CHAPTER II

Performance Measurement of Service Sector Personnel – a theoretical framework

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Performance Measurement of Service Sector Personnel –

a theoretical framework

2.1 Performance Management System (PMS)

According to Weiss and Hartle (1997), performance management is defined as ‘a process for establishing a shared understanding about what is to be achieved and how it is to be achieved and an approach to managing people that increases the probability of achieving success’. Effective performance management promotes collaborative approach that influences individual performance, development and organizational outcomes. Performance management is both a strategic and an integrated approach to delivering successful results in organizations by improving the performance and developing the capabilities of teams and individuals (Armstrong & Baron, 1998). The process of performance management is a platform for rewarding excellence by aligning the achievements of an individual employee with that of the organizational objectives. A clear definition of the performance expectations consist of results, actions and behaviours. These act as a guideline for an individual employee in understanding the expectations of a job and setting benchmarks for themselves.

2.2 Objectives of PMS

Performance management aims at developing individuals with the relevant competencies and growing commitment for working towards the shared objectives within an organizational framework (Lockett, 1992). The objectives of performance management are to assist the employees in identifying the appropriate knowledge, skills
and behaviors required for performing the job efficiently. Through a well integrated feedback system, it also contributes towards identifying the constraints to effective performance delivery and taking initiative to overcome the difficulties through constant monitoring, coaching and developmental interventions. Through effective performance management, organizations may focus on the continuous development of its human resources to sustain the competition and surge ahead. It facilitates in not only achieving the business results but also in preparing employee development plans in alignment with the long-term goals of the organization.

2.3 Components of PMS

PMS includes five components: setting performance standards, performance monitoring, reporting progress through feedback, performance appraisal and performance development plan.

The first step of setting performance standards means identifying the performance benchmark through interface of goals and targets. The second step is performance monitoring which measures the deviation from performance standards and to initiate corrective actions. The third step is sharing the performance levels achieved by the employees by reporting feedback. With feedback employees can understand their performance gaps and can then improve to deliver better performance in future. The performance appraisal process summarises, assesses and develops the work performance of employees on the objective assessment of performance-related information. This is then compiled into the performance development plans of the workforce to make them enablers for organizational growth and development. This is to
ensure a continuous learning process in the organization through identifying gaps between the standards of performance and the actual performance levels. The PMS helps to devise mechanisms to overcome the gaps and focus towards bringing about individual and organizational goal congruence. A study on PMS remains incomplete without an understanding about the forces that drive performance.

2.4 Drivers of Performance

In today’s environment of cut-throat competition, individual competencies are very critical to sustain profitability of a business. David McClelland (1973) first proposed the idea of competency which posed a challenge to the traditional method of individual assessment. Boyatzis (1982) and Klemp (1980) suggested that a person would be capable of superior performance in a job, if he portrayed the underlying characteristics conducive to that particular job. Spencer and Spencer (1993) similarly defined competency as “an underlying characteristic of an individual that is casually related to criterion-referenced effectiveness and / or superior performance in a job or situation”. They elaborated on their definition, explaining that underlying characteristics meant “the competency is a fairly deep and enduring part of a person’s personality….causes or predicts behavior and performance” and criterion-referenced meant “the competency actually predicts who does something well or poorly, as measured on a specific criterion or standard”. Cardy and Selvarajan (2006) concluded that differing level of competencies could differentiate star performers from the average ones.
Following the above definitions, literature provides various competency models from different perspectives in different fields of study. One of the models termed as the “Iceberg Model” (Spencer and Spencer, 1993), has enabled the researchers to develop the theoretical framework required for this thesis.

2.4.1 Iceberg Model

Spencer and Spencer (1993) proposed the “Iceberg Model” to bring forth the core characteristics, which caused behaviours and performance. They were motives, traits, self-concept, knowledge and skills. Motives are defined as the consistent thoughts or desires that caused a particular action. Traits are referred to as the physical and mental characteristics related to the ways a person consistently responded in certain ways to situations and messages. Self-concept refers to an individual’s attitudes, values and self-image including self-identity and self-confidence. Knowledge refers to facts or information required to understand a subject. Skills refer to the ability to accomplish a task, cognitive or physical. According to the Iceberg Model, knowledge and skills were visible and appeared at the top of the iceberg. They were easily developed and improved through education and job training. On the other hand, motives, traits and self-concept were more likely to be hidden since they comprised the innermost part of an individual’s personality (Figure 2.1).
2.4.2 Competence, Knowledge and Skills

Following the Spencer & Spencer model, several studies were conducted on competency framework, but a new dimension to the thought-process was raised by Woodruff (1993). He tried to distinguish between competence and competency and proposed that competence is a job performance criterion while competencies are the individual behaviours driving the competence (Figure 2.2).
Figure 2.2: Competency Definition by Woodruff (1993), prepared by Tulay Bozkurt (2011)

The difference between competence(s) and competency (ies) may be further enunciated by the following representation (Table 2.1)

**Table 2.1: Difference between Competence and Competency**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Term</th>
<th>Main Focus</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Competence</td>
<td>Task – Job</td>
<td>Competences are the task a person is capable of performing</td>
</tr>
<tr>
<td></td>
<td>Competences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Competency</td>
<td>Person</td>
<td>Competencies are the personal characteristics which make work performance possible</td>
</tr>
<tr>
<td></td>
<td>Competencies</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: (Bozkurt, 2011)

The term competence defines the explicit, discernible ways of accomplishing a given task which an individual is proficient of executing as per approved standard of performance. On the other hand the competency term focuses on the innate characteristics of an individual which enables the person to perform in an area of competence.

Performance of an individual and outcomes of an individual’s efforts are different from each other. On one hand outcomes are the result of an individual’s performance whereas on the other hand performance is defined as the behavior exhibited by an individual
employee. Hence, performance is conceptualized as a multidimensional construct, that is, performance consists of more than one kind of behavior. These are described as the individual competencies to be applied to perform in a job which may or may not result into a positive outcome. The individual competencies are the underlying characteristics of an individual such as motives, thought processes, knowledge and learning styles. Each of these components is related with a person’s behavior needed to successfully perform a job. Individual competencies may be of various types, for example, management competencies, specialties competencies, entrepreneurship competencies and personal competencies (Bozkurt, 2011). Personal competencies relate to the attitudes and behaviours of individuals reflected in certain behaviours of an individual, for example, interpersonal relations, flexibility, self-awareness and motivation. Thus it may be inferred that personal competencies play a key role in influencing relationship, understanding oneself and being able to drive oneself persistently towards the betterment of performance. Thus inferring from the study, the researchers are driven to identify that the embedded personal attributes of an individual may trigger performance variations. This understanding has led the researchers to explore further into theories in the field of psychology. Notable among the available theories, the socioanalytical studies added a valuable insight to the researchers’ understanding of this conceptual framework. The following relationship is put forward to understand the link amongst the variables (Figure 2.3):
2.4.3 The Socioanalytic Theory

The Socioanalytic theory (Hogan, 1996) is rooted in interpersonal psychology (Wiggins, 1979) and is intended to explain individual differences i.e. differences in personal competencies which influence career growth and development. This theory is based on two generalizations relevant to organizational behavior that people prefer to live and work in groups and groups are usually structured in terms of hierarchies (Hogan & Holland, 2003). Socioanalytic theory (Hogan & Holland, 2003) also argues that people always want to seek social camaraderie and status in any social exchange or communication. The efforts of an individual to get along within a group or get ahead of others in a group are recognized as individual differences and these are being reflected in the personality test scores and performance in the workplace. Past studies have
shown that emotionally stable individuals or people who have high conscientiousness are believed to be more dependable and disciplined than that of others. The socioanalytic model (Johnson, 1983) also suggests that individuals with high levels of extraversion are interested in jobs which are person-oriented. Inferring from the above theories, the present research identifies two significant personal competencies of individuals which drive performance: emotional intelligence and personality. As discussed in theories, traits like emotional stability, calmness, self-confident, dependability form an integral part of emotional intelligence whereas extraversion, conscientiousness defines individual’s personality characteristics.

Thus the research work proposes that individuals with a higher level of emotional intelligence and certain personality attributes will perform better. Following the comprehensive theoretical framework as proposed in Figure 2.3, the concept may be further extended as in Figure 2.4, where competency is differentiated into two distinct types: technical competency and personal competency. Technical competency is defined as the knowledge and skills of an individual which are the visible competencies denoted by I.Q. (Intelligence Quotient)\(^2\) whereas personal competency is defined as the traits, motives, self-concept of an individual which are the hidden competencies denoted by EI (emotional intelligence) and personality. For clarity of understanding Figure 1.1 is inset in the diagram as a reference point.

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\(^2\) I. Q. or intelligence quotient is a measurement of one’s ability to think and reason and comparing this with others in the same age-group (Bearce, 2009).
Identifying critical performance criteria (competences) for achieving the set targets of a particular job

Key competencies of an individual to achieve the targets

Inset Figure 1.1

Key Competencies Profile

- **Professional Expertise**
  - Technical competence
  - Knowledge of conditions
  - Corporate knowledge

- **Methodological Skills**
  - Managerial methods
  - Methods of mediation and negotiation
  - Methods of information sharing and communication

- **Social and Personal Abilities**
  - Social skills
  - Personal characteristics

- **Personal Competency**
  - Social Skills & Personal Characteristics (Emotional Intelligence + Personality)

**Figure 2.4: Conceptual Framework of the Relationship between the Technical Competencies, Personal Competencies and Performance**

Source: Self compiled
Inferring from the above diagram (Figure 2.4), it may be concluded social and personal abilities also referred to as personal competency, play a significant role in influencing performance of individuals. The following Figure 2.4.1 is a sub-set of Figure 2.4 which brings forth the area of the present study.

![Schematic Framework of the Relationship between Personal Competencies (Emotional Intelligence and Personality) and Performance](diagram.png)

**Figure 2.4.1: Schematic Framework of the Relationship between Personal Competencies (Emotional Intelligence and Personality) and Performance**

*Source: Self compiled*

But it is also true that the significance of each of these factors vary depending on the nature of the job. The jobs where ‘human factor’ plays a major role, the impact of emotional intelligence and personality also become remarkable. Such jobs are predominantly identified in the frontline jobs of sale. Additionally, the selling job becomes even more challenging when the product is intangible. This understanding has
guided the researchers to choose the service industry and the frontline selling jobs to further explore the impact of emotional intelligence and personality on job performance.

2.5 Performance Measurement in Service Sector
Contrast to the marketing of tangible goods where the customer enjoys the benefits by owning the physical object, for intangible goods in services marketing, the marketer has to create the value and benefits for the customers by actions or performances. Services have also been described as something that can “be bought and sold, but which cannot be dropped on your foot” (Verma, 2012). In the service industry, for a marketer, performance becomes even more challenging if the process is tied to an intangible product, i.e. where a customer cannot physically see, smell, touch or taste the product. To compete effectively in this continually evolving and challenging environment the selling skills of the front-line salespeople becomes the actual differentiator and may give an organization its competitive thrust. Creating and demonstrating an emotional connection between the service and the customer is the essential attribute to this selling profession. This in turn poses a greater challenge before the management to evaluate the performance of these employees involved in selling intangible services. Hence, while measuring performance of a salesperson in a service sector, organization has to emphasize not only on the technical competencies but more on the personal competencies of the individual which are key to determine the strengths of an intangible service.
2.5.1 Service Sector in India

Fisher (1935), Clark (1940) & Kuznets (1971) reveal that it has been experienced in many developing nations that after a mature stage of economic development the shares of manufacturing sector in the national income declines while that of service sector increases. Similar features have been witnessed in the Indian economy since 1990s. Liberalization, privatization and globalization witnessed a remarkable growth of the services sector. The contribution of the services sector in GDP of India has increased from 30.3 per cent in 1950 – 51 to 38 per cent in 1980 – 81 and further to 59 per cent in 2011 – 12. In terms of providing employment, service sector plays a significant role in the economic development of the country. In the urban areas, service sector is the principal source of employment in India. Since, 1972-73 till 2009-10 services has shown a steady increase in its share employment from 14.8 per cent to 26.7 per cent (Economic Survey, 2010-11, published by GOI). Service sector includes trade, hotels and restaurants, transport, storage and communication, financing, insurance, real estate, business services and community, social, personal services. Among these the research study has selected insurance because of the exceptional growth and paradigm changes witnessed by the sector due to liberalization, privatization and globalization. Experts are of the opinion that ‘the penetration for the insurance sector as a whole in the year 2013 was 3.9 percent in India, as against world average of 6.3 percent’ (The Times of India, 2015). Thus the insurance sector in India has an immense potential to grow and this has attracted the attention of the researchers to study the sector and the skills and competencies required to perform in the sector.
2.5.2 Insurance Sector in India

Among the service sector partners that have contributed to the growing share of GDP and employment, besides information technology, the contribution of insurance sector in India has been phenomenal. There has been a striking change in the structure of this industry. There are both private and government insurance bodies in India offering a varied product portfolio and excellent services to create a differentiation in the market. The total value of the Indian insurance market (2004-2005) was estimated at Rs. 450 billion. With the opening of insurance sector, in India, to the private actors, the share of private insurer was just 2 per cent in 2001-2002. But soon with customized products and aggressive marketing private players gave a tough competition to public sector organization (LICI). The market-share of the private insurers went up to 40.35 per cent (2007-08) wherein that of LIC decreased (Srivastava, Tripathi, & Kumar, 2012). But LICI continued to grow even after a stiff competition from the private players. The life-insurance industry recorded a premium income of Rs. 2,87,202 crore during 2012-2013, registering a growth of 0.05 per cent (Suresh, 2015). Life Insurance Corporation of India (LICI), the state owned insurance company, recorded 2.91 per cent growth. During the financial year 2012-13, the life insurance industry reported a net profit of Rs. 6948 crore as against Rs. 5974 crore in 2011-2012 (Chanbasha & Kumar, 2014). Apart from standardized products available across private and public insurers, a major factor attributable to the success of the industry is the human intervention. It is believed that the personal skills and competencies of the salespeople have triggered the success story of the life insurance industry.
2.6 Performance Management in the Life Insurance Sector in India

The front line sales personnel of the insurance products are conventionally termed as ‘Insurance agents’. The productivity of an insurance company largely depends on the salesmanship skill of such agents. The task of selling an insurance product is quite demanding. An agent is required to identify the list of prospects, approach a prospect and explain the benefits of the product. In some cases an agent has to ignite the flame of insurance needs in the prospect. The close of a sale largely depends upon various factors like customer-approach, product-knowledge, convincing power and relationship with the prospect. After sales service plays a significant role in the continued business of an insurance agent. The job of an insurance agent has become more difficult due to opening up of insurance sector and competition all around. There are more than 20 insurance companies, soliciting life insurance business. In this background, an insurance agent should have the following competencies and skills: sales acumen, result orientation, interpersonal skills, ability to work in high pressure environment, ability to multitask and industry knowledge. However, selling is primarily based on trust, transparency and building relationships. Thus it all relies on the ‘human factor’ and the way one can instill life in the selling of services for intangible goods. Following the theoretical framework outlined in Figure 2.4 and Figure 2.4.1, two significant personal competencies which play a role in arousing the human aspect in the selling process are, namely, emotional intelligence and personality. The following section explains the role of these competencies in influencing performance of the service sector personnel.
2.7 Role of Emotional Intelligence and Personality in Performance Management

The job description of life insurance agents clearly suggest that a successful insurance marketer must be able to communicate effectively, clearly identify customer needs, motivate the customer and take right decisions at the right place. Hence, to be a high performer, these are the essential attributes that should be present in an advisor and these cannot be easily learnt during formal education. Campbell (1990) described job performance as behaviours of an individual employee that relates to success as defined by an organization. In a sales job, the most critical behaviour is the ability to assess the need of the customer and effectively guiding them through the sale (Mallalieu & Nakamoto, 2008). A sale may not occur successfully if the salesperson attempts to close the deal too soon or tries to oversell the product or services. Thus the salesperson has to be in tune with the client’s emotional needs and responses. This understanding has led the researchers to identify the competencies of a salesperson which actually triggers a successful sale performance. There have been number of studies (Barrick & Mount, 1991; Hough, 1997; Mount, Barrick & Stewart, 1998; Tett, Jackson, Rothstein & Reddon, 1994) that have focused on different constructs such as personality, IQ, academic GPAs and other skills to determine which characteristics a person has that will lead to a high-performing employee. Although there have been a number of studies (Bentz, 1990; Foti & Hauenstein, 2007; Judge, Colbert & Illies, 2004) that have shown a positive relationship between I.Q. and high performance, finding the correct combination of human characteristics (mainly emotional intelligence and personality) that may lead to high-performing employees remains a focus for this study. A further
explanation of this conceptual understanding is enunciated in the following sub-sections.

2.7.1 Intelligence Quotient vs. Emotional Intelligence

Employers, who once relied on I.Q. and academic achievement as a major indicator, no longer rely solely on these characteristics (Brand, 1987; Jensen, 1998) because I.Q. has been identified as not the end of all assessment of a person’s abilities. I.Q. fails to measure other human abilities that may lead to many different successes in life. Employee job descriptions can sometimes have a broad range of understanding and create unclear expectations of what employers really want. Therefore, it is not surprising when employers often acknowledge that it takes more than one human characteristic to lead or become a high performer or a high achiever in the workplace (Ones, Viswesvaran & Schmidt, 1993). Several studies (Hanges, Schneider & Niles 1990; Henry & Hulin, 1987) have described job performance as a shifting concept with expectations and behaviours that equates to success constantly changing over time. In recent years, a new term and concept has emerged referred to as emotional intelligence (EI), which seems to play a more important factor than I.Q. or academics in determining successful employees (Elfenbein & Ambady, 2002).

The concept of emotional intelligence has triggered a huge deal of excitement amongst the managers, academicians and businessmen, as various workplace testimonials have shown that, emotional intelligence significantly affects individual performance. Researchers have also claimed that under various difficult situations high emotional intelligence has played a significant role in enhancing professional success. Past studies
suggest that, “Emotional intelligence gives a competitive edge. . . . Having great intellectual abilities may make you a superb fiscal analyst or legal scholar, but a highly developed emotional intelligence will make a candidate for CEO or a brilliant trial lawyer” (Goleman, 1997).

2.7.2 Emotional Intelligence

The concept of the general academic measure was challenged because it did not consider situational factors such as environment or cultural setting when predicting achievement (Riggio, Murphy, & Pirozzolo, 2002). Theorists began to hypothesize that perhaps cognitive intelligence as measured by I.Q. tests did not encompass intelligence in its entirety, but that perhaps several types of intelligences could coincide within one person. An renowned psychologist in the areas of learning, education, and intelligence, E.L. Thorndike proposed that humans possess several types of intelligence, one form being called social intelligence, or the ability to understand and manage others and also to act intelligently in human relations (Thorndike, 1920). Even David Wechsler (1955), the originator of the Wechsler Adult Intelligence Scale (WAIS) intelligence tests, referred to both non-intellective and intellective elements of intelligence. The non-intellective elements, which included affective, personal, and social factors, were considered essential for predicting one's ability to succeed in life (Wechsler, 1940). Later in the century, Howard Gardner again raised the concept of multiple intelligences. The theory of multiple intelligences suggest that individuals possess aptitudes in several areas, including verbal, mathematical, musical, spatial, movement oriented, environmental, intrapersonal (the examination and knowledge of one's own feelings) and interpersonal
(the ability to read the moods, intentions, and desires of others) spheres (Myers, 1998). These intelligences were equally important as the kind of intelligence typically measured by I.Q. tests (Gardner, 1983).

Since the publication of the best-selling book *Emotional Intelligence* by Daniel Goleman (1995), the topic of emotional intelligence has witnessed unparalleled interest. Several schools of thought exist which aim to accurately describe and measure the concept of emotional intelligence. At the most general level, emotional intelligence (E.I.) refers to the ability to recognize and regulate emotions in ourselves and others (Goleman, 2001).

Peter Salovey and John Mayer, who originally used the term "emotional intelligence" in published writing, initially defined emotional intelligence as: A form of 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 (Salovey & Mayer, 1990). Later, these authors revised their definition of emotional intelligence, the current characterization now being the most widely accepted. Emotional intelligence is thus defined as: The ability to perceive emotion, integrate emotion to facilitate thought, understand emotions, and to regulate emotions to promote personal growth (Mayer & Salovey, 1997).

Another prominent researcher of the emotional intelligence construct is Reuven Bar-On, the originator of the term "emotion quotient". Possessing a slightly different outlook, he defines emotional intelligence as being concerned with understanding oneself and others, relating to people, and adapting to and coping with the immediate surroundings to be more successful in dealing with environmental demands (Bar-On, 1997). Regardless of the discrepancies between
definitions of emotional intelligence (EI), it is clear that what is being referred to is distinct from general intelligence.

2.7.2.1 Models of Emotional Intelligence

Three main models of emotional intelligence exist. The first model by Peter Salovey and John Mayer (1990, 1997) perceives E.I. as a form of pure intelligence, that is, emotional intelligence is a cognitive ability. A second model by Reuven Bar-On (1997) regards E.I. as a mixed intelligence, consisting of cognitive ability and personality aspects. This model emphasizes how cognitive and personality factors influence general well-being.

The third model, introduced by Daniel Goleman, also perceives E.I. as a mixed intelligence involving cognitive ability and personality aspects. However, unlike the model proposed by Reuven Bar-On, Goleman's model focuses on how cognitive and personality factors determine workplace success (Goleman, 2001). Research has found that significant relationships exist between all three models of Emotional Intelligence. All three models of emotional intelligence implicate the awareness (or perception) of emotions and the management of emotions as being key elements in being an emotionally intelligent individual.

In addition, emotional intelligence has also been consistently compared to personality. Many traits contained in the Big Five Personality Factor Model are similar to those described by Bar-On and Goleman in their models of emotional intelligence.

Emotional intelligence is also conceptualised from different perspectives of ability or mixed model. Ability models regard emotional intelligence as a pure form of mental ability and thus as a pure intelligence. In contrast, mixed models of emotional
intelligence combine mental ability with personality characteristics such as optimism and well-being (Mayer, 1999).

Thus E.I. has been an extensively explored and its relevance also studied in various scenarios. Among these the application of E.I. in the workplace has generated interesting results and has opened new areas in the domain for training in E.I. competencies.

2.7.2.2 Significance of Emotional Intelligence in Job Performance

Several studies have found that emotional intelligence can have a significant impact on various elements of everyday living. Palmer, Donaldson, and Stough (2002) found that higher emotional intelligence was a predictor of life satisfaction. Mayer, Caruso, and Salovey (1999) found that higher emotional intelligence correlated significantly with higher parental warmth and attachment style, while others found that those scoring high in E.I. also reported increased positive interpersonal relationships among children, adolescents, and adults (Rice, 1999; Rubin, 1999). Also Mayer, Caruso, and Salovey (2000) found that lower emotional intelligence was associated with violent and trouble-prone behaviour among college students. Lower emotional intelligence has been closely associated with possessing self-help books (Brackett et al., 2004), higher dosage of drugs and alcohol, as well as high involvement in unusual behaviour. Gender differences were not observed for these associations (Trinidad & Johnson, 2002; Brackett and Mayer, 2003).

Higher levels of emotional intelligence has been found to be beneficial in many areas of life with a special focus in the professional workplace. Cherniss (2000) highlighted some major reasons why the workplace can be a suitable environment for evaluating and
improving emotional intelligence competencies. The first reason is that emotional intelligence competencies have been identified as a critical factor for success in most jobs. The second reason is that many adults enter the workforce without the necessary competencies required to excel at their job. The third reason highlights the fact that most of the employers have the established process for providing training on emotional intelligence. The final point suggests that most adults spend the majority of their waking hours at the workplace.

A strong interest in the application of emotional intelligence in the workplace is evident in the way organizations have accepted the idea of E.I. The American Society for Training and Development has also published guidelines for helping working people nurture emotional intelligence competencies which will differentiate exceptional performers from the average ones (Cherniss and Adler, 2000).

As previously noted, considerable research in the field of emotional intelligence field has also focused on leadership. The Ohio State Leadership Studies reported that leaders who were able to establish mutual trust, respect, affection and empathy with members of their group were more successful (Fleishman and Harris, 1962). Many researchers have argued that effective leadership essentially depends upon the leader's capability to resolve complex situations which may arise in organizations (Mumford, Zaccaro, Harding, Jacobs, & Fleishman, 2000).

The significance of E.I. over I.Q. was triggered by Goleman's initial publication which claimed that emotional intelligence could be “as powerful, and at times more powerful, than I.Q.” (Goleman, 1995). This was mostly based on past research revealing that I.Q. accounted for only 10-25% of the variance in job performance (Hunter & Hunter, 1984;
Sternburg, 1996). Although this finding did not directly indicate the relevance of emotional intelligence, however, it addressed some of the key elements of the emotional intelligence construct, for example, the ability to regulate one’s emotions and understand the emotions of others.

As past research supports the argument that emotional intelligence does contribute to individual performance over and above the level attributed to general intelligence (Lam & Kirby, 2002), there are current theories which also tend to establish the incremental benefits of E.Q. over I.Q. Both Goleman (1998) and Mayer, Salovey and Caruso (1998) inferred that emotional intelligence provides a foundation for emotional competencies which are strong predictors of job performance.

Past studies have also shown that a person’s emotional experiences and their ability to manage emotions correlate with their personality type (DeNeve & Cooper, 1998; Diener & Lucas, 1999; Lucas & Fujita, 2000; Tellegen, 1985). Kokkonene and Pulkkinen (2001) also demonstrated that there is a correlation between personality traits and the prediction of one’s ability to control emotions and repair emotions later in life. Mayer (2005) defined personality as an individual’s pattern of psychological processes arising from motives, feelings, thoughts and other major areas of psychological function. One’s personality has an impact on just about everything they do, including their behaviour in the workplace (Hurtz & Donovan, 2000). Thus the study proceeds to understand the concept of personality and its application in the workplace.
2.7.3 Big Five Model of Personality

Personality, as one’s characteristic pattern of thinking, feeling, and acting (Myers, 1998), has been explored, for a considerable period of time, using a variety of theories including psychoanalytic, humanistic, social-cognitive, and trait theory. A recent and a widely accepted trait model is the “Big Five” Personality Factor Model. The Big Five Personality Factor Model, often called the “Big Five” or the “Five Factor Model”, is an empirically derived model of personality based on the early work on traits by Gordon Allport, Raymond Cattell, and Hans and Sybil Eysenck. It proposes that personality can be factored into five dimensions: neuroticism, extraversion, openness, agreeableness, and conscientiousness. The model proposes that each individual falls between the two extremes of each dimension. Neuroticism refers to the elements of emotional stability, extraversion implies an energetic approach to the world, openness examines an individual's openness to experiences, agreeableness seeks to measure whether one has a co-operative orientation towards others and lastly, conscientiousness includes the control of impulses which facilitates tasks and other goal-directed behaviour (Hergenhahn & Olson, 1999). Table 2.2 outlines the Big Five Personality Model.
Table 2.2: The “Big Five” Personality Model (Myers, 1998)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Trait Dimension</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Neuroticism (Emotional Stability)</td>
<td>Calm vs. Anxious&lt;br&gt;Secure vs. Insecure&lt;br&gt;Self-satisfied vs. Self-pitying&lt;br&gt;Even-tempered vs. Temperamental&lt;br&gt;Comfortable vs. Self-Conscious&lt;br&gt;Emotional vs. Unemotional</td>
</tr>
<tr>
<td>2</td>
<td>Extraversion (Sociability)</td>
<td>Sociable vs. Retiring&lt;br&gt;Fun-loving vs. Sober&lt;br&gt;Affectionate vs. Reserved&lt;br&gt;Talkative vs. Quiet&lt;br&gt;Active vs. Passive&lt;br&gt;Passionate vs. Unfeeling</td>
</tr>
<tr>
<td>3</td>
<td>Openness</td>
<td>Imaginative vs. Practical&lt;br&gt;Preference for Variety vs. Preference for Routine&lt;br&gt;Independent vs. Conforming&lt;br&gt;Creative vs. Uncreative&lt;br&gt;Original vs. Conventional&lt;br&gt;Curious vs. Uncurious</td>
</tr>
<tr>
<td>4</td>
<td>Agreeableness</td>
<td>Soft-hearted vs. Ruthless&lt;br&gt;Trusting vs. Suspicious&lt;br&gt;Helpful vs. Uncooperative&lt;br&gt;Generous vs. Stingy&lt;br&gt;Lenient vs. Critical&lt;br&gt;Good-natured vs. Irritable</td>
</tr>
<tr>
<td>5</td>
<td>Conscientiousness</td>
<td>Organized vs. Disorganized&lt;br&gt;Careful vs. Careless&lt;br&gt;Disciplined vs. Impulsive&lt;br&gt;Persevering vs. Quitting&lt;br&gt;Ambitious vs. Aimless&lt;br&gt;Punctual vs. Late</td>
</tr>
</tbody>
</table>
2.7.3.1 Emergence and Interpretations of the Model

The relationship between emotional intelligence and personality has been heavily discussed in the literature. Several models of emotional intelligence are closely tied with personality theory, specifically the mixed models of Bar-On and Goleman. Table 2.3 gives a more detailed account of the correspondences between the Big Five Personality Factors (as measured directly by the NEO-PI-R) and Bar-On and Goleman’s components of emotional intelligence.

**Table 2.3: Big Five Personality Factors and Bar-On and Goleman’s Components of Emotional Intelligence (McCrae, 2000)**

<table>
<thead>
<tr>
<th>The Big Five</th>
<th>Goleman</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Neuroticism (Emotional Stability)</strong></td>
<td>Ability to shake off anxiety</td>
</tr>
<tr>
<td>Anxiety, Angry Hostility, Depression, Self-Consciousness, Impulsiveness, Vulnerability</td>
<td></td>
</tr>
<tr>
<td><strong>Extraversion (Sociability)</strong></td>
<td>Assertiveness, Optimism</td>
</tr>
<tr>
<td>Warmth, Gregariousness, Assertiveness, Activity, Excitement Seeking, Positive Emotions</td>
<td></td>
</tr>
<tr>
<td><strong>Openness to Experience</strong></td>
<td>Monitoring Feelings</td>
</tr>
<tr>
<td>Fantasy, Aesthetics, Feelings, Actions, Ideas, Values</td>
<td></td>
</tr>
<tr>
<td><strong>Agreeableness</strong></td>
<td>Attunement to Others, Interacting Smoothly with Others, Empathic Awareness</td>
</tr>
<tr>
<td>Trust, Straightforwardness, Altruism, Compliance, Modesty, Tender-Mindedness</td>
<td></td>
</tr>
<tr>
<td><strong>Conscientiousness</strong></td>
<td>Zeal and Persistence, Ability to Motivate Oneself</td>
</tr>
<tr>
<td>Competence, Order, Dutifulness, Achievement Striving, Self-Discipline, Deliberation</td>
<td></td>
</tr>
</tbody>
</table>
2.7.3.2 Significance of Personality Dimensions in Job Performance

Guion and Gottier (1965) in their study suggested that till date there was no strong evidence to substantiate that personality measures can be recommended as a reliable and a practical tool for employee selection. But continued research in this field started showing results and around mid-1980s the Big Five Model also known as the Five Factor Model (FFM) started showing relevant outcome. Eventually, a majority of primary research was conducted which used the Big Five Model to assess personality traits at the individual levels. This was followed by significant quantitative studies to establish the personality-performance relationships.

Barrick and Mount (1991) found that conscientiousness was the only FFM trait to display correlation with job performance across different occupations. In contrast, Tett, Rothstein and Jackson (1991) found that only emotional stability displayed correlation with performance, and two other Big Five traits, namely agreeableness and openness displayed higher correlations with performance than conscientiousness. More recently, Salgado (1997) and Anderson and Viswesvaran (1998) found that two traits from the five-factor model, emotional stability and conscientiousness also displayed correlation with job performance.

Research has also established the relationship between specific personality traits and performance in various jobs. Critics have challenged the five-factor model on numerous grounds (Block 1995; Eysenck 1992). In response to these concerns, a number of theoretical and empirical developments have supported the Big Five model. This evidence includes: (a) demonstrations of the genetic influences on measures constituting the five factor model, with (uncorrected) heritability estimates ranging from .39 for
agreeableness to 0.49 for extraversion (Bouchard 1997); (b) the stability of the Big Five model across the life-span (Conley 1984; Costa and McCrae 1988); and (c) the replicability of the five factor structure across different theoretical frameworks, using different assessment approaches including questionnaires and lexical data, in different cultures, with different languages, and using ratings from different sources (e.g., Digman and Shmelyov 1996). There is a lack of universal agreement on the Big Five model, but it is a useful nomenclature and currently considered as the most useful in personality research.

This subject of performance measurement has been studied in academics both by researchers and practitioners. So in this next chapter we have conducted an evaluation of the contemporary literature available on performance measurement in general and the service sector in particular in the life insurance sector.