Why Emotional Intelligence Should Matter to Management: A Survey of the Literature

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This paper on emotional intelligence will address some important questions including: What is emotional intelligence (EI)? How is it different from other established constructs in psychology? Is it possible to develop EI? Is EI a better predictor of work performance than traditional measures of intelligence?

Background

Research on emotional intelligence began as early as the 1930s with researchers Robert Thorndike and Stein (1937) and Wechsler (1940). David Wechsler defined intelligence as "the aggregate or global capacity of the individual to act purposefully, to think rationally, and to deal effectively with his environment" (Wechsler, 1958). He also wrote, "It follows that we cannot expect to measure total intelligence until our tests also include some measures of the non-intellective factors" (Wechsler, 1943).

The work of these early pioneers was largely overlooked until 1983 when Howard Gardner began writing about "multiple intelligence." He proposed that intrapersonal and interpersonal intelligence are as important as the type of intelligence typically measured by IQ and related tests.

Conducted in the 1940s, the Ohio State Studies were some of the earliest research studies on leadership. J. K. Hemphill (1959) suggested that "consideration" is an important aspect of effective leadership. This research study suggested that leaders who are able to establish "mutual trust, respect, and a certain warmth and rapport" with members of their group will be more effective (Fleishman and Harris, 1962).

Around the same time period, the Office of Strategic Services (1948) created a process of assessment based on the work of Murray (1938) that included the appraisal of noncognitive and cognitive abilities. This became known as the "assessment center" and was first used in the private sector by AT&T in 1956 (Bray, 1976). Many of the factors evaluated in the assessment centers past and present include social and emotional competencies including communication, sensitivity, initiative, and interpersonal skills (Thornton and Byham, 1982).

By the 1990s, a long tradition of research on the role of noncognitive factors had been established to help people succeed in both life and the workplace. The current research has been built on this tradition.

Current Research, Theory, and Practice

Salovey and Mayer coined the term "emotional intelligence" in 1990 (Salovey and Mayer, 1990). They were well aware of the previous work on non-cognitive aspects of intelligence and they described emotional intelligence as "a form of social intelligence that involves the ability to monitor one’s own and others’ feelings and emotions, to discriminate among them, and to use this information to guide one’s thinking and action" (Salovey and Mayer, 1990).

These partners launched a research program with the intent to develop valid measures of emotional intelligence and to explore its significance. In one study they found that when people saw an upsetting film, those who scored high on emotional clarity (the ability to identify and name to a mood being experienced) recovered more quickly (Salovey, Mayer, Goldman, Turvey, and Palfai, 1995). In another study, individuals who scored higher in the ability to perceive accurately, understand and appraise others’ emotions were better able to respond flexibly to changes in their social environments and build supportive social networks (Salovey, Bedell, Detweiler, and Mayer, 1999).

In the early 1990s, Daniel Goleman became aware of the work of Salovey and Mayer. He was a science writer for the New York Times and later became a professor at Harvard University.

Over 30 years ago, D.C. McClelland (1973) and other researchers became concerned with how little traditional tests of cognitive intelligence tell us about what it takes to succeed in life. One of the primary reasons for the current interest in emotional intelligence is its potential usefulness in predicting a range of criteria across different populations. Hunter and Hunter (1984), found that IQ by itself is not a very good predictor of job performance. They estimated that, at best, in an ideal situation, IQ accounts for up to 25% of the variance for high-performing workers.

Sternberg (1996) has confirmed that research results vary and that 10% may be a more realistic estimate. Some studies have found that IQ accounts for a little as 4% of the variance. Still, IQ will likely remain a significant predictor of effectiveness, especially in regard to selection of jobs, professions, and career paths.

Practitioners who must make decisions on hiring and promotion are far more interested in assessing capabilities related to outstanding performance and leadership. Qualitative research suggests that IQ measures fail to account for large portions of the variance related to performance and career success, especially among top managers and senior leaders (Fernandez-Araoz, 2001). A large body of research indicates that IQ does not predict success for top performers as well as competencies that integrate cognitive, emotional, and social abilities — all of which may be represented as emotional intelligence.

**How EI Differs from Other Established Constructs in Psychology**

There is a growing awareness that the abilities, traits, and competencies related to emotional intelligence are woven together with cognitive intelligence (Chemiss, 2001). A good example is a study of 80 PhDs in science who underwent a battery of personality tests, IQ tests, and interviews in the 1950s while they were graduate students at Berkeley. Forty years later, when they were in their early 70s, they were tracked down and their careers were evaluated based on their resumes, feedback from experts in their fields, and sources like *American Men and Women of Science*. It turned out that social and emotional abilities were four times more important than IQ in determining professional success and prestige (Feist and Barron, 1996).

It would be inaccurate to suppose that cognitive ability is irrelevant for success in science. For starters, a relatively high IQ is needed to be admitted to a graduate school like Berkeley. Once past this threshold, however, IQ has little to do with a person’s ability to surpass his or her peers. It is more important to be able to persist in the face of difficulty and to get along well with colleagues and subordinates than it is to have an extra 10 or 15 points of IQ. The same is likely true of other occupations.

Given levels of IQ create a “threshold competence,” a minimal capability that everyone in a given pool must have to get and keep their job. However, IQ does seem to account for a substantial amount of variance in performance for entry-level positions. In middle- and upper-level jobs, the distinguishing factors seem to be related to emotional intelligence and competencies that distinguish the superb performers from the run-of-the-mill performers.

While IQ should remain an important predictor of the types of vocations a given individual can pursue, once within that vocation the predictive validity of IQ seems to diminish significantly (Goleman, Boyatzis, and Rhee, 2000). The excitement generated in some media contexts supports the impression that high emotional intelligence might compensate for a low IQ and allow those with below-average IQ, but high emotional intelligence, to thrive. This is a false impression due to the concept that a “threshold competence” exists for any given position in which a minimal IQ is required to get and keep a job.

As popular interest and scientific research have begun to challenge long held assumptions about what leads to success, the emotional
intelligence paradigm has helped to bring a more balanced view of the role of cognition and emotion in determining life outcomes. In the Marshmallow Studies at Stanford University, four-year-olds were asked to stay in a room alone until a researcher returned. They were told they could have one marshmallow if they ate it immediately, but were promised two if they could wait until the researcher returned.

Ten years later the researchers found that the children who were able to resist temptation had total SAT scores 210 points higher than those who were unable to wait (Shoda, Mishel, and Peake, 1990). This indicates a link between emotional and cognitive intelligence. However, cognitive ability seems to play a rather limited role in accounting for success.

**Value of Emotional Intelligence at Work**

Martin Seligman developed a construct he calls "learned optimism" (Schulman, 1995) that relates to the attributions people make when confronted with failure or setbacks. Optimists tend to make specific, temporary, external causal attributions, while pessimists tend to make global, permanent, internal attributions.

Seligman found that new salesmen who were optimists sold 37% more insurance in their first two years than did pessimists. When the company hired a special group of salesmen who failed the normal screening but scored high on optimism, they outsold the pessimists by 21% in the first year and 57% in the second year. The optimistic salesmen outsold the average agent by 27%.

Seligman also tested 500 members of the freshmen class at the University of Pennsylvania. He found that their scores on optimism were a better predictor of their actual grades during the freshman year than SAT scores or high school grades (Schulman, 1995).

A study of store managers in a retail chain found that the ability to handle stress predicted net profits, sales per square foot, sales per employee, and per dollar inventory investment (Lusch and Serpkenci, 1990). The ability to manage feelings and handle stress is a key aspect of emotional intelligence.

A multinational consulting firm assessed their partners on EI competencies plus three additional elements. The results showed that employees who scored above the median on at least nine of the 20 competencies delivered $1.2 million more profit from their accounts than did other partners. This resulted in an incredible 139% incremental gain (Boyatzis, 1999).

Emotional intelligence involves knowing when and how to express emotions, as much as controlling emotions. Simply controlling emotions is not adequate for sustained success. In a study at Yale University, Sigdai Barsade (1998) gathered a group of volunteers to act out the role of managers to allocate bonuses to subordinates. They planted a trained actor among the group, and the actor always spoke first. In various groups he projected one of four attitudes:

- Cheerful enthusiasm
- Relaxed warmth
- Depressed sluggishness
- Hostile irritability

The results indicated that the actor was able to infect the group with his emotion. Good feelings led to cooperation, fairness, and overall group performance. Objective measures indicated that cheerful groups were better able to distribute the money fairly and in a way that helped the organization. Bachman (1988) also found that the most effective leaders in the U.S. Navy were warmer, more outgoing, emotionally expressive, and sociable.

In another study, 300 top-level executives from 15 global companies were analyzed, and the results demonstrated that six emotional competencies separated the star performers from the average: influence, team leadership, organizational awareness, self-confidence, achievement drive, and leadership (Spencer, 1997).

In jobs of medium complexity, such as sales clerks or mechanics, a top performer is 1200% more productive than those at the bottom and 85% more productive than an average performer. In more complex jobs, such as account managers or insurance salespeople, a top performer is 127% more productive than an average performer (Hunter, Schmidt, and Judiesch, 1990).

Competency research in over 200 companies and organizations around the globe suggests that approximately one-third of the difference in performers is due to technical skills and cognitive ability, while two-thirds is due to emotional competence. In top leadership positions, research indicates that as much as four-fifths of the difference is due to emotional competence (Goleman, 1998).

For example, supervisors in a manufacturing plant received training in emotional competencies such as how to listen better and how to help
employees solve problems on their own. As a result, lost-time accidents declined by 50%, formal grievances were reduced from 15 per year to three (a 500% decline), and the plant exceeded productivity goals by $250,000 (Pesaric and Byham, 1996).

Empathy is another important aspect of emotional intelligence, and researchers have known for years that it contributes to occupational success. Rosenthal (1977) found that people who were best at identifying others’ emotions were more successful in their work as well as in their social lives.

It may appear obvious that emotional intelligence is of primary importance for success in work and life. However, this would be too simplistic a conclusion and also somewhat misleading. By itself, emotional intelligence is not a strong predictor of job performance, but, it provides the foundation for the social competencies that are the key to success. The principal researchers who argue this point are Daniel Goleman (1998), Mayer, Salovey, and Caruso (1998).

Daniel Goleman bridged this gap by making a distinction between emotional intelligence and emotional competence. Emotional competence refers to the personal and social skills that lead to superior performance in work. These competencies are linked to and based on emotional intelligence. Goleman identifies four key areas of emotional competence:

- Self-awareness
- Self-management
- Social-awareness
- Relationship management

According to Goleman, studies show that emotional competence may account for as much at 75% of success in work and social life (1998).

**Multiple Theories of Emotional Intelligence**

Within the emotional intelligence paradigm several theories attempt to understand and explain the skills, traits, and abilities associated with social and emotional intelligence (Bar-On, 2000; Goleman, 1995, 1998; Mayer and Salovey, 1997). Multiple theories can often highlight additional aspects of complex constructs. To predict and foster personal effectiveness, all theories within the emotional intelligence paradigm seek to understand how individuals perceive, understand, utilize, and manage emotions.

The first of the three major theories to emerge was that of Bar-On (1988). In his doctoral dissertation he coined the term *emotional quotient* (EQ) as an analogy to IQ. He defined his model in terms of an array of traits and abilities related to emotional and social knowledge that influence our overall ability to cope effectively with environmental demands. Therefore, it can be viewed as a model of psychological well-being and adaptation (Emmerling and Goleman, 2003).

The oldest instrument for measuring emotional intelligence is Bar-On’s EQ-I (1977). The original instrument was a self-report assessment that has evolved to a 360-degree assessment. It was designed to gauge personal qualities that enabled some people to possess better emotional well-being than others. The model includes:

1) Ability to be aware of, understand, and express oneself
2) Ability to be aware of, understand, and relate to others
3) Ability to deal with strong emotions and control one’s impulses
4) Ability to adapt to change and to solve problems of a personal or social nature

The five main domains in his model are intrapersonal skills, interpersonal skills, adaptability, stress management, and general mood. The EQ-I seems to provide a valid and reliable estimate of a person’s ability to cope with the pressures and demands of daily life. While it has good reliability and discriminant validity, less is known about its predictive validity in work situations.

In a study with the U.S Air Force, the EQ-I was used to test 1,171 potential recruiters and saved the Air Force nearly $3 million. There were no significant differences based on ethnic or racial groups.

The second theory was developed by Mayer, Caruso, and Salovey (1998), who created the multifactor emotional intelligence scale (MEIS). Mayer and Salovey defined emotional intelligence as the ability to perceive emotions, to access and generate emotions to assist thought, to understand emotions and emotional knowledge, and to reflectively regulate emotions to promote emotional and intellectual growth (1997).

The MEIS is framed within a model of intelligence and has shown to correlate with traditional measures of intelligence (IQ). This is consistent
with the view that all forms of intelligence should show some degree of correlation to be properly classified as an intelligence. The EQ-I (Bar-On, 1997) and the MEIS (Mayer and Salovey, 1997) do not demonstrate a high correlation with one another, which suggests the two instruments are measuring different aspects of emotional intelligence (Emmerling, 2003). This is not surprising since these theories differ in basic definitions of emotional intelligence. In contrast with the MEIS, the Bar-On EQ-I overlaps to a higher degree with traditional measures of personality (Bar-On, 1997; Saklofske, Austin, and Minski, 2003; Schutte, Malouff, Hall, Haggerty, Cooper, Golden, and Dorheim, 1998).

The MEIS is a test of ability rather than a self-report measure. As such, it is performance- or ability-based. The respondents perform a series of tasks designed to measure their ability to perceive, identify, understand, and work with emotion. This is done by presenting a series of visual images, such as faces, and asking the respondent to identify the emotion(s) present. Mayer, Caruso, and Salovey (1999) point out that an emotional intelligence must meet three criteria: 1) It must reflect actual mental performance, 2) It should describe a set of related abilities that are distinct from established intelligence, and 3) It should develop with age.

A third theory was put forward by Daniel Goleman (1998) in his book, *Working with Emotional Intelligence*. The instrument used to measure emotional intelligence as defined by Goleman is the emotional competence inventory (ECI) based on mastery of four areas of emotional competency listed earlier.

The ECI 2.0 is a 360-degree instrument in which people who are familiar with the respondent rate him or her on 20 competencies that Goleman suggests are linked to emotional intelligence. The value of the ECI is demonstrated in its usefulness for assessment, training, and the development of social and emotional competencies in the workplace.

Goleman defines an “emotional competence” as “a learned capability based on emotional intelligence that results in outstanding performance at work” (Goleman, 1998b). Goleman perceives that these competencies are learned, whereas Mayer and Salovey perceive emotional intelligence as representing a person’s potential for mastering specific skills. Goleman purports that emotional competencies represent the degree to which one has mastered specific skills and abilities that build on EI and allow for greater effectiveness at work (Goleman, 2001).

Goleman’s research is distinct in that he grounds his theory in the context of work performance. Where Bar-On seeks to develop a general measure of social and emotional intelligence predictive of emotional well-being, and Mayer and Salovey seek to establish the validity and utility of a new form of intelligence, Goleman’s model seeks to develop a theory of work performance based on social and emotional competencies.

### Development of Emotional Intelligence

Emotional intelligence comprises a large set of abilities that have been studied for years through tests to measure specific abilities. For instance, Seligman’s SASQ, designed to measure learned optimism, has been impressive in its ability to identify high-performing students, salespeople, and athletes, to name a few (Schulman, 1995). As research on star performers has begun to accumulate, it is apparent that the vast majority of competencies that distinguish average performers from “star performers” could be identified as social and emotional competencies (Emmerling and Goleman, 2003). More recent research has shown that the more senior the leader, the more important emotional competencies become (Goleman, 2002).

A considerable body of research now suggests that the key to success lies in a person’s ability to perceive, identify, and manage emotion. These abilities form the basis for the emotional and social competencies that are important for success in almost any job.

### Is It Possible to Develop EI?

Bar-On has found that successively older cohorts tend to score higher on his scale of EI, suggesting that EI can be learned through life experience. A wide range of findings from psychotherapy (Barlow, 1985), training programs (Marrow, Jarrett, and Rupinski, 1981), and executive education (Boyatzis, Cowan, and Kolb, 1995) all provide evidence for peoples’ ability to improve their emotional and social competence *with sustained effort and a systematic program*.

New findings in the emerging field of affective neuroscience have begun to demonstrate that the brain circuitry of emotion exhibits a fair degree of plasticity, even in adulthood (Davidson, Jackson, and Kalin, 2000). For example, the Weatherhead School of Management at Case Western Reserve University
(Boyatzis, Cowan, and Kolb, 1995) conducted longitudinal studies in which students participated in a required course on competence building that allowed students to assess their emotional intelligence competencies as well as cognitive ones. The students then selected specific competencies to target and designed and implemented an individualized learning plan to strengthen them. Assessment of the students at the beginning of the program, upon graduation, and again years later on-the-job has shown that emotional intelligence competencies can be significantly improved and that these improvements are sustainable.

The effects observed in the Weatherhead MBA program were sustained over five to seven years, providing evidence that it is not only possible to develop emotional intelligence competencies, but also to retain them for some time. The results are shown in the following chart (Emmerling and Goleman, 2003).

The results of this individualized approach were more impressive than those observed in traditional MBA programs and typical corporate leadership development initiatives. Research on traditional MBA programs found just a 2% increase in social and emotional competencies as a result of program completion (Boyatzis, Cowan, and Kolb, 1995). Corporate leadership initiatives fared slightly better, but the effects were also relatively small and tended to fade significantly over time.

Recent research on “mindfulness” training — an emotional self-regulation strategy — has shown that neuro-linguistic training can alter brain centers that regulate negative and positive emotions. Mindfulness training tries to help people stay focused on the present, keeping distressing and distracting thoughts (worries) at bay, and to pause before acting on emotional impulse (Emmerling and Goleman, 2003). Employees from a biotech firm who received mindfulness training reported less stress after eight weeks and felt more creative and enthusiastic about their work (Davidson and Kabat-Zinn, et al., 2003).

**Does EI Predict Work Performance Better Than Traditional Measures of Intelligence?**

Research clearly indicates that assessing emotional competencies helps to identify individuals likely to succeed in a given organizational role. Rather than focusing on “performance gaps” in developmental training for employees, a more balanced approach may achieve greater change and lasting results if it: 1) focuses on strengths, 2) articulates a personal vision, 3) develops emotional competencies to achieve that vision, and 4) provides a supportive environment.
The Competency Framework
20 competencies determine emotional intelligence

<table>
<thead>
<tr>
<th>Self-Awareness</th>
<th>Social Awareness</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Emotional Self-Awareness</td>
<td>- Empathy</td>
</tr>
<tr>
<td>- Accurate Self-Assessment</td>
<td>- Organizational Awareness</td>
</tr>
<tr>
<td>- Self-Confidence</td>
<td>- Service Orientation</td>
</tr>
</tbody>
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<tr>
<th>Self-Management</th>
<th>Relationship Management</th>
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<tbody>
<tr>
<td>- Self-Control</td>
<td>- Developing Others</td>
</tr>
<tr>
<td>- Trustworthiness</td>
<td>- Leadership</td>
</tr>
<tr>
<td>- Conscientiousness</td>
<td>- Influence</td>
</tr>
<tr>
<td>- Adaptability</td>
<td>- Communication</td>
</tr>
<tr>
<td>- Achievement Orientation</td>
<td>- Change Catalyst</td>
</tr>
<tr>
<td>- Initiative</td>
<td>- Conflict Management</td>
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When done correctly, such feedback becomes a central part of work motivation and goal setting (Csikszentmihalyi, 1990; Locke and Latham, 1990). The process of guiding people in discovering their strengths, identifying a personal vision for growth and improvement in emotional intelligence, and providing feedback in a supportive environment seems to be the best pathway to increasing emotional intelligence. Research indicates that improvements in emotional intelligence are highly correlated with increased performance in education and in the workplace.

What Management Can Do
In business, the key to improving performance seems to be vitally linked with the improvement of emotional competencies for managers and workers alike. In education, similar results demonstrate that the key to improving student performance is linked to improving emotional competencies for both students and teachers.

Managers may find Goleman’s (1998) model for developing emotional competencies useful. In this model a worker’s potential translates into effectiveness based on four areas of emotional competency: self-awareness, self-management, social awareness, relationship management. Within these four areas, Goleman identifies 20 specific competencies that may be measured and developed as shown in the table (Boyatzis, R. E., Goleman, D., and HayGroup 2001).

Through use of the ESCI, a 360-degree instrument, a manager can obtain accurate and informative data about his or her level of mastery in each of the 20 emotional competencies. Effective leadership begins with the development of the leader’s personal skills before proposing changes in the habits of employees.

Fabio Sala (2002) provides a framework for developing emotional intelligence in the workplace and explains that the process involves four phases: 1) preparation, 2) training, 3) transfer and maintenance, and 4) evaluation. In the preparation phase, it is vital to assess the organization’s needs, assess personal strengths and limits, encourage worker participation, link goals to organizational values, and gauge the readiness of the workforce. In the training phase, the manager will strive to foster positive relationships between the trainer and the learners, clearly communicate goals, reinforce the importance of self-directed efforts, provide opportunities to practice new skills, and provide frequent feedback on workers’ practice and behaviors.

The transfer and maintenance phase focuses on the use of emotional skills on the job and developing an organizational culture that supports learning and using these new skills. Finally, the evaluation phase involves acknowledging improved performance and identifies links between skill development and work outcomes.

In a study for a large U.S. Government accounting organization, Sala (2002) was able to document an improvement of approximately 24% in 19 of the 20 emotional intelligence competencies after implementing a two-day workshop titled “Deciding to Change.” With such strong evidence, the most surprising fact is that few businesses and schools focus on
implementing programs to enhance the emotional intelligence of their most important constituents. It will take strong, visionary leadership to turn this tide, but with sustained effort and significant empirical (data-driven) results, the organizational leaders who pursue this change will become national, perhaps even global, icons in the fight to improve the performance and quality of life for workers everywhere.

Dr. Webb, an assistant professor of Management, is also the founder of Peak Leadership, LLC, a management consulting firm. Dr. Kerry has coached, trained, and motivated hundreds of leaders to create high-performance work teams and develop positive organizational cultures. He has published in the areas of increasing employee performance, maintaining worker satisfaction, the role of emotional intelligence in management, and the use of conflict management strategies for enhancing work outcomes.

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