading OB specialist F. Luthans identified four dominant psychological capacities which may be relevant in a number of organizational behaviours and outcomes. These are the capacities of self-efficacy (confidence), optimism, hope, and resiliency (Luthans, 2002b). More recently Luthans and his coworkers (Luthans et al., 2006) have designated the cluster of these four attributes as Positive Psychological Capital (Psychological Capital). They formally defined Psychological Capital as being made up of the positive organizational behaviour criteria for meeting these capacities. However, importantly, they propose, and their research to date supports, that Psychological Capital goes beyond just the characteristics of these capacities. Specifically, Psychological Capital is a higher order core construct that integrates the various POB criteria-meeting capacities, not only additively but also perhaps, synergistically (Luthans et al., 2007). Thus, the resulting impact of investing in, developing, and managing overall Psychological Capital on performance and

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**Figure 1: Expanding Capital for Competitive Advantage**  
(Luthans et al, 2004)
attitudinal outcomes is expected to be larger than the individual positive psychological capacities that comprise it. In other way it can be say that the whole (Psychological Capital) may be greater than the sum of its parts, i.e. self-efficacy, optimism, hope, and resiliency (Luthans et al., 2007). The four Psychological Capital variables are taken as described by their respective proponents.

**Mechanism of Psychological Capital**

The distinction between the nature of the affective states that comprise Psychological Capital is not always clear; hope, for example, might easily be confused with optimism. Investigating the descriptions employed within the model and explicating the specific worth is critical, “the development of clear definitions for concepts is important to improve organisational research and theory building”, (Osigweh, 1989). At this time, the explanations taken by the model are appraised with the aim of highlighting the dissimilarities between each state i.e. the unique input that each makes to the incorporated construct.

Avey, Luthans and Youssef (2010) have given a detail description on the trait-state continuum:

**Pure positive traits:** These are at one extreme of the continuum and are characterized by stability over time and across situations, including traits that are believed to be hardwired, such as intelligence or hereditary characteristics.

**Trait-like constructs:** These are near to the trait end of the continuum and refer to relatively stable psychological characteristics such as conscientiousness, extroversion, and core self-evaluations.

**State-like psychological resources:** These are closer to the opposite (state) end of the continuum and include Psychological Capital and its constituents of efficacy, hope, optimism, and resiliency (the focus of this study), which tend to be amenable and thus open to development and are particularly relevant to the workplace.

**Positive states:** These are at the other utmost of the continuum and include momentary and highly variable states such as moods and emotions.
Dimensions of Positive Psychological Capital

There are four dimensions of positive psychological capital. It is depicted by the figure-1 that positive psychological capital is a core construct goes beyond human, social and financial capital.

Self Efficacy (Confidence) - Self efficacy is the belief that one is capable of performing in a certain manner to achieve certain goals. It is a belief that one has capabilities to execute the courses of action required to manage prospective situations. Here self efficacy, is based on the comprehensive theory and extensive research of Bandura (1997) with recent emphasis to link this construct to positive psychology (Bandura, 2007). Applied to the workplace, Stajkovic & Luthans (1998) describe efficacy as the individual’s confidence about his or her ability to mobilize the motivation, cognitive resources, and course of action needed to successfully execute a specific task within a given context. In a meta-analysis consisting of 114 studies, they found a strong positive relationship between self efficacy and work-related performance. Also Borgogni, Russo, Miraglia and Vecchione (2013) conclude that training in self-efficacy can lead to higher job satisfaction and greater work attendance.

Optimism – Seligman (1998) views “Optimism as an attributional style that explains positive events in terms of personal, permanent and pervasive causes and negative events as external, temporary, and situation specific. It mean that Optimists will see a negative event as temporary, and a positive events as permanent, Thus, Optimistic individual are buffered from unfavorable events, discounting the potential for feeling of guilt, depression, and the like but are more likely to accept the positive returns from favorable events. Optimism appears also to be future-focused, whereby the Optimist is more likely to anticipate that future events will be positive in nature, regardless of present circumstances. Together, the elements of optimism combine to impact upon performance (Martin et al., 2003). They observed that participants with an optimistic explanatory style improved in performance even after a failure feedback, while those with a pessimistic style did not.
Hope – Hope is widely used in everyday language. But Snyder and his colleagues (e.g., Snyder, 2000) have specifically defined hope as a “positive motivational state that is based on an interactively derived sense of successful Agency (goal directed energy) and Pathways (planning to meet goal)”. Thus, hope can be viewed as consisting of three distinct but complementary components: Agency (will power), pathways (way power), and goals. In clinical and positive psychology, hope has been clearly linked to academic and athletic success (Snyder, 2002) but only recently it has been analyzed in the workplace. In preliminary research in the workplace, hope has been found to be related to factory worker’s performance, unit financial performance and employee satisfaction and intention to leave (Peterson & Luthans, 2003).

Resiliency – It is the positive capacity of people to cope with stress and catastrophe. It is also used to indicate a characteristic of resistance to future negative events. In this sense, “resilience” is a two-dimensional construct concerning the exposure of adversity (Luthar, Cicchetti, & Becker, 2000). As adapted to the workplace, resiliency can be defined as the “positive psychological capacity to rebound, to ‘bounce back’ from adversity, uncertainty, conflict, failure or even positive change, progress and increased responsibility” (Luthans, 2002). Therefore, resilience can be characterized by coping responses not only to adverse events, but also to extreme positive events, as well.

Researches in the area of organizational psychology have shown that high Psychological Capital employees performed better than low Psychological Capital employees. This difference in performance can be explained by their psychological predispositions which manifest themselves in their cognitions and motivations. The influence on the employee’s performance is stronger while referring to Psychological Capital then for each of its components, meaning thereby Psychological Capital explains more than its components combined. Psychological Capital has been linked to numerous work-related outcomes, including increased hedonic and eudemonic well-being (Culbertson, Fullagar, & Mills, 2010), job satisfaction (Cheung, Tang, & Tang, 2011), creativity (Sweetman, Luthans, Avey, & Luthans, 2011), citizenship behaviors, commitment, job performance (Luthans, Avey, Avolio, & Peterson, 2010), and
even employment status (Cole, Daly, & Mak, 2009). Further, it has been found to negatively associate with burnout, cynicism, turnover intentions, and counterproductive workplace behaviors (Cheung et al., 2011; Norman, Avey, Nimnicht, & Pigeon, 2010). Rigorous research designs have confirmed these findings: A recent meta-analysis (Avey, Reichard, Luthans, & Mhatre, 2011) confirmed that Psychological Capital predicted job satisfaction, well-being, and organizational commitment, and Peterson, Luthans, Avolio, Walumbwa, and Zhang (2011) longitudinally found that within-individual Psychological Capital changes over time were positively predictive of supervisory ratings of performance as well as of objective sales revenue. Psychological Capital and positive supportive climate are necessary for human resources in order to achieve stable organizational growth. Psychological Capital has interesting influence on absence from work and job withdrawal. Few meta-analyses have shown a connection between personal and organizational climate factors to level of absenteeism from work. Recently, researches have shown that work attitude variables like satisfaction and commitment cannot explain the significant variance in absenteeism (Cameron & Caza, 2004). Psychological Capital can add a new perspective to the understanding and coping with absenteeism and research have shown that Psychological Capital has a positive influence on levels of involuntary and voluntary absenteeism. Among the four Psychological Capital constructs, hope, optimism and self-efficacy were significantly associated with job satisfaction (Sylvia, Cheng & Wong 2014).

Workers who confront similar obstacles in their workplace will react differently according to their Psychological Capital and therefore the influence of such obstacles on them will be different (Harter et al., 2003). The nature of workers with high Psychological Capital will contribute to lower levels of sickness or to the ability to recover from sickness and get back to work afterwards (which will result in lower levels of involuntary absenteeism). In addition to self-development one of the primary characteristics of authentic leaders is that they are capable of and motivated to develop their followers. The integrity, tryst and transparency of the authentic leader can encourage reciprocity from followers and an organizational culture in which openness, sharing, and
ongoing Psychological Capital development become the norm. Indeed the possibility that positivity may exhibit both downward and upward spirals and contagion effects has been consistently utilized as a backdrop in recent psychological research (Cameron, Dutton & Quinn, 2003; Fredrickson, 2001). Nevertheless, unfortunately, Ardichvili (2011) suggested that most human resource professionals remain unaware of Psychological Capital, thus creating a profound opportunity to take advantage of this construct in the workplace context.

**Emotional Intelligence**

In the last decade or so, we have witnessed a particular growing body of research regarding the importance of emotional intelligence for success and leadership in organizations. Though the concept of emotional intelligence goes back to early studies in the 1980s, when scholars began to systematically conceptualize the idea of emotional intelligence. Notably, Gardner’s (1983) conceptualization of intrapersonal intelligence and Steiner’s (1984) work on emotional literacy were the building blocks of what Salovey and Mayer (1990) first termed as ‘emotional intelligence’. According to Mayer and Salovey, who used the term “emotional intelligence” for the first time, it is “the ability to monitor one’s own and others’ feelings and emotions, to discriminate among them and to use this information to guide one’s thinking and actions” (Mayer and Salovey, 1993; Dincer et al., 2011). Bar-On et al. (2000) view emotional intelligence as a non-cognitive ability which is defined as an array of emotional, personal, and social abilities and skills that influence an individual’s ability to cope effectively with environmental demands and pressures.

Underlying recent research interest in this area is the view that people with high emotional intelligence competencies are more likely than less emotionally intelligent people to gain success in the workplace (Goleman, 1995; Bar-On et al., 2000). Though growing evidence indicates that emotional intelligence competency has the potential to improve performance on both personal and organizational levels, we are still only in the initial phase of understanding the extent to which members with high emotional intelligence would be more valued
assets than less emotionally intelligent members of their organization. As Cherniss, (2000) pointed out it is more useful and interesting to consider how important it is for effective performance at work. Researchers tend to view emotional intelligence as a factor which has a potential to contribute to more positive attitudes, behaviors, and outcomes, however, this issue has not yet resolved. Smith et al. (1996) observed that job satisfaction is positively associated with the construct of emotional intelligence. In addition, job satisfaction is often considered as a proxy for an employee’s well being at work (Grandey, 2000). Individuals with high emotional intelligence, through the above described conceptually related mental processes, experience continuous positive moods and feelings that generate higher levels of satisfaction and well-being compared to individuals who experience such feelings and moods as disappointment, depression, and anger, because they can’t reach a higher level of general satisfaction and fulfillment.

On similar lines Abraham (1999) observed that emotional intelligent individuals are optimistic, a trait that enables them focuses on the resolution, rather than the reasoning that who is at fault. It is believed that the work in any given organization imposes difficulties that may result in feeling of frustration. Individuals high on emotional intelligence would know not to hold the organization responsible for every feeling of frustration, as they are adapt at placing themselves in positive affective states. This is especially true for senior managers who have to reconcile the feelings of frustration of conflicting interest group within and outside the organization. This can be done effectively only when they are able to place themselves in a positive state of mind (Salovey & Meyer, 1990). In addition, emotionally intelligent individuals would know how to avoid dysfunctional emotions and use them in adaptive ways to alleviate feelings of frustration (Carmeli, 2003). Thus, emotional intelligence is expected to relate certain work related attitudes and work outcomes in an organizational setting.

So emotional intelligence (EI) refers to the ability to perceive, control and evaluate emotions. Some researchers suggest that emotional intelligence can be learned and strengthened, while others claim it to be an inborn characteristic.
Since 1990, Peter Salovey and John D. Mayer have been the leading researchers on emotional intelligence. In their influential article "Emotional Intelligence," they defined emotional intelligence as, "the subset of social intelligence that involves the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions" (1990). According to Orhan (2012), “emotional intelligence can be considered as an umbrella for the relations between one’s himself and others in his environment”.

A Brief History of Emotional Intelligence

- 1930s – Edward Thorndike describes the concept of "social intelligence" as the ability to get along with other people.
- 1940s – David Wechsler suggests that affective components of intelligence may be essential to success in life.
- 1950s – Humanistic psychologists such as Abraham Maslow describe how people can build emotional strength.
- 1975 - Howard Gardner publishes The Shattered Mind, which introduces the concept of multiple intelligences.
- 1985 - Wayne Payne introduces the term emotional intelligence in his doctoral dissertation entitled "A study of emotion: developing emotional intelligence; self-integration; relating to fear, pain and desire (theory, structure of reality, problem-solving, contraction/expansion, tuning in/coming out/letting go)."
- 1987 – In an article published in Mensa Magazine, Keith Beasley uses the term "emotional quotient." It has been suggested that this is the first published use of the term, although Reuven Bar-On claims to have used the term in an unpublished version of his graduate thesis.
Models of Emotional Intelligence

Theoretical paradigms conceptualize emotional intelligence from two perspectives: ability and mixed models. By ability models, emotional intelligence is regarded as a pure form of mental ability and thus as a pure intelligence (Mayer et al., 1999). Contrary to the ability models, mixed models of emotional intelligence combine mental ability with personality characteristics such as optimism and well-being, states of consciousness and social activity as a single entity (Bar-On, 1997; Goleman, 1995). Thus, mixed models of emotional intelligence are substantially different than the mental ability models.

The Ability Model: The model which is considered as the only complete ability model of emotional intelligence is the one that was propounded by Mayer and Salovey (Salovey & Mayer, 1990; Mayer & Salovey, 1993), the pioneers in the field. Mayer and Salovey viewed EI as a potentially standard intelligence rather than understanding it in a mixed sense, and defined it in more formal terms as the ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in the self and others (Mayer & Salovey, 1997). This definition reflects the essential features of their four-branch ability model, and likewise the four branches are: a) perceiving emotions, b) using emotions to facilitate thought, c) understanding emotions, and d) managing emotions. The proponents of the ability model (Mayer & Salovey, 1993, 1997) proposed that emotional intelligence is comprised of two types of abilities: experiential (ability to perceive, respond and manipulate emotional information without necessarily understanding it) and strategic (ability to understand and manage emotions necessarily perceiving feeling well or fully experiencing them). Each area is further divided into four branches, and identified different factors of emotional intelligence: the perception of emotions, the ability to reason using emotions, the ability to understand emotions and the ability to manage emotions.

1. Perceiving Emotions: The first step in understanding emotions is to accurately perceive them. In many cases, this might involve understanding nonverbal signals such as body language and facial expressions.
2. **Reasoning with Emotions:** The next step involves using emotions to promote thinking and cognitive activity. Emotions help prioritize what we pay attention and react to; we respond emotionally to things that garner our attention.

3. **Understanding Emotions:** The emotions that we perceive can carry a wide variety of meanings. If someone is expressing angry emotions, the observer must interpret the cause of their anger and what it might mean. For example, if your boss is acting angry, it might mean that he is dissatisfied with your work; or it could be because he got a speeding ticket on his way to work that morning or that he’s been fighting with his wife.

4. **Managing Emotions:** The ability to manage emotions effectively is a key part of emotional intelligence. Regulating emotions, responding appropriately and responding to the emotions of others are all important aspect of emotional management.

According to Salovey and Mayer (1997), the four branches of their model are, "arranged from more basic psychological processes to higher, more psychologically integrated processes. For example, the lowest level branch concerns the (relatively) simple abilities of perceiving and expressing emotion. In contrast, the highest level branch concerns the conscious, reflective regulation of emotion".

**Mixed Models:** Mayer and Salovey (1993) were of the opinion that their own theoretical work would be more useful if emotional intelligence is constrained to a mental ability concept and separated from the very important traits of warmth, outgoingness and other similarly desirable virtues. By keeping them separate, it would be possible to analyze the degree to which they independently contribute to a person’s behavior and general life competence, and such traits can be better addressed directly and as distinct from emotional, intelligence (Mayer & Salovey, 1993, 1997). In contrast to honing this core conception of emotional intelligence, others expended the meaning of emotional intelligence by explicitly mixing in non-ability traits.
Attempts have been made by some of the researchers to explain EI in mixed terms but in particular two mixed models of emotional intelligence, each within a somewhat different conception, have gained popular consideration. Goleman proposed a mixed model in terms of performance, integrating an individual’s abilities and personality and applying their corresponding effects on performance in the workplace (Goleman, 1995, 1998). Bar-On (Bar-On, 1997) put forth another model based within the context of personality theory, emphasizing the co-dependence of the ability aspects of emotional intelligence with personality traits and their application to personal well-being. Emotional intelligence, is thus viewed as, “a form of 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” (Mayer and Salovey, 1993) which can be combination of five components:

1. **Self-Awareness** - Self-awareness is the ability to understand and interpret one’s own feelings through internal reflection. The ability to be critical about thoughts and make changes to behaviour that can lead to an in-depth understanding about one’s self, which leads to a better understanding of others. Lanser (2000) places a strong emphasis on the importance of self-awareness in guiding and perfecting job performance, including interactions with colleagues and in the establishment of positive and productive leadership and teamwork skills. Team members need to be aware of their feelings as they may allow uncontrolled emotions to impact on the dynamics and culture of the team. Cherniss (1998) emphasises that effective team members are self-confident, which is reflective of their own emotional self-awareness, and ability to control their emotions.

2. **Self-Regulation** - Self-awareness of emotions enables team members to then practice self-regulation, which is the ability to use emotions to facilitate the progress of the task or the project (Goleman, 1998b; Lanser, Meeting at the Crossroads 2000). Being able to regulate emotions especially during conflict, pressure, stress and deadlines facilitates the smooth progress of the project and promotes positive, effective working relationships with other team members and clients. Goleman (1998b)
explains that handling emotions and putting the task first rather than emotions aids in the attainment of the required goal.

3. **Motivation** - Being able to motivate fellow team members into contributing their best is very powerful. Workers are discretionary in their application to a project – they will only give if they feel they are being supported, nurtured and inspired. Successful teamwork requires intrinsic motivation, persistence and vision. Team members are not only responsible for their own motivation but also play a key role in motivating the team and colleagues. Goleman (1998b) and Lanser (2000) propose that motivation is an essential element of emotional intelligence that pushes us forward through the positive and negative aspects of working life by showing initiative, perseverance and dedication, as well as being goal orientated, focused and proactive.

4. **Empathy** - Goleman (1998b) contends that empathy is understanding and interpreting colleagues’ feelings and being able to identify with their feelings on issues through understanding their perspective and cultivating rapport with people from different ‘walks of life’. Empathic team members have an awareness of the diversity of personalities and are accepting of the diversity of people and the impact culture can have on interactions within a team environment. Book, H.E. (2000), defines empathy as the “capacity to see the world from another person’s perspective” (p. 45).

5. **Social Skills** - Social skills are essential for the development of positive, effective relationships with colleagues and the ability to interact with team members to deter conflict, be aware of, ease and dissipate underlying tensions that can accumulate and have a negative impact on working relationships and project success. Team members need to be able to stimulate cooperation, collaboration and teamwork through well-developed social skills (Goleman, 1998b).

In an attempt to include the complete description of Goleman’s model, Mayer (2006) has given a brief account of Goleman’s ideas. He states that:

“Emotional intelligence is a broad description of an individual’s functioning or character that includes abilities such as being able: (i) to
motivate oneself, (ii) to persist in the face of frustrations, (iii) to control impulses, (iv) to delay gratifications, (v) to regulate moods, (vi) to keep distress from swamping the ability to think, (vii) to empathize, and (viii) to hope (Goleman, 1995, p.34). At other times, EI may be reflected in, or equated to, the capacities (i) to experience enthusiasm, (ii) to feel confident, (iii) to be socially adroit, and (iv) overall, to have good character (Goleman, 1995, p.79,115, 285)” - (Mayer, 2006, p.10).

Emotional intelligence is multifaceted and is very much related to people’s skills – something that is at the core of life success. Reuven BarOn (1997), a proponent of another popular mixed model, tried to understand this core of life and reviewed the psychological literature for the characteristics that appeared related to life success. After extensive work, BarOn (1997) proposed a model of EI that was intended to answer the question that why some individuals are more able to succeed in life than others. BarOn model of emotional intelligence relates to the potential for performance and success rather than performance or success itself, and is considered process-oriented rather than outcome-oriented (BarOn & Orme, 2002). It focuses on an array of emotional and social abilities, including the ability to be aware of, understand and express oneself, the ability to relate to others, the ability to deal with strong emotions, and the ability to adapt to change and solve problems of a social or personal nature (BarOn, 1997). In more formal terms, BarOn (1997) defined EI as an array of noncognitive capabilities, competencies, and skills that influence one’s ability to succeed in coping with environmental demands and pressures (p.14).

In this mixed model, BarOn identified and explained five broad areas of functioning that are relevant to success in life. These five broader areas encompass narrower ability traits that contribute to overall life success of an individual. These include:

1. **Intrapersonal Skills** – Intrapersonal skills show an individual’s ability to understand their emotions and to express and communicate their feelings and needs (emotional self awareness, assertiveness, self-regard, self-actualization, independence).
2. **Interpersonal Skills** – Interpersonal skills include the ability to have satisfying interpersonal relationships, to be good listeners, and to understand and appreciate the feelings of others (interpersonal relationships, social responsibilities, empathy).

3. **Adaptability** – Adaptability includes flexibility, effectiveness in managing change, and the ability to find positive ways of dealing with everyday problems (problem solving, reality testing, flexibility).

4. **Stress Management** – Stress management includes calmness, the ability to work well under pressure, impulsivity, and the response to stressful events (stress tolerance, impulse control).


BarOn is the first person to use the term “Emotional Quotient” (EQ; BarOn, 1997). BarOn and Orme (2002) hypothesize that the individuals having higher than average EQ are generally more successful in meeting environmental demands and pressures, and a deficiency in emotional intelligence can mean a lack of success and the existence of emotional problems. In general, BarOn considers emotional intelligence and cognitive intelligence to contribute equally to a person’s general intelligence, which then offers an indication of one’s potential to succeed in life.

**The Value of Emotional Intelligence at Work**

Martin Seligman has developed a construct that he calls "learned optimism". It refers to the causal attributions people make when confronted with failure or setbacks. Optimists tend to make specific, temporary, external causal attributions while pessimists make global, permanent, internal attributions. In research at Met Life, Seligman and his colleagues found that new salesmen who were optimists sold 37 percent more insurance in their first two years than did pessimists. When the company hired a special group of individuals who scored high on optimism but failed the normal screening, they outsold the pessimists by 21 percent in their first year and 57 percent in the second. They even outsold the average agent by 27 percent.
In another study of learned optimism, Seligman tested 500 members of the freshman class at the University of Pennsylvania. He found that their scores on a test of optimism were a better predictor of actual grades during the freshman year than SAT scores or high school grades.

The ability to manage feelings and handle stress is another aspect of emotional intelligence that has been found to be important for success. A study of store managers in a retail chain found that the ability to handle stress predicted net profits, sales per square foot, sales per employee, and per dollar of inventory investment.

Emotional intelligence has as much to do with knowing when and how to express emotion and how does, one can control his emotion. For instance, consider an experiment that was done at Yale University by Barsade (1998). He had a group of volunteers play the role of managers who come together in a group to allocate bonuses to their subordinates. A trained actor was planted among them. The actor always spoke first. In some groups the actor projected cheerful enthusiasm, in others relaxed warmth, in others depressed sluggishness, and in still others hostile irritability. The results indicated that the actor was able to infect the group with his emotion, and good feelings led to improved cooperation, fairness, and overall group performance. In fact, objective measures indicated that the cheerful groups were better able to distribute the money fairly and in a way that helped the organization.

**Measuring Emotional Intelligence**

According to Mayer (1999) measuring emotional intelligence is possible through criterion-report (that is, ability testing). Intelligence is an ability, and is directly measured only by having people answer questions and evaluating the correctness of those answers.

1. **Reuven Bar-On's EQ-I**

A self-report test designed to measure competencies including awareness, stress tolerance, problem solving, and happiness. According to Bar-On, “Emotional intelligence is an array of noncognitive capabilities, competencies, and skills that influence one’s ability to succeed in coping with environmental demands and pressures.”
2. **Multifactor Emotional Intelligence Scale (MEIS)**

An ability-based test in which test-takers perform tasks designed to assess their ability to perceive, identify, understand, and utilize emotions.

3. **Seligman Attributional Style Questionnaire (SASQ)**

Originally designed as a screening test for the life insurance company Metropolitan Life, the SASQ measures optimism and pessimism.

4. **Emotional Competence Inventory (ECI)**

Based on an older instrument known as the Self-Assessment Questionnaire, the ECI involves having people who know the individual offer ratings of that person’s abilities on a number of different emotional competencies.

**Work Outcome**

In an organizational system both at macro and micro level, work outcome is one of the important variable of interest in studying organizational behavior. It is so because the goals, objectives and strategies of every organization are measured in terms of outcome and not only of organization but of an individual employee also. Therefore the analysis of the antecedents of outcome behaviors has been a point of interest for all concerned - the management, planners, management scientists and psychologists.

In the organization, work outcome is reflected through different measures such as task completion, efficiency, quality, overall productivity, time management and satisfaction etc. While at the individual level it may be reflected through behaviors and actions as rated and evaluated by self, peers, subordinates or superiors. Performance management involves defining performance, understanding the competencies required to do the job or various tasks associated with the job, developing the competencies, creating the motivation needed, or putting hard work or effort to do the job and getting all the support needed to do that job or series of tasks associated with that job or role. Performance analysis involves analyzing or understanding the various factors contributing to performance (positively or negatively) for a given period, and managing them to enhance performance in the subsequent period. It involves understanding first the
tasks associated with the role, setting standards and measuring the achievements against these standards. It also involves identifying the competencies needed to perform each of the tasks, ascertaining the level to which each of the tasks have been performed, understanding the reasons for good and poor performance of each of the tasks, analyzing them into ability factor or competence factors, motivational factors, and organizational support factors.

An analysis of respondent generated outcome behaviors lead Randall et al. (1990), to conclude that work outcomes can best be tapped in terms of concern for quality, sacrifice orientation, willingness to share knowledge and presence in the work place. Much of the importance of attaining feedback from reviewing and evaluating work outcome, performance is gauged from the fact that such feedback helps in making adjustment with respect to human resource planning, selection decision, promotion and placement decision, training and development decisions, policy formulation, communication etc. These adjustments are oriented to improve performance through the techniques of organizational change. So, for this reason, outcome or performance appraisal or evaluation is essential for any organizational change and for overall organizational system.

Performance appraisal or evaluation is described as the process of groups and individuals within organizations to assess how well their behavior matches the expectations set up by division of work load. In general, the evaluation process operates as an auditing and controlling mechanism on generation of information upon which many decisions are made. Practically, however, work outcome evaluation is very difficult for many reasons. First of all the process may involve multi-dimensions, that is, there are many aspects of performance that must be assessed. Second, the selection of dimensions (or aspects) of work outcome (or performance), particularly when outcome oriented criteria, such as sales productivity and profit being used. Finally, the question of reliability and validity of the performance assessment also needs to be taken care of. The various work outcome or performance appraisal techniques suggested by Miner (1992) are: appraisal by peers, subordinates, self-appraisal, and rating by superiors, field reviews, management by objectives (MBO) appraisals etc.
The present research has taken into account four aspects of work outcomes i.e. job satisfaction, job performance, organizational commitment and turnover intention.

**Job Satisfaction**

Job Satisfaction is one of the most widely studied work related attitudes in the fields of industrial and organizational behavior (Spector, 1997). It is a psychological aspect. It is an expression of feeling about the job. Job satisfaction is an attitude. It is a permanent impression formed about the job. Employees interact with people and other resources while working with the job. In the process, they experience positive or negative feelings about the job context and content. It consists of the feelings and attitudes one has about one’s job. All aspects of a particular job, good or bad, positive and negative, are likely to contribute to the development of feelings of satisfaction or dissatisfaction. Greenberg and Baron (1997) define job satisfaction as “an individual’s cognitive, affective, and evaluative reactions towards his/her job”. Locke (1984) defined job satisfaction as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences”. Hoppock’s (1935) defined job satisfaction as: “…any combination of psychological, physiological, and environmental circumstances that causes a person truthfully to say, I am satisfied with my job”. Vroom (1982), who used the terms “job satisfaction” and “job attitudes” interchangeably, defined job satisfaction as “…affective orientations on the part of individuals toward work roles which they are presently occupying”. Odom and et. (1990) define job satisfaction as positive or negative feelings of an employee towards his own job in relation to his intrinsic, extrinsic and general perspective (Orhan, 2012). It is a state where one’s needs and one’s outcomes match well. To Cranny et al. (1992), “Job satisfaction is a combination of cognitive and affective reactions to the differential perceptions of what an employee wants to receive compared to what he or she actually receives.”

Job satisfaction is an intangible variable. It consists of a complex number of variables, conditions, feelings and behavioural tendencies. Robert Dictionary
of Industrial Relations defined job satisfaction as those outward or inner manifestations which gave the individual a sense of enjoyment or accomplishment in the performance of his work.

Even though the definitions vary, a commonality among them seems to be that job satisfaction is a job-related expressive emotional reaction. Job satisfaction is the extent to which employees like their job and its components (Spector, 1997). It is one of the most extensively researched topics in the industrial and organizational psychology literature (Highhouse & Becker, 1993). The number of articles and books investigating this construct has increased from over 3000 in 1976 (Locke, 1976), to over 5000 in 1992 (Harwood & Rice, 1992). Although, this increasing interest in job satisfaction is no doubt beneficial to the field of industrial and organizational psychology.

Determinants of Job Satisfaction

Job satisfaction is intangible and it is multi-variable. A number of factors influence job satisfaction of employees. They can be classified into two categories. They are organizational and personal variables.

Organizational Determinants:

Employees spend most of the time in organizations. Therefore, a number of organizational factors determine job satisfaction of the employees.

Wages: Wage is the amount of reward worker expects from the job. It is an instrument of fulfilling the needs. A feeling of fair and equitable reward produces job satisfaction.

Nature of Work: The nature of work has significant impact on the job satisfaction. Jobs involving intelligence, skills, abilities, challenges and scope for greater freedom make the employee satisfied on the job.

Working Conditions: Good workings conditions are needed to motivate the employees. They provide a feeling of safety, comfort and motivation.

Job Content: Job content refers to the factors such as recognition, responsibility, advancement, achievement etc. Jobs involve variety of tasks and less repetitive result for greater job satisfaction.
Organizational Level: Higher level jobs are viewed as prestigious, esteemed and as an opportunity for self-control. Employees working at higher level jobs express greater job satisfaction than the lower level jobs.

Opportunities for Promotion: Promotion is an achievement in the life. Promotion gives more pay, responsibility, authority, independence and status.

Work Group: Existence of groups in organizations is a common phenomenon. It is a natural desire of human beings to interact with others. Satisfaction of an individual depends largely on the relationship with the group members, group dynamics, group cohesiveness and his own need for affiliation.

Leadership Styles: Democratic leadership style enhances job satisfaction. Democratic leaders promote friendship, respect and warm relationships among the employees.

Personal Determinants:
Job satisfaction relates to the psychological factors. Therefore, a number of personal factors determine the job satisfaction of the employees.

Personality: Individual psychological conditions determine the personality. Factors like perception, attitudes and learning determine the psychological conditions. Therefore, these factors determine the satisfaction of individuals.

Age: Age is a significant determinant of job satisfaction. Younger age employees possessing higher energy levels are likely to feel more satisfied. As employees grow older, aspiration levels increase. If they are unable to find their aspiration fulfilled, they feel dissatisfied.

Education: Education provides an opportunity for developing one’s personality. It enhances individual’s wisdom and evaluation process. Highly educated employees possess persistence, rationality and thinking power. Therefore, they can understand the situation and appraise it positively.

Gender Differences: The gender and race of the employees determine Job satisfaction. Women are more likely to be satisfied than their counterpart even if they are employed in small jobs.
Certain other factors that determine job satisfaction are learning, skill autonomy, job characteristics, unbiased attitude of management, social status etc. Managers should consider all these factors in assessing the satisfaction of the employees and increasing their level of job satisfaction.

In brief, job satisfaction is a general attitude which is the result of many specific attitudes in three areas, namely specific job factors, individual characteristics, and group relationships outside the job. An attitude of an employee can be considered as a readiness to act in one way rather than another in connection with specific factors related to job (Blum & Naylor, 1986). Job satisfaction and work commitment receive significant importance in research studies. This establishes these variables as major determinants of organizational performance (Riketta, 2002) and effectiveness (Laschinger, Finegan & Shamian, 2004). Job satisfaction is particularly important to the employee because it reflects a critical work outcome: feeling of fulfillment from the job and the work setting. Because of this, organizations have implemented a number of programs and techniques in an effort to increase employees’ satisfaction and commitment.

**Job Performance**

Performance is what people actually do and it can be observed. Performance includes all those actions that are relevant to the goals and can be measured in terms of each individual’s proficiency (Campbell et al., 1993). In other words, work performance is the degree to which an individual executes his or her role with reference to certain specified standards set by the organization (Nayyar, 1994). Job performance is an important construct in industrial/organizational psychology (Arvey & Murphy, 1998). Job performance assesses whether a person performs a job well. Performance is an important criterion for organizational outcomes and success. Campbell (1990) describes job performance as an individual-level variable, or something a single person does. This differentiates it from more encompassing constructs such as organizational performance or national performance, which are higher-level variables. Campbell defines performance as behavior. It is something done by the employee. This concept differentiates performance from outcomes. Outcomes are the result of an
individual's performance, but they are also the result of other influences. In other words, there are more factors that determine outcomes than just an employee's behaviors and actions.

Work performance is an abstract, latent construct that cannot be pointed to or measured directly. It is made up of multiple components or dimensions. These dimensions, in turn, are made up of indicators that can be measured directly. To conceptualize and operationalize individual work performance, we should explicate the construct domain of work performance and identify its dimensions and indicators. Whereas the dimensions may generalize across jobs, the exact indicators can differ between jobs. In the field of psychology, the conceptualization of work performance has received relatively much attention. A widely endorsed definition of work performance is that of Campbell: “behaviors or actions that are relevant to the goals of the organization.” Three notions accompany this definition:

1. work performance should be defined in terms of behavior rather than results,
2. work performance includes only those behaviors that are relevant to the organization’s goals, and
3. work performance is multidimensional.

**Types of Job Performance**

Job performance is one of the most important dependent variables and has been studied for a long time. Borman and Motowidlo (1993) identified two types of employee behavior that are necessary for organizational effectiveness: task performance and contextual performance.

*Task performance* is defined as the effectiveness with which job incumbents perform activities that contribute to the organization’s technical core (Borman and Motowidlo, 1997). Task performance refers to behaviors that are directly involved in producing goods or service, or activities that provide indirect support for the organization’s core technical processes (Borman and Motowidlo, 1997; Werner, 2000). These behaviors directly relate to the formal organization reward system.
**Contextual performance** is defined as performance that is not formally required as part of the job but that helps shape the social and psychological context of the organization (Borman and Motowidlo, 1993). Contextual performance has been further suggested to have two facets: interpersonal facilitation and job dedication. **(1) Interpersonal facilitation** includes “cooperative, considerate, and helpful acts that assist co-workers’ performance”. On the other hand, **(2) job dedication**, includes “self-disciplined, motivated acts such as working hard, taking initiative, and following rules to support organizational objectives” (Van Scotter and Motowidlo, 1996: p.525). Contextual performance and related elements of performance, such as organizational citizenship behavior (OCB: Bateman and Organ, 1983; Smith et al., 1983), prosocial organizational behavior (Brief and Motowidlo, 1986), and extra-role performance (Van Dyne et al., 1995), contribute to organizational effectiveness.

**Determinants of Job Performance**

Organizational psychologists noted that most behaviors are the result of a complex interaction between characteristics of people and characteristics of the environment. Generally differences in job performance are caused by the interaction among ability, motivation, and situational factors that may facilitate or inhibit performance. Thus, for an employee to perform well, he or she must possess job-relevant abilities. Ability alone will not lead to high levels of performance, though, unless the employee is motivated to perform well and does not experience severe situational constraints. Waldman and Spangler (1989) developed three determinants of job performance as individual determinants (experience, ability, and motivation), outcome variable (performance feedback, pay increase, job security) and work environment factors (leader behavior, group process). In addition, individual characteristics (Hurrell & Murphy, 1992), motivation (Moorhead and Griffin, 1999), organizational culture (Moorhead and Griffin, 1999), effort (Luthans, 2002), organizational structure (Robbins, 2003), leadership (Mullins, 1996), organizational commitment (Jaramilloa, Mulki & Marshal, 2005), job involvement (Moorhead & Griffin, 1999), personality (Robbins, 2003) are few antecedents of job performance.
Campbell’s model of job performance

Campbell (1990, 1994) proposed three direct determinants of job performance. These are:
- Declarative Knowledge (DK)
- Procedural knowledge & skill (PKS)
- Motivation (M)

Declared knowledge is simply knowledge about facts and things. An employee with a high level of declarative knowledge has a good understanding of the tasks that are required by his or her job. According to Campbell, Differences in declarative knowledge may be due to a number of factors, such as ability, personality, interests, education, training, forms of experience, and the interaction between employee aptitudes and training. Many forms of professional and academic training, at least in the early stages, stress the acquisition of declarative knowledge.

![Diagram of Campbell's model of job performance]

Figure 1: Campbell’s (1990, 1994) Model of the Determinants of Job Performance.

Once an employee has achieved a high degree of declarative knowledge, he or she is in a position to acquire a high level of procedural knowledge/skill. When this is achieved, the employee understands not only
what needs to be done but also how to do it, and is able to carry out these behaviors. According to Campbell, differences in the acquisition of procedural knowledge/skill are determined by the same factors that lead to differences in declarative knowledge. Whitener (2001) indicates that employees interpret organisational actions such as human resource practices (Delery 1998; Settoon, Bennett & Linden 1996; Ostroff & Bowen 2000; Wayne, Shaw & Linden 1997), and the trust worthiness of management (Eisenberger, et al. 1986, 1997; Settoon et al. 1996) as an indication of the personified organisation's commitment. They reciprocate their perceptions accordingly in their own commitment to the organisation.

When an employee has reached a high level of procedural knowledge/skill, he or she is capable of high levels of job performance. Stated differently, the employee has performance potential. Whether this potential actually leads to high levels of job performance depends on motivation. According to Campbell (1990, 1994), motivation reflects an employee’s choices regarding (1) whether to expend effort directed at job performance, (2) the level of effort to expend, and (3) whether to persist with the level of effort that is chosen. Thus, even if an employee has achieved a very high level of procedural knowledge/skill, low motivation may prevent the skill from being translated into a high level of performance.

Campbell (1990) also mentioned several performance parameters that may have important implications for the job performance setting and should be investigated by industrial and organizational psychologists.

The first one is the distinction between speed and accuracy. This distinction is similar to the one between quantity and quality. Important questions that should be considered include: which is most valued by the organization, maximized speed, maximized accuracy, or some balance between the two? What kind of tradeoffs should an employee makes? The latter question is important because speed and accuracy for the same task may be independent of one another.

The second distinction is between typical and maximum performance. Sackett, Zedeck, and Fogli did a study on supermarket cashiers and found that
there was a substantial difference between scores reflecting their typical performance and scores reflecting their maximum performance. This study suggested the distinction between typical and maximum performance. Regular work situations reflect varying levels of motivation which result in typical performance. Special circumstances generate maximum employee motivation which results in maximum performance.

Additionally, the impact of organizational justice perceptions on performance is believed to stem from Equity Theory. This would suggest that when people perceive injustice they seek to restore justice. One way that employees restore justice is by altering their level of performance. Procedural justice affects performance as a result of its impact on employee attitudes. Distributive justice affects performance when efficiency and productivity are involved. Improving justice perceptions improves productivity and performance.

Also the researchers found a complex relation between reward practice and employee’s job performance i.e. not only the monetary rewards but employer’s appraisal rewards are also needed for better employee job performance. (Zakaria, Noordin, Hussin, Sawal, & Zakaria, 2011). Odunlade (2012) Conducted research and identified the relationship between benefits enjoyed by academic staff but denied by librarians and its effect professional librarian’s job satisfaction & job performance. His findings showed the unfairness and biasness in the distribution of benefits within the organizations which resulted in low level of satisfaction and job performance. Busch, Fallan, and Pettersen (2012) revealed the positive correlation between job satisfaction and job commitment

**Work Commitment**

During 21st century, work organizations are going through major changes, and the employment relationship is becoming less stable. Career patterns are changing, and there is some talk of the end of traditional organizational careers (Cappelli, 1999). Neumark (2001) surveyed that organizational loyalty is reported to be in decline as turnover rates increase, average job tenure falls, and employees go “job shopping”. Commitment refers to an employee’s willingness to work positively in an organization and his continuance to work for it (Mowday, Steers, & Porter, 1982). Buchanan (1974) defines commitment as one’s
dedication of himself to the purposes and the values of an organization and one’s role; apart from a different instructional value, it is a feeling of commitment of the organization for its own good. Balay (2000) defines this term as one’s own investments in an organization and inclining to attitudes resulting in social qualities.

Work Commitment is a central concept in organizational behaviour (Morrow, 1993). Work commitment has been referred to as “a person's belief in and acceptance of the value of his/ her chosen career or line of work, and a willingness to maintain membership in that occupation” (Vandenberg & Scarpello, 1994). It is generally accepted that work commitment has two components: organizational commitment and occupational/ career commitment. Organizational commitment refers to employees' attachment to the organization, and occupational/career commitment denotes an individual's degree of identification with his/her job/occupation (O'Driscoll & Randall, 1999). The present study utilizes only one conceptualization of work commitment—organizational commitment.

Organizational commitment has an important place in the study of organizational behavior. This is in part due to the vast number of works that have found relationships between organizational commitment and attitudes and behaviors in the workplace (Porter et al., 1974, 1976; Koch and Steers, 1978; Angle & Perry, 1981). Furthermore, Batemen and Strasser (1984) state that the reasons for studying organizational commitment are related to “(a) employee behaviors and performance effectiveness, (b) attitudinal, affective, and cognitive constructs such as job satisfaction, (c) characteristics of the employee’s job and role, such as responsibility and (d) personal characteristics of the employee such as age, job tenure” (p. 95-96).

Organizational commitment has been studied in the public, private, and non-profit sector, and more recently internationally. Early research focused on defining the concept and current research continues to examine organizational commitment through two popular approaches, commitment-related attitudes and commitment-related behaviors.
Bateman and Strasser state that organizational commitment has been operationally defined as “multidimensional in nature, involving an employee’s loyalty to the organization, willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and desire to maintain membership” (p.95). Mowday, Steers, and Porter (1979) identified commitment-related attitudes and commitment-related behaviors.

Hall, Scheider and Nygren (1970) define organizational commitment as the “process by which the goals of the organizations and those of the individual become increasingly integrated and congruent”. Sheldon (1971) views organizational commitment as an attitude or an orientation towards the organizations, which links or attracts the identity of the person to the organizations. Porter, Steers, Mowday and Boulian (1974), define organizational commitment as “the strength of an individual’s identification with and involvement in a particular organization”. They characterize it by three psychological factors: desire to remain in an organization, willingness to exert considerable efforts on its behalf and belief in and acceptance of its goals and values hold. On similar lines, Salancik (1977) defines organizational commitment as “a state of being in which an individual becomes bound by actions to beliefs that sustains activities and involvement”.

There are two dominant conceptualizations of organizational commitment in sociological literature. These are an employee’s loyalty towards the organization and an employee’s intention to stay with the organization. Loyalty is an affective response to, and identification with, an organization, based on a sense of duty and responsibility.

One may use Herscovitch and Meyer’s definition: ‘the degree to which an employee identifies with the goals and values of the organization and is willing to exert effort to help it succeed’. Loyalty is argued to be an important intervening variable between the structural conditions of work, and the values, and expectations, of employees, and their decision to stay, or leave.

Intent to stay is portrayed as effectively natural, and focus on an employee’s intention to remain a member of the organization. It is much closer to economists’ ideas on how weighing the costs of leaving versus staying,
decides the employee to leave or stay. Hagen defines this form of commitment as the employee’s expected likelihood of remaining employed in the same organization. As with loyalty, intent to stay stabilizes with tenure, and helps explain the negative tenure and turnover relationship. Theoretically, it is viewed as an intervening response to structural conditions of work, as well as conditions of work elsewhere, or to not working in all organization. A recent study by Cetin (2011) demonstrated the effect of positive psychological capital (hope, self-efficacy, optimism, resilience) on the attitude of organizational commitment and job satisfaction among 213 employees from Ankara, working with different units in ministries and connected institution. The results of this study revealed that optimism and self-efficacy were significant predictors of employee’s attitude to organizational commitment.

Meyer, Allen, & Smith (1993) say that the three types of commitment are a psychological state “that either characterizes the employee’s relationship with the organization or has the implications to affect whether the employee will continue with the organization”. They present three dimensional construct of organizational commitment as affective, continuance and normative commitment.

**Affective Commitment (AC)**

Affective Commitment refers to the employee’s emotional attachment to, identification with, and involvement in, the organization (based on positive feelings, or emotions, toward the organization). Affectively committed employees are characterized as loyal, productive members of work organizations (Porter, Steers, Mowday, & Boulian, 1974) who identify with organizational goals and organizational values. The antecedents for affective commitment include perceived job characteristics (task autonomy, task significance, task identity, skill variety and supervisory feedback), organizational dependability (extent to which employees feel the organization can be counted on to look after their interests), and perceived participatory management (extent to which employees) fell they can influence decisions on the work environment and other issues of concern to them. AC is the affective bond an individual feels toward the work, characterized by identification and involvement with the work in the organization as well as enjoyment in being a member of the organization (Meyer & Allen, 1997;
Mowday, Porter, & Steer, 1982). A high level of affective commitment is characterized by feelings of belonging, pride, and loyalty. When employees are highly committed, they tend to identify with their organization and to be actively involved in the workplace (Allen & Meyer, 1990). Moreover, as Allen and Meyer (1996) stated, “employees with strong affective commitment remain with the organization because they want to do so”. Therefore, in this type of commitment, there is a positive interaction between the individual and the organization because of having similar values (Shore & Tetric, 1991). Those, who stay in their organizations with a strong commitment keep their existence not only because they need the occupation but also they want it (Meyer et al., 1993).

People feel attached to their organization when the goals and values of the organization are largely consistent with their own, and when they 'buy-in' to the mission and philosophy of the organization. Affectively committed employees are more likely to exert effort on behalf of the organization as they see organization's gain as their own (Jaramillo et al., 2005). In fact, one facet of the organizational commitment questionnaire developed by Mowday (1979), addresses individuals’, “willingness to exert considerable effort on behalf of the organization”. For the benefit of the organization, committed employees are willing to spend more time and higher intensity of effort on work.

The use of these antecedents is consistent with findings by researchers, such as Steers (1977) that these factors all create rewarding situations, intrinsically conductive to the development of affective commitment. In addition, age and organizational tenure are considered to be positively associated with affective commitment. It is hypothesized that employees with low affective commitment will choose to leave an organization, while employees with a high affective commitment will stay for longer periods, as they believe in the organization and its mission.

**Continuance Commitment (CC)**

Continuance commitment (CC) is the extent to which a person needs to stay with the organization, due to the costs of forgoing benefits associated with an individual’s investments in the organization i.e., ‘side bets’. (Allen & Meyer,
According to Howard Becker’s side-bet theory, “Commitment come into being when a person by making a side-bet, links extraneous interests with a consistent line of activity”. Continuance commitment is the willingness to remain in an organization because of the investment that the employee has with “nontransferable” investments. Nontransferable investments include things such as retirement, relationships with other employees, or things that are special to the organization (Reichers, 1985).

Continuance commitment refers to commitment based on the costs that the employee associates with leaving the organization (due to the high cost of leaving). Potential antecedents of continuance commitment include age, tenure, career satisfaction and intent to leave. Age and tenure can function as predictors of continuance commitment, primarily because of their roles as surrogate measures of investment in the organization. In addition, Meyer et al., stated that skills and education are not transferred to other organizations easily so it increases workers’ commitment to their own organizations. Those who stay within their organizations with a strong continuance commitment are in their organizations just because they need it (Meyer et al., 1993).

Tenure can be indicative of non–transferable investments (close working relationship with co–workers, retirement investments, career investments and skills unique to the particular organization). Age can also be negatively related to the number of available alternative job opportunities. Career satisfaction provides a more direct measure of career–related investments, which could be at risk if the individual leaves the organization. In general, whatever employees perceive as sunk cost, resulting from leaving the organization, are the antecedents of continuance commitment.

**Normative commitment (NC)**

Normative commitment (NC) is last introduced and least studied, refers to an employee’s feeling of obligation to remain with the organization, based on the employee having internalized the values and goals of the organization (Meyer & Allen, 1991, 1997). Normative commitment’s definition has changed since its inception (Allen et al., 2003). Normative commitment was originally based on Weiner’s (1982) work. It was defined as totality of the internalized normative pressures to act in a way
which meets organizational goals and interests. Normative Commitment later became an obligation to stay with the organization, without specific reference to social pressures about loyalty (Allen & Meyer, 1996). More recently, the obligation has subtly changed, alluding to reciprocity for a benefit (Meyer et al., 2002). Some of the definitional changes have been reflected in revisions to the Normative Commitment Scale (Meyer & Allen, 1991; Meyer et al., 1993). Sometimes an individual may feel dissatisfied with their job, or may think that their organization is moving in the wrong direction, yet still feel obliged to be loyal and committed, and to stay with the organization. Meyer and Allen (1991) describe this sense of moral obligation as normative commitment. So, the core nature of Normative Commitment is the employee’s sense of obligation; here, Normative Commitment is defined as the individual’s bond with the organization due to an obligation on the part of the individual. The potential antecedents for normative commitment include co–worker commitment (including affective and normative dimensions, as well as commitment behaviors), organizational dependability and perceived participatory management are expected to instill a sense of moral obligation to reciprocate to the organization.

Meyer and Allen (1991) stated that when all these three types of commitments are taken into consideration, one’s relationship with his organization can be understood better. Meyer and Allen (1991) stated that each dimension can be experienced as a result of different experiences and they claimed that each has different effects on work. Although there are a lot of factors, which influence affective commitment, Meyer and Allen (1991) concluded that the strongest and most consistent relationship could be acquired through experience. Continuance commitment increases when an individual invests in an organization or gets some from the organization because they will be lost when one leaves the organization. When there is a limitation of alternatives, this type of commitment is developed. Normative commitment can increase when an individual feels loyal to his employer or responsible to work for the benefits that he gets from the organization (e.g., educational payments, training of skills) as a result of the desire to compensate the favors received from the institution (Meyer et al., 1993). Continuance commitment is more likely to
reflect perceptions of the viability of alternatives to employment with the organization.

**Turnover Intention**

A characteristic of organisations in the 21st century is the continuous and rapid pace of change. Volatile free market economic environments, rapidly changing technologies, global competition, workforce diversity, and new organisational structures are some of the challenges an organisation faces. Organisations may differ in the priority they attach to the human resource component, in their efforts toward achieving high productivity and competitive advantage, yet they all recognise the value of a qualified, motivated, stable, and responsive team of employees (Huselid, 1995).

Retention and productivity levels of the existing workforce are an essential concern in human resource management. Employee turnover is one of the most studied topics in organisational psychology (Mitra, Jenkins, & Gupta, 1992) and is of interest to other professionals, including personnel researchers, and managers of organisations (Mobley, Griffeth, Hand, and Meglino, 1979).

**Employee Turnover**

Employee turnover is crucial to be investigated since it diminishes organization effectiveness and impedes the capacity to meet its goals. Employee turnover is proven to have a general negative impact on organizational effectiveness (Mueller et al., 1992) and reduces profitability (Johnson & Chang, 2006). These negative impacts include extensive financial costs, disruption of coworkers, additional work-unit stress, reduce in quality of work unit and diminish of ability to adapt to uncertain environments. Firth, Mellor, Moore and Loquet (2004) define employee turnover as the individual who may be thinking about quitting a job. The theory of reasoned action suggested that intention was a psychological precursor to the actual behavior act (Ajzen & Fishbein, 1980). This means that an individual’s intention to perform or not to perform, a behavioral act, is the immediate determinant of action. Based on this notion an individual who nurtures the thought of quitting his present profession is more likely to do so.
if the right condition exists, or if the adverse condition that warranted the thought of intent persists (Ajzen & Fishbein, 1980).

Employees may exit an organisation either voluntarily or involuntarily. For the purpose of this research, ‘turnover intention’ is defined as an employee’s decision to leave an organisation voluntarily (Dougherty, Bluedorn & Keon, 1985; Mobley, 1977). Employees leave for a number of reasons, some to escape negative work environments, some are more in alignment with their career goals, and some to pursue opportunities that are more financially attractive. Involuntary turnover is usually employer initiated, where the organisation wishes to terminate the relationship due to incompatibilities in matching its requirements. Involuntary turnover can also include death, mandatory retirements, and ill health (Mobley, 1977).

In literature, turnover intention has been identified as the immediate precursor for turnover behaviour (Mobley, Horner & Hollingsworth, 1978; Tett & Meyer, 1993). It has been recognised that the identification of variables associated with turnover intentions is considered to be an effective strategy in reducing actual turnover levels (Maertz & Campion, 1998).

**Consequences of Employee Turnover**

An employee’s exit from an organisation is a direct cost, in the form of having to select, recruit, and train a new employee (Dalton, Todor, & Krackhardt 1982; Staw, 1980). The exiting of employees also has indirect cost implications that include reduced morale, pressure on the remaining staff, costs of learning, and the loss of social capital (Des & Shaw, 2001). One of the main consequences for organisations that have a high turnover is the financial cost. The total costs of employee turnover are hard to measure, in particular the effects on the organisation’s culture, employee morale, and social capital or loss of organisational memory (Des & Shaw 2001). The focus has been mainly on the tangible costs associated with turnover in the areas of selection, recruitment, induction and training of new staff, and the cost of being short-staffed (Cascio, 1987). The cost of losing a high performer who has a high degree of knowledge, skills and abilities, or an employee, who is employed in an area where there is a labour market shortage, can be substantial to the organisations performance,
productivity, and service delivery. Dalton and Rador (1986) have estimated the cost of turnover to an organisation has been on average one to one and a half times the employee’s salary. Indeed, Clark-Rayner and Harcourt (2001) estimate the costs of external recruitment of personnel at a New Zealand bank to be NZ$4,500 for non-management employees and NZ$12,500 for management employees.

In addition, turnover can have a negative impact on other employees by disrupting group socialization processes and increasing internal conflict, which can lead to triggering additional turnover (North, Rasmussen, Hughes, and Finlayson 2005). Turnover of employees may in itself trigger additional turnover by causing a decline in confidence and by highlighting that alternative jobs are available. In addition, the interpersonal bond that is developed between employees is central to the communication patterns that are characteristic and unique to any organisation. Indeed Price (1977) argues that social dynamics and effective communication systems are central to the effective performance levels of work teams. Turnover can have a negative effect on the functioning of an organisation through loss of team integration, cohesion, and morale. It may also lead to increased in-group conflicts and breakdown of interaction with customers.

It is widely believed that a significant amount of turnover adversely influences organisational effectiveness and disrupts performance and productivity (Horn & Kinichi, 2001). In terms of effectiveness, the cognitive withdrawal of the employee prior to separation, and in terms of productivity by reducing the organisations skill level as high turnover disrupts the process of production, leading to inefficiencies (Alexander, Bloom, & Nuchols, 1994). High turnover requires organisations to spend considerable time in inducting the new employees to the social, performance norms and culture of an organisation. This requires a greater degree of control to ensure the organisation’s products and services are delivered to the customer (Katz & Kahn, 1978, Staw 1980; Price 1977). According to Shaw, Gupta, and Delery (2005) a negative relationship between workforce performance and turnover has been well established in literature. Indeed, they found significant inverse relationship between quit rates and productivity and Alexander et al. (1994) found that voluntary turnover related
negatively to cost effectiveness in a sample of hospitals. Overall, the empirical research indicates that voluntary turnover reduces an organisation’s human capital component and therefore associates negatively with organisational performance. In sum, an overwhelming amount of research indicates that turnover is expensive (Mobley & Hall, 1973).

Turnover can be positive and negative to individual employees, organisations and communities. On a personal level, the employee may decide to leave a stressful form of employment and move into a different job that may be more in line with their career objectives. On the other hand, the employee could lose also by disrupting the family’s social support system and walking into a job that does not live up to expectations as promised by the organisation. Turnover is associated with an individual’s ability to move into new organisations, which is vital for the future development of organisations. However, if turnover is excessive, organisational productivity may be decreased (Mobley, 1982). Turnover can, however, be beneficial for the organizations. It can allow the organization to hire new employees with more current training who are not locked into existing ways of doing things (Mello, 2011). Also, other positive consequences are higher quality, less expensive replacements (Heneman & Judge, 2009), displacement of poor performer, innovation, flexibility, adaptability (Achoui & Mansour, 2007), offer opportunities to promote talented, high performer (Mello, 2011).

It also needs to be recognised that not all turnover is detrimental to an organisation. If employees who are poor performers are encouraged to leave, employees that are more productive can be employed in their place; therefore, the importance of effective recruitment and selection procedures as highlighted by Barrick and Zimmerman, (2005) are essential. This would then increase the human capital of the organisation (Tziner, & Birati 1996). Turnover may lead to movement of employees into new positions and promotion. According to Dalton and Todor (1979), moderate levels of turnover are acceptable and encouraged as the new employee may contribute fresh ideas, their knowledge, skills and abilities, creative approaches to problem solving, and different working styles that can enhance the social capital of the organisation. Despite their many
potential benefits, voluntary (being initiated by the employee) turnover, are typically costly proposition (Heneman and Judge, 2009).

The Problem

The ongoing discussion points to certain gaps in existing knowledge, particularly about the role of certain promising variables tapping human potential at work place. Recent research and resultant theory of Psychological Capital offer great deal of promise for a number of outcome behaviours at work. No doubt, some studies have been conducted on individual Psychological Capital variables, like self efficacy and optimism, but more and more research is required to understand their individual and interactive role in human enterprise at organizational level. More so, less attention has been paid to the mechanisms presumed to underlie the positive relationship between Psychological Capital and certain organizational behaviours. It is also a point of concern for the present investigation that owing to cultural differences, findings based on western samples are not generalizeable to Indian organizations.

Though good amount of research effort has been made to explore various aspects of emotional intelligence, little research has been conducted in an organizational context (Dulewicz & Higgs, 2000). There is a need for rigorous research to underpin Goleman’s (1995) assertion that emotional intelligence plays more important role than general intelligence for success, particularly in respect of a group of work related outcomes. Here we shall be taking more comprehensive view of emotional intelligence as a competency that augment positive attitude toward work. It is pertinent to understand here that most of the Psychological Capital measures and those of emotional intelligence seem to tap some communality among them. Therefore it would be of scientific importance to empirically test the degree to which Psychological Capital and emotional intelligence tap individual differences in various work outcome variables, like, performance, satisfaction, commitment, withdrawal intentions, and overall productivity.

Recent researches investigating antecedents or correlates of outcome variables have pointed to the need of more systematic studies by sampling
specific outcome variables rather than global indicators (e.g., Rramakrishna, 2000). Luthans and Youssef (2007) have also pointed out that researchers still have not absorbed Wallace’s call for testing hypothesis about precisely defined criteria for work outcomes. Thus, much is yet to be done to explore the predictors of job related outcome behaviors in organizational setting so that available human resources can best be utilized in the interest of the society at large and the individual in particular. Present study will attempt to cover broader aspect of work related outcome by tapping behaviours like turnover intentions, satisfaction, and over all work performance.

Given this, the proposal for present study will be an attempt to examine the relative contribution of Psychological Capital and emotional intelligence in work outcomes among insurance and bank personnel. Thus, problem of the study can be stated as:

“RELATIONSHIP OF POSITIVE PSYCHOLOGICAL CAPITAL AND EMOTIONAL INTELLIGENCE WITH WORK OUTCOMES”

Objectives:

1. To study the relationship between Psychological Capital and work commitment.
2. To study the relationship between Psychological Capital and job satisfaction.
3. To examine the relationship between Psychological Capital and job performance.
4. To examine the relationship between Psychological Capital and turnover intention.
5. To study the relationship between emotional intelligence and work commitment.
6. To study the relationship between emotional intelligence and job satisfaction.
7. To examine the relationship between emotional intelligence and job performance.
8. To examine the relationship between emotional intelligence and turnover intention.
9. To examine the predictive value of Psychological Capital and emotional intelligence in work commitment.
10. To examine the predictive value of Psychological Capital and emotional intelligence in job satisfaction.
11. To examine the predictive value of Psychological Capital and emotional intelligence in job performance.
12. To examine the predictive value of Psychological Capital and emotional intelligence in turnover intention.

**Hypotheses:**

Previous research in the related field and pertinent theoretical formulations suggest following hypotheses:

1. There exists a positive relationship between Psychological Capital and work commitment.
2. There exists a positive relationship between Psychological Capital and job satisfaction.
3. There exists a positive relationship between Psychological Capital and job performance.
4. There exists a negative relationship between Psychological Capital and turnover intention.
5. There exists a positive relationship between emotional intelligence and work commitment.
6. There exists a positive relationship between emotional intelligence and job satisfaction.
7. There exists a positive relationship between emotional intelligence and job performance.
8. There exists a negative relationship between emotional intelligence and turnover intention.
9. Psychological Capital and emotional intelligence jointly account for considerable degree of variance in work commitment.


12. Psychological Capital and emotional intelligence jointly account for considerable degree of variance in turnover intention.