CHAPTER ONE

EMOTIONAL INTELLIGENCE AND ORGANIZATIONAL EFFECTIVENESS

Cary Cherniss

In 1981, James Dozier discovered the power of emotional intelligence. It saved his life. Dozier was a U.S. Army brigadier general who was kidnapped by the Red Brigades, an Italian terrorist group. He was held for two months before he was rescued. During the first few days of his captivity, his captors were crazed with the excitement surrounding the event. As Dozier saw them brandishing their guns and becoming increasingly agitated and irrational, he realized his life was in danger. Then he remembered something he had learned about emotion in an executive development program at the Center for Creative Leadership in Greensboro, North Carolina. Emotions are contagious, and a single person can influence the emotional tone of a group by modeling.

Dozier’s first task was to get his own emotions under control—no easy feat under the circumstances. But with effort he managed to calm himself. Then he tried to express his calmness in a clear and convincing way through his actions. Soon he noticed that his captors seemed to be “catching” his calmness. They began to calm down themselves and became more rational. When Dozier later looked back on this episode, he was convinced that his ability to manage his own emotional reactions and those of his captors literally saved his life (Campbell, 1990).

The term emotional intelligence (EI) had not been coined in 1981, but James Dozier provided a vivid example of what it is: “The ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in the self and others” (Mayer, Salovey, & Caruso,
2000, p. 396; for an extended discussion of the varied definitions of emotional intelligence, see Chapter Two). Dozier’s experience illustrates emotional intelligence in action. He perceived accurately the emotional reactions of his captors, and he understood the danger that those reactions posed for him. He then was able to regulate his own emotions, and by expressing those emotions effectively, he was able to regulate the emotions of his captors.

Not only does Dozier’s experience illustrate what the contributors to this book mean by emotional intelligence, it also demonstrates how emotional intelligence can help people to be more effective at work. However, Dozier’s predicament was an extreme and unusual work situation. To what extent is emotional intelligence important for the more typical jobs and work situations that people encounter? What is the connection between emotional intelligence and organizational effectiveness? And finally, can emotional intelligence be taught? And if so, how?

The Impact of EI on Organizational Effectiveness

Look deeply at almost any factor that influences organizational effectiveness, and you will find that emotional intelligence plays a role. For instance, as this volume is being completed, the United States continues an unprecedented period of economic prosperity and growth. The downside of this fortunate circumstance for many organizations is that it has become increasingly more difficult to retain good employees, particularly those with the skills that are important in the high-tech economy. So what aspects of an organization are most important for keeping good employees? A Gallup Organization study of two million employees at seven hundred companies found that how long an employee stays at a company and how productive she is there is determined by her relationship with her immediate supervisor (Zipkin, 2000). Another study quantified this effect further. Spherion, a staffing and consulting firm in Fort Lauderdale, Florida, and Lou Harris Associates, found that only 11 percent of the employees who rated their bosses as excellent said that they were likely to look for a different job in the next year. However, 40 percent of those who rated their bosses as poor said they were likely to leave. In other words, people with good bosses are four times less likely to leave than are those with poor bosses (Zipkin, 2000).

What is it about bosses that influences their relationship with employees? What skills do bosses need to prevent employees from leaving? The most effective bosses are those who have the ability to sense how their employees feel about their work situation and to intervene effectively when those employees begin to feel discouraged or dissatisfied. Effective bosses are also able to manage their own emotions, with the result that employees trust them and feel good about working with
them. In short, bosses whose employees stay are bosses who manage with emo-
tional intelligence.

When I ask employees and their bosses to identify the greatest challenges their
organizations face, they mention these concerns:

- People need to cope with massive, rapid change.
- People need to be more creative in order to drive innovation.
- People need to manage huge amounts of information.
- The organization needs to increase customer loyalty.
- People need to be more motivated and committed.
- People need to work together better.
- The organization needs to make better use of the special talents available in a
diverse workforce.
- The organization needs to identify potential leaders in its ranks and prepare
them to move up.
- The organization needs to identify and recruit top talent.
- The organization needs to make good decisions about new markets, products,
and strategic alliances.
- The organization needs to prepare people for overseas assignments.

These are the intense needs that face all organizations today, both public sec-
tor and private. And in virtually every case, emotional intelligence must play an
important role in satisfying the need. For instance, coping with massive change
involves, among other things, the ability to perceive and understand the emotional
impact of change on ourselves and others. To be effective in helping their orga-
nizations manage change, leaders first need to be aware of and to manage their
own feelings of anxiety and uncertainty (Bunker, 1997). Then they need to be
aware of the emotional reactions of other organizational members and act to help
people cope with those reactions. At the same time in this process of coping ef-
effectively with massive change, other members of the organization need to be ac-
tively involved in monitoring and managing their emotional reactions and those
of others.

Let us consider one other challenge, one that might seem less emotional than
many of the others in the list. How might emotional intelligence play a role in
helping organizational leaders make good decisions about new products, markets,
and strategic alliances? Making such decisions involves much more than emotional
intelligence. Good data must be assembled, and these data must be analyzed using
the most sophisticated tools available. However, in the end, data almost never pro-
duce a clear-cut answer. Many important variables can be quantified but not all.
Analytical tools can organize most of the information needed for a clear and
coherent picture, but almost always there is also some ambiguity and guesswork involved. There comes a point when organizational leaders must rely on their intuition or gut feeling. Such feelings will sometimes point in the right direction and sometimes in the wrong direction. The leaders who are most likely to have feelings that point in the right direction are the ones who have a good sense of why they are reacting as they are. They have learned to discriminate between feelings that are irrelevant and misleading and feelings that are on target. In other words, emotional intelligence enables leaders to tune into the gut feelings that are most accurate and helpful in making difficult decisions.

Emotional intelligence influences organizational effectiveness in a number of areas:

- Employee recruitment and retention
- Development of talent
- Teamwork
- Employee commitment, morale, and health
- Innovation
- Productivity
- Efficiency
- Sales
- Revenues
- Quality of service
- Customer loyalty
- Client or student outcomes

The influence of EI begins with the retention and recruitment of talent. For instance, as Claudio Fernández-Aráoz points out in Chapter Eight, the extent to which candidates’ emotional intelligence is considered in making top executive hiring decisions has a significant impact on the ultimate success or failure of those executives. The emotional intelligence of the persons doing the hiring is also crucial for good hiring decisions.

Emotional intelligence also affects the development of talent. For instance, Kathy Kram and I (Chapter Eleven) show how relationships at work can contribute to the development of talent. However, not all relationships are equally effective in doing so. The emotional intelligence of the mentor, boss, or peer will influence the potential of a relationship with that person for helping organizational members develop and use the talent that is crucial for organizational effectiveness. (See Chapter Ten for further discussion of emotional intelligence and the development of talent.)
Thus far I have been discussing individual emotional intelligence. However, it is also possible to think of emotional intelligence as a group-level phenomenon. As Vanessa Druskat and Steven Wolff explain in Chapter Six, there are emotionally intelligent groups as well as emotionally intelligent individuals. Druskat and Wolff suggest that emotionally intelligent teams display the kinds of cooperation, commitment, and creativity that are increasingly important for organizational effectiveness. Furthermore, they show that although the emotional intelligence of individual members contributes to the level of emotional intelligence found in the team, there are other sources of group EI as well. Also, just as individual EI contributes to the EI of the group, group EI contributes to the EI of group members. People who are members of emotionally intelligent groups become more emotionally intelligent individuals.

Many of these ways that EI influences organizational effectiveness are subtle and difficult to measure. However, as Lyle Spencer shows in Chapter Four, we now are able to estimate more precisely than ever before the economic utility of EI in organizations. And the results of these analyses are consistent with commonsense notions: competencies associated with EI play an important role in determining the effectiveness of organizations.

Sources of EI in Organizations

If individual and group emotional intelligence contribute to organizational effectiveness, what in the organization contributes to individual and group emotional intelligence? Such a question is especially important for anyone who wishes to harness the power of emotional intelligence for organizational improvement. Figure 1.1 presents a model that points to some broad factors in organizations that contribute to emotional intelligence. Those who wish to help individuals and groups become more emotionally intelligent can use this model as a starting point.

Emotional intelligence, as Goleman (1995a) pointed out in his first book on the topic, emerges primarily through relationships. At the same time, emotional intelligence affects the quality of relationships. Kram and I (Chapter Eleven) note that both formally arranged relationships and naturally occurring relationships in organizations contribute to emotional intelligence. Relationships can help people become more emotionally intelligent even when they are not set up for that purpose. The model suggests that ultimately any attempts to improve emotional intelligence in organizations will depend on relationships. Even formal training interventions or human resource policies will affect emotional intelligence through their effect on relationships among individuals and groups in the organization.
The left-hand portion of the model (Figure 1.1), illustrates three organizational factors that are interrelated. Each of these factors influences emotional intelligence through its impact on relationships, and each factor influences the other two. For instance, in Chapter Three Goleman presents data showing how the emotional intelligence of organizational leadership influences organizational effectiveness through its impact on organizational climate. At the same time, the HR functions of recruitment and selection, training and development, and management performance have a strong impact on leadership EI (as Ruth Jacobs points out in Chapter Seven). However, leadership in turn will influence the extent to which HR functions are effective in helping organizational members increase their EI. As several chapters in this book show, leaders who lack EI provide poor models for the development of EI in others, and they are unlikely to provide the kind of support and encouragement necessary for effective EI promotion efforts.

The model suggests two important implications for practice. First, any effort to improve the EI of organizational members will ultimately fail unless it affects naturally occurring relationships among those members. Formal, off-site training programs can have value, for example, but only if they lead to sustained changes in interpersonal and intergroup relationships back in the organization (see Chapters Nine and Ten for more on this point). The second important implication is that interventions that focus on only one part of the model are not likely to be very effective. So, for instance, a training program designed to help organizational
members become more emotionally intelligent will be of limited value by itself because it targets only one part of the model—HR functions. Such training efforts will succeed only if the organizational leadership and culture support them (see Chapter Twelve for a case study that illustrates this point).

All models are necessarily incomplete. This one captures some but not all of the important forces that contribute to the development of individual and group EI in organizations. For instance, as Boyatzis (Chapter Ten) and Kram and I (Chapter Eleven) note, individuals bring into the organization values, aspirations, and developmental histories that influence their response to EI promotion efforts. Moreover, this model does not begin to suggest the rich and complex ways in which HR functions, to take just one example, can influence the level of organizational EI (see Chapter Seven). Subsequent chapters of this book, however, flesh out different parts of the model and the relationships between those parts and organizational effectiveness.

Some Unresolved Issues and Dilemmas

Although psychologists have been studying aspects of emotional intelligence in organizations for decades (without using that term), the concept as it is now understood is relatively new. There still is much that is unclear about the nature of emotional intelligence, the way in which it should be measured, and its impact on individual performance and organizational effectiveness. In some cases this lack of clarity has led to conflict and controversy among researchers and practitioners.

One of the most basic controversies involves the definition of the concept itself. The term emotional quotient (EQ), as Goleman notes in Chapter Two, was first coined by Bar-On (1988) as a counterpart to intelligence quotient (IQ), that is, to cognitive ability. Bar-On thought of EQ as representing a set of social and emotional abilities that help individuals cope with the demands of daily life. Salovey and Mayer (1990) had something different and more restricted in mind when they introduced the term emotional intelligence several years later. For them, EI concerned the way in which an individual processes information about emotion and emotional responses. Finally, Goleman (1995a) initially saw EI as an idea or theme that emerged from a large set of research findings on the role of the emotions in human life. These findings pointed to different ways in which competencies such as Empathy, Learned Optimism, and Self-Control contributed to important outcomes in the family, the workplace, and other life arenas.

Fortunately, there seems to be some progress in clarifying the concept of emotional intelligence. Goleman has recently made a distinction between emotional intelligence and emotional competencies (see Chapter Two). According to this
view, emotional intelligence provides the bedrock for the development of a large number of competencies that help people perform more effectively. For instance, managers who possess a high level of what Salovey and Mayer (1990) think of as EI will not necessarily be more effective than other managers in dealing with conflict among their employees. However, they will be able to learn and to use conflict management skills more readily than will individuals who bring less EI to the job. This recent formulation helps clarify the relationship between the three definitions of EI that are used most frequently in the field. Nevertheless, it probably will be some time before there is real clarity and consensus concerning the nature of emotional intelligence.

A related area of controversy is the measurement of emotional intelligence. As Gowing shows in Chapter Five, several different instruments are now available that claim to measure EI. All are of recent vintage except for Bar-On’s EQ-i, which was developed in the mid-eighties, and all have both strengths and weaknesses. Gowing clarifies how the different instruments overlap and how they diverge in what they measure. Although much progress has been made and all the current measures show promise, there still is much work to be done in clarifying and refining measurement methodology.

Another unresolved issue concerns the relative predictive power of EI and IQ. Although Goleman (1998b) has argued that EI accounts for more of the variance in individual and group performance than purely cognitive ability does, in Chapter Three he concedes that the issue is complex. Part of the problem is that these abilities are not mutually exclusive: emotional intelligence by any definition is really a combination of cognitive and emotional abilities. As Goleman has suggested elsewhere, the essence of emotional intelligence is the integration of the emotional centers of the brain (the limbic system) and the cognitive centers (prefrontal cortex). Similarly, Mayer, Salovey, and Caruso (2000) conceive of EI as a set of skills that involve processing information about emotion.

Empirical research leaves little doubt that (1) IQ and other measures of cognitive ability are limited in their power to predict who will succeed and (2) measures of EI are strongly correlated with performance in certain situations (see Chapter Four for data supporting this notion). However, there has been little good research that compares the predictive power of IQ and EI. As Goleman (Chapter Two) notes, what is needed now is a good longitudinal study using sound measures of both cognitive and emotional skills.

An often overlooked fact is that EI is composed of varied competencies, and it still is unclear exactly how they are related. Both Mayer et al. (2000) and Goleman (1998b) have developed models suggesting how different competencies may be related. For instance, Goleman proposes that Self-Awareness is the foundation for two other EI abilities: Self-Control and Social Awareness. Self-Control and
Social Awareness, in turn, are the foundation for Social Skills. Although some research provides support for this model, other research suggests some of the abilities may be inversely related. To take but one example, Self-Control (the ability to inhibit one’s impulses and actions) would seem to be antagonistic to Initiative (the propensity to take action without strong external pressure to do so) (Boyatzis, 1999a). Such issues may ultimately be settled when researchers begin to explore the possibility of nonlinear relationships between the different dimensions and competencies. It may be, for example, that the relationship between Self-Control and Initiative is curvilinear: increases in Self-Control may contribute to the capacity to show Initiative up to a certain point, whereas increased Self-Control beyond that point may inhibit Initiative. (See Chapter Seven for a discussion of Boyatzis’s ideas on this issue and more examples of the ways in which EI abilities may be related.)

The relationship between individual and group emotional intelligence presents us with yet another unresolved issue. Druskat and Wolff argue in Chapter Six that group EI is not simply the sum total of the individual EI of group members. Having a few people with high individual EI is not enough to generate the conditions necessary for teamwork and group effectiveness. Groups also need norms and enduring processes that support awareness and regulation of emotion within the group. According to Druskat and Wolff’s model, it is these norms and processes that are the essence of group EI.

Although Druskat and Wolff present a compelling case for making a distinction between individual and group EI, there are currently few data directly supporting it. What we need is a study that measures both individual EI and group EI and then examines whether adding group EI increases our ability to predict group effectiveness. Before we can conduct such a study, we need good measures of both group EI as Druskat and Wolff define it and individual EI.

I conclude this overview of the issues by noting two dilemmas, one involving practice and the other research. The first dilemma is that the same conditions that make emotional intelligence so vital for organizational effectiveness also make EI difficult to nurture in organizations. This dilemma results from the current climate in contemporary organizations. As Kram and I (Chapter Eleven) note, the highly turbulent, dynamic, and competitive environment that has come to characterize the U.S. economic system at the dawn of the new millennium makes emotional intelligence more vital than ever before. Rapid technological change, an increasingly diverse workforce, and global markets also contribute to a growing need for EI. Yet these factors are also creating a climate in which it is increasingly difficult for people to develop and use the emotional intelligence that is so necessary for organizational effectiveness. Even senior executives find it difficult to focus on anything other than short-term results. Yet the development of emotional intelligence requires
sustained reflection and learning. People must step back from the day-to-day focus on getting more done and instead concentrate on personal development. Carving out time each week for such activity seems to many an unaffordable luxury. Only the most emotionally intelligent have the insight and determination to do so. It is not clear how those who lack this level of EI can be helped to change their priorities in ways that enable them to develop it.

The second dilemma results from the fact that much of the research on which the field is now based has been conducted by firms that have little incentive to publish their work and considerable incentive not to. For instance, much of the most exciting and compelling research comes from consulting firms such as Hay/McBer (see Chapters Two, Three, Four, and Seven). These firms conduct studies for corporate clients that want to use the research for their own purposes. These clients are not willing to pay the firms to prepare articles about the study findings for publication in scientific journals, and so it is difficult for the researchers employed at these firms to take the time to prepare such articles.

Perhaps more crucial, the data collected in these studies are proprietary. The clients would prefer that the details of the research be known to as few as possible, particularly not to their corporate competitors. Yet unpublished research is of uncertain validity. The essence of the scientific enterprise is full and open communication not only of the results of research but also of the ways in which the data were collected and analyzed. The peer review process that occurs when a study is submitted for publication in a scientific journal is an imperfect process, but it does provide an opportunity to scrutinize both the methods and results of research. Until more research on EI in organizations finds its way into the scientific literature, practice will not be based on a firm foundation. It is the hope of the editors that this volume will inspire not only more good research on the topic of EI in organizations but also the publication of that research in peer-reviewed scientific journals. However, finding support for such efforts in the current business climate is yet another dilemma facing the field.