

# Chapter 5

## Emotional Intelligence and Psychological Contract: A Measure of Organizational Commitment

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### **ABSTRACT**

*Emotional intelligence has evolved to be a major psychological construct. It provides the ability to monitor one's own and others' feelings and emotions and use this information for guiding one's thinking and actions. There are different factors which help employees build up on emotional intelligence parameters. Psychological contract is one among them. It involves employees' opinion about the common obligation they have for the job and their employers. The outcome of the two variables is organizational commitment. It prevails when an employee is emotionally linked to the workplace. This research aims to study interactive association of emotional intelligence and psychological contract with organizational commitment in banking industry. Four psychological construct variables and components of organizational commitment will be identified for research. The study aims to identify possible links between emotional intelligence, psychological contract, and organizational commitment so that efficiency of employee can be increased manifold.*

### **1. INTRODUCTION**

The 21<sup>st</sup> century is witnessing a transformational employment relationship especially post-pandemic era has formed a lot of challenges (Sharma et al., 2022). In today's era organizational efficiency is determined by the commitment level and engagement the employees demonstrate in the organization (Bhardwaj et al., 2023). According to Forbes survey 2022 teams who scored 20% higher in the commitment level have reported a 41% reduction in absenteeism, and 59% less turnover. Organizational commitment is the level of affective, continuance and normative commitment of employees. It helps increase job performance, lower absenteeism, turnover rate as well enhance organizational behavior (Meyer et al. 2002). Studies indicate that organization commitment is affected by the level of emotional intelligence and psychologi-

DOI: 10.4018/979-8-3693-1902-4.ch005

cal contract which the employees experience during work (Scarborough & Somers, 2006, Mathieu & Zajac, 1990).

As the job opportunities have grown manifold, the importance of psychological contract and emotional intelligence has increased. Emotional intelligence undoubtedly helps to shape individual behavior. It is a multidimensional ability that includes the parameters of “between-person individual difference”. It is the competence to analyze one’s own emotions and compare it with the emotions of others. It enables to regulate own emotions, and use emotions for achievement of organizational and personal goals (Mayer et al., 2016; Bhardwaj et al., 2023a). Emotionally intelligent persons are those individuals who concentrate on resolving issues rather than reasoning. They are positive believers, are optimistic and self motivated. These traits enable them to behave affirmatively (Abraham, 1999). The core of emotional intelligence is a term used to describe the complex ability to regulate our inspirations, understand and share the feeling of others and be able to withstand or recover quickly from difficult condition (Moradi & Ardahaey, 2011).

Emotional intelligence helps to understand the concept of psychological contract better. A self analysis study is of vital importance for employees. Employees selected and working in an organization should be fully conversant with their own emotions and their own believes. They should understand “what they say, what they think, how they make decisions, how not to get angry, how to control one’s emotions in different conditions, and how to act with others”. In such a situation, they will be able to recognize and control emotions in others (Zhou & George, 2003). According to a survey by talent smart 2023 58% of job success is attributed to emotional intelligence. 75% of Fortune 500 companies use emotional intelligence training and testing. 90% of high performers at the workplace possess high emotional intelligence.

“Psychological contract first become visible in the psychological literature almost fifty years ago, as a notation in understanding organizational behavior (Argyins, 1960). The term psychological contract has its roots with Argyins who described it as an “unwritten agreement about leadership and job performance between a foreman and his team” (Argyins, 1960). These are the assumptions, values, believes and reciprocal commitment which are beyond the formal employment contract between employer and employee relationship. The very conceptual framework was developed during post industrial era of the 20<sup>th</sup> century.

Roehling (1997) stated that psychological contract theory holds back its roots to social exchange theory of Bernard’s (1938) equilibrium theory. “Expectation of reciprocity” exists within the workplace. The expectations are unexpressed part of an employee’s behavior. Schein (1980) advocated that People develop belongingness and adopt the norms of the society in which they continue to work. They adopt all the bonuses and limitations of the work culture in which they operate. Behavior in the organization can be managed effectively through collective relationship. (Kalia & Bharadwaj, 2019). In the changing environment where people are the most valuable asset for the organization, it becomes primarily important to increase the commitment of employees, so that the productivity of the organization can be enhanced. Therefore the current study is proposed to understand more about organizational commitment and the precursors that help enhance the commitment level amongst employees for increasing the overall efficiency of the organization.

## **2. REVIEW OF LITERATURE**

### **2.1 Organizational Commitment**

Meyer and Allen (1991) in their research rightly points out that

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