

A STUDY OF THE RELATIONSHIP BETWEEN EMOTIONAL INTELLIGENCE AND ETHICAL ORIENTATION

Dr. Ravindra Pathak

Asst. Professor, Prestige Institute of Management, Gwalior, (M.P.) Email: rpmgt11@gmail.com

Prof. Gaurav Jaiswal

Asst. Professor, Prestige Institute of Management, Gwalior, (M.P.) Email: gauravjaiswal@rediffmail.com

Dr. Manoj Patwardhan

Associate Professor, ABV- Indian Institute of Information Technology & Management, Gwalior

ABSTRACT

The business world is now divided on two ideologies – ethical business practices and unethical business practices. The executives in the organization make such difference by their actions or decisions. Ethical orientation of Executives is important for ethical practices in the business but it also have a relationship with the emotional intelligence. Unlike mental or cognitive intelligence, emotional intelligence focuses on understanding our emotions and feelings and those of others. It is generally believed that it was David Goleman (1995) that coined and substantially aroused the interest of social scientists in the term “emotional intelligence”. In this paper, we examined the influence of emotional intelligence on ethical orientation of students. Because today’s global economy is highly fragile and sensitive. Recession in a developed country leads to domino effect as experienced in 2009. Fraudulent financial information causes irreparable damage to an economy which is very difficult for economist to calculate. Financial information is mainly an accounting function. Accountants who are the primary figures are expected to behave in an ethical way despite of their personal interests or the demands of centers of influence such as corporate executives, partners or customers to upkeep the social order.

Keywords: Ethical Orientation, Emotional Intelligence

INTRODUCTION

Ethical Orientation

Individual ethical (individual ethics) orientation affects the formation of ethical behavior. Ethical orientation represents basic orientations such as utilitarianism, justice and honesty, duty and responsibilities, cultural recognition, and self-interest, utilized by the individual in ethical decision-making (Jones et al., 2003). The ethical orientation has four dimensions: justice, deontology, relativism, and teleology. Justice orientation is an individual, being just in his/her ethical decisions, and making decisions by paying attention to concepts such as honesty, rightness and equity (Aupperle, 2008).

Accountants’ behaving in a just manner, and deciding by considering all the stakeholders while making professional decisions, is very important. Deontological or contractualist orientation

expresses behaving in compliance with the universal principles, rules of law, individual duties and responsibilities, unwritten rules and obligations and making ethical decisions accordingly (Buckley et al., 1998; Reinstein et al., 2006). Relativism, which constitutes the third dimension of ethical orientation, underlines that perception of ethical decisions and behaviors might differ among individuals, families, societies, cultures and conventions. A decision regarded as ethical by one society can be considered as non-ethical by another society or culture (Loo, 2002; Gupta, 2010). The fourth dimension of ethical orientation is teleological orientation. At this orientation, ethical decision is made by considering the amount of individual and/or social benefit to be obtained as a result of the decision. According to this orientation, a decision is regarded to be ethical if it increases the long-term self interest of an individual (Cruz et al., 2000; Beu and Buckley, 2001).

There is a general consensus among professionals, academics and governing bodies that there is a need for increased emphasis on ethical behavior in business education (e.g., Thomas, 2004). There is however some disagreement about whether ethics can be taught (e.g., Kerr & Smith, 1995) and some empirical evidence to the contrary (McCarthy, 1997). The ethical transgressions of late reflect top executives who “seem to have no qualms about taking unethical steps, disregarding the harm to employees, investors, their profession, or even themselves during the pursuit of wealth and prosperity” (Madison, 2002). Would ethical instruction have prevented these actions? Or are these actions attributable to individual differences that are relatively stable and resistant to change?

Much of the emphasis on ethical instruction in business has focused on the choices that are made in an attempt to develop decision making competencies that would result in ethical behavior. Situational influences on these decisions have also been analyzed (e.g., Haines & Leonard, 2007). There has been much less focus on character traits and more specifically, stable personality attributes that would certainly interact, at a minimum, with situational factors to affect ethical behavior. In fact, the more stable individual constructs may moderate the effectiveness of ethics training and education.

Emotional Intelligence

Emotional intelligence is not being nice; it does not mean giving free reign to feelings; nor is it fixed genetically; nor allowing one's emotional and prejudices to get the better of one's judgments. Instead emotional intelligence is the new yardstick, which is increasingly applied to judge a person, to find out how far one excels in one's life. Therefore it calls for harmonization of head and heart. Emotional intelligence is a relatively nascent construct that has attracted considerable interest during the last 15 years in both the empirical and popular management literature. It is believed that EI is the most important determinant of the extent of professional and personal success in life. According to Goleman (1998), 80% of a person's success in life depends upon a person's emotional intelligence, and only about 20% depending on IQ. Hunter and Hunter (1984) estimated 25 % and Sternberg (1996) considers 10% a more realistic estimate of contribution IQ of job performance.

It is a multi-dimensional construct that links emotion and cognition with the aim of improving human interactions (Mayer & Salovey 1997), has been linked to improved workplace behavior (Aritzeta, Swailes & Senior 2007) and in particular team behavior (Druskat & Wolff 2001) and team performance (Jordan & Troth 2004). Silvia (2002) has demonstrated that high emotional self-awareness acts as a damper on individuals' experience of intense emotions, no matter whether these are positive emotions or negative emotions. The relationship between emotion and behavior leads to changes between the individual and the environment (the group and its members) (Folkman & Lazarus, 1988).

LITERATURE REVIEW

Cohen et al. (1995) compared the ethical reasoning of Canadian accounting students and practitioners. The results indicated that accounting professionals viewed many scenarios as less ethical compared to accounting students. The authors argued that instructors should intensify their efforts to sensitize students to the ethical issues likely to face them when they graduate. Leitsch (2004) examined the ethical reasoning of accounting students and concluded that it depended on the moral intensity of the issues as well as the student's ethical development stage.

Aranya et al. (1981) suggested that higher professional commitment should be reflected in greater sensitivity to issues involving professional ethics. Empirical studies regarding this assertion have yielded mixed results. Aranya et al. (1982) and Lachman and Aranya (1986) surveyed accountants and found a positive relationship between ethical behavior and professional commitment. Jeffrey et al. (1996) surveyed professional accountants in Taiwan and reached a similar conclusion. Taiwanese accountants exhibited ethical development consistent with the post conventional level. However, many other studies did not find a significant relationship between professional commitment and ethical sensitivity.

Traditionally, thought and emotions are considered relatively separate. However, 1970 onwards studies began to explore the interrelationship between thought and emotions. The cognitive intelligence as measured by does not fully explain intelligence in its entirety and that there is potential for several types of intelligences to co-exist within one person. Even (Wechsler, 1940) suggested that Intelligence includes both non-interactive and interactive elements. Theories such as Gardner's theory of multiple intelligences, Sternberg's triarchic theory of intelligence and even the different versions of emotional intelligence theory were all developed to emphasize that general intelligence may not be the primary component in explaining individual differences in cognitive ability.

Thorndike's (1920) suggested three facets of intelligence: abstract, mechanical and social. Gardner developed a theory of multiple intelligences that consisted of six different and independent intelligences (Brody, 2006).

Hoffman (1984) suggested that there are two components of emotional intelligence, the cognitive component that permits accurate perceptions of others' emotions and emotion-focused behaviors and the empathy component that facilitates empathetic understanding of the origins or antecedents of these emotions and thus mitigates negative attributions about others.

High emotionally intelligent individuals are more adept at reasoning through the (emotional) antecedents of their own and others' behavior and using this information to guide thinking and action (Mayer & Salovey, 1993). Individuals high on emotional intelligence will be able to manage their emotions and react less aggressively to the behaviors of others.

Researchers have suggested that ethics of an individual are bearing upon perceptions of others' ethics (Terpstra et al., 1993), it further suggests that individual with high emotional intelligence depicts the other's ethical behavior as compared to low EI counterparts. This ability would contribute to their capacity to discern another person's ethicality and ethics-related behaviors. Specifically, individuals high on EI will also most likely empathize with others' behaviors and attribute less negative motives to others' behaviors. Since emotionally intelligent people are better able to correctly deduce others' emotions, they may be more likely to overlook others' unethical behavior on the grounds of mitigating circumstances. This is not to say that those high on EI will condone such behaviors as they will also consider the emotions of the victims; it is only asserted that they will attribute less un-ethicality to others.

PURPOSE OF THE STUDY

Despite of numerous studies exploring EI, one area has received very little attention of researchers – only few studies have been undertaken to investigate the relationship between EI and ethical orientation. In the popular press, writers have asserted that “without a moral compass to guide people on how to employ their gifts, emotional intelligence can be used for good or evil” (Gibbs et al. 1995).

Holian (2006) recommended that future studies investigate whether ethical decisions are influenced by skills associated with emotional intelligence. Similarly, Mulki et al. (2009) suggested that future research include an examination of the impact of emotional intelligence on an individual's ethical judgment. Overall, however, in a recent paper Bay and McKeage (2006) unequivocally state that “the link between emotional intelligence and ... ethics is not verified by the (so far) hypothesized link between these constructs and emotions”.

OBJECTIVES

- To develop and standardized a measure to evaluate emotional intelligence and ethical orientation.
- To analyze the impact of Emotional Intelligence on Ethical Orientation.
- To compare the Emotional Intelligence and Ethical Orientation between male and female students.
- To open new vistas of research.

HYPOTHESIS

H₀1: There is no impact of emotional intelligence on ethical orientation.

H₀₂: There is no difference in emotional intelligence and ethical orientation between male and female students.

RESEARCH METHODOLOGY

The study was empirical in nature, and analyses the impact of emotional intelligence on the ethical orientation of the students accounting and finance. The methodology used in the study was questionnaires, which were filled by the students. The students of professional accounting courses and finance were considered as the sample population. The sampling element in research was the individual students. The sample size was 124 respondents. Non probability purposive sampling technique was used. Five point Likert’s scales were used. The data were collected from the students through self designed / standardized questionnaires for the study. Reliability, T-Test and regression were used for data analysis.

RESULTS AND DISCUSSION

Reliability

The reliability of all the measures viz. Emotional intelligence and ethical orientation were computed by using SPSS software16. 0 version. Cronbach’s alpha reliability coefficients were computed to calculate the reliability of all items in the questionnaire.

Reliability test using SPSS software and the reliability test measures is given below:

Measures	Cronbach Alpha value
Emotional intelligence	0.755
Ethical Orientation	0.786

It is visible that all reliability values are greater than the standard value that is 0.7. It is considered that reliability of all measures is adequate. So the statement in the questionnaire was treated as reliable statements.

Regression

Regression is not just one technique but a family of techniques that can be used to explore the relationship (impact) between one continuous dependent variable and a number of independent variables or predictors (usually continuous). This makes it ideal for the investigation of more complex real-life, rather than laboratory-based research questions.

H₀₁: There is no impact of Emotional Intelligence on Ethical Orientation.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.086 ^a	.007	.000	4.74862
a. Predictors: (Constant), EI				

ANOVA ^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.390	1	20.390	.904	.344 ^a
	Residual	2751.030	122	22.549		
	Total	2771.419	123			
a. Predictors: (Constant), EI						
b. Dependent Variable: EO						

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	42.462	4.386		9.680	.000
	EI	.068	.072	.086	.951	.344
a. Dependent Variable: EO						

Above table reveals the results of regression analysis. Independent variables explained 0.7% of the variance of ethical orientation of students (F statistics = 0.904, $p > .05$).

Deshpande & Joseph (2009) examined factors impacting ethical behavior of 103 hospital nurses. They have concluded that level of emotional intelligence and ethical behavior of peers had a significant impact on ethical behavior of nurses. Independence climate had a significant impact on ethical behavior of nurses. Carmeli (2003) examined the relationship between emotional intelligence, job satisfaction, organizational commitment and work-family conflict in ninety-eight senior managers. He suggested that emotional intelligence is a competency that drives positive outcomes and behaviors. The present study shows the contribution made by Emotional Intelligence to Ethical Orientation of students is relatively very small, indicating that there may be several extraneous factors impacting ethical orientation of students which are not a part of the present study. Thus the hypothesis, there is no impact of Emotional Intelligence on ethical orientation is valid for this study.

T - Test

An independent-samples t-test is used when we want to compare the mean score, on some continuous variable, for two different groups of subjects. In this study, we are comparing the level of emotional intelligence and ethical orientation between male and female respondents.

H₀₂: There is no difference in emotional intelligence and ethical orientation between male and female students.

Group Statistics						
	Gender	N	Mean	Std. Deviation	Std. Error Mean	
EI	Male	64	61.4844	6.40187	.80023	
	Female	60	60.4167	5.49358	.70922	
EO	Male	64	46.9375	4.52813	.56602	
	Female	60	46.2667	4.98427	.64347	

Independent Samples Test									
		Levene's Test for Equality of Variances		t-test for Equality of Means					
		F	Sig.	t	Df	Sig. (2-	Mean	Std. Error	95% Confidence Interval

						tailed)	Difference	Difference	of the Difference	
									Lower	Upper
EI	Equal variances assumed	1.868	.174	.994	122	.322	1.06771	1.07457	-1.05952	3.19494
	Equal variances not assumed			.999	121.08	.320	1.06771	1.06928	-1.04920	3.18462
EO	Equal variances assumed	.283	.596	.785	122	.434	.67083	.85432	-1.02038	2.36205
	Equal variances not assumed			.783	118.94	.435	.67083	.85699	-1.02609	2.36776

The output provides two t values, one assuming that the variances are Equal and another assuming that the variances are Unequal. To the left of the t-test output is the "Levene's Test for Equality of Variances", which tests whether the variances are equal. Because in the "Levene's Test for Equality of Variances", $F = 1.868$ and $p > 0.05$ or the standard deviations for the two groups are similar (EI- 6.40187 and 5.49358, EO- 4.52813 and 4.98427), we used the "Equal variances assumed" test. The results indicate that there is no statistically significant difference between the mean score for males and females ($t = 0.994$, $p = .322$). Gilligan (1977) argued strongly that females and males reason differently about ethical issues and suggested that females are more likely to make judgments based upon care for others. In this way, females should be more ethical because they will be more concerned about and refrain from any action that would harm other people but there was no common consensus among the researchers on this issue Thus the hypothesis, there is no difference in emotional intelligence and ethical orientation between male and female students is found valid for the study. In other words, male and female students have a similar emotional intelligence and ethical orientation.

CONCLUSION

In conclusion, the findings of this study provide helpful insights into an area of growing concern to the society, all types of researchers, and educators. Though the present study contributes to an understanding of the association between emotional intelligence and ethical orientation, stipulations must be offered regarding the conclusions. First, while the results show a weaker relationship between emotional intelligence and ethical orientation, it cannot be said that the results empirically resolve the fundamental relationship between the variables. A second limitation concerns with the sample size. Additional research with larger national samples would be necessary to confirm these findings.

Third limitation concerns the generalization of these results. A study such as this one is based largely on a particular class of students. However, it opens a line of inquiry on whether these results are valid in another context or not. This would ensure a greater homogeneity within the group being studied. A related issue concerns the possible presence of covariates e.g., age, gender, and family background etc. that could affect the relationship between the variables. These issues are likely to gain increased attention by educators and practitioners in the future research.

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