So what do we do: Identify an emotionally intelligent person or create an emotionally intelligent organization?

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Abstract
Is Emotional Intelligence when it comes to leadership in strategic thinking a pejorative term? What makes one company gain against competitors is a question to be answered much beyond the strategy making, implementation and control issues. A firm is rarely saved by serendipity but inevitably by putting people, process and practice together. Every manager struggles to put these 3 Ps in alignment to the vision and values of the organization. The challenge of effective decision making not only emanates from being able to estimate the environmental dimensions of change, it is also defined by the need to manage effectively the heterogeneity among people constituting groups and teams in the organization.

Key words: Strategy, leadership, emotional intelligence, decision-making

1. Introduction
In her thought provoking article titled “Putting leadership back into strategy,” Harvard Professor Cynthia Montgomery makes the case that the last two decades of intensive focus on strategy has effectively taken it out of the fold of general management to render it as more of a matter of toolkit preparation to guide a firm towards achieving competitive advantage. Strategy as questions of implementation or as a game changer, while productive in many ways, has deflected the question of strategy as defining the underlying purpose or intention of an organization. According to Montgomery, something has been lost along the way for strategy no longer helps understand what kind of a company one should build over a period of time. Rather the question that persists is what kind of formulation and implementation should allow a company to stay in the game. Montgomery argues that while gaining depth strategy has lost breadth and stature, since there is no sense of creating effective learning as to will it really matter or even how much will it matter if a firm ceases to exist at one point? The strategy tool kit does not answer such questions. The essay makes the case that purpose should be at the heart of strategy and defining purpose is the stuff of leadership -- which somehow does not figure significantly in discussions of strategy.

Where Montgomery rests her case, this paper would like to begin. Is Emotional Intelligence when it comes to leadership in strategic thinking a pejorative term? What makes one company gain against competitors is a question to be answered much beyond the strategy making, implementation and control issues. A firm is rarely saved by serendipity but inevitably by putting people, process and practice together. Every manager struggles to put these 3 Ps in alignment to the vision and values of the organization. The challenge of effective decision making not only emanates from being able to estimate the environmental dimensions of change, it is also defined by the need to manage effectively the heterogeneity among people constituting groups and teams in the organization. Fineman, in a telling critique of the over-rationalization bid of organization theory, points out that texts for managers and primers on organizational theory tend to stress more on deterministic approaches to organizational life, thereby taking for granted an organization confronted by an environment of competitors, suppliers, markets and governments. Organizations exist through individual actors whether singly or in groups and teams that can also determine the competition, the environment and “sometimes even re-form” them (Fineman, 1993).

In their path-breaking work, Argyris (1964) and Likert (1961) had etched out an understanding of organizational life that placed human subjectivity at the center rather than at the margins, in sharp contrast to organizational theory initiatives driven by Weberian notions of ideal bureaucracy where efficiency had to be achieved at the cost of all emotional elements. Over the years there has been a widespread acknowledgement that emotions contribute to and mirror the structure and culture of organizations and the importance of awareness, and that appropriate control and expression of emotions can be the key to establishing managerial and leadership success in eliciting successful performance in the workplace.

The concept of Emotional Intelligence was first introduced by John D. Salovey and Peter Mayer in a series of articles between 1993 and 1995. In this first set of writings they sought to separate social intelligence from general intelligence, where the ability to observe and distinguish between one’s own and others’ emotions functions as a key enabler of one’s
thinking and actions. In a subsequent attempt, they expanded this model and characterized EI as the ability of an individual to perceive in exactitude, assess and express emotion; the ability to reach out to or elicit feelings in the process of facilitating thought; the ability to comprehend emotion and regulate emotions to promote emotional and intellectual growth (Mayer and Salovey, 1997).

Despite its introduction, Emotional Intelligence did not enter into the mainstream until Goleman’s seminal book in 1995, which examined the roles that emotional intelligence plays in our lives and the impact of soft skills in determining one’s success. The major thrust of Goleman’s theory lies in its addressing of the capacity we have “for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships” (Goleman, 1998a, p.317). The most significant aspect of Goleman’s model lies in the linkage it creates between EI and performance – the direct applicability of the model to the field of work and organizational effectiveness and in predicting excellence.

In the last decade EI research has significantly grown to understand the connection of EI with personality (Fox and Spector, 2000), EI and life success (Goleman, 1995), life satisfaction and well-being (Palmer et al, 2002), physical and mental health (Salovey et al, 2000), interpersonal relationships (Fitness, 2001), high EI correlated with career success (Dulewicz & Higgs, 2000; Weisinger, 1998) etc.

1.1. The Unanswered Questions

It is not a mere coincidence that this surge of interest in EI is also complemented by a rise in the scope of organizational volatility and therefore the need to find adaptable change mechanisms as an urgent focus within the organizational context. While claiming EI as a moderator of work related behaviors such as leadership potential, career development, team effectiveness, occupational stress, job performance, etc, the scope can no longer be confined to the individual context alone. A major difficulty of discussing EI from an individual perspective is determined by the interaction of the organization to its environment. There is no clarity to the following set of questions: can organizational volatility be controlled by individual EI? Can EI be brought into the strategy equation? What is the right question -- the emotionally intelligent individual or the emotionally intelligent organization? What normative affirmation or confirmation can be given to an emotional substructure derived from personal experiences?

1.1.1. Volatility in the organizational environment and EI of an Individual

Growth impulses of an organization often necessitate courting uncertainty. An organization’s environmental effects are ubiquitous (Starbuck, W.H, 1997). Even if one were to take organizational members and their goals as a given or constant, it is the environment which identifies whether these goals are applicable or not. An organization’s growth can be predominantly defined by the size and organizational membership, while development can be understood as a change in an organization’s age with which its structure and the behaviour changes. If the survival of an organization is a logical necessity, by the same token it provides the necessary pre-condition for growth. In the words of Barnard, “Survival is a function of physical energies and materials contributed by members (human beings) and derived by its work upon the environment and expended on the environment and given to its members”. So, it can be understood that volatility determines the organization’s profits and survival.

If organizational survival and growth necessitates profit generation, the material and social services required for managing the organization come from the individual members while the material resources are controlled by the organizational environment. Hence the supposition would not be out of place that organizational volatility can be controlled by individual members.

A plausible strategy for analyzing an organization’s growth is to understand those specific individual behaviors that are inherent to the process of growth, survival and volatility. Indeed, a constant factor for an organization’s competitive advantage is its ability to deal with change (Skinner, Saunders & Thornhill, 2002) to suit its environmental demands. It is not only the motives to grow that can bring profit and survival for an organization, but also the putting into place of organizational behavior strategies that determine ‘what and how to grow.’ Jordan in his research on dealing with organizational change identifies EI as a critical factor to enhance organizational learning. The proposition he tries to prove is that change is inherently emotional and produces a range of emotions and feelings in individuals that requires micro-level management.

Some of the behavior patterns that are observed in businesses today are determined by the processes of decisions, bargaining, problem solving, conflict resolution, attitudes of authority and power, adaptability to change, strategy leadership, employee commitment, moral and mental health, collaboration and team work, influence, communication, motivation, creativity and innovation, etc. (Starbuck, W.H (1997), Cherniss C (2001), Van der Zee K et al (2002), Druskat V A and Wolff S (2001), Goleman 1995, 1998, 1998a, 2000). Apart from the above, the nature of the organization and its structure determines the relative effectiveness of these behavior strategies in fostering growth. All the behavior patterns that are expected from a manager are dependent on her/his cognition, affect and behavior. Scherer’s (1994) study makes the
extremely relevant point that emotions are an interface that mediates between environmental input and behavioral output. Thus, in critical situations, a manager is not programmed to react with a set of emotional tendencies, while in less critical situations, where continuous evaluation and choice of behavior can occur, a set of predictable emotional tendencies are possible from the norms that are developed by the organization.

Although research on emotions in an organizational setting has never quite occupied centre stage, a host of research beginning in the mid 90s has explored EI as a critical agent in providing greater insights into organizational behavior (Mayer, Salovey, 1993 & 95; Mayer, Salovey & Caruso 2000). A seven year longitudinal study conducted by Dulewicz and Higgs (1998) identified three domains of ability that contribute to on-the-job performance of an individual. These, according to Dulewicz, are emotional skill ability, intellectual quotient ability and managerial competency. The findings of this study revealed that EI can create 36% of the variance in the job performance and career progress of a person. The American Society for Training and Development published a volume describing best practice guidelines for employees in organizations to cultivate the EI based competencies that distinguish outstanding performers from average ones (Cherniss C & Adler, 2000). Such studies were spurred on by the interest of business communities with strategic reasons to understand key employee behavioral capabilities that would help them gain a competitive stance for survival and growth (Spencer & Spencer, 1993). McClelland (1998) showed that a wide range of EI competencies such as achievement drive, developing others, adaptability, self confidence, leadership, etc., contribute to performance at the work-place. Despite the growing body of work on emotions and EI, existing research has primarily tended to focus on identifying relationships in emotions and interpersonal behavior (Goleman, D., 1998), emotional labor (Morris & Feldman, 1996), emotional competencies and outstanding performance (Cherniss, C., and Goleman, D., 1998, 2002), social support, emotional considerations, organizational learning and proactive method of enabling change ( Sheehan & Jordan 2003, Mayer & Salovey 1997). As can be observed, the emphasis in all these instances has been to understand the impact of EI of an individual in appropriate management of volatile situations in the organizational environment. The question that still remains unanswered is what of the organization? Is there something called an organizational EI? Through citing and analysis of specific case instances, this paper seeks to go beyond addressing development or enhancement of individual EI competencies to a discussion of how (i) EI skill sets may be utilized in meeting the needs of organizational volatility and (ii) for the individual to use her/ his EI skill sets, she/ he must also get a supporting environment which recognizes EI in its culture.

1.1.2. Beneath the social self and beyond the call of task: the case example of terror hit Taj Palace Mumbai

The devastating terror incident at and subsequent revival of the Taj Mahal Palace hotel, owned by the Tatas in Mumbai, provides a crucial case for revisiting the scope of personal EI in an organization. While the city of Mumbai and the whole country reeled from the shock waves thrown up by 26/11, what took the world by surprise in no less measure was the extent of customer service provided by Taj employees to captive guests during this period of trauma. Notable in this instance was the life-risk taken and sacrifices made by employees at the junior and senior level to ensure safety for the guests. It would no doubt be of significant importance for organizations to learn and to emphasize EI centric hiring, training and rewarding its employees on the Emotional competencies to better deliver business and to develop the culture of customer satisfaction. Yet it is very unlikely that Taj Mumbai would have proactively created any preparedness for such HR practices to take care of its customers.

Rohit Deshpande, in his research titled ‘The Ordinary Heroes of the Taj’, terror at the Taj Bombay: Customer-Centric Leadership,’ Multimedia published in HBS3, has tried to trace “why Taj employees behaved in this pattern to serve and not to flee, and what drives the culture of service to guest is service to god”. While Deshpande’s suppositions provide much fodder for thinking on a culture of proactive service, what gets missed is the nagging question whether there is any distinguishing factor in organizational culture for this kind of employee commitment. What is it in the ingrained culture that helps its employees to use and develop their emotional capability skills at work as a matter of routine even under extreme conditions? It is certainly worth thinking how far training alone lends itself to building EI comprehension beyond the call of duty or for that matter redefining service as critical human value, as seems to be the case here. Was it, for that matter, customer service that propelled employees to give up their lives or did they really draw strength from a more encompassing pride and dignity of service commitment that the organization has always stood for? It would be interesting at this point to consider the testimony given by Karambir Singh Kang, the General Manager of Taj Bombay who lost his wife and two sons in the terrorist attack while he was on duty and did not abandon his post:

3 http://hbr.org/2011/12/the-ordinary-heroes-of-the-taj/ar/1
"You tend to take things for granted but one day realize that nothing in life is permanent. Hoteliers especially take their families for granted," he says, his eyes welling up. Composing himself, he continues: "Now I'm taking each day as it comes. You have to find some purpose in life. For me it was important to stay back at least till the entire hotel becomes operational."

What is noteworthy in this testament is the remarkable absence of antipathy put further into relief by the willingness he expresses to come back to the same venue to continue with his work.

An emotionally intelligent organization allows people to apply the lessons learnt in EI to actual situations and on fellow members. This is not to suggest of course that individual EI components can be credited to HR initiatives and practices alone – if we do this it would be a gross fallacy of lack of appreciation of individual EI capabilities. What is of significance is how an emotionally intelligent organization can be an effective source for the transmission of emotional skills. Organizational EI can be formally defined as “an organization’s ability to successfully and efficiently cope with the change and accomplish its goals while being responsible and sensitive to its people, customers, suppliers, network and society”. It is the ingrained culture with a potential to adhere and adapt EI as a part of its norms that helps an organization to attract and identify emotionally intelligent members. When confronted with the challenges of volatility in the environment and required implementation of strategy, this is perhaps what led the Taj to succeed. A major factor for differentiation between successful and unsuccessful strategic implementation could very well be the emotional Intelligence of an organization inclusive of emotionally intelligent members and leaders.

1.1.3 Chronicle of a Death Foretold? The Merger of Air India

If environmental volatility could be seen as won over by EI capability and institutional logic of the Taj and its employees, the Air India story is the reverse of this in more ways than one.

Indian Aviation Industry owes its inception to the Tata group. JRD Tata founded the nation’s first aviation company Tata Airline in 1932. In 1948 the Government of India decided on the nationalization of the aviation industry and Air India was born. In 1953 two corporations came into existence, Air India International Ltd., for managing global services, and Indian Airline Corporation for managing domestic services. In recognition of the leadership of JRD Tata, the Government of India appointed him as chairman for its International Services. In 1978, the government appointed Air Chief Marshall P C Lal as chairman of Air-India without any direct information to JRD. JRD Tata showed his regret and dissatisfaction in this failure of the Government to respect his feelings despite his years of association with the aviation industry.

Till the early 1990s, the nationalized carriers did well to reap the benefits of their first mover advantage and had many customer service laurels to their credit until they were confronted with de-regulation under the conditions of globalization and had to encounter fierce competition from different private airlines. To withstand volatile market scenarios, the idea of consolidation between Air India and Indian Airlines was planned by 2006. The following year, the merger of the two giants in the National Aviation Company of India Limited (NACIL) was announced. It can be understood from the report given by Accenture, acting as the consultant for the change process, that the objective of the AI-IA merger was to enhance the customer proposition, facilitate easy entry into global airline alliances, provide an opportunity to fully leverage infrastructure and capabilities, restructure capital through re-evaluation of assets and cleaning up of books, compete better with Emirates, Singapore and Malaysian Airlines in the Asian region, improve domestic and international network, etc. However, the airline announced its merger without preparedness in terms of financial adequacy, operational viability and human resource integration. In August 2011, the civil aviation ministry had accepted HR issues between the companies such as manpower rationalization, inequity in compensation, restructuring of workforce, promotions, seniority, failure in reaching pay parity, union recognition, job security, culture fit etc., as major issues for the delay in the merger. The other problem included escalating financial losses, discontent amongst employees, and poor customer service. According to Skytrax's website, passengers rate the airline's services an abysmal 4.1 out of 10, indicating they are inferior. The peak of all the chaos is the lengthy 58 days’ strike by 434 pilots (members of the Indian Pilots’ Guild) of Air India Ltd. because of a dispute over the right to fly new Boeing 787 planes and the training to Indian Airlines pilots. The intention of the merger went off-track with too many opinions expressed across the spectrum, which created grief between the management and employees.

4 Times of India, Nov. 13, 2009.

5 Performance Audit Report on Civil Aviation in India
7 http://www.businessweek.com/news/2012-07-03/air-india-pilots-to-end-58-day-strike-over-787-training
8 In the testimony of Captain Mohan Ranganathan, a former Air India pilot and aviation expert, “no concrete step was taken by the management to address the problems including staff integration, which
The upshot of all this can be summed up in a few observations. First, the legacy of hostility still continues, suggesting the conflicts that may ensue when a rational approach for accomplishing a task is not supported by sensitivity to emotions at the workplace (Argyris, 1985). Indeed it is worth considering the latest judgment in Delhi High Court by Justice Reva Khetrapal on 2nd July 2012 who, having heard the petition of the striking pilots, asked Air India and its pilots to amicably settle the issue out of court. The court added that ‘we would like to see the matter settled. We want to see Air India prosper as the best airline in the world.’

Secondly, as researched by Cherniss (2001), organizational culture, HRM practices and leadership work in tandem for the efficient utilization of individual EI and group EI to reach organizational effectiveness. In more expansive terms this could mean, an organization is emotionally intelligent when it exhibits the following characteristics in its internal environment, such as, organizational self-awareness of its internal and external needs, motivation through meaningful work, work place culture supportive of constructive conflict, opportunity to reduce the gap between personal goal and organizational goal, that allows validation of emotions and appropriate emotional authenticity, which in turn allows managers to remove situational constraints, helps workers to identify their organizational strengths and gaps related to the shared ideal. However, in case of the airline merger process there was no preparedness, no interaction with the social environment or stakeholders, no space for emotional responses. Since organizational EI involves people’s feelings and thoughts about the work they do, neither the employees nor the people in the management or representatives of the government proved to be emotionally intelligent in critical situations where the airline kept losing out on market share and stakeholder satisfaction. Both Taj Palace and Air India incidents can be seen as capturing the essentials of creating an emotionally intelligent organization for embedding, utilizing and developing EI behaviours of managers and members as identified by the Q-Metrics approach (Orioli, E. M., et al, 2000). This approach defines one’s EQ ability as (a) increasing energy and effectiveness under pressure which helps an individual to sustain exceptional attentiveness and optimize interactions with others, (b) building trusting relationships which includes the ability to trust others and allow the creative discord that results in sound, effective solutions in interactions with customers, clients, and work teams and (c) creating the future which is the individual ability to think beyond the conventional solutions, capturing the innovative ideas and potentials of an individual for personal and professional breakthroughs.

1.1.4. How to understand if an organization is emotionally intelligent?: An interpretive framework

A comparative analysis between Taj Palace and Air India enables us to identify the variables of an emotionally intelligent organization that surface as a differentiator between these two entities. This interpretive approach allows us to avoid superimposing external models as the variables are discovered from the situation itself. From the figure 1 it can be interpreted that every organization ‘frame of reference’ includes purpose of its existence arising from the social system, mapping through three level of analysis i.e., macro (organizational level), meso (interpersonal) and micro (individual level) to reach its rational end of organizational effectiveness. As noted, the differentiator of an emotionally intelligent organization is to consciously avoid over-rationalization (Morgan, 1986) and marginalization of the inclusive emotional elements in the sub structures of the organization. The vocabulary of any organization’s strategy and culture must include emotive activities and subjective experiences (Sandelands, 1988) in reaching its goals.

1.1.5. Limitations and Future Research

This paper is a beginning of a larger project to study the role organizations play in charting the course of EI in work and team behaviors and how the process of embedding can take place by factoring in the mediating influences of training and group behavior, and the role leadership plays in the whole process. The current scope of the paper is focused more on establishing the premises and concept of organizational EI and does not quite extend to determining how far culture and learning influence the

further increased the problem. The mismanagement increased after the merger and the people who were responsible for the entire mess were never held accountable.” That the resolution of human issues were central to Air India’s turnaround get echoed in the opinion of Similar sentiments accounts “The resolution of such human resources issues is central to Air India’s turnaround,” said Binit Somaia, a Sydney-based director at CAPA Centre for Aviation, an industry consultant. “The integration has been badly managed.”

http://www.rediff.com/business/report/ai-management-should-adopt-parental-attitude-hc/20120702.htm and

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performance of a firm. Future studies can no doubt include pre- and post-facto impulses of EI to see if and how organizational measures impact team performance, work-team cohesion and creativity. The paper engages with the predominant trends in EI theory and research and by doing so points up the generally unaddressed issue or factor of organizational EI that can function as the overarching variable that can explain the particular functioning of EI competencies and value sets for a firm. The conceptual model developed in the paper sets a fresh reading of as well as a testable proposition for mapping EI process and outcomes for a firm.

References


Figure: 1 Key variables for creating an Emotionally Intelligent Organization
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