Emotional Intelligence is the intelligent use of emotions. Emotional Intelligence underpins our capacity to work well with others, manage stress and make effective decisions. These abilities can be measured and learned.

A clear body of evidence shows that Emotional Intelligence (EI), more than knowledge, technical skills or traditional measures of intelligence, determines individual effectiveness and successful business outcomes. This foundational competency differentiates high performers and propels leaders and organisations to higher and more sustainable levels of success.

Far from a ‘soft’ skill, EI is yielding bottom-line results for leading organisations across diverse industries and gathering scientific data explaining why.

This white paper distils two decades of evidence, theory and practice to illustrate the business impact of developing and recruiting for Emotional Intelligence.

We unpack the key facts and practical applications around EI’s:

- business impact
- performance impact
- organisational climate impact
- brain science
- history and theory
- learning and development

"Emotional Intelligence isn’t a luxury you can dispense with in tough times. It’s a basic tool that, deployed with finesse, is the key to professional success."  
Harvard Business Review

“We cannot check our emotions at the door because emotion and thought are linked—they cannot, and should not, be separated.”  
David Caruso

emotional intelligence worldwide is fast building a reputation as the leading provider of custom emotional intelligence solutions in Australia. These include flexible, tailored people development programmes, performance coaching, emotional intelligence testing, psychometric profiling, professional accreditation and open programmes. Our evidence-based programmes incorporate a unique blend of emotional intelligence, positive psychology and neuroscience tools proven to increase awareness, performance and engagement. Our team live and breathe emotional intelligence, converting research into tangible real-world examples so people can immediately put techniques into action.
WHY DOES EMOTIONAL INTELLIGENCE MATTER?

The business case for emotional intelligence

We are working in increasingly complex and competitive environments. Organisations and the people in them are trying to achieve more with less resources and greater pressure.

Many are challenged with engaging employees and establishing competitive advantage during rapid change and constant uncertainty. Raising productivity, integrating new approaches and succeeding in global markets, demands greater flexibility, cultural sensitivity and collaboration. Those who create and sustain strong business results in this climate engage hearts and minds, managing complex, often competing, agendas with savvy and awareness.

From professional services to retail to manufacturing, Emotional Intelligence skills are increasingly seen as critical and strategic. Global organisations are building Emotional Intelligence (EI) into their workforces to ensure high performance and enhance people smarts.

Solid research over two decades has demonstrated the business impact of developing and recruiting for EI on leadership and individual performance, employee engagement, organisational climate, teamwork, sales and customer loyalty.

Leadership and organisational climate

Gallup research highlights the impact of leaders’ emotional competencies on employee engagement. Three critical factors were identified: feeling cared for by a supervisor, receiving recognition or praise, and believing their employer is concerned about their development.6

In an ongoing study at IBM, emotional intelligence is driving significantly higher employee engagement levels.1 In an Iranian car manufacturer, EI directly predicted the quality of organisational climate.6 Positive workplace culture has been linked to ethical behaviour—people are less likely to withhold effort or neglect job duties.7

One foundation of emotional competency—accurate self-assessment—was associated with superior performance in several hundred managers across 12 organisations.8 In contrast, research by the Center for Creative Leadership found the primary causes of derailment in executives involve low EI, particularly difficulty handing change, poor teamwork and interpersonal relationships.8

Two separate studies found project managers and technology professionals with high EI improved teamwork and managed conflict more effectively.20

Entrepreneurs and small business owners using EI skills to create positive cultures increased revenue and growth,11 while managers who showed worry, frustration and bewilderment undermined entrepreneurial motivation.12

Financial performance

The bottomline impact of emotional intelligence is significant.

PepsiCo generated 10% more productivity, 87% less turnover and over 1000% return on investment by recruiting emotionally intelligent managers.13 One of the UK’s largest restaurant groups found emotionally intelligent managers achieved 34% profit growth, lower turnover and higher customer satisfaction.14 After supervisor training at a manufacturer, lost-time accidents reduced by 50%, formal grievances dropped and productivity goals were exceeded by $250,000.15

Retention is an area where EI can dramatically reduce costs. The US Airforce saved $190 million in high value training by screening for EI among pararescuers.16 Successful candidates were more able to cope with and excel during demanding onboarding.

Sales and customer loyalty

Extensive studies by the Forum Corporation on Manufacturing and Service Companies found 70% of reasons customers left were emotional and relationship factors.17 Its no wonder EI is particularly impactful in sales and customer care.

In a robust study at Sanofi-Aventis, salespeople trained in emotional intelligence increased skills by 18% and went on to out-sell peers by 12%, earning $2.2 million per month and returning $6 for each dollar invested.18

After a year long project to build EI skills and empower leaders to create a trust-based culture, Sheraton increased market share by 24%, improved guest satisfaction and significantly reduced turnover.20 A Government department focusing on EI competencies increased revenue by 53% in one year, and improved customer satisfaction scores to 4.71 out of 5 among top clients.

At L’Oreal salespeople already demonstrating high EI brought in $2.5 million more in net revenue than those recruited using traditional criteria.21 In a national US insurer, sales agents strong in key EI competencies such as self-confidence and empathy sold policies worth $114,000, compared to $54,000 by weaker colleagues.22 Experienced multinational consulting firm partners with high EI delivered $1.2 million more profit, resulting in a 139% incremental gain for the firm.23

Individual performance

A recent London School of Economics study found high performing traders are more emotionally intelligent and make better decisions.24

Among midwives and obstetricians in a large hospital, EI strongly predicted performance and effective stress management, especially in leaders.25 An EI and stress management programme in a Motorola manufacturing plant boosted productivity by 93%.26

EI has twice the power of IQ to predict high performance.3

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WHAT DOES EMOTIONAL INTELLIGENCE LOOK LIKE?

Emotional intelligence in practice

Studies such as these provide clear evidence that higher levels of EI—in leaders, sales people, customer service reps, influencers, advisors, professional service providers or anyone whose job involves interacting with people—increases individual and organisational effectiveness.

Emotional Intelligence helps people connect and communicate effectively, make decisions, and manage stress, pressure and conflict. It enables people to instil confidence and belonging in others, engage and influence across boundaries, and respond with sensitivity and care even when challenged.

People with high EI are described as “aware, authentic, empathic, expansive, resilient, empowering and centred” rather than “disconnected, guarded, insensitive, limited, temperamental, indifferent and reactive”.

With insight into themselves and others, they recognise the emotions that drive thinking and behaviour, and use that understanding to generate positive outcomes and mood. Attuned to emotions that can disrupt engagement and productivity, they are able to convert fears and concerns into opportunity and frame challenges constructively.

In practice, people with emotional intelligence skills are more able to accurately assess situations, determine appropriate responses and keep things in perspective. By better understanding and meeting human needs, they build relationships that inspire productivity and commitment.

While some people naturally tune into what others feel and put them at ease, the good news is that EI can be taught and developed.

“Leaders who use their emotional resources to foster engagement deliver significant bottom-line results.”

Joshua Freedman

CASE STUDY

Increasing emotional intelligence through leadership coaching and development

Hank*, Group Strategy Manager at a multinational pharmaceutical company, had been advised to improve his people skills or his job was on the line. Peers described his management style as “my way or the highway”, and while it was efficient, it was not the most effective strategy and had become personally draining.

Initially skeptical about the emotional intelligence training his company mandated, he took on the challenge of transforming his leadership and communication style.

EIW coach Janet Langley introduced Hank to the Mayer-Salovey-Caruso Emotional Intelligence (MSCEIT) framework. Using specific EIW tools, such as the mood meter, combined with a better understanding of body language and facial expressions, he learned to observe and pick up on emotional cues. More careful about his emotional vocabulary and how it impacted others, he began to approach each conversation as a relationship opportunity. This transformed his ability to diffuse and preempt potential conflict. He now develops a communication strategy to ensure successful outcomes for all important conversations.

Building on his technical and strategic intelligence, these new emotional intelligence strategies soon hotshot his career and opened doors. He now holds a C-level position in a major retailer.

* Names have been changed for confidentiality
HOW LONG HAS THE CONCEPT OF EMOTIONAL INTELLIGENCE BEEN AROUND?

The history of emotional intelligence

Emotional intelligence principles have been alluded to for centuries. Philosophers from Socrates and Plato to Buddha and Confucius advised regulating emotions and improving social interactions for greater mastery and influence.

Emotions and their links to behaviour and genetics were debated over 250 years ago when Charles Darwin catalogued emotional expression in humans and animals. Even in the early 1900s when cognitive intelligence (IQ) was first quantified, Edward Thorndike was defining Social Intelligence as understanding and managing people.

Emotional Intelligence research began in earnest in the 1970s and 80s, with psychologists Jack Mayer and Peter Salovey.

Observing that smart people often made very poor decisions, Mayer and Salovey realised conventional measures of intelligence fell short. They classified Emotional Intelligence as a distinct intelligence, defining it as the brain’s ability to process emotional information.

Mayer and Salovey, together with colleague David Caruso, developed the first scientifically validated measure of EI ability, the Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT), based on their theoretical and empirical research.

Emotional Intelligence was popularised by psychologist Daniel Goleman in his 1995 best-seller Emotional Intelligence: Why it matters more than IQ. In a robust review of brain science and literature, Goleman broadened Mayer and Salovey’s definition, attributing a large component of personal and professional success to emotional competencies such as self-awareness, self-management, self-motivation, empathy and relationship management.

A third model was developed by Reuven Bar-On, who described EI as a cross-section of interrelated emotional and social competencies and skills that impact intelligent behaviour. Bar-On created a self-report test, the Emotional Quotient-Inventory (EQ-i).

Since then extensive research and hundreds of books have explored EI’s applications to business, performance and relationships. Several tests, including the Goleman-based Emotional and Social Competence Inventory (ESCI), can now measure emotional intelligence and emotional skills, traits and behaviours. Genos EI Assessment, an Australian tool targets frequency of EI behaviours in the workplace.

EQ is an abbreviation of ‘emotional quotient’ similar to IQ for ‘cognitive intelligence’.

EI is the abbreviation of emotional intelligence used in academic contexts.

EI is scientifically validated and unique from cognitive ability.
HOW ARE EMOTIONS CRITICAL TO THINKING AND SURVIVAL?

The science of emotional intelligence

Modern neuroscience has turned around the way we think about emotions.

We now know that emotions play a critical role in influencing and guiding our thinking and behaviour—what we think, how we think, how we make decisions and how we act on them.

In his influential 1994 book *Descartes’ Error: Emotion, Reason, and the Human Brain*, neuroscientist Antonio Damasio demonstrated that rational thinking and decision-making depend on input from emotions.35

Decisions are never made ‘unemotionally’ and actions are never fully ‘rational’. “Far from interfering with rationality,” he asserts, “the absence of emotion and feeling can break down rationality and make wise decision making almost impossible.”36

In fact, the sense that something is ‘real, true, and important’ comes not from the reasonable neocortex but from the emotion centers of the brain’s limbic cortex.37

The limbic system is designed to process stimulus and experience leaving our cognitive centres free for higher order thinking.

Emotions contain data about ourselves, other people and the world around us. They attribute value to our choices, enabling us to navigate daily life safely and effectively.

Remaining open to feelings gives us valuable early data points that help us think and act more intelligently.

According to expert Paul Ekman, emotions evolved for their adaptive value in dealing with fundamental life tasks.38 Emotions occur quickly and automatically, usually without conscious thought. Their primary function is to mobilize the organism to deal quickly with important interpersonal or threatening events.

Imagine, for example, you’re in a hurry driving to work. A change in the environment—the sound of a police car siren—triggers a rapid emotional response. The emotion makes you pay attention and generates thought. You realise you have been speeding, possibly endangering the lives of others. This motivates behaviour and you slow down.

This adaptive theory of emotions shows how critical emotions are to our survival.

When our pre-frontal (thinking) cortex and limbic (emotional) system are not communicating effectively, we may behave emotionally rather than intelligently, or make logical assessments without considering the emotional implications of our behaviour.

Emotional intelligence is about harnessing these two aspects to ensure we are managing our own emotions rather than allowing our emotions to manage us.

Learning how to use emotions intelligently empowers us to respond effectively, rather than reactively. By increasing our range of emotional intelligence strategies we can achieve more positive outcomes for ourselves and the people around us.

“Emotions can lead to our worst decisions or our best ones. The difference is emotional intelligence.”39

Joshua Freedman

THE EMOTIONAL BRAIN

The limbic system
HOW DO WE RECOGNISE EMOTIONS?

The theory of emotions

Emotions are not chaotic and follow predictable patterns, rules and visual cues.

Even micro-expressions—those brief, involuntary facial movements that indicate what we are really feeling and thinking—can be studied and learned.

Facial recognition expert Paul Ekman proposes six primary emotions—happiness, fear, anger, sadness, disgust and surprise. These emotions have universal meanings and are found across cultures and generations.

A smile shows happiness in all areas of the world, though what causes this smile will vary from person to person, group to group.

Within cultures, organisations and groups, collectively held norms—implicit or explicit—can shape the type of emotions that are allowed and displayed. Disturbingly, anger is the most frequently expressed emotion in US workplaces (53%), and joy the least (19%).

A complex and subtle range makes up the full spectrum of human emotional experience.

Robert Plutchik designed a wheel of emotions, where primary emotions can be expressed at different intensities and blend to form different emotions.

Emotions can also be mapped according to the energy level behind them: anger or excitement are high energy; sadness and serenity are low energy.

Emotions are distinct from feelings and moods. Emotions are experienced as specific responses to events or objects—real or imagined—that motivate behaviour. Moods tend to be pervasive, global, generalised states that influence events and are less responsive to stimuli.

As such, emotions act as signals; moods are experienced as background noise.

Feelings are the physiological sensations that inform how we interpret and describe emotional experience.

The richer and more nuanced our emotional vocabulary, the more we are able to consciously reflect on and take charge of emotional experience.

This happens literally in the brain. Recent fMRI (functional magnetic resonance imaging) studies show that labelling emotions actually reduces reactivity in the limbic system.
WHAT ABILITIES DEFINE EMOTIONAL INTELLIGENCE?

A definition of emotional intelligence

Daniel Goleman defines Emotional Intelligence as:

...the capacity for recognising our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships.\textsuperscript{45}

According to Mayer and Salovey, EI involves reflectively regulating emotions to enhance emotional and intellectual development.\textsuperscript{46} They break this down into specific abilities based on the way emotions work in the brain. Their definition is regarded by scholars as the standard:

...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.\textsuperscript{47}

The Mayer-Salovey definition highlights four different abilities.

Perceiving Emotions—accurately recognising how you and others are feeling. This includes the ability to read another person’s facial expressions to better understand what they are experiencing.

Using Emotions—sensing and generating emotions and integrating them strategically to enhance thinking, reasoning, problem solving and creativity.

Understanding Emotions—understanding the complexity of emotions and their causes, including why you and others feel and react the way they do and how these emotions are likely to change over time.

Managing Emotions—drawing on emotional data about yourself or others to respond effectively rather than reactively, and designing strategies that achieve positive outcomes. This includes managing outbursts, calming fears and behaving appropriately to show care and understanding.

MAXIMISING EMOTIONAL IMPACT

Building a positive emotional climate in organisations and teams

While people generally consider themselves positive, due to our survival mechanisms we have an innate negativity bias that gives more weight to negative emotions and states.

Teams that maintain a 5:1 ratio of positivity to negativity in their interactions perform optimally and are more profitable.\textsuperscript{48}

Positive emotions is critical to explaining outcomes acheived by managers in organisations. Research shows impact on performance, decision making, turnover, prosocial behaviour, negotiation and conflict resolution behaviour, group dynamics, and leadership.\textsuperscript{49}

Positive psychologist Barbara Fredrickson suggests that experiencing certain positive emotions—joy, interest, contentment, pride and love—broadens our repertoire of habitual thoughts and actions.\textsuperscript{50}

According to Fredrickson’s Broaden-and-Build-Theory, increasing positive emotions builds enduring personal resources, enabling us to manage stressful situations and propelling us in ‘upward spirals’ toward optimal performance, wellbeing and growth.

Positive emotions also lessen the resonance of negative experience and provide a powerful antidote to anxiety.\textsuperscript{51}

The capacity to selectively generate emotions—positive, neutral and negative—to suit the situation and boost resilience in self and others is fundamental to emotional intelligence.

Positive emotions encourage open-mindedness and flexibility, enabling us to generate more creative solutions, connect with others, take on critical feedback and persist in achieving goals.

Neutral or slightly negative emotions narrow attention and help us detect and correct mistakes, assess risks and evaluate plans, resulting in more careful, systematic and better quality arguments.

A leader who is aware of their emotional impact and able to positively influence the mood of their team by building and sustaining positive mood will help shape organisational climate, increasing performance.

This is particularly relevant when considering the powerful effect of ‘emotional contagion’ within groups—both positive and negative.\textsuperscript{52}

“Positive emotions can spread throughout organisations, among members, and to customers... [and] fuel individuals to contribute to the effectiveness of their organisation.”\textsuperscript{53}

Barbara Fredrickson
HOW CAN WE BECOME MORE EMOTIONALLY INTELLIGENT?

Developing emotional intelligence

People often assume that emotional intelligence is just something you are born with—some people naturally tune into what others feel and put them at ease, and others just don’t operate that way.

It is true that genetic predisposition can make some people more emotionally intelligent than others. How our early caregivers taught us to comfort each other and ourselves, and to control our impulses, also played a role.

The good news is that EI can be learned and developed in adults over time.

Humans are geared to life-long learning and growth. Our brain cells are continually forming new connections and restructuring our perceptions and physiology.

This process of neuroplasticity happens thousands of times a day, giving us enormous potential to change if we put awareness, effort and commitment into making it happen.

Neurogenesis—the brain’s ability to grow new cells even in adulthood—is linked to learning.

A Johnson & Johnson study was among the first to establish that emotional competencies can be developed through systematic training.54

Emotional Intelligence training programmes have been shown to improve EI and performance among financial advisors, retail managers, HR consultants, technical experts and manufacturing staff to name a few.55 Importantly, these abilities are retained over many years.

The most effective training interventions integrate Emotional Intelligence into organisational culture.

These foundational skills can be instilled as building blocks upon which leadership or other competencies can be more effectively developed.

Best results are gained when coaching supports training and participants are motivated by connecting with the personal and professional benefits that greater emotional intelligence will deliver.

Assessing current levels of emotional intelligence accurately through an EI assessment tool such as Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT) or Genos EI Assessment is also highly valuable.

When results are discussed with a coach or other qualified professional and integrated into personal development plans, individuals and teams can gain dramatic self-awareness and tangible strategies that can be integrated into work and daily life.

At emotional intelligence worldwide, our targeted and individualised EI programmes emphasise practical benefits and empower participants with tools to continue practicing, learning and reinforcing new skills.

Learning to be more intelligent with emotions is not a quick fix. Instead it offers deeper and more sustainable results that go beyond personal effectiveness and success to measurably improve the fiscal and psychological health of organisations.

Emotional intelligence may be the most important quality we can learn and practice to continue our growth and capacity to positively impact others.

“Our genetic heritage endows each of us with a series of emotional set-points that determines our temperament. But the brain circuitry involved is extraordinarily malleable; temperament is not destiny.”

Daniel Goleman


25. Ibid.


44. For example Sala, F. Do programs to increase emotional intelligence at work—work. Consortium for Research on Emotional Intelligence in Organizations. Available at http://www.eiconsortium.org/.

The quality of your life is directly related to the quality of your emotions.
Sue Langley

For More Information

Contact us to explore how emotional intelligence can be applied in your organisation to improve culture and achieve better business results.

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