

Emotional Intelligence: How useful is it in acquiring, developing  
and retaining human capital?

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### Abstract

This paper begins by defining emotional intelligence so that the reader has a sound foundation concerning what it is. It further explains how individuals can be tested or measured to establish their level of emotional intelligence. After the subject of emotional intelligence is well defined and we have an understanding of how it can be measured the paper moves further to explain how emotional intelligence affects individuals and groups in the workplace. It also discusses what the advantages are in having emotional intelligence.

We conclude with an explanation of how emotional intelligence can impact human capital acquisition, development, and retention. These areas of impact are also discussed somewhat throughout the paper.

The concept of social intelligence establishes a means of understanding individual and social behavior. Realizing that individuals are insightful, thinking creatures and that their behavior can be somewhat understood through the ways in which they engage in their social environment and seek desired results in their lives (Bar-On & Parker, 2002). This concept of social intelligence can be carried into the workplace as well as the personal lives of the individuals. We can recognize the importance of these behaviors as they associate with the work environment as individuals and members engaged in team related activities. Each of these areas are especially important in today's environment of rapid change with considerable engagement of high performance work teams (Frye, Bennett, & Caldwell, 2006; Vakola, Tsaousis, & Nikolaou, 2004).

Social intelligence is a method of understanding people relative to their behavior while assuming that people are actively trying to understand their environment and normalize their behavior correspondingly, but one must go further than simply having this ability, they must be competent in its usage, in other words they must have social competence. "Social competence is the possession of and use of the ability to integrate thinking, feeling, and behavior to achieve social tasks and outcomes valued in the context and culture" (Bar-On & Parker, 2002, p. 32). One area of research involving social intelligence that has been developed since the early 1990's is that of emotional intelligence. Its focus examines more closely the connection between motivation and behavior relevant to the process of accomplishing goals and plans.

#### *Emotional Intelligence Defined*

Emotional intelligence has been defined in many ways by various researchers, but all appear to evolve around a theme which combines feelings with thinking. It is said that

“feelings matter to the extent that they facilitate or interfere with the shared goal” (Holt, & Jones, 2005, p. 15). Following this line of thinking has led many to observe the practicality of emotional intelligence in the workplace. After all, goal accomplishment is one of the more notable means of attaining success in business, if the goals are appropriate for the business environment.

According to Conte “emotional intelligence involves the capacity or ability to reason with and about emotions” (2005, p. 435). If one can understand emotions and has the ability to reason with them or “influence them” they have a significant advantage over others in working with and through other people both as individual performers and in group settings. This capacity can also influence the level of success that the organization experiences in the market place.

Perhaps Mayer and Salovey, two of the original designers of emotional intelligence, have some of the most practical approaches in defining emotional intelligence. They support an ability-based approach that “centers on a person’s skill in recognizing emotional information and carrying out abstract reasoning using this emotional information” (Caruso, Mayer, & Salovey, 2002, p. 306). From this definition one is compelled to develop four different skills: being able to identify emotions, facilitate emotions, understand emotions, and manage emotions. This perspective involves both internal and external awareness. In other words we should possess these skills for better understanding and managing not only our own emotions, but those of others as well. When individuals possess these skills they should be equipped to successfully handle many situations that they otherwise would not.

Mayer and Salovey further define emotional intelligence as “a form of social intelligence that involves the ability to monitor one’s own and other’s feelings and emotions, to discriminate among them, and to use this information to guide one’s thinking and actions (Johnson, 2005, p. 21).

*The Four Clusters of Emotional Intelligence*

Daniel Goleman brought emotional intelligence into the business environment by asserting that there are four domains that must be mastered for one to translate emotional intelligence into the workplace. Within these domains are various competencies that leaders and followers should be proficient in to maximize performance. Table 1 illustrates these domains and their competencies as Goleman sees them (Johnson, 2005, p. 22).

<b>Table 1</b>	
The Self-awareness Cluster:	<ol style="list-style-type: none"> <li>1. <i>Emotional self-awareness</i>: recognizing our emotions and their effects</li> <li>2. <i>Accurate self-assessment</i>: knowing one's own strengths and limits</li> <li>3. Self-confidence: a strong sense of one's self worth and capabilities</li> </ol>
The Self-management Cluster:	<ol style="list-style-type: none"> <li>1. <i>Adaptability</i>: flexibility in dealing with changing situations and obstacles</li> <li>2. <i>Emotional Self-control</i>: inhibiting emotions in service of group or organizational norms</li> <li>3. <i>Initiative</i>: proactive, bias toward action</li> <li>4. <i>Achievement orientation</i>: Striving to do better</li> <li>5. <i>Trustworthiness</i>: integrity or consistency with one's values, emotions, and behavior</li> <li>6. <i>Optimism</i>: a positive view of the life and the future</li> </ol>
Social Awareness Cluster:	<ol style="list-style-type: none"> <li>1. <i>Empathy</i>: understanding others and taking active interest in their concern</li> <li>2. <i>Service orientation</i>: recognizing and meeting customer's needs</li> <li>3. <i>Organizational awareness</i>: perceives political relationships within the organization</li> </ol>
Relationship Management Cluster	<ol style="list-style-type: none"> <li>1. <i>Inspirational Leadership</i>: inspiring and guiding groups and people</li> <li>2. <i>Developing Others</i>: helping others improve performance</li> <li>3. <i>Change catalyst</i>: initiating or managing change</li> <li>4. <i>Conflict management</i>: resolving disagreements</li> <li>5. <i>Influence</i>: getting others to agree with you</li> <li>6. <i>Teamwork and Collaboration</i>: building relationships and creating a shared vision and synergy</li> </ol>

As an example: early in my career as a manager I was approached by a subordinate who asked for my input concerning a 360 degree evaluation that he was conducting concerning himself as the result of a training project that he was completing while in management training. At that time his performance was marginal; therefore, my response to his questions was more negative than it would have normally been. This became a focus of contention throughout the remainder of our working relationship. Had I been more aware of my emotions and had managed them more appropriately, I would have seen this circumstance as an opportunity to coach and mentor rather than criticize. Had I been able to identify, facilitate, understand, and manage emotions during this conversation the final outcome would have been more successful. One thing that separates star performers from the rest of the performers is their ability to engage emotional intelligence (Deshpande, Joseph, & Shu, 2005). At the time of this incident I did not have these abilities. I later found, however, that they “can be significantly improved through learning and practice” (Deshpande, Joseph, & Shu, 2005, p. 76).

#### *Can Emotional Intelligence be Taught?*

Johnson (2005) further explored the ability to learn emotional intelligence and discovered that it could be learned and improved at any age, but they must want to do it. However, there are degrees of ability that one can attain in emotional intelligence, very similar to becoming a musician and as opposed to becoming another Mozart. Aptitude plays a major role in one’s success and not everyone can master emotional intelligence, but most have the ability to become effective in using it. One way to get emotionally intelligent leaders is to select people who already exhibit some of the qualities that are listed in Table 1 and then improving and expanding upon them (Johnson, 2005).

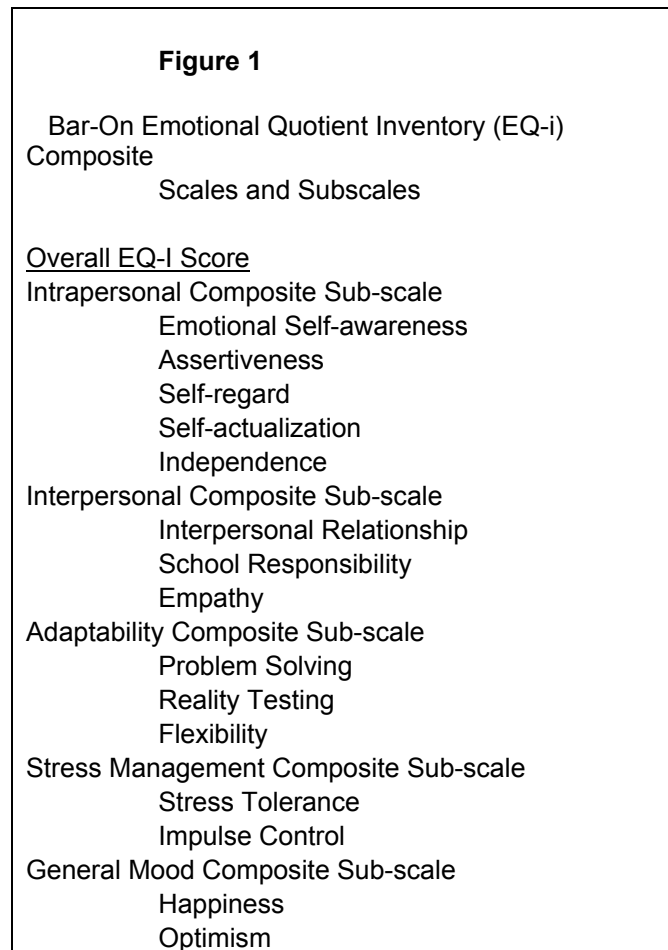
### Operationalizing Emotional Intelligence

In order to operationalize emotional intelligence in the workplace there must be ways of measuring and testing individuals levels of emotional intelligence to determine where their strengths and weakness are so proper training and educational opportunities can occur. Some of the information needed is honest empirical assessments from people who know these individuals and who can be trusted coupled with ability-based measuring instruments such as the Emotional Competence Inventory (ECI), Bar-On Emotional Quotient Inventory (EQ-i), and the MSCEIT V.2.

The ECI was developed by Boyatzis, Goleman, and colleagues and is designed to assess emotional competencies and positive social behaviors. It addresses the four clusters listed in Table 1 through a 110 item assessment of 20 competencies. It utilizes self-ratings, peer ratings, and supervisor ratings (Conte, 2005). The ECI overlaps with the Big Five Personality Dimensions, which are extroversion, agreeableness, conscientiousness, emotional stability, and openness to experience (Conte, 2005; Daft, 2005). The developers claim that their instrument is supported and valid, but other scholars have not been able to verify this due to the proprietary nature of the materials and information gathered during the developer's research.

The EQ-i is a self-report instrument that has 133 items that measure overall emotional intelligence through five scales: intra-personal, interpersonal, adaptability, general mood, and stress management (Conte, 2005). This measure has established adequate reliability and validity. However, few studies have examined its ability to predict emotional intelligence behavior above those established by the Big Five

Personality Dimensions. Figure 1 further illustrates the EQ-I instrument (Frye, Bennett, & Caldwell, 2006, p. 51).



The MSCEIT V.2 had four subscales that produce 141 items of measurement. The four subscales are: perception of emotion; integration and assimilation of emotion; knowledge about emotions; and management of emotions (Conte, 2005). This measure is an ability-test in which the designers used the following approaches to identifying correct answers: target scoring – asking the individual being tested; consensus scoring – pooling the judgments of hundreds of people; and expert scoring – pooling the judgments of experts in emotion (Conte, 2005). This measurement instrument is one of the newest and

therefore requires more research before its validity is firmly established, however, it shows considerable promise.

While these instruments are being used today to better understand emotional intelligence and where individuals may fall within the spectrum of levels of awareness, their validity is still being questioned because of vague theoretical development and the content variety (Conte, 2005). However, the reliability evidence is fairly strong. Ability-based measurements seem to be more reliable; therefore, they will probably become more popular as time goes on.

#### *How Does Emotional Intelligence Benefit Organizations?*

This paper will now shift its focus to the practical uses of emotional intelligence in business settings. We have established what emotional intelligence is and that benefits can be derived from utilizing it. We have also discussed some of the instruments that can be used in determining one's level of emotional intelligence. But questions still remain concerning how emotional intelligence can benefit an organization. There must be a connection made between individuals and groups and how emotional intelligence improves the workplace, which translates in to improved performance and the organization's ability to acquire, develop, and retain human capital in order for it to be meaningful in the business setting. This paper will begin by first explaining how emotional intelligence benefits individuals and groups in the workplace and it will then make the connection between those benefits and how it affects human capital acquisition, development, and retention.

In this age of information and highly skilled work teams, emotional intelligence has become an important skill to possess. It has become as crucial, if not more so, for

individuals to collaborate and communicate with each other on a vast array of projects than to exercise technical skills (Holt & Jones, 2005). Findings suggest that employees appreciate supervisors who exhibit emotional intelligence. A positive relationship also exists between subordinate's commitment to the organization and their supervisor's emotional intelligence abilities (Holt & Jones, 2005).

As organizations continue to attempt to achieve more for less, soft skills such as emotional intelligence have become relevant in leadership effectiveness and organizational success. When organizations enable their employees to raise their level of work performance, they become more productive and competitive. Individual productivity then transcends from the individual to help collectively create a more productive organization. This suggests that leadership, environment, emotional intelligence, and motivation help produce employee performance (Holt & Jones, 2005). Emotional intelligence training coupled with individual experiences can enhance an organization's ability to make needed changes, develop teams, and improve performance.

Emotional intelligence is found to be present in the workplace through corporate communications, marketing, safety, turnover, team leadership, influence, and organizational awareness (Holt & Jones, 2005). Without empathy, which starts with self-awareness, influence can not take place. Leaders and coworkers must possess the ability to understand others and what their needs are if they are to maximize their influence on them. Employees who possess considerable emotional intelligence competencies consistently outperform their coworkers. It has also been discovered that emotional intelligence is a better predictor of executive success than IQ or previous experience in Latin America, German, and Japan (Deshpande, Joseph, & Shu, 2005). Deshpande et al.

further discovered that people with high emotional intelligence levels are better employees and tend to have better ethics and related standards along with superior attitudes toward their work than their counterparts (2005).

Langhorn (2004) conducted a study of pub restaurant managers in the UK concerning their emotional intelligence. He used the Bar-On (EQi) measurement instrument in his research and discovered that managerial emotional intelligence is positively related to employee satisfaction, customer satisfaction, and profit performance. Employee satisfaction plays a key role in human capital retention and perhaps even acquisition, depending on the image being projected to potential candidates by those presently employed within the organization. His research further indicates, with a significant degree of accuracy, that emotional intelligence is able to predict the performance of managers. His study was able to establish that emotional intelligence can contribute up to 21 percent of the success of managers. The main predictors of manager's performance are: emotional self-awareness, social responsibility, interpersonal relationships and optimism (Langhorn, 2004).

Along these same lines, Langhorn (2004) found that manager's emotional intelligence can enhance team satisfaction by as much as 10 percent. This is a significant finding in today's business environment that requires team collaboration and cohesiveness. Teams with satisfied team members tend to be higher performers which increases profit performance. He also discovered that emotional intelligence can predict team turnover with a moderate degree of accuracy. Managers without emotional intelligence can contribute to as much as 12 percent of team member turnover (Langhorn, 2004). The major components of emotional intelligence that contribute to team member

turnover are problem solving, stress tolerance, and happiness. Managers must possess the ability to effectively control team emotions through stress tolerance. This is supported through positive working environments – creating happiness at work - and the manager’s ability to successfully solve problems (Langhorn, 2004). Team members who are experiencing problems in these areas are more likely to leave the organization than others; manager emotional intelligence levels can help in these situations.

Performance of managers “appears to depend on their ability to be aware of and understand their own emotions” (Langhorn, 2004, p. 227). Perhaps having the ability to understand and manage emotions allows leaders and employees to better design strategies that better relate to candidates for employment, designing and conducting training programs, and to communicate more effectively with employees on matters of performance, thus creating a more positive environment which promotes employee satisfaction and high performance organizations.

Emotional intelligence has also proven to benefit mentoring relationships. These relationships in turn impact staff turnover as well as completion of projects (Holt & Jones, 2005). Holt and Jones also suggest that “emotional intelligence could be a powerful tool in accomplishing strategic business goals in the areas of hiring, training, and performance development” (2005, p. 20).

Emotional intelligence is closely associated with effective leadership as well as followership. Daus and Ashkanasy (2005) suggest that successful transformational leadership is associated with emotional intelligence, particularly in the area of understanding emotions. Others have also reported similar findings in South Africa. This would suggest that understanding and managing the emotions of others would be a

strong asset for leaders to possess. They are better equipped in motivating and leading others as they transform their organizations into high performance and profitability. Johnson (2005) reports that the “best performing leaders” are those with higher levels of emotional intelligence. They generally possess the following traits: self-confidence, achievement orientation, initiative, influence, and change catalyst. Von Johnson reports that “thousands of studies have shown that effective leaders use more emotional intelligence competencies every day than others in leadership positions” (2005, p. 24).

Daus and Ashkanasy (2005) report that police officers are in a field that requires one of the highest levels of emotional intelligence of all fields. Qualitative and quantitative data suggest that officer’s emotional intelligence is critical for their job performance and preventing negative stress outcomes from the job. They further report that emotional intelligence can predict job satisfaction which is a predictor of turnover (Daus et al., 2005). Mood management (self management) is also related to job satisfaction and emotional intelligence. The higher employees score on the MSCEIT V.2 the greater their potential to receive higher performance evaluations, promotions, merit raises, and peer ratings; all of which are related to success human capital retention (Daus & Ashkanasy, 2005). Higgs (2004) further reports that higher emotional intelligence scores are positively related to lower stress levels. This would create a more positive work environment which aids in human capital retention.

In 1999 C.L. Rice conducted a study of 26 teams of insurance claims adjusters. She discovered that teams with high levels of emotional intelligence got higher performance ratings than others (Daus & Ashkanasy, 2005). She also found that members who were more able to manage emotions were more satisfied with other group

members and with team communications. These members also received more social support than those who did not possess high levels of emotional intelligence.

Interactive skills are just as important today, if not more so, than they have ever been. One's ability to manage interpersonal relationships and to create positive leader-member relations is essential to managers' effectiveness. Leaders who can manage their emotions while reading others emotions and effectively resolve conflict facilitate higher performance within their organizations (Shipper, Kincaid, Rotondo, & Hoffman, 2003).

### Discussion

The various attributes of emotional intelligence that have been discussed in the previous pages of this paper have illustrated how emotional intelligence can and does assist leaders and followers in the workplace, both individually and collectively in group settings. These affect organizations through human capital acquisition, development, and retention. Referral is one form of applicants that become interested in organizations through present employees (Noe, Hollenbeck, Gerhart, & Wright, 2006). If employees are not happy with their jobs, supervisors, and/or peers then they are not likely to project a positive image to potential applicants. The presence of emotional intelligence among leaders could greatly enhance the work environment which would transcend into more successful recruitment efforts.

At the same time emotional intelligence would enable employees to be more positive and committed to the organization along with becoming higher performers, which would enhance their ability to get promoted and experience multiple facets of professional and personal development. Organizations are willing to spend more time

and money on employees who are stable and committed than they are on those who are marginal performers who possess negative attitudes.

As discussed previously, emotional intelligence in supervisors promotes employee satisfaction. Employees who are dissatisfied generally attempt to change the conditions either through their supervisor or possibly leaving the organization (Noe, Hollenbeck, Gerhart, & Wright, 2006). Therefore it is important for supervisors and managers to either possess or develop emotional intelligence competencies to reduce turnover among other things.

In this paper we have discussed what emotional intelligence is along with some of the instruments used to measure one's level of emotional intelligence. We further discussed how emotional intelligence affects individual and group performance. Finally we have explored how emotional intelligence affects human capital acquisition, development, and retention. As we can see, emotional intelligence has great potential for improving organizational performance through individuals and groups. As organizations today continue to operate with greater intensity in environments which consist of rapid change and uncertainties it is important that leaders be fully developed in the area of emotional intelligence.

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