

Does Emotional Intelligence contribute to business performance ?

Some key findings from the latest research in major corporations.



Photo by: Lise Gagne

How does Emotional Intelligence (EI) relate to a manager's performance, to staff motivation, and to staff retention? Is there some evidence that EI-based programs can be used successfully to help organizations reach higher levels of performance?

These are questions that are being more and more researched these days.

Emotional Intelligence is a relatively new concept, but it refers to skills that are not. The role of emotions in human behavior has been studied for a long time, but in the past 10 years, there have been two important developments:

First, Emotional Intelligence skills have been investigated in a very systematic way, to a degree of detail that was hard to find in the two past centuries, in the West at least. There are now a good half-dozen

reliable assessments focusing on EI only. Many books and a lot of academic research have helped to refine the scope of the skills involved. And many practical tools have been offered to help people develop their Emotional Intelligence.

Second, more and more research is being done on how EI-based programs can be applied to benefit business and improve performance, motivation, and staff retention. Some research has been conducted with major companies such as Johnson & Johnson, L'Oreal, American Express, and AT&T, among others.

This article will give an overview of the latest research on Emotional Intelligence in organizations, particularly on the research being done and the main conclusions as of today. Then, some recommendations will be discussed about certain successful conditions for EI-based programs. This is important since Emotional Intelligence is a field easily qualified as "touchy-feely".

For the purposes of this article, we shall focus on two key questions.

A) What is being researched?

Many studies have been conducted, and many more are underway. There are basically two kinds of studies:

The first kind covers studies conducted independently of any training program, covering topics such as:

- **What role does Emotional Intelligence play in career and business performance?**
Studies in this area compare the EI scores of top performers and average performers.
- **Does EI help a person be an effective leader?**
Then, the assessment of the EI of leaders is compared to the assessment of their leadership skills (both with 360 degrees assessments).
- **Does recruiting new people with high EI have an impact on performance and on staff retention?**
In this case, the performance of a group of new recruits selected based on their high-EI is followed over a period of time (usually one year).

The second kind of research covers studies that follow a training program. In this area, the focus is on measuring the effectiveness of the program.

B) What have been the main findings of these studies?

There have been four main findings so far.

1. Top performers in management positions have a significantly higher EI than average performers.

For instance, a research by Egon Zehnder International, one of the leading international executive search companies, covering 515 executives in Latin America, Germany and Japan showed that those who were primarily strong in Emotional Intelligence were more likely to succeed. Specifically, the executive was high in EI on 74 per cent of the successes and in only 24 per cent of the failures. Also, a research by the Center for Creative Leadership showed that a deficit in emotional competence is a major cause of executive derailment.

There are now many studies that point to the same conclusion for all kind of positions, ranging from executives (Johnson & Johnson) to sales people.

2. Effective leaders have a relatively higher EI.

A study conducted by the University of South Africa with an insurance company showed that leaders ranking high on the Multifactor Leadership Questionnaire (MLQ), a 360 degree assessment of leadership skills, also had a high score on the Emotional Intelligence assessment

3. Recruiting high-EI employees upfront can lead to better performance and lower staff turnover after one year, saving the company considerable cost.

At L'Oreal, high-EI sales agents appeared to outperform the average by more than US\$ 90,000 a year, and they had 63 per cent less turnover during the first year than those selected without prior EI assessment. Also, in a study conducted in 1999 by Mc Clelland at a large beverage firm, the turnover of executives within two years fell sharply (from 50 per cent to 6 per cent) after executives started being recruited based on emotional competencies. Some



similar results have been found at the US Air Force for recruiters, and by the Hay/McBer Research and Innovation Group for sales reps at a computer company.

4. Regarding the effectiveness of EI-based development programs in organizations, it is fair to say that there is still a considerable lack of research.

There are actually very few studies that deliver forceful conclusions on the effectiveness of such programs for several reasons. Among them are:

- Most companies are not willing to share their data and/or don't value the evaluation phase enough;
- Most training vendors do not set the evaluation as a priority themselves.

Out of the few studies I have found, there is one research by the Hay Group on a group of 20 participants in one of their Mastering Emotional Intelligence Program, and one at American Express regarding a program for sales people (Regarding this last case, however, I have to say that I have read contradictory data, and I am unable to mention any clear conclusion).

Of course, this lack of evidence is not specific to EI-based trainings. All programs dealing with soft-skills, including leadership programs, face the same issue.

There is a real challenge here. It can be met, provided that two important steps are taken..

Two important steps

These two steps are frequently overlooked by companies when considering a EI-based training program:

1. Linking the program to business needs as closely as possible;
2. Designing the evaluation process upfront.

Actually, these steps are common sense. However, from my experience, there are still many cases where these two steps are not paid enough attention to. One of the reasons is that there is a perception that it could

be harder to measure anything related to Emotional Intelligence. This perception is not correct. There are several key indicators that can be used to determine the effectiveness of EI-based programs:

- Employee satisfaction surveys, after six months or one year;
- Staff turnover after one year;
- Variations in the 360 assessments of the leadership skills of managers;
- Sales and customer satisfaction surveys if the program involves sales people.

In conclusion, there is growing evidence that EI deeply matters when it comes to management's performance and staff retention. The conditions under which EI-based training programs can deliver significant results should be carefully considered.

For readers interested in more information about ongoing research and want to check if any study has been conducted in their business field, I recommend three sources:

- www.eiconsortium.com
This website was set up by a non-profit network of researchers that include some of the pioneers of Emotional Intelligence (Daniel Goleman, Richard Boyatzis, etc...). There is a lot of information here on how EI relates to business performance.
- www.talentsmart.com/learn/whitepapers.php
There is a good number of studies summed up very nicely on the website of this US company, one of the leading providers of EI-based solutions for corporations in the US.
- *Linking Emotional Intelligence and Performance at Work*
This is a book edited by Vanessa Urch Druskat, Fabio Sala, and Gerald Mount. Published in 2006, it is the most updated work in this area.

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