One song can spark a moment; one flower can wake the dream,
One tree can start a forest; one bird can herald spring.
One smile begins a friendship; one handclasp lifts a soul,
One star can guide a ship at sea; one word can frame the goal.
One vote can change a nation; one sunbeam lights a room,
One candle wipes out darkness; one laugh will conquer gloom.
One step must start each prayer; one hope will raise our spirits,
One touch can show you care; one voice can speak with wisdom.
One heart can know what’s true; one life can make the difference,

You see, It’s up to you...!!

(Author Unknown)
CHAPTER – 1
INTRODUCTION

1.1 Abstract
1.2 How this study was Conceived
1.3 Introduction
1.4 Evolving of Human Personality
1.5 Stress: The Inevitable
1.6 Team Management
1.7 Coping Behaviour
1.8 Concept of Adversity Quotient®
1.9 How this Study Progressed and Completed
INTRODUCTION

1.1 Abstract

The process of directing human capital in creating wealth for self, organizations and economy is laden with challenges that demand Transformational and Practicing Leadership to have vision, passion and perseverance; all together. This study assesses the Adversity Quotient® (AQ®), a measure of one’s ability to prevail in the face of adversity, of 131 top management professionals/Leaders engaged in adding value to their people & business. Findings offer strong support to the view that one’s AQ®, particularly as it relates to the “Control, Reach Ownership and Endurance over one’s adversities”, reliably can be used as a yardstick to identify leaders who create “sustainable optimism” in their people & organization and direct them to excellence in overall performances & growth.

1.2 How This Study Was Conceived:

The researcher has work experience in the corporate world in financial services and Information technology industries, both new generation growth leaders globally.

The researcher’s Human Resources practices related career commenced in a mid size software solutions company where she worked since its inception and up to 12 years of continuous growth; having left the organization as Head HR. Subsequently, she continued her journey as an HR Professional in the consulting space and also contributed as an Office Bearer and President of a national level association of HR Managers in the IT & ITES Industry. All of this had given her tremendous opportunities to connect with the top management professionals of various organizations. The interactions on various instances would lead to
discussing current HR challenges and exchanging time tested solutions in the group.

Over the past years, the most crucial subject which would spring forth time & again was on Leadership, the crunch all industries are facing in today’s time and how could we fill this gap. In pursuit of finding a long lasting & tested solution to this challenge, the researcher embarked on the journey of evaluating Leadership styles, personality traits of successful leaders and how certain organisations create stronger leaders and higher management bandwidth than others etc.

In his book “Leadership in the Era of Economic Uncertainty”, the author Charan (2009) has highlighted how more than ever why the top people are crucial to the success of their company. He adds that every senior manager must have both the skills and the psychology to cope with hard conditions and remain optimistic and focused on the future.

In recent years HR Mangers, Head Hunters and Industry Leaders are silently looking for management tiers that are apt in managing business and growing the same under unpredictable operational hazards which slows down a sector, an industry and a country. While delving deep into this dimension of leadership traits, the researcher came across the studies conducted by Dr. Paul Stolz in USA under his banner of AQ®: The Adversity Quotient® that helps to identify Leaders and the specific trait to remain focused & strong in the times of Adversities that make some business leaders more successful than the most. Stoltz, (1997)

The next issue was to see if the AQ® concepts apply to India, to different business segments and to the width of management tiers. If so, AQ® related methodologies can than be marshaled for improvising HR practices in Indian businesses, related to candidates’ evaluation, induction, mentoring, goal setting, performance management, counseling, training, succession planning and leadership development etc.

This strong desire led the researcher to embark on the path of conducting this study of AQ®. The researcher sincerely believes and hopes that this study, its
reference material and its future versions will help in building a new dimension in producing strong business leaders of future.

1.3 Introduction:

“It’s not the strongest of the species that survives, or the most intelligent, but the most responsive to change” emphasized Darwin (1859) in “The Origin of Species.” Over last 100 years of global economic development, the phase of people management changed from industrial relations to human resources development to people relationship management. The changes in people management processes have not been just cosmetic, but have been driven by changing level of automation and increasing value for HR processes and knowledge management.

Last one decade however has seen a completely new crop of business challenges/risks that international trade has witnessed. These challenges have occurred mainly due to opening of economies to global competition, financial industry frauds that have led to downfall of organizations as well as the countries, failure of business models on which billions of dollars of VC money was euphorically invested and terrorist actions that created a chain reaction of economic slow down worldwide.

Along with many uncertainties being witnessed in the economic, political & social arena, there have been innumerable natural calamities that have shaken the entire world. It took just a few seconds for an earthquake to erase everything to the ground in north Japan. The recent earthquakes and tsunami in Japan have shaken us out of our complacency. As Japan picks up the pieces after the devastation, the disturbing pictures push us to take stock of the situation back home. A quick recce of the situation reveals that mega cities like Delhi, Mumbai, Kolkata, Chennai and Bengaluru are living on the edge, caught in an endless debate on development vs environmental protection reported Indrani, (2011).

The industry & commerce globally has dealt with such adversities each time and has come out with new measures to deal with larger challenges, for the purpose of business continuity & growth and thereby create stronger economies.
Therefore, business being entirely people centric, is witnessing a paradigm shift in people management processes too. As per Rajan (2009), in times of adversity, for organizations that respond strategically and decisively with an unrelenting execution focus, opportunities abound.

An article titled “Companies Come to Terms with Leadership Problem” by Pathak, (2011) covered details of a recent survey conducted by Harvard Business Publishing. There were 24 companies who had been interviewed during this survey. These companies included public sector units and multinational companies of all kinds – IT/ITeS, FMCG, Insurance, telecom and heavy engineering sectors. The findings brought out that gap in an organization’s leadership pipeline emerged as the biggest human resource challenge. The survey also showed that most organizations are trying to build a leadership pipeline internally, rather than buying it through a recruitment strategy. Leadership development was cited as a priority for most organizations. More than 50 percent of organizations saw a need to create a culture that encouraged and implemented a “Leader as Teacher” model. The survey also stated that many organizations saw that leadership was most effective when transferred from an organization’s leaders.

This study focuses on establishing if there exists a Strong Relationship between Successful Managers having Traits to manage Adversities successfully. This aspect although having being dealt by HR community for decades at surface levels in many names & forms, requires to be brought in the fore front as a measurement tool that helps to identify and build strong business leaders of future.

1.4 Evolving of Human Personality... a process of Self Destruction to Rise Again

What the caterpillar calls the end of the world, the master calls a butterfly.

-Richard Bach

Huddle (1995) in her book “Butterfly”, has pictured the self struggle of a caterpillar to transform itself into a perfect butterfly. It expresses that when a
caterpillar comes to the end of being a caterpillar, it consumes many times its own weight in food and then collapses into a cocoon. Eventually new cells different from the caterpillar cells called “imaginal cells” start to emerge and resonate at a different frequency. Its immune system thinks they are enemies and gobbles them up. These new imaginal cells continue to appear at a faster pace and the caterpillar’s immune system is unable to destroy them as fast. These imaginal cells then clump together and soon the entire long string of imaginal cells suddenly realizes all together that it is something different from the caterpillar. Something new, something wonderful, in that realization it dawns the birth of the butterfly. One metaphor for our changing world of today with all its uncertainties is Norie Huddle’s story (Butterfly) of a caterpillar’s metamorphosis into a butterfly.

In her book “Conscious Evolution” Hubbard (1998) brought out that as people started waking up, they became imaginal disks in the body of society. The environmental movement, the anti-war movement, the Apollo space program, the Women’s movement, the civil rights and human rights movements, new music, transcendental meditation, yoga and mind expanding substances, all encouraged a young generation to act as instruments of social change. The author has presented five elements for moving towards conscious evolution, the fifth element being an invitation for each person to find out and fulfill the life purpose through organizations, activities and teams already moving towards conscious evolution.

**Evolving Learning & Dependencies in Human Behaviour**

Donnes' (1572 – 1631) meditation from Devotions upon Emergent Occasions stated “No man is an island, entire of itself; every man is a piece of the continent, a part of the main...” This quote symbolize that humans, as social animals, have a high need to co-exist with other humans on a continuous basis. Humans do not thrive when isolated from others. Throughout the phases of life, they need the existence & support of other humans.
As per Dr. Tyrer (1983), man is a social being and lives best in groups, but not when they are very large. Too many people packed into too small a space becomes stressful for everybody. Because stress follows change and because the amount and speed of change is much greater in cities than the rural areas, all problems of stress are greater in the cities.

Baltus (1983) has very beautifully brought out the 13 Life Styles in the Life Span Dependence–Interdependence curve. Although we start out life almost totally dependent on others, there is a natural striving for independence that becomes evident very early in life. So as one grows from Infancy, Childhood, Adolescence, Young adulthood, Adulthood, Middle age, Young old, Old and Late old age the extent to which a person can be dependent, independent or voluntarily interdependent at various times during his or her life span is shown by the circles on the growth line below.

**Figure 1.1: Life-Span Dependence/Interdependence Curve**

![Life-Span Dependence/Interdependence Curve](image)


As a small child, the dependency is highest on the mother, who is required to nourish the child into a strong kid, instill the right values & culture, provide the basic language orientation and bind the child with the other siblings and the entire family. In this growing stage of life, the learning’s happen more from doing what is told & seen.
In the days of growing as an enthusiastic teen, the dependency for existence comes from the family as well as the society in the form of support given & mentoring provided by the teachers, friends, neighbors and one’s role-models. In this stage of life, the learning’s happen more from listening, seeing & doing.

As a budding professional and later a grown up adult, while one has to make a mark as a true leader in an organization or establish being a successful entrepreneur, simultaneously one also has to own the responsibility of nurturing one’s parents, building one’s immediate family (spouse, children), being available to the neighbourhood for any help and also being a responsible, ethical & law abiding citizen. While dealing with all these developments, one has to constantly take support of family, neighbours, society, team, organization and the resources available to excel. In this phase of life, the learning’s come from living one’s own experiences or from hearing or seeing the other’s experiences.

Nierenberg (1968) commented that the learning about man is as diverse as man himself. We learn by reading, by listening, by feeling, by observing, by finding out how people react – and have reacted – in certain situations. Our personality traits come in opposites. We think of ourselves as optimistic or pessimistic, independent or dependent, emotional or unemotional, adventurous or cautious, leader or follower, aggressive or passive. Many of these are inborn temperament traits, but other characteristics, such as feeling either competent or inferior, appear to be learned, based on the challenges and support we receive in growing up. The man who did a great deal to explore this concept is Erikson (1959). He felt the course of development is determined by the interaction of the body (genetic biological programming), mind (psychological), and cultural (ethos) influences.

Baron (1962) in his book “Psychology” informs that psychologists often wondered about what goes on in the brain when we think, experience emotions, understand speech or produce it, or bring memories to mind; but they had few tools for answering such questions. This situation has changed dramatically in recent decades, as modern technology has provided impressive new tools for studying the living brain – for seeing where activity is centered as people solve problems,
listen to music, reason, or memorize new information. There is a lot of connection between the brain and behaviour through the function of neurons in the nervous system.

Anicic view about life is being a continuous occurrence of events happening at each moment is very true. These events lead to each one’s experience. People learn best from their experience but sometimes, even after plenty of experiences; it is still not clear how to react in some situations. Due to this many-a-times one does and says things that one will have to be able to live with, when it is thought about later. However, these emotional troubles are not new and everyone goes through them, even the strongest among all.

As humans, we inevitably are bound by the limitations of our knowledge and the complexities of the environment, be they social, economical or political. As we go about doing our everyday work; our actions, focus and priorities for each task undertaken, is because of the responsibility we have towards either Self, Family, Society, Team, Organization or the Planet.

1.5 Stress: The Inevitable

Today, people are living in the ‘Age of Stress’ (Pestonjee, 1999). Owing to the daily adversities one has to go through, a lot of stress is felt. Stress is a many-faceted process that occurs in relation to events or situations in our environment termed stressors. An interesting feature of stress is the wide range of physical and psychological reactions that different people have to the same event; some may interpret an event as stressful, whereas others simply take it in stride. Stress can be triggered by both desirable and undesirable events in life. (Selye, 1975) Stress resulting from desirable events is called Eustress (meaning good stress). Eustress is pleasant and has curative effects. On the other hand, stress resulting from undesirable events is called Distress (meaning bad stress). Distress has bad effects on the individuals concerned. (Tyrer, 1983) identified that the key difference between healthy and harmful stress is that in healthy stress there is
rapid adjustment to the change and in harmful stress there is little or no adjustment.

Work pressures, tough targets and deadlines, a team that’s trying to stay united and committed irrespective of the team conflicts... stress is all around. The challenge lies in channeling the team efforts with effective leadership. Several studies have found that apart from the stressors at work, we suffer greatly due to elements of the daily grind that are beyond our control such as interruptions, traffic jams, missing the bus, smog, and noisy or flickering fluorescent lights. Because we can’t recover with time, these continuous low-grade stressors can actually deteriorate health to a greater extent. People who perceive the negative experiences in their lives as the result of uncontrollable forces are at a higher risk for depression than those who believe they have control. They are also less likely to suffer heart attacks and more likely to suffer weakened immune systems, asthma, arthritis, ulcers, headaches or backaches. The key is to cultivate “learned optimism” by adjusting vision to have control rather than passively suffering the shocks of life. (Iyengar, 2010)

Occupational stress is defined as the perception of a discrepancy between environmental demands (stressors) and individual capacities to fulfill these demands (Topper, 2007; Vermunt and Steensma, 2005; Ornelas and Kleiner, 2003; Verca, 1999) Increasing individual coping skills is another intervention which will be sued by the management to minimize stress. (Topper, 2007) defines stress as a person’s psychological and physiological response to the perception of demand and challenge. Ornelas and Kleiner (2003) argued that stress is the by-product of modern life that results from our efforts of trying to balance the demands of the workplace and of family life. Factors like individual and family factors, socio-economic and financial status, mental and physical health factors contribute greatly to occupational stress (Manshore, 2003). Stress is caused due to unexpected changes in technology, downsizing, sudden reorganization, changes in work schedules, competition for promotional opportunities, lack of participation in decision making, lack of employee empowerment, inadequate time
to accomplish tasks, violence in workplace etc. contributes a lot to employees’ stress level.

A particular person may react quite differently to the same stressor at different points in time. Although we normally think of stress as stemming from negative events in our lives, positive events such as getting married or receiving an unexpected job promotion can also produce stress (Brown & McGill, 1989).

It is important to know that stress is not necessarily bad. Some amount of stress is necessary to get the best out of us. Unless some amount of stress is experienced, a student cannot prepare himself adequately for the examination, a promotional candidate cannot do well in the interview, a manager cannot demonstrate in what way he is different from other employees, a writer cannot write and a painter cannot paint. In all such cases stress works as a motivating force. In his book “Coping with Executive Stress” Dastane (2003) brings out that we all know that in the absence of stress our lives would become monotonous. That is why healthy people show an inclination to encounter some amount of stress.

Stress has always been a part of human existence. Its origin can be traced in the literature to the 17th Century when it was identified with hardship, straits, adversity or affliction as meant by the Latin word “Stringere.” In the 18th and 19th Centuries, the meaning of stress changed to denote force, pressure, strain or strong effort with reference to an object or person (Hinkle, 1973). The concept of stress was transferred from physicists to social scientists (Cooper & Marshall 1978). The first reference to Stress in humans was made by Selye (1936) who conceptualized it as a nonspecific response of the body to any demand made upon. The modern view of stress is that it arises from a lack of fit between a person and his/her environment when there is an inability to cope with the demands made (Harrison, 1978).

Stress cannot result from any opportunity/challenge/constraint/demand, whatsoever, unless its outcome is perceived to be both important and uncertain at
the same time. (Schwarzer, 2009). Stress is a part of our everyday life. Moderate level of stress is in fact necessary for an individual to stay alert and active. High level of stress, on the other hand, would lead to impairment of human wellbeing and performance. (Srivastav, 2010)

Despite the wide range of stimuli that can potentially produce stress, it appears that many events we find stressful share several characteristics:

- They are so intense that they produce a state of overload – we can no longer adapt to them.
- They evoke incompatible tendencies in us, such as tendencies both to approach and to avoid some object or activity.
- They are controllable – beyond our limits of control. Indeed, a great deal of evidence suggests that when people can predict, control or terminate an event or situation, they perceive it to be less stressful than when they feel less in control (Karasek & Theorell, 1990; Rodin & Salovey, 1989)

1.6 Team Management

A leader is interpreted as someone who sets direction in an effort and influences people to follow that direction. They set direction by developing a clear vision and mission, and conducting planning that determines the goals needed to achieve the vision and mission. Leaders improve by getting feedback and using it.

The qualities of a good leadership may vary from person to person according to the background in which he was brought up and molded. Likewise, the leadership qualities of a political leader or a business magnet or a religious leader or a sportsman e.g. cricket captain, may vary since their area of operation and expertise is entirely different from one another. However, there are some common qualities of a good leadership which remain the hall mark of most of the leaders. Generally a good leadership is a combination of many qualities like charisma, extra ordinary intellectual skills in oratory, writing, decision making,
besides being strategic, tactful, steadfast, resourceful, sincere, committed, knowledgeable and above all with a fine memory, sense of wit and humor and a bundle of common sense. A good leader is a fine administrator and is also known for his time management.

The best leaders seek feedback from their boss, their peers and their subordinates. Then they modify their behavior so that they get better results. Leaders learn by trying things out and then critiquing their performance. Stress is all around! The challenge lies in channeling the team efforts with the right coping behaviour leading to effective leadership.

**Figure 1.2: The Seven Spheres of Leadership Mastery**

Philip Ralph (2009) opined that Leadership is a shared relationship, where people are positively influenced to mobilize themselves around their toughest challenges,
in service of a mutual purpose consistent with fundamental values. He has developed the seven spheres of Leadership Mastery as detailed under:

The first sphere of Leadership Mastery is *Manage and Lead Change*. The ability to manage and lead change is an ongoing demand on leaders. There is nothing more true than the statement ‘change is constant’ - in fact disequilibrium is the new ‘normal’. The number one issue facing senior leaders is dealing with ‘adaptive challenges’ and ambiguity. The second sphere of Leadership Mastery is being *Action Orientated*. Sound execution of strategy combined with effective change management is essential for success. While many leaders and teams develop sound plans and strategies, few actually then execute effectively. A principle that helps ensure that entropy, or a loss or leakage of energy in a system, is minimized is alignment.

The third sphere of Leadership Mastery is *Creating Synergy*. Leaders create synergy by building meaningful relationships and high levels of trust. The most effective leaders have competencies in both interpersonal skills as well as a focus on results. Sometimes leaders must give up some of their relational equity in service of something bigger. The fourth sphere of Leadership Mastery is being *Truthful*. Truth is about connecting with one’s purpose, values and core strengths in areas that make a difference. Purpose is something leaders need to discover and is beyond a job or even career. It includes a reason for being that drives action beyond oneself. It is only with this clarity that extraordinary performance, both in business and personal life that can occur.

The fifth sphere of Leadership Mastery is *High Engagement*. Leaders need to be able to create a compelling vision, or picture of the future that creates a highly focused, results-driven culture. An organization’s vision needs to be a picture that energizes people. Telling the story about a compelling mission, vision and values can energize entire organizations when done well. The sixth sphere of Leadership Mastery is *Building Resilience*. Sound energy management practices help people to achieve sustained performance, energy, and enjoyment. Sound energy management means addressing all four domains effectively - physical, emotional,
mental and spiritual (head, heart, body, meaning). The seventh sphere of Leadership Mastery is managing the "You". Many people tend to split the act of leadership from the person. The two are inseparable. Many-a-times leadership is seen as only an external event, as something one does. However leadership comes from a deeper reality as it comes from ones values, principles, life experiences and essence. It is a whole-of-person action.

Leaders of high performing teams with high employee engagement have a common feature which is their ability to build trust and convert potential of their team members to performance. (Bhattacharya, 2006)

1.7 Coping Behaviour

"We cannot cast out pain from the world, but needless suffering we can. Tragedy will be with us in some degree as long as there is life, but misery we can banish. Injustice will raise its head in the best of all possible world, but tyranny we can conquer." – James A. Michener

Positive Attitude

As per (Baltus, 1988) a sure shot way of conquering adversities is by having a positive attitude. An attitude is a readiness to act; it involves both thinking and emotion. It is a tendency to respond in a particular way to an object, a person, a group, an idea or an event. These attitudes are acquired over a period of time and they are influenced by four different factors; family, peers, experience and culture. There is a famous saying that goes, “Watch your thoughts, they become your words; Watch your words, they become your actions; Watch your actions, they become your character; and character makes you the person you are.” Thoughts are governed by ones attitude and the resultant is behaviour. A positive attitude is essential to career & life success. People who are usually cheerful and positive towards work and life are called optimists; those who habitually display negative attitude are called pessimists. (Baltus, 1988). It’s the Leader who has
sustainable optimism who makes the difference to an organization and who creates unceasing value.

Pestonjee (1992) has brought out various coping styles and strategies. Coping refers to efforts to master conditions that tax or exceed adaptive resources (Monat and Lazarus, 1977). Coping has been used to denote the way of dealing with stress, or the effort to master conditions of harm, threat or challenge when a routine or automatic response is not readily available. Lazarus (1974b) has emphasized the key role of cognitive processes in coping activity and the importance of coping in determining the quality and intensity of emotional reactions to stress. Although there are many ways to classify coping responses (Moos and Billings, 1982) most approaches distinguish between strategies that are active in nature and oriented towards confronting the problem and strategies that entail an effort to reduce tension by avoiding dealing with the problem. Pareek (1983b) proposed two types of coping strategies which people generally use in order to handle stress i.e. dysfunctional and functional coping styles. Lazarus (1975) has suggested a classification of coping procedures which emphasizes two major categories, namely, direct actions and palliative modes. Latack (1986) presented construct validity evidence of three measures of coping behaviour related to job stress: Control, Escape and Symptom Management.

**Route of IQ to EQ**

Initially people felt that the only thing one needed to be actually born with in order to be a leader later in life was intelligence. Intelligence can be defined as a true biologically based mental faculty that can be studied by measuring a person's reaction time to cognitive tasks (Galton, 1869). It is defined as a very general mental capability that among the other things, involves the ability to reason, plan, solve problems, think abstractly, comprehend complex ideas, learn quickly and learn from experience. It reflects a broader and deeper capability for comprehending ones surroundings (Mainstream science on intelligence-1994).
Intelligence is an umbrella term describing a property of the mind including related abilities, such as the capacities for abstract thought, understanding, communication, reasoning, learning, learning from the experience, planning, and problem solving (Wikipedia, 2010 - A study on Interrelationship of Leadership Traits, Behavior and Subsequent Performance of the Leader).

In later stages it was felt that while a leader is high on IQ, there was a need for such a leader to be mature on the emotional front too. Emotional Intelligence is an associative form of thinking which links one's emotion with another, emotions with physical feelings and with the environment. If one recognizes a consistent successful way of performing a work, one would tend more to perform it that way. It is a response to certain stimuli which is more or less habit bound. Associated thinking helps one to deal with ambiguous or complex situations. One can relearn an emotional thinking, but is time bound and needs proper direction and training. Since associative thinking is said to be tacit in nature, it cannot be shared at all times and one needs to learn by himself/herself. EQ as told; accounts for more than 85% of the exceptional achievers. More complex the task, more important is the level of EQ. Goleman (1995) conceptualized the five main domains of EQ as Self awareness, Managing Emotions, Motivating oneself, Recognizing emotions in others (Empathy) and Handling relationships. It has been established that people with an high EQ are motivated, self disciplined, aspire to excel while continually requiring to upgrade skills, learn and add value.

**Right Style of Leadership**

Leaders carry out their roles in a wide variety of styles, e.g., autocratic, democratic, participatory, laissez-faire (hands off), etc. Often, the leadership style depends on the situation, including the life cycle of the organization. There are many views about what characteristics and traits that leaders should have. There are also numerous theories about leadership, or about carrying out the role of leader, e.g., servant leader, democratic leader, principle-centered leader, groupman theory, great-man theory, traits theory, visionary leader, total leader, situational leader, etc.
In the Indian setting, some studies emphasized effectiveness of participative style (e.g. Daftuar & Krishna, 1971; Pandey, 1976; Pestonjee, 1973; Singh & Pestonjee, 1974) others (e.g. Saiyadain, 1974) showed other styles (e.g. autocratic) to be more effective. According to Sinha (1974) the participative style might not work in the cultural values and beliefs in India. As a consequence, an alternative theory of nurturant-task leadership (NT) (Sinha, 1980) was developed which has focus on task as well as nurturance (interpersonal relationship orientation) by the leader. Subsequent studies (e.g. by Sinha, 1999) have shown that in the backdrop of Indian cultural and social values, nurturant task leadership style is more effective.

**Overcoming Adversity**

The dictionary defines “Adversity” as a great affliction or hardship; a misfortune. Everyone experiences a form of loss, set-back or adversity at some point in their lives. It usually strikes without notice and can hit anywhere; in a relationship, a career, a loved one, health, job, financial status, business etc.

Everyone's adversity is unique because it's seen from ones own eyes. What may be a catastrophe for someone could be only a bump in the road for someone else. For example, circumstances could force someone to move across the country. That would be fine for the person who loves to travel, but a disaster for the one who's lived in that same town their whole life. For one it's an adventure, for the other it's an adversity. What's important is not the particular circumstance, but the state of mind as how one would perceive the adversity. (Stoltz, 1997)

Adversity is a state of hardship or misfortune. It can be small things like leaving keys at home or failing a test however it can also be huge obstacles like a loved one dying or coming home to see that one's house has been in a tragic fire. Every problem in life can be described as adversity however it's how one looks at these obstacles that makes life easier. If one has the ability to turn adversity into a
challenge instead of becoming depressed every time something goes wrong, the smaller problems in life won't be a problem at all and the larger problems will be easier to deal with. It can be also described as bad luck such as an unnecessary and unforeseen trouble resulting from an unfortunate event. It can cause a state of great suffering and distress. Adversity is anything that will make ones life harder.

**Human Effectiveness**

Right from the time we wake up in the morning till the time we go to sleep in the night, we have overcome a number of adversities. There are many realities of the entrepreneurial and high velocity new economy, which a leader has to absorb and go through on a daily basis. Each day demands greater speed, capacity and capabilities. Our lives are full of adversity. People tend to crack under the pressure and to surrender more or less quickly. Few can keep up without taking a tremendous toll upon themselves and those around them. (Stoltz, 2000)

The fear of adversity leading to failure casts a terrible shadow on all the days of our life. Its shape and colors are varied, imaginary and real, confused and clear, temporary and permanent. Adversity terrorizes the worker struggling to keep his job, the father praying that he can feed his family, the merchant hoping he will sell his goods, the soldier leading others into battle. It tortures everyone alike, prince and pauper, sage and fool, saint and criminal (Og, 1989). There is no better school than adversity. Every defeat, every heartbreak, every loss, contains its own seed, its own lesson on how to improve performance the next time. Adversity is with everyone right from birth to burial. Just as the gem cannot be polished without friction, people cannot be perfected without trials.

The real challenge in life is not just getting what one wants, but continuing to want what one has. Many people have learned how to get what they want, but when they get what they want, then they no longer enjoy it. Whatever they get is not enough, there is always another need already ready before the sweetness of
the older accomplished want has been satiated. Such people normally end up not being happy with themselves, their relationships, their health or their work.

Gray (1999) in his book “How to Get What You Want and Want What You Have—a practical guide to Personal Success” explains Personal success is measured by how good you feel about who you are, what you have done and what you have. He further brings out four steps to greater success in life which are; Setting one’s intention, Getting what one needs, Getting what one wants and removing the blocks to success such as blame, depression, anxiety, indifference, judgement, indecision, procrastination, perfectionism, resentment, self-pity, confusion and guilt. Being alive means movement. The secret of success is staying in touch with one’s inner peace, joy, love and confidence.

Adversity does not create insurmountable barriers. Each hardship is a challenge, each challenge an opportunity, and each opportunity embraced; Change is a welcome part of the journey. Unfortunately, when faced with life’s challenge, most people stop short before they have tested their limits and contributed their utmost. (Stoltz, 1997)

Wise and clever people learn from their mistakes and thorough reflections. Through the process of trial and error followed by careful analysis, people are capable of finding ways and means to avoid repeating mistakes, thereby paving the way forward to success.

Often the extent of damage caused to one’s performance by adversities is quite ignored. IQ is inherent, EQ can be developed but reacting in the right manner at the right time can prove beneficial to one’s health, relationships and performance. It not only helps to understand and control oneself but also others. If we are able to channelise our reactions to events in a productive manner, other benefits will follow. (Stoltz, 1997)

Over a long period of history, the Intelligence Quotient (IQ) remained the most powerful tool of recruiting & nurturing the best managerial talent across
industries. In last two decades or so, with mushrooming of knowledge based industries, a significantly refined tool of Emotional Quotient (EQ) has been prevalent in people management.

The HR process now requires introducing a new parameter in recruitment, training and performance management that provides industry managers the ability to absorb & innovate constantly for business continuity and expansion in the face of any adversity. This measure of managerial competence in the last few years is fast becoming a new mantra for developing a strong managerial workforce and is known as Adversity Quotient® (AQ®)

1.8 Concept of Adversity Quotient®:

Paul G. Stoltz, author, Adversity Quotient®: Turning Obstacles into Opportunities has developed an assessment that measures a person’s ability to cope when dealing with adversity. The Adversity Quotient® is based on the research from cognitive psychology, psycho-neuroimmunology, and neurophysiology. It is a valid measure, a tool to ascend and a new theory of effectiveness. it is a scientifically – grounded method for strengthening patterns of response to adversity. (Stoltz, 1997)

As adversity intensifies, most people’s existing and accessed capacity decreases – it contracts when it needs to expand. It is a paradox. As the required capacity demanded of a person expands, that person’s (as with most people) existing and accessed capacities shrink. (Stoltz, 2000)

Everybody is having trouble meeting the demands required today. It has become an impossible task to manage all the chaos, uncertainty, and complexity an individual faces each day. Most people suffer from a capacity gap between what is required and what they have. Dr. Paul Stoltz, based on the observations made over several studies, concludes that the secret of expanding one’s existing and
accessed capacities to meet the demands of required capacity is to increase one’s AQ®. Sustainable optimism depends on high AQ®.

**Core human drive**

Core human drive for the individual, as defined by Stoltz (1997), is a person’s purpose in life, the “why” for which a person exists. He further symbolizes a person’s purpose to that of a mountain and emphasizes that everyone has a personal mountain to ascend. Giving an example, he explains that if a leader manages 46 people, 46 different mountains show up to work each day (not counting the leader’s own mountain.) In addition, there is the collective mountain of the organization in the form of the organization’s mission. But the collective mountain of the organization is not what is on the minds of the 46 workers, their own mountains are what they intend to ascend. He stresses that many people come up short when asked how their individual mountain links to the organization’s mountain.

The important question put forth by Dr. Stoltz is that who is going to tap existing capacities – people who find high alignment between their own mountains and the organization’s mountain, or people who have little or no alignment between the two?. Dr. Stoltz clarifies that High alignment between an individual’s core human drive (mountain) and the organization’s mission (mountain) defines a given individual’s sustainable motivation to be there.

Yun-Wah (2010) opined that through the years there are three different scenarios which normally occur: (1) genuinely the sage person is able to make sound judgments and accurate predictions before things go awry or a crisis arises. By following the wisdom and leadership of people such as these, the world could become a better place and corporations could outperform their competition. But there are only a handful of people like this;
(2) People respond to crises or errors. They learn and discover that mistakes occur, and are awakened to the need to make adjustments and change charted courses. By doing so they salvage or rectify troubled journeys;

(3) Most people have become set in their ways or hardened their hearts, leaving them incapable of learning; perhaps overlooking errors along the way. Consequently, mistakes recur. Those people unfortunately lack the capacity for preventing disasters and become the source of much waste and frustration.

**Understanding the Performers and Non-Performers: From the Lens of Coping Up in Adversity**

A growing gap between individual mountains and the organization’s mountain results in three categories of people: Quitters, Campers and Climbers. Living with a relentless sense of purpose is hard, only about 5% of a given population do it. And the weather on the mountain is growing increasingly more intense (greater adversity in the forms of becoming more complex, erratic and uncertain). As the weather grows intense (and they are living without a sense of purpose), some people quit; they face some obstacle along the way and they give up. (Stoltz, 1997)

**Quitters**

Quitters can be described as being lethargic, not motivated, complacent, retired on the job, thinking of themselves as victims, beaten down, exhausted, and often in poor health. They do just enough to get by. Quitters lead compromised lives. They have abandoned their dreams and selected what they perceive to be a flatter, easier path. Unfortunately, Quitters suffer far greater pain than that which they tried to avoid by not climbing. Quitters can compose about 15% of any given work force. (Stoltz, 2000)

**Campers**
Campers are a group of people who have taken on the mountain; they grow, they strive, they improve for years or decades. Their performance is solid and getting the job done, but not tapping much of their capacity is not growing. Most of us camp in some facets of our lives. The gravitational pull of a campground is huge – our friends are there. The campers’ assumptions are that the mountain will remain stable. But the mountain is experiencing an avalanche of change, the weather is intensifying. The longer a person camps in one place the greater the deterioration of his or her capacities; the person actually experiences atrophy. Campers make up about 80% of any given work force. (Stoltz, 1997)

**Climbers**

Climbers are people who are dedicated to a lifelong ascent. Climbers are described as enthusiastic, innovative, energetic, robust, passionate, thriving on change, taking risks. They never allow any obstacle to get in the way of the ascent. Climbers create change, and the change either inspires or threatens the campers. Change often results in turnover of people. If the people who leave the organization are campers, it may be because the campground is being shaken up. But if the climbers are leaving, the future of the organization is being lost. (Stoltz, 1997) Regardless of background, advantages or disadvantages, good fortune or misfortune, climbers always continue the ascent. Stoltz describes them as “the Energizer™ Bunnies” of the mountain and possibility thinkers.

No organization can have 100% Climbers. The incentive to camp is too great. But if an organization can increase its percentage of climbers from 19% to 30%, it will experience a significant improvement in organizational outcomes.

**Creating High Sustainable optimism**

As adversities intensifies, the number of people willing to stay with an organization declines. This phenomenon is called the Adversity Dilemma®. What one needs to have is an organization where, as adversity intensifies, the number of people stepping up to face the challenge increases. To counter Adversity
Dilemma®, sustainable optimism must be generated and fostered. Sustainable optimism is that quality inside individuals that enables them to grow with every single adverse situation they face. People display all different patterns in how they respond to life's challenges. But a person's ability to sustain optimism is directly correlated to his or her AQ®... higher the AQ®, greater the sustainable optimism. (Stoltz, 1997)

The scientific building blocks of AQ® are psychoneuroimmunology (PNI), neurophysiology (NP), and cognitive psychology (CP). Each of these building blocks have been described below: (Stoltz, 1997)

PNI research shows that there is a direct, measurable link between what one thinks and feels and what goes on in ones body. It explains why some people seem to weather major surgery better than others; why some people remain robust into old age while others become ill and frail; how brain activity affects the likelihood that a person will contract cancer, diabetes, or other disease; what effects specific patterns of thought or emotion have on a person's health. (Stoltz, 1997)

NP is the science of the brain. NP research shows that habits can be formed in less than one second - a hundred milliseconds to be exact. All it takes is an experience that interrupts the subconscious thought pattern at the basal ganglia and brings it to the conscious region of the brain (the cerebral cortex). The implication of this research is that a person's AQ® (similar to changing or developing a habit) can be changed instantaneously, and thus alter that person's life. (Stoltz, 1997)

CP is comprised of research related to the human need for control or mastery over one's life, and includes concepts for understanding human motivation, effectiveness, and performance. CP accounts for learned helplessness - the belief that what one does, matters not. CP explains why many people give up, or stop short, when faced with challenges. CP is the most important ingredient in the formation of AQ®. (Stoltz, 1997)
Four key facts

There are four key facts that emerge from the convergence of the above three building blocks of AQ® (Stoltz, 1997):

1. We respond to adversity in hard-wired patterns.
2. We are often poor judges of these patterns.
3. These patterns can be measured.
4. These patterns can be rewired and improved.

The defining moment for every individual is when he or she faces adversity. At that moment a very precise, hard-wired pattern is triggered that ripples throughout the person's entire being. It is called *Adversity Quotient*®.

AQ® serves as a predictor of 13 factors that influence a Leader or a team which is Performance, Longevity, Learning, Productivity, Health, Improvement, Resilience, Change, Tenacity, Effort, Agility, Hope and Innovation. (Stoltz, 2000)

The Dimensions of AQ®:

There are four dimensions that make up AQ®: Control, Ownership, Reach, and Endurance (CORE®).

**Control** determines how much control one has over the adversity. Those with higher AQ® perceive they have significantly more control and influence in adverse situations than do those with lower AQ®. Even in situations that appear overwhelming or out of their hands, those with higher AQ® find some facet of the situation they can influence. Those with lower AQ® respond as if they have little or no control and often give up. There are two kinds of control: one is to what extent you perceive you can influence the situation no matter how impossible it
is; the second is response control, or controlling your response to the adversity. (Stoltz, 1997)

Ownership determines to what extent you take it upon yourself to better the situation. Ownership rolls into accountability. Accountability is the backbone of action. Those with higher AQ® hold themselves accountable for dealing with situations regardless of their cause. Those with lower AQ® deflect accountability and most often feel victimized and helpless. (Stoltz, 1997)

Reach is how far adversity reaches into other parts of your life. Keeping the fallout under control and limiting the reach of adversity is essential for efficient and effective problem solving. Those with higher AQ® keep setbacks and challenges in their place, not letting them infest the healthy areas of their work and lives. Those with lower AQ® tend to catastrophize, allowing a setback in one area to bleed into other, unrelated areas and become destructive. (Stoltz, 1997)

Endurance means how long the adversity will last. Seeing beyond even enormous difficulties is an essential skill for maintaining hope. Those with higher AQ® have the uncanny ability to see past the most interminable difficulties and maintain hope and optimism. For low AQ® people, the adversity last forever or at least for indefinite periods. High AQ® people limit the time adversity lasts to short periods. The difference is that low AQ® people tend to see the adversity as a permanent state, while high AQ® people perceive the adversity as a temporary condition. (Stoltz, 1997)

In the researcher’s mind, India is fast emerging as a leading economy of the world and hence offers new opportunities for personal growth to talented professionals. While offering such opportunities, it is also making severe demands on new generation Leader-managers to be able to cope with multitude of challenges. These challenges are faced every day due to increasingly competitive business landscape which is full of operating hazards and difficulties. Hence in
current times, it would help a leader to know his/her AQ® and use the AQ Advantage® to help keep progressing successfully at Work and in Life.

Leaders need to rethink on how to make decisions, solve problems, plan for the future, communicate successfully, allocate time efficiently, manage politics and get the most of other people and themselves as effective leaders. It is now that the position of organizational heads has become quite demanding as they are the ones who are expected to lay down good systems and workable procedures within their workplaces, re-organizing their thinking, behaviour and styles of functioning. And this is possible only when heads as transformational leaders initiate the process by understanding their workplaces and people within. (Diwan, 2000)

1.9 How This Study Progressed and Completed

Selecting Geography of Conducting the Study

Having embarked on the journey of researching on AQ® and it’s impact on Leader Performance, the next step that the researcher had to take was to finalize the geography of conducting this study. The subject of AQ® linked to performance in India has been unheard of. There are several high pressure challenges Indian leaders are facing in order to manage their organizations business sustenance and growth in a global economy. A huge scope for research in this area amongst Leaders in the city of Mumbai was envisaged by the researcher.

We are all aware that Mumbai, formerly known as Bombay is the Capital of Maharashtra and the financial capital of the country. It is the cosmopolitan city with the potpourri of cultures and glamour and which has welcomed people from all over India overtime. Foreign investors tend to look at India with the prism of Mumbai. A research study conducted on Mumbai, formerly Bombay, by Dr. Jadhav (2005) brought out that Mumbai accounts for about 1% of the total population of India. Further estimates of the UN suggested that Mumbai is likely to have a
population of around 27 million inhabitants by 2020 and will be the world’s second most populous city after Tokyo.

The Legatum Institute had very recently published a report (2010) titled “The Broken Ladder” on a major international study by Legatum Institute Adjunct Fellow Joel Kotkin, of how increasing urbanization in the world is affecting the prospect of upward mobility for ordinary families and individuals. The study focused on the key social and economic developments in three major global cities of London, Mexico City and Mumbai. It further provided analysis on the current state of social mobility in each. The findings brought out that India's global success is owing to the power of its leading cities of which Mumbai is at the fore. However, as "two thirds of the population live on a bare 5% of the land", the challenges of infrastructure and congestion in Mumbai have heightened, while poverty and slum-dwelling remain a persistent problem. The report concludes that the outlook for Mumbai is good: The opportunity for upward mobility is better than in London or Mexico City, and Mumbai’s financial position is strong even in the wake of the global financial crisis.

Mumbai’s prosperity and employment generating potential attracts migrants from across the country. Once the textile manufacturing hub, the city’s socio-economic structure has witnessed a sea change due to the paradigm shift in business activities – a switch from “Manufacturing activities” to “Services”. This has resulted into a dramatic change in employment opportunities and job profiles virtually in every sector. This study was conducted in organizations from the IT, Hotel, Hospital, Retail and ITES industries, all being service oriented and having seen a huge transition over the last decade.

**The Extent & Depth of Studies Conducted on AQ®**

The work done on AQ®, builds upon the landmark research of dozens of top scholars and more than 500 studies from around the world. As a result of 19 years of research and 10 years of application, AQ® is a major breakthrough in
understanding of what it takes to succeed. According to Dr. Stoltz, success in work and in life is largely determined by Adversity Quotient®. (Stoltz, 1997)

- AQ® tells how well one withstands adversity and has the ability to surmount it.
- AQ® predicts who will overcome adversity and who will be crushed.
- AQ® tells who will exceed expectations of their performance and potential and who will fall short.
- AQ® predicts who gives up and who prevails

The following chapters of this thesis document unveils an extensive literature review undertaken for related topics, it highlights major studies conducted globally on Adversity Quotient®, brings out the research design & methodology adopted, application of statistical analysis and interpretations arrived at with conclusions, suggestions for further research and suggestions to employers.