Nowack, K. (2006). Emotional Intelligence: Leaders Make a Difference. *HR Trends*, 17, 40-42

What is Emotional Intelligence?

The most widely accepted model of emotional intelligence (EI) has been influenced by several scientists and researchers. Robert Sternberg's and Howard Gardner's (1983) theory of multiple intelligences suggests that interpersonal and intrapersonal intelligence are unique and different from the mathematical and logical type recognized today as "IQ" or general intelligence. Peter Salovey and John Mayer first proposed their own theory of EI in 1990 and Reuven Bar-On (1988) has placed EI in the context of personality, health and well-being.

Daniel Goleman (1998) reformulated EI in terms of a theory of organizational and job performance. All these models, however, share a common core of basic concepts including Self-Awareness, Self-Management, Social Awareness, and Relationship Management. The Consortium for Research on Emotional Intelligence in Organizations (www.eiconsortium.org) is a useful website that serves as a resource portal on the topic of emotional intelligence including information on measures, current findings and EI resources.

Research on EI and Performance

A growing research literature suggests that EI may play a far more important role in career success and job performance than general intelligence (cognitive ability). A recent meta-analysis of 69 independent studies explored the predictive validity of emotional intelligence with diverse job performance outcomes (Van Rooy & Viswesvaran, 2004). Results suggested diverse measures of EI correlated .23 with job performance (k=19, N=4158) and .22 with general mental ability.

These correlations suggest that EI can be considered a moderate predictor of job performance and success, relative to other types of personnel selection techniques including interviews, personality inventories and assessment centers. Other recent EI research studies suggest that:

- Highly conscientious employees who lack social and emotional intelligence perform more poorly than those high in conscientiousness and emotional intelligence.

- On average, strengths in purely cognitive capacities are approximately 27 percent more frequent in high performers than in the average performers, whereas strengths in social and emotional competencies are 53 percent more frequent.

- The highest performing managers and leaders have significantly more "emotional competence" than other managers.

- Poor social and emotional intelligence are strong predictors of executive and management "derailment" and failure in one's career.

Leadership Makes a Difference

Leadership and relationships play a key role in organizational success. Recent research on the association between employee satisfaction and job performance suggests that the single most important contributor to the feelings of employee engagement, empowerment and satisfaction is based on the relationship they have with the leaders of the organization. A recent meta-analysis of over 7,939 business units in 38 companies explored the relationship at the business-unit level between employee satisfaction-engagement and the business-unit outcomes of customer satisfaction, productivity, profit, employee turnover, and accidents (Harter, Schmidt & Hayes, 2002). Generalizable relationships, large enough to have substantial practical value, were found between unit-level employee satisfaction-engagement and these business-unit outcomes suggesting that management practices that affect satisfaction can have bottom line results on productivity and profit.

A recent 2005 survey of 7,600 employees in diverse industries in the US by Career Systems International (Training and Development, April 2005) on the top "retention drivers" found that third on the list at 41.8% was "relationships and working with great people" (exciting work/challenge was first with 48.4% followed by career growth, learning and development 42.6%). In another survey with 2 million employees in 700 US companies Gallop found that employee tenure and productivity are directly related to relationships between employees and their supervisors and not salary.

In today's global economy where outsourcing, downsizing and acquisitions are common place, companies must compete to find, attract, develop and retain the best talent. Given estimates that the costs of replacement of highly skilled workers and those in leadership roles can run up to 200% of the employee's salary, plus the cost of losing valued employees—sometimes even to competitors—the incentive for selecting and retaining talent is of enormous importance to employers. Furthermore, turnover is now a principal concern of CEOs because it can directly affect the bottom line.
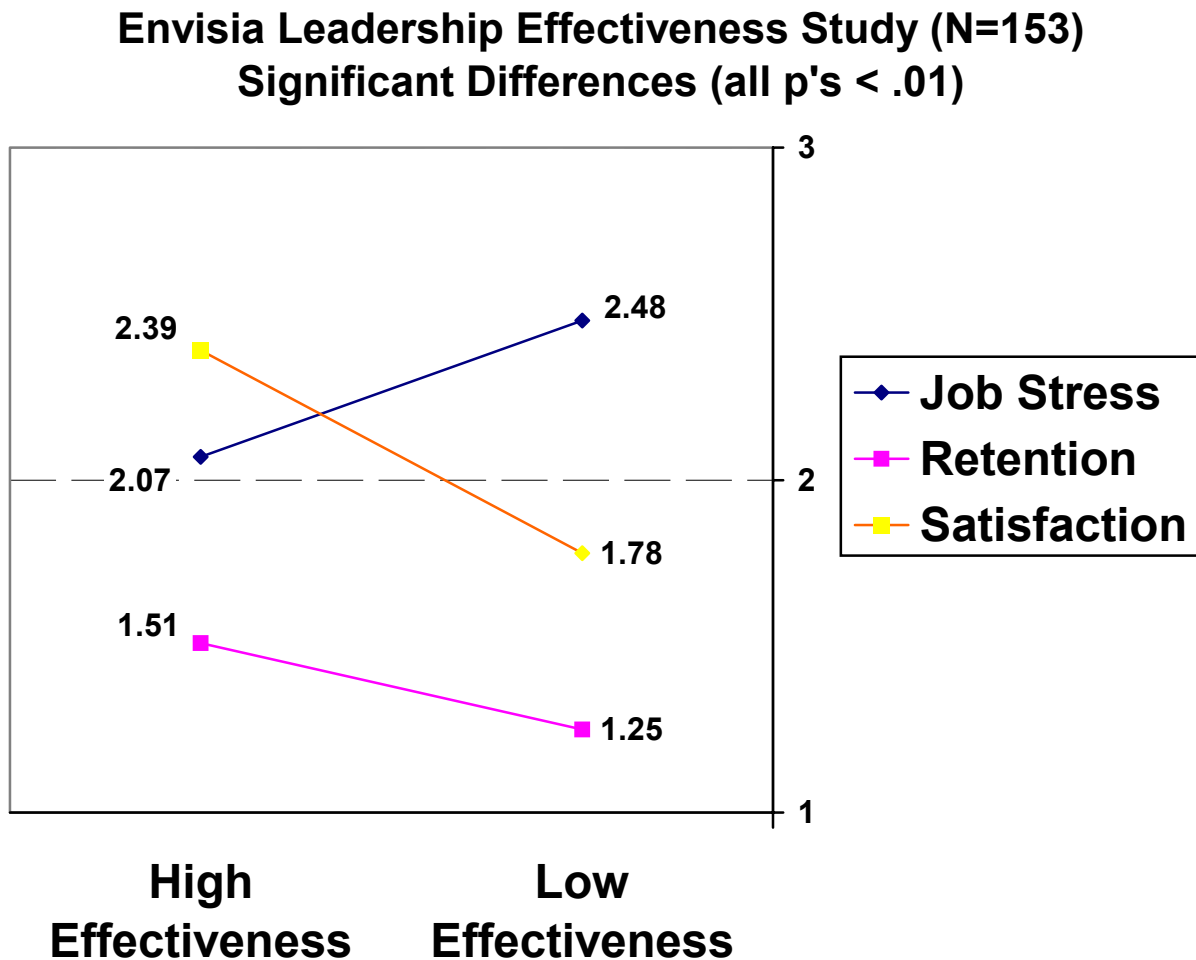
In a recent study sponsored by both Unifi Network (a division of Pricewaterhouse Coopers) and Roper Starch Worldwide Network, Inc., turnover has a direct and negative impact on both customer service and satisfaction. Their survey results suggest that employee turnover has a direct effect on customer retention, loyalty and defection. More than 80% of those responding perceived employee retention as a problem. As a result, many companies in the US are taking a more serious look at the principles of talent management and the impact of leadership effectiveness on retention.

Envisia Learning Leadership Study

A recent study by Envisia Learning explored the relationship between leadership effectiveness (measured as a composite set of nine specific emotional intelligence oriented management practices) and several specific organizational outcomes including employee retention, job satisfaction, employee engagement and perceived stress in a large food service company as part of their annual employee satisfaction surveys over a two year period. The employee surveys were distributed to all corporate and field employees in both 2002 and 2004. Single item measures were used to assess perceptions of stress, job satisfaction, engagement, perceived sensitivity to work and family issues, and retention (likeliness of leaving within the next 12 months).

Employees who rated leaders in the organization as more emotionally intelligent and effective were significantly less likely to consider leaving within 12 months, were more engaged and satisfied with work and reported significantly less stress compared to those who rated leadership practices as less effective overall (Figure 1).

Figure 1

Envisia Leadership Effectiveness Study (N=153)
Significant Differences (all p's < .01)

This study provides support for the hypothesis that emotionally intelligent leadership effectiveness, defined as involvement oriented and sensitive management practices can have a significant impact on employee's commitment to the organization, perceptions of work stress and intensions to remain with the company.

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Considerable evidence suggests that leaders and organizations that understand and respond to both the complexities of the business environment and to the basic needs of their people consistently outperform their less wise competitors by 30% to 40% in the United States (Pfeffer, 1998). This appears to be true for all industries, regardless of their size, age or type. For example, Fortune's "100 Best" companies to work for are more likely to have cultures in which employee's grow and have half the turnover rate (12.6% vs. 26%) and nearly twice the applications for employment of companies not on the list (Work and Family Newsbrief, 1999).

Developing a Psychologically Healthy Workplace: What Leaders Can Do

Emotionally intelligent leadership appears to be one key contributor to the development of a psychologically healthy workplace. Leaders can directly influence morale, retention, commitment, satisfaction and perceptions of stress. A variety of approaches exist for emotionally intelligent leaders to consider employing in the development of a healthy workplace. These include:

- Gather feedback about strengths/development areas from other senior team leaders, direct reports and internal/external stakeholders by using a multi-rater feedback instrument

- Conduct a senior leadership team analysis of strengths/development areas using interviews or team based multi-rater feedback tools

- Conduct annual employee engagement surveys to better understand how leaders can change policies, procedures, processes, systems and management practices to enhance satisfaction

- Employ a department wide "balanced scorecard" to measure and monitor internal customer satisfaction of talent within your department

- Constructively and consistently manage the performance of underperforming talent

- Create and utilize employee teams to increase participation of employees in problem solving, decision making and planning processes

- Analyze exit interviews for trends and develop strategies to increase retention of high potential talent

- Support and implement work balance and family friendly policies, procedures and programs to enhance engagement (e.g., telecommuting, child care, flex time, wellness/health promotion programs)

Despite some recent criticisms about EI (confusion about the definition, diverse approach to measurement, overstated claims, overlap with personality), developing highly effective leaders who are involvement oriented, relationship focused and capable of managing his/her emotions appear to have strong associations with both performance and retention of high potential talent. Despite exactly how EI is conceptualized and measured, effective leadership makes a difference to the "bottom line" and will continue to be important for companies to be competitive in a global market today.

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