

# Emotional Intelligence: The Key To Organizational Success

As organizations face a rapidly changing economic and social landscape, leaders must navigate uncertainty and help their teams find new paths to success in the future. Leaders with a high degree of emotional intelligence (EI) are considerably more likely to rise to the challenge. According to the [World Economic Forum's Future of Jobs Report](#), due to the rapid increase of automation, emotional intelligence is one of the top ten skills needed to succeed in the future workforce. Leaders face challenging economic conditions and social isolation due to the global pandemic combined with automation and artificial intelligence. This environment will require leaders who can navigate through complex and dynamic changes. Emotional intelligence is not just a buzz phrase anymore, but a necessary skill for every leader.

While the concept of Emotional Intelligence has been around for quite some time, the term gained popularity in 1995 upon the publication of Daniel Goleman's book, *Emotional Intelligence*. Goleman is a psychologist, author, and co-founder of the Collaborative for Academic, Social, and Emotional Learning. In recent years Goleman analyzed competency models from 188 large global companies to determine which capabilities drove outstanding performance. He grouped these capabilities into three main categories: technical skills, cognitive ability, and competencies demonstrating emotional intelligence or soft skills, such as leading change or collaborating well with others. In his analysis, Goleman found that intellect and cognitive ability were important. However, when he calculated the ratio of technical skills, IQ, and emotional

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intelligence as components of excellent performance, emotional intelligence was twice as impactful as the other skills at every job level.

Other studies have also confirmed that emotional intelligence not only sets apart great leaders, but it also leads to strong organizational performance. Researcher David McClelland conducted a survey of a global food and beverage company that found when senior managers ranked high in emotional intelligence, their divisions outperformed annual earnings goals by 20%. Interestingly, leaders that lacked those skills underperformed at close to that same percentage. He found that this was true within all divisions of the company in the US, Asia, and Europe. These studies demonstrate that there is a strong link between emotional intelligence and organizational success. And importantly, research has shown that people can learn and develop emotional intelligence skills.

# What is Emotional Intelligence?

What exactly is emotional intelligence? Generally speaking, emotional intelligence is the capacity to be aware of, control, and express one's emotions and the ability to handle interpersonal relationships judiciously and empathetically. It is sometimes abbreviated as EI and is also referred to as EQ (emotional quotient), usually as a comparison to the concept of IQ (intelligence quotient). There are five main components of emotional intelligence at work: self-awareness, self-regulation, motivation, empathy, and social skills. Understanding these components and how they manifest in the workplace is critical for strong performance and organizational success.



## Self-Awareness

The first and arguably most important aspect of EI is self-awareness. Understanding one's own emotions, needs, and drives is essential to relating to others successfully. People with a high degree of self-awareness understand how their own mood and demeanor affect their co-workers and clients. Self-awareness allows leaders to be honest about

both their strengths and their weaknesses. A common trait of self-aware leaders is a knack for self-deprecating humor. They can admit their mistakes and therefore are more likely to improve in areas where they are not strong. Importantly, they are also aware of where they excel and can capitalize on their strengths, which builds their self-confidence.

In addition to the personal benefits of self-awareness, leaders who can objectively assess themselves are better able to evaluate the organizations they run. Knowing the strengths and weaknesses of a team and fairly evaluating both wins and losses to improve performance over time is a competitive advantage in every field.

## Self-Regulation

Being aware of emotions is not enough, however. Self-awareness works hand in hand with self-regulation. Most people have worked with or known someone who is "hot-tempered" and likely to "fly off the handle" at a moment's notice. Individuals who are mercurial in temperament and have unpredictable moods are destabilizing to an organization. Team members may be afraid to be honest with a leader who is likely to pound on the table in anger or sit in grim silence, arms crossed across their chest in frustration throughout a meeting. They may struggle to complete projects on time with an impulsive team member, apt to change course abruptly. Erratic mood changes and impulsive behavior can erode trust in teams and slow productivity.

However, a leader that can regulate their own emotions and manage their impulses is better able to face unexpected problems and build teams that can work together effectively. Building trust within teams creates organizational

strength, and steady leadership promotes integrity. Leaders that are highly competent in self-regulation can reflect on situations with thoughtfulness and remain stable through disruption and change.

## Motivation

Another necessary component of emotional intelligence is a high level of self-motivation. Most strong leaders demonstrate a drive to achieve beyond expectations. Many people are motivated by external factors like money or status. However, successful leaders are more likely to have a desire to achieve for the sake of achievement or to serve a higher internal purpose.

For example, the former 49ers coach, [Bill Walsh, who led his teams to five Super Bowl championships](#), once explained, "I had no grandiose plan or timetable for winning a championship, but rather a comprehensive standard and plan for installing a level of proficiency — competency — at which our production level would become higher in all areas, both on and off the field, than that of our opponents. Beyond that, I had faith that the score would take care of itself. Consequently, the score wasn't the crushing issue that overrode everything else; the record didn't mean as much as the season progressed, because we were immersed in building the inventory of skills, both attitudinal and physical, that would lead to improved execution. That was the key."

Importantly, emotionally intelligent leaders combine their ability to self-regulate with a high level of internal motivation can remain optimistic even when their efforts are not succeeding. Rather than giving in to pessimism and frustration, they commit to learning from failures to improve going forward. They are likely to commit to organizations

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because they truly love the work. External motivators such as salary or positive feedback are less important than pursuing their personal growth and success. This drive to exceed goals and track progress can be contagious and is essential to lead teams through tough times.



## Empathy

Another important characteristic of emotionally intelligent leaders is the capacity for empathy. In his book, *The 7 Habits of Highly Effective People*, Stephen Covey explains that empathy is "learning to transcend your own autobiography and get into the head and hearts of other people. It's becoming socially sensitive and aware of the situation before attempting to be understood, influence others, or make decisions or judgments." Leaders that can put themselves in another person's shoes will be better able to lead teams and retain top talent. It is a vital trait for leaders working in a rapidly globalized market. Understanding where another person is coming from, what they might be thinking or feeling, can inform interactions with clients from different

cultures or ethnic backgrounds and create common ground.

Highly empathetic people are attuned to subtle facial expressions and body language cues that can help navigate cross-cultural and multi-lingual interactions.

Some people might mistakenly believe that empathy is undesirable in a leader, or that it would make it difficult to carry out tough business decisions and be competitive. However, considering and evaluating how others might think or feel does not mean adopting those emotions and changing course. It simply adds data to consider when making important decisions and navigating interactions with others. Combined with self-awareness and self-regulation, empathy improves a leader's ability to communicate and influence others to achieve goals.

### Social Skills

Leaders must also be adept at managing relationships with others. Socially skilled people network well and build relationships with diverse groups of people to accomplish goals and overcome challenges. They tend to be seen as popular and influential. Social skills are essentially the culmination of the other EI traits; self-awareness, self-regulation, motivation, and empathy. Leaders with these skills are especially good at finding common ground and building a strong rapport with their teams and clients. Socially skilled leaders create strong social and professional connections and have a network of supporters to call upon when needed.

Sometimes socially skilled team members are judged unfairly for how they spend time. They are often spotted talking or "schmoozing" with others during the workday, which could be seen as a waste of time to some. However,

these same individuals are able to call upon their teammates to navigate challenges and solve problems more easily because of the personal connections they took time to cultivate.

### The Business Case for EI

In the words of Jack Welch, former CEO of General Electric, "A leader's intelligence has to have a strong emotional component. He has to have high levels of self-awareness, maturity, and self-control. She must be able to withstand the heat, handle setbacks, and, when those lucky moments arise, enjoy success with equal parts of joy and humility. No doubt, emotional intelligence is more rare than book smarts, but my experience says it is actually more important in the making of a leader." Not only does emotional intelligence distinguish outstanding leaders, but it is also linked to strong organizational performance.



For example, a [Texas-based Fortune 500 Company increased employee retention by 67%](#) in just one year after adopting an EI training and development program and assessing the EI of applicants prior to hiring. They calculated that they added \$32 million to their bottom line attributed to the reduction of turnover and increased sales revenue. [At L'Oreal](#), salespeople who were selected based on emotional intelligence skills sold \$91,370 more than other salespeople over the course of a year. The same group of salespeople experienced 63% less turnover in that first year than those selected by the company's traditional process. A debt collection agency found that agents who scored high on emotional intelligence evaluations averaged 163% goal attainment over three months compared to a lower scoring group that attained only 80% of their goal during the same time period. Additionally, research by [TalentSmart](#) shows that 90% of top performers rate high in emotional intelligence. This trait is not only profitable to their organizations; the same research also indicates that emotionally intelligent workers earn an average of \$29,000 more a year than counterparts who score lower in EI.



Despite the mounting evidence about the importance of emotional intelligence, [a recent report](#) by Harvard Business Review Analytic Services shows that less than one-fifth of companies qualify as an emotionally intelligent organization. While most employees surveyed placed a high value on EI skills, they did not feel the leaders of the organizations felt the same. They reported that their leaders were far more likely to favor hard traits like analytical ability, drive, and mental toughness. This is unfortunate because companies that work to build strong interpersonal skills as part of their overall culture have more engaged employees, who create better products and provide better services to customers.

## EI in the Multi-Generational Workplace

Organizations that promote a culture of emotional intelligence often have one characteristic in common— a corporate purpose beyond making a profit. Both Gen Xers and Millennials report a growing desire for meaningful work and believe that corporations have a duty to improve society and give back to their communities. According to a Harvard Business Review Analytics survey, nearly 80% of respondents agreed that their organizations have a stated purpose beyond financial goals. However, almost 50% of respondents working for companies that otherwise score high in emotional intelligence said that Executive behavior does not reflect the company's stated purpose. In companies perceived as less emotionally intelligent, that figure jumps to 70%.

Now that Millennials account for more than 25% of the workforce at many companies, it is clear they are shifting the expectations about what creates job satisfaction— finding purpose and meaning at work rates second only to quick progression and promotion. In addition, finding meaning in

their work was much more important than rewards and incentives. Companies lacking leadership that promotes a culture of emotional intelligence are likely not to attract or retain Millennials, which will be problematic as Baby Boomers age out of the workforce. A [2017 Levo Institute poll](#) of Millennials found that 87% revealed a strong connection between their motivation to help the company succeed and the emotional intelligence of that company's leaders. More than any generation before, Millennials believe they are global citizens that have a responsibility first to each other, and then to themselves. Their world view is fundamentally changing the role of both leaders and employees.

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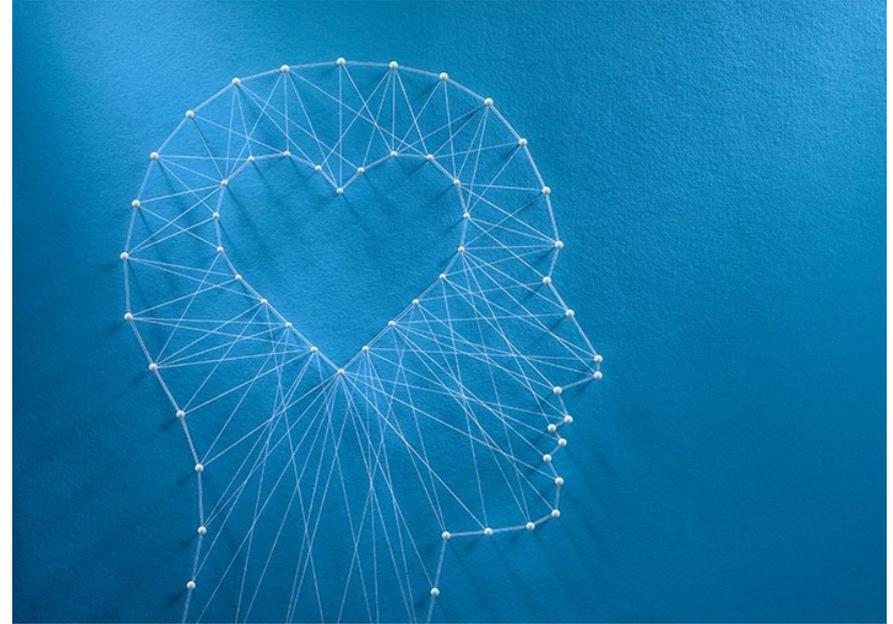
Leaders must hone their empathy and social skills in order to navigate the challenges of a multi-generational workplace. Awareness and understanding of the attitudes and values of different age groups and what motivates them is imperative for organizations to succeed. Each generation may require different management strategies for both recruiting and retention of top talent.

## Emotional Intelligence is Essential in Leading Through Trauma

As executives and leaders work to keep organizations running throughout a global pandemic, economic challenges, and political upheaval, emotional intelligence will be needed more than ever. Most people's lives have drastically changed in the past several months. Workers are facing unforeseen stressors, from switching to remote work

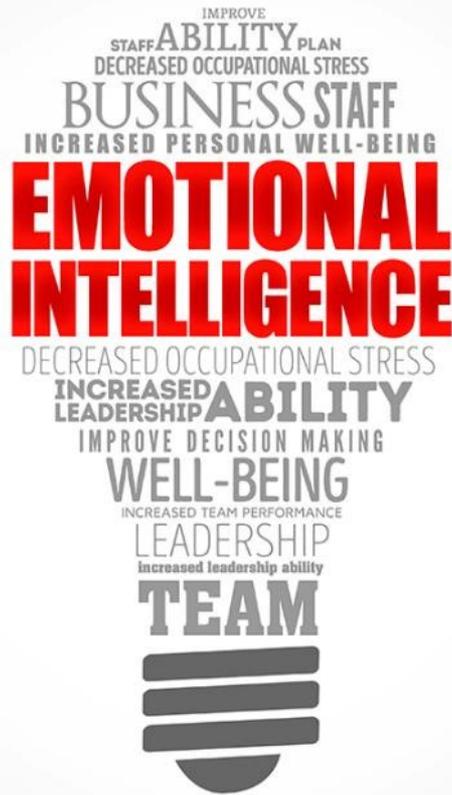
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to layoffs and furloughs. Many people are juggling childcare and work simultaneously in a way they have never before. There is fear about the future and shared trauma from the loss of so many lives. According to the [National Center for Health Statistics](#), in July 2020, the rates of reported depression and anxiety in the US were more than triple what they were in 2019.



Emotionally intelligent leadership is needed more than ever before to successfully navigate the difficulties ahead. Now is the time for leaders to affirm the values of their organizations with concrete actions and to emphasize well-being for their teams. Stress management practices and finding ways to support others will be vital to success. Because social connection is more difficult than ever, it will take conscious effort to maintain important relationships remotely. In a [virtual leadership event](#) hosted by Crestcom

International earlier this year, author of [Emotional Intelligence for Sales Leadership](#), Colleen Stanley reminded leaders of her mantra, "if it is to be, it's up to me." She encouraged leaders to be empathetic and authentic when coaching their teams and emphasized the need for self-awareness in these difficult times. Organizations will rely heavily on leaders and staff with well-developed social skills and empathy to keep teams connected and productive in these unusual times.



## Can Emotional Intelligence be Learned?

With increasing evidence of the need for EI in successful leaders and organizations, it is easy to think anyone scoring low in those traits could be doomed to fail. However, studies have shown that, unlike IQ, emotional intelligence can be improved with deliberate practice and training. Well-designed coaching intervention can achieve improvements of up to 25%. Meta-analyses show that the most improvable element of EI is interpersonal or social skills like negotiation and social etiquette. Neuropsychologists have determined that the social part of the brain does show plasticity, and empathy can be increased with adequate training, suggesting that people can become more compassionate and learn social skills.

Encouragingly, self-awareness and self-regulation techniques can also be learned through stress-management, mindfulness practices and cognitive-behavior therapy. The fact that these skills can be developed both personally and professionally is great news. Research has shown that improving emotional intelligence leads to positive changes in mental and physical health and increases in the quality of social relationships.

Including emotional intelligence topics in leadership development programs can be a great way to improve EI capabilities in any organization, as is coaching and mentoring. Organizations and their people thrive when they intentionally focus on improving emotional intelligence as an indispensable component of their success.

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