

RESEARCH PAPER

Influence of Emotional Intelligence (EI) on the Performance of Organisations

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5000 words

1 Abstract

This critical study paper discusses the use of Emotional Intelligence (EI) as a tool¹ for people in organisations and examines whether EI can increase commitment at the workplace and hence lead to a competitive advantage.

It discusses the various aspects and applications of EI, in particular its influence on commitment, competitive advantage and leadership. In this context one looks at the impact of EI on trust, stress and the climate of organisations. All these issues are interrelated and one concludes that EI can have a positive effect on them, therefore leading to an increased commitment and a competitive advantage.

But, as one discovers, EI is just the name for tacit knowledge or for being aware of and managing one's emotions at work or in a personal, leadership or management context and a way to improve communication, relationships, leadership and increase commitment and involvement at the workplace. These improvements lead to a competitive advantage. Yet it is questionable if this approach is new after all.

¹ EI is seen as an ability or skill that can be learned. For this paper, one concentrates on the use of these abilities and skills, therefore, using it as a management tool for example.

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4 Introduction

An introduction to emotions is probably not necessary as everyone knows what emotions are. But, in the context of management and workplaces, emotions or emotions management are important, although for years they were not valued in organisations. Newton (2002, 1235) summarizes that EI is about perceiving and understanding personal feelings and those of others; it is about the ability to recognise emotions and acting on them in a reflective manner. Using EI reactions are shaped by thoughts rather than feelings. And that basically means that an individual is aware of his or her emotions and does not react emotionally but in a thoughtful manner, figure 1.

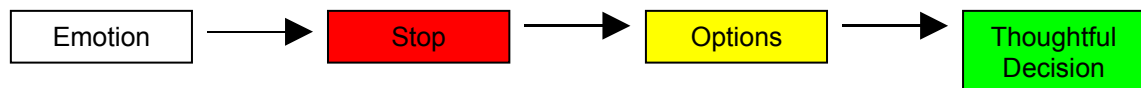


Figure 1: Goleman (2002) refers to a traffic light, stopping the automatic response of emotions, decide on the options and then go for a thoughtful response.

LeDoux's (1992) research shows that there can be an emotional response to a situation before the body *understands* what is happening and has time to react; an explanation by Goleman (1995) can be obtained from figure 2. This means that before one has the thought of how to respond to a situation, an emotional response could have already taken place. Goleman (1995, 13-16) points out that emotion can lead to impassioned actions, a kind of emotional hijacking, that one might regret later. This makes the task of understanding emotions so important and is a reason why one tries to manage them; no leader or anyone at the workplace wants to be in a situation where one is reacting in a heated manner.

Emmerling and Goleman (2003) argue that leadership requires a high level of cognitive ability in order to process the complexity of information leaders face daily. New brain research (LeDoux, 1998) suggests that the emotional and cognitive systems in the brain are far more integrated than originally believed. Further, trust is becoming so scarce that those managers and organisations that

possess it enjoy a clear advantage over those that do not (Bibb and Kourdi, 2004). EI can help to improve cognitive ability and create trust; it can handle the positive and negative emotions at work like satisfaction, exhilaration, pride, anger, frustration and anxiety (Newton, 2002, 354). EQ Today (2004) researched intelligence based on emotion and discovered that people who have this capacity are less depressed, healthier, more employable, and form better relationships. Therefore, it seems good to be in control of emotions, acknowledging an instinctive emotional response, stepping out of the situation for a moment and then using rational thoughts to response.

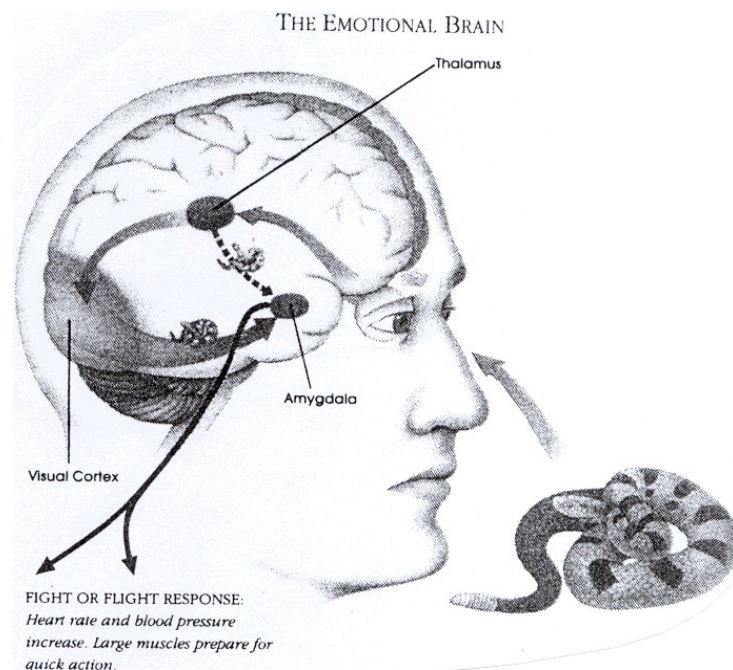


Figure 2: A visual signal first goes from the retina to the thalamus, where it is translated into the language of the brain. Most of the message then goes to the visual cortex, where it is analyzed and assessed for meaning and appropriate response; if that response is emotional, a signal goes to the amygdale to activate the emotional centres. But a smaller portion of the original signal goes straight from the thalamus to the amygdale in a quicker transmission, allowing a faster (though less precise) response. Thus the amygdale can trigger an emotional response before the cortical centres have fully understood what is happening (text: Goleman, 1995, 19; picture: EQ vs. IQ, 2004).

However, it should not be left unmentioned that there are critics of EI such as Woodruffe (2000, 2001). The main arguments are that the principles and ideas of EI are not new but put together under the new label of EI. Emotions have been used within relationships since the beginning of mankind and EI reflects nothing else than being aware of one's tacit knowledge.

After an examination of the views and definitions of EI, there is a discussion of how commitment is created in the workplace. Then, there is a discussion on the creation of competitive advantage. Finally there will be a focus on the influence EI can have on commitment and whether its use can lead to a competitive advantage.

5 Emotional Intelligence, Commitment and Competitive Advantage

This chapter starts with a discussion of definitions of EI (or EQ²). It is not aimed to compare the definitions in detail but to give a broad view of opinions and an understanding of the existing views. Next is a definition and discussion of commitment at the workplace and competitive advantage.

5.1 Emotional Intelligence

Before one has a closer look at various definitions, one should understand where EI is coming from. EI is part of neurolinguistics (Merlevede et al, 2001, 5-7) and results from research which looks at why people with high “traditional” intelligence (IQ) fail in some situations whereas people with an average IQ succeed. Research shows that this has to do with what is now known as EI and that IQ only contributes 20% of the success a person can achieve. These findings are hard to verify as one has to find a valid definition of success. The Centre for Organizational and Personal Excellence (1998) defines this effectiveness as the sum of EQ and IQ, see figure 3.

EQ + IQ = Personal and Organizational Effectiveness

Figure 3: Personal and Organizational effectiveness (The Centre for Organizational and Personal Excellence, 1998).

There are techniques to measure EI (MacCann et al, 2004; Dawda and Hart, 2000; Day and Carroll, 2004). But, Emmerling and Goleman (2003) mention that research discovered that the MEIS (a measure of Mayer and Salovey’s model of emotional intelligence), and the EQ-i (Bar-On, 1997) (a measure of Reuven Bar-On’s model of emotional intelligence) measures are not highly correlated with one another. Cooper and Sawaf (1997, xv-xvi) introduce the EQ-map. There is no further discussion of the test measurements.

² In this context, mainly EI is used as an abbreviation for Emotional Intelligence. Some authors refer to Emotional Intelligence or more to Emotional ‘Quotient’ as EQ. Both abbreviations are assumed to be roughly the same but depending on the source and context one will find one or the other.

However, there is research which shows that people with a high IQ are not necessarily more successful than their class-mates with a lower IQ in regard to salary, productivity, or status (Goleman, 1995, 35). Nor did they have the greatest life satisfaction, nor the most happiness with friendships, family and romantic relationships. Unfortunately, the research does not reveal if the ones that are more successful in the mentioned aspects have a higher EI. But it shows that IQ is not necessarily an indicator for success and happiness.

According to Cooper and Sawaf (2004) the people who are successful do not only base their success on brightness but often on how they pick up things more precisely and quickly in terms of conflicts, team and organisational needs, gaps to be leaped or filled, hidden connections that spell opportunities, and interactions that prove profitable. Bar-On (EQ Today, 2004) defines EI based on a real world result as an array of non cognitive capabilities, competencies, and skills that influence one's ability to succeed in coping with environmental demands and pressures. One sees that a mixture of factors is important for success, and that EI can contribute to some of them.

Further, Cooper and Orioli (2004) define EI as '*the resilience to perform under pressure, the trust to build fruitful relationships, the courage to make decisions and the vision to create the future*'. It is a skill that can be obtained and learned by any individual and is often described as a powerful tool of intelligence that allows an individual to develop the potential to pursue meaning in life, relationships and strengthening leadership and creativity. Further it can be used as a source of energy and connections, transforming values and aspirations from '*things we think about to what we live*'. Salovey and Mayer (1990) add self-awareness and empathy to the characteristics of EI. Merlevede et al (2001, 8) distinguish between intrapersonal intelligence, identifying moods, feeling and other mental states in oneself, and interpersonal or social intelligence, recognizing emotions in others.

Gardner (1993, 9) differentiates interpersonal intelligence³ as the ability to understand other people: what motivates them, how they work, how to work cooperatively with them. This is similar to Merlevede’s approach. Six Seconds (Freedman, 2004) suggest self-awareness, self-management, social awareness, and relationship management as what gets measured and can be improved through EI, a rather practical approach.

Cooper and Sawaf (1997, xxx-xxxi) suggest four cornerstones of EI, emotional alchemy, literacy, depth, and fitness; this model should move EI out of the psychological analysis and philosophical theories, and into the realm of direct knowing, exploration and application, see figure 4.

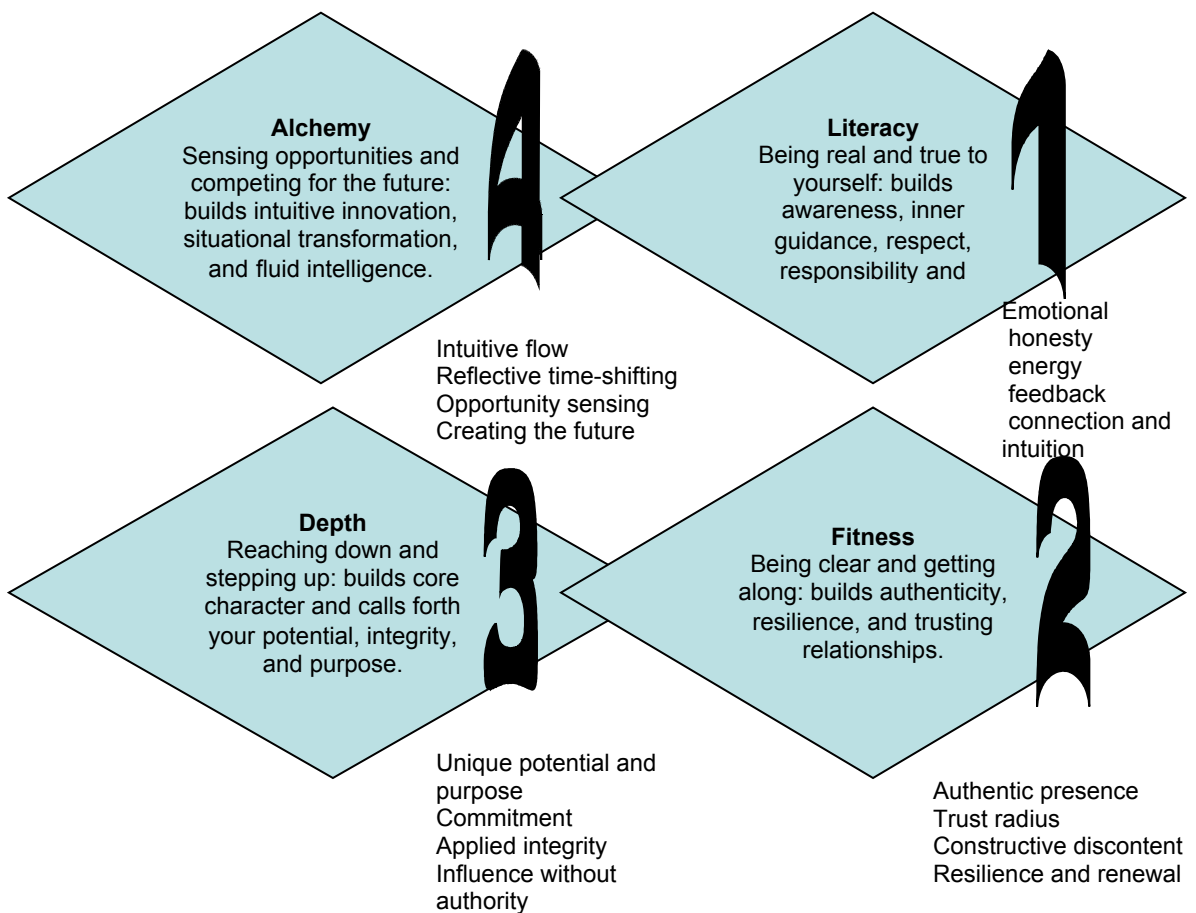


Figure 4: The four cornerstones of Emotional Intelligence (Cooper and Sawaf, 1997, xxx).

³ In the workplace, the ability of emotional intelligence can greatly enhance interpersonal communication and people skills (Newton, 2002, 1235); Gardner is referring to this with the term ‘interpersonal intelligence’.

Further, Goleman (1995, 34) describes EI as the ability to motivate oneself and persist in the face of frustrations, to control impulse and delay gratification, to regulate one's moods and keep distress from swamping the ability to think, to empathize and to hope. Mayer et al (2000) favour the definition of EI as a set of abilities having to do with processing emotional information. Figure 5 shows a comparison of EQ models.

<u>Salovey, Mayer, Caruso</u>		
Self Awareness	Self-Management	Self-Direction
Perceive, Understand	Regulate	Generate

	<u>Six Seconds</u>	
Self Awareness	Self-Management	Self-Direction
Know Yourself	Choose Yourself	Give Yourself
	<u>Bar-On</u>	
Self Awareness	Self-Management	Self-Direction
Intrapersonal	Interpersonal, General Mood, Stress Management	Adaptability
	<u>Q-Metrics</u>	
Self Awareness	Self-Management	Self-Direction
Sense	Understand	Apply

Figure 5: Comparison of EQ Models (EQ Today, 2004).

Most models are similar in their basic structure: EI is about perceiving emotions, integrating and understanding emotions and being able to manage them in order to build and develop intra- and interpersonal relationships.

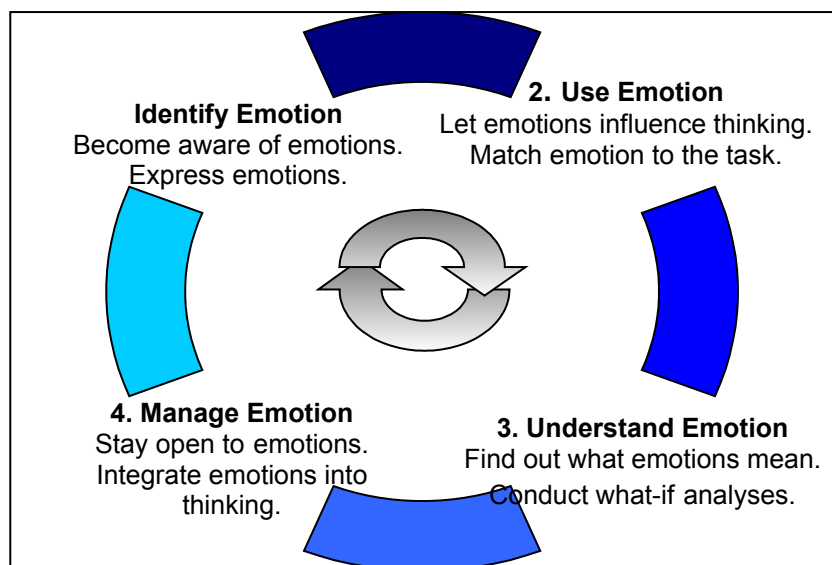


Figure 6: The Four Skills of Emotional Intelligence (Caruso and Salovey, 2004, xi).

Caruso and Salovey (2004) have a model, figure 6, which summarizes the basic ideas of most other models. Goleman (2002) defines EI skills as self-

awareness, the management of emotions, motivation, empathy and social skills which are included in the model as well as his later discussed leadership competencies.

Following are discussions and definitions of commitment and competitive advantage.

5.2 Commitment

Commitment is a key factor of organisational performance (Burgess and Turner, 2000, 225), and can lead to a competitive advantage because it is hard to imitate. Armstrong (2000, 9) states that there is a need to gain the commitment of people to the organization's mission and values while O'Reilly (1991) builds upon the psychological bond of people to an organisation, including a sense of job involvement and loyalty. Burgess and Turner argue that commitment requires the internalisation of the organisation's values, norms and goals and to form a strong correlation between them and the individual's belief.

One thing which these definitions have in common is that they all describe commitment as a kind of psychological contract between the employee and an organisation by creating employees' belief in the organisational goals, values and missions. This is done by job involvement, creating trust and loyalty. Guest and Conway (2002) define the psychological contract as the exchange of perceived promises and commitment. One has to identify that a psychological contract, although aiming for a win-win solution for employer and employees (WRDI Institute, 2004), does not always give employees a choice to contribute to the contract. Turnley and Feldman (1999) researched that the violation of the psychological contract results in a decreased level of loyalty to the organisation, leading to a decreasing performance.

Peters and Austin (1985) mention that trust, right treatment, lively and imaginative leadership lead to commitment while Bibb and Kourdi (2004) add that trust leads to loyalty, sales, leadership and health and safety as well as

affecting job satisfaction and career prospects. Therefore, trust is one of the key factors that lead to commitment. According to Armstrong (2000, 125) it is essential to give people more responsibility to manage their own jobs as individuals or as teams and provide rewards which are clearly related to success in achieving agreed goals. Becker (1960, 35) makes a point by differentiating 'putting in the state of commitment' (being committed) and 'acting to be committed' (made a commitment).

Moreover, Armstrong (2000, 134-136, 340-341) points out that commitment can only be achieved by successful communication through different and complementary channels, education, and training, ownership development, and through developing a sense of excitement in the job, reward and performance management. Further he mentions that seeking and taking into account the views of people in the workplace and providing opportunities for employees to contribute ideas, lead to commitment as well.

Therefore, commitment is based on trust, loyalty, communication, relationships and identification with the values and mission of the organisation, forming a psychological contract.

5.3 *Competitive Advantage*

Success can not only be achieved through people but also through e.g. technical innovation and a strategic approach (Porter, 1985). But, for a discussion of the influence of EI on competitive advantage, one has to concentrate on success which is achieved through people; because the skills of those people are critical. Pfeffer (1994, 30-59) suggests sixteen practices for managing people to reach success which are not discussed in detail here. But, most of them, like security, wages and incentive pay, empowerment, skill development and long-term perspective lead to commitment. Therefore, depending on how one treats people, one gains commitment and hence competitive advantage. Krames (2003) concludes from analysing Southwest Airlines that communication from the heart, informal communication and

communication of emotions can, besides other factors, lead to a high performance culture.

Armstrong (2000, 188) argues that high levels of commitment can reduce absenteeism and labour turnover but that there was no evidence that organisational commitment leads to an improvement of work performance. On the other hand, sick leave of civil servants for example costs billions of pounds (Jaggi, 2004) and leads to less efficiency, therefore not to a competitive advantage. Maybe Wilsons' (2004) idea of conducting a SWOT analysis to identify the competitive differentiators leads to more clarity.

Further, Pfeffer states that by treating people right, one can achieve a competitive advantage; on the other hand, this performance does not necessarily have to be based on commitment but more generally on the right treatment of people, although some of these treatments Pfeffer suggests lead to commitment. Pfeffer (1998, 16) quotes the CEO of Norwest: *'[...] implementing advanced technology. But none are as important as talented, professional, motivated people who care. That's our competitive advantage'*. This example shows that although technology seems to be important, motivated, trained, integrated and caring employees are a key for success.

A survey carried out by IBM/Towers Perrin (1992) shows that the following five initiatives are believed to gain competitive advantage in an organisation, matching Pfeffer's approach:

- Identify high-potential employees early
- Communicate directions, plans, problems
- Reward innovation and creativity
- Reward customer service and quality
- Reward business and/or productivity gains

Before one looks closer on how EI can influence commitment and competitive advantage, there is a short advance on Collins' (2001, 13) research about successful companies. Similar to Collins and Porras (1998) earlier research on

successful habits, he argues that a culture of discipline is one of the essential factors that lead to a successful company, compare figure 7.

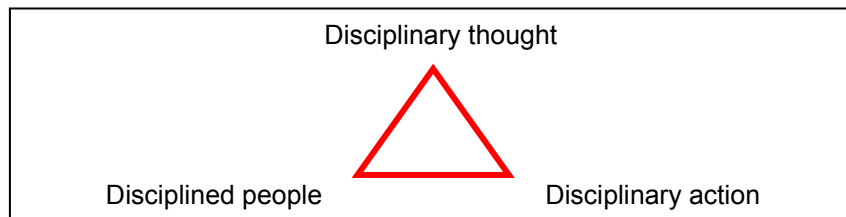


Figure 7: Key principles of successful companies according to Collins (2001).

With disciplined people, one does not need a hierarchy and no bureaucracy with well-organized thoughts, no excessive control with disciplined action – all this in combination with an ethic of entrepreneurship leads to a great performance, mainly because one can concentrate on the core business tasks. One of the key findings is that one should get the right people together first and then develop the strategy together. People were given freedom and responsibility, a fact that links back to trust and therefore links competitive advantage to commitment. This finds support by Duff (2003) who states that trust encourages commitment and is therefore vital to achieve a competitive advantage for a company.

Commitment seems to be the key to competitive advantage. And commitment and therefore competitive advantage are based on people and the leadership and treatment of those people which again creates a special climate.

The next chapter identifies whether EI can have an influence on that.

6 Creating Commitment and Competitive Advantage through the use of Emotional Intelligence

In order to understand if and how EI influences commitment and competitive advantage, one wants to recap what has been identified so far. Commitment, besides other factors based on trust, loyalty, communication and relationship, can lead to a competitive advantage through people. And the treatment of people, again based besides other factors on communication, relationship, leadership and discipline, can lead to a competitive advantage.

Cherniss (2000) refers to research that emotional or social qualities are important for success in organisations. Looking at leadership style, one identifies that the skills of effective managers can be split up in personal, interpersonal and group skills (Whetten and Cameron, 2002, 5-22), figure 8.

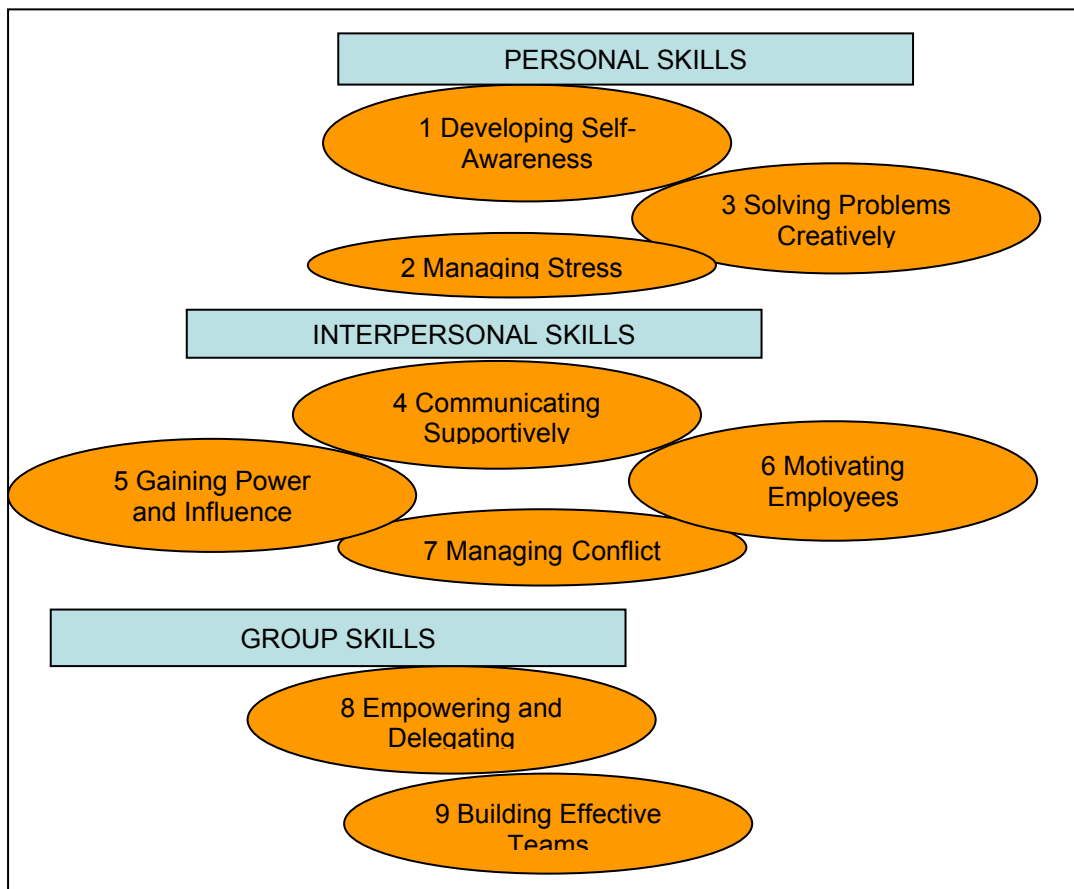


Figure 8: A Model of Critical Management Skills (Whetten and Cameron, 2002, 18).

Vecchio (1991, 323-324) states that in all different leadership styles, models recognize that leaders differ in their behaviour and this behaviour can make a difference in outcomes. And behaviour is influenced by emotions. Caruso and Salovey (2004, 7) maintain that latest research shows that how managers feel is a useful indicator and predictor of organisational performance.

It should be noted that negative emotionality relates to behaviour problems (Rothbart et al, 2000). And, also Goleman et al (2001) point out that the leader's mood and behaviours drive the moods and behaviours of everyone else. Here is a link between leadership and performance. If one looks at the identified leadership skills, then most of those can be re-discovered by Goleman et al (2002), figure 9.

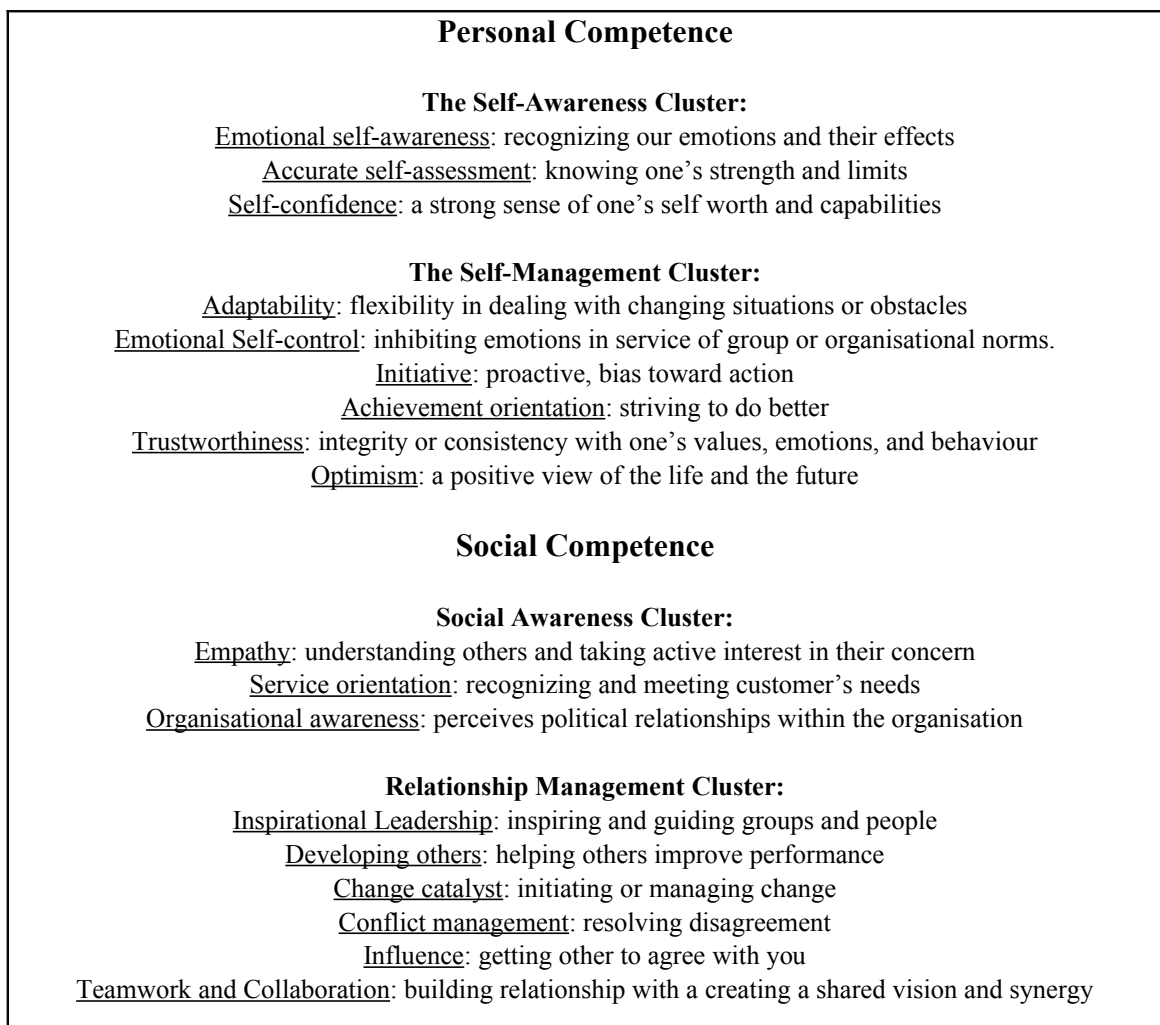


Figure 9: EI and competencies related to outstanding leadership (Goleman et al, 2002).

Personal competences and personal skills, being self-aware and managing oneself match each other. Social competences by Goleman can be found in interpersonal skills and group skills by Whetten and Cameron. This clarifies that EI can have an influence on leadership and concentrates on the same skills and competencies. Goleman classifies these competencies as learned abilities which add value to performance. They can be developed and learned and every leader or even employee should be trained in it. This theory finds support by Cherniss (2000).

Boyatzis and van Oosten (2002) argue that using EI to identify the leader's passion leads to a higher motivation and commitment. Listening skills, empathy that leads to trust and optimism are, according to Goleman (2002), essential for leaders and can be improved by EI as well as persuasion skills and conflict resolution skills. He also argues that leaders set a strategy, create a mission and build a culture or climate.

Research has identified six leadership styles, see table 1 and figure 10, which related to EI and Goleman (2000) states that leaders who have mastered four or more or are able to flexibly switch between them. In particular authoritative, democratic, affiliative and coaching styles, have the best climate and business performance. Research by Williams (1994) shows a relationship between EI abilities of leaders and the organizational performance.

Leadership Style:	Coercive	Authoritative	Affiliative	Demo- cratic	Pacesetting	Coaching
Impact on Climate:	-.26	.54	.46	.43	-.25	.42
Based on measurement of: flexibility, responsibility, standards, rewards, clarity, and commitment.						

Table 1: Impact of Leadership Styles on Drivers of Climate (Goleman, 2000); the higher the correlation factor, the higher the impact on the climate.

This shows the influence of EI on leadership; earlier one identified the influence of leadership on commitment, so that one concludes the influence of EI on commitment. And, Goleman (2000) researched the influence on the climate as well.

Climate reflects people’s sense of their ability to do their jobs well and indicates the degree of clarity in communication; the degree of employees’ flexibility in doing their jobs, ability to innovate, and ownership of and responsibility for their work; and the level of the performance standards set (Litwin and Stringer, 1968; Tagiuri and Litwin, 1968). The climate created by CEOs among their direct reports predicted the business performance of the entire organisation.

When appropriate	Objective	Impact on Climate	EI Competencies
		<i>Coercive</i>	
In a crisis, to kick-start a turnaround, or with problem employees	Immediate compliance	Strongly negative	Drive to achieve, initiative, emotional self-control
		<i>Authoritative</i>	
When change requires a new vision, or when a clear direction is needed	Mobilize others to follow a vision	Most strongly positive	Self-confidence, empathy, change catalyst
		<i>Affiliative</i>	
To heal rifts in a team or to motivate during stressful times	Create harmony	Highly positive	Empathy, building bonds, conflict management
		<i>Democratic</i>	
To buy-in or consensus, or to get valuable input from employees	Build commitment through participation	Highly positive	Collaboration, team leadership, communication
		<i>Pacesetting</i>	
To get quick results from a highly motivated and competent team	Perform tasks to a high standard	Highly negative	Conscientiousness, drive to achieve, initiate
		<i>Coaching</i>	
To help an employee improve performance or develop long-term strength	Build strength for the future	Highly positive	Developing others, empathy, emotional self-awareness

Figure 10: Leadership Style, EI and organisational effectiveness (Goleman, 2004).

So far, one can identify that good leadership and the creation of the right climate lead to commitment and hence to competitive advantage. Leadership and the creation of climate are often based on the way a manager or leader of an organisation communicates, being the most fundamental and pervasive of all management activities (Hargie and Tourish, 2000, 4). Furthermore, Hargie et al (1999, 189) suggest that positive communication includes admitting personal shortcomings, giving and receiving compliments, initiating and maintaining interactions and expressing positive feelings. One should remember Collins and his discipline approach which points out that leadership style is important, particularly in respect to the climate at the workplace, e.g. absence of

bureaucracy. Cooper and Sawaf (2004) sum up that EI can make a distinct difference in decision making, leadership, strategic and technical breakthroughs, open honest communication, trusting relationships and teamwork, customer loyalty, creativity and innovation.

Organisational climate and leadership behaviour can be improved through the use of five main domains of EI according to Salovey and Mayer (1990):

- (1) Knowing one's emotions.
- (2) Managing emotions.
- (3) Motivating oneself.
- (4) Recognizing emotions in others.
- (5) Handling relationships.

These domains reflect the leadership competencies again and link with the theory discussed in the first part. It is important for employers and employees to be aware of emotions. This is called metamood by psychologists and the awareness of thought process metacognition (Goleman, 1995, 46).

Managing one's emotion is the key to emotional well-being (Goleman, 1995, 56). Having a good work-life balance and relaxing during one's spare time surely contributes to the management of emotions. Zillmann (1993) concludes from his studies that the trigger for anger is endangerment, e.g. being treated unfairly or rudely. Further he argues that anger builds on anger. This relates to transactional analysis (Berne, 1967, 36) to a counter-transference reaction. Possibilities of dealing with anger are 'fight or flight' or trying to control the temper, figure 11.

However, the main idea in organisations is to have an awareness of anger or emotions and there exists an intelligence or management of emotions. Table 2 shows the survival value of emotions and to what kind of motivation they can lead.

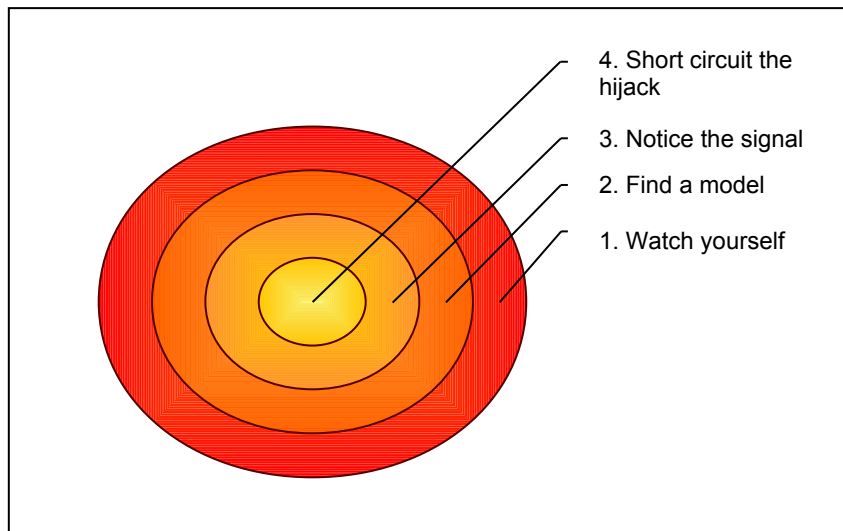


Figure 11: Taking control of temper (Goleman, 2002); the steps 1-4 can be repeated every time an emotion seems to take over control.

Emotion	Survival value motivates this behaviour	Emotions motivate us now to
Fear	Run, there is danger!	Act now to avoid negative consequences.
Anger	Fight!	Fight against wrong and injustice.
Sadness	Help me, I am hurt.	Ask others for their help and support.
Disgust	Do not eat that, it is poison.	Show that you cannot accept something.
Interest	Let us look around and explore.	Excite others to explore and learn.
Surprise	Watch out! Pay attention!	Turn people's attention to something unexpected and important.
Acceptance	Stay with the group for safety.	I like you; you are one of us.
Joy	Let us cooperate; let us reproduce.	Let us reproduce (that event).

Table 2: Survival value of emotions and the way emotions motivate us now (Caruso and Salovey, 2004, Exhibit 1.3 and 1.4, pp. 12 and 14).

Negative emotions turn attention toward one's own pre-occupation (Goleman, 1995, 78-79, 87-90); this allows one to focus on less essential and important work. On the other hand, positive motivation, feeling of enthusiasm, zeal and confidence, leads to achievement; as does optimism. Schulman (1995) uses the example of a salesperson that gets defeated every time s/he gets 'no' as an answer. Being able to cope and control such emotions, being optimistic that it is not dependent on oneself but maybe on other circumstances, leads to a self-efficient approach and more success (Seligman, 1991).

Empathy, or recognizing emotions in others, is a skill that one requires, especially as a leader. It helps salespeople to build up rapport as well as enables employers to link up with his/her employees, or employees amongst

each other. Goleman (1995, 96) states that empathy builds on self-awareness; it is only if one is able to identify one's own feelings that one can read other people's feelings. Note that this relates to verbal as well as non-verbal communications of feelings.

Handling relationships means being able to survive in a social environment. Particularly for successful organisations, one needs to build relationships; this is not only within the company but also with other companies in one's own relationship network (Ford et al, 2001, ch. 5). Although Ford talks about industrial relationships, they all are based on human relations and that is where EI comes in. Ekman and Friesen (1975) used the term 'display rule' in relation to which feelings can be shown at what time. They point out that this differs tremendously between cultures.

From the analysis of these domains, one identifies that EI not only helps leaders but also employees to work more efficiently and effectively. A climate can be created by being aware of and being able to manage emotions that lead to a higher level of productivity which can subsequently lead to a competitive advantage. This is particularly the case if as a leader one can create a climate in which everyone can identify oneself with the goals and objectives, the mission and value of the company.

This relates back to relationships an employee or employer has with her/his company because deeper understanding and relationships in life lead to creation of energy which is a source of influence and power (Cooper and Sawaf, 1997, xxxv). This does not have to be limited to human relationships. In respect to commitment, Cooper and Sawaf (1997, 210-230) argue that internal commitment based on emotions, lead to a drive that allows implementing any kind of intelligence or strategy successfully. Again, if an employer creates positive emotions about the value and mission of an organisation, s/he might be able to commit the employee more effectively than by 'giving orders'. This links back to the before mentioned leadership styles.

The Swatch CEO (Cooper and Sawaf, 1997, 217) states that *'[...] if each of us could add passion and commitment to an emotional product, we could beat anybody. Emotions are something nobody can copy'*. And this seems to be the key. The emotions about the company and the product, the empathy of the boss and the relationship between the employers and employees, the working climate in general leads to a competitive advantage.

In this respect, the Institute of Organizational Performance (IOP) (2004a) works with a model that can be obtained in figure 12 to create a successful climate and profitability which often leads to a competitive advantage.

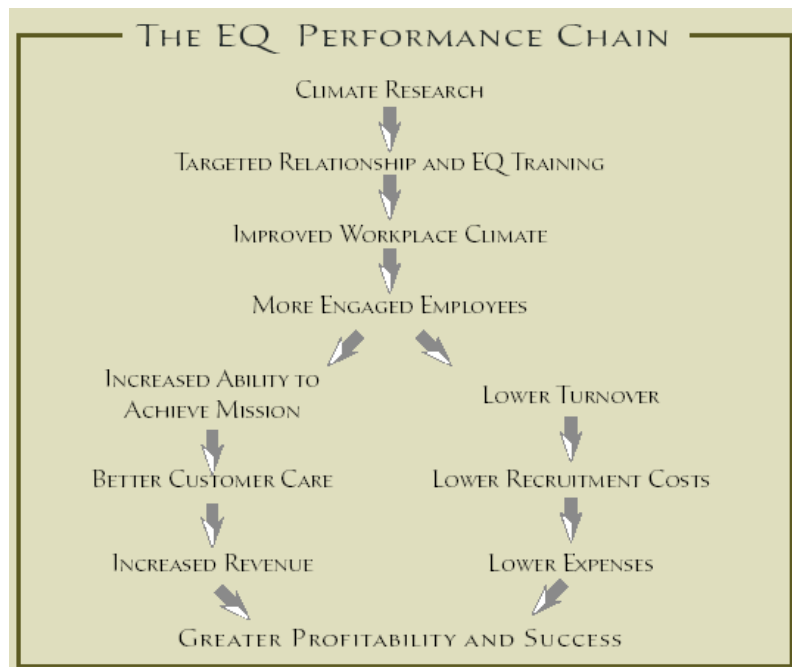


Figure 12: Model of the EQ Performance Chain by IOP (2004a).

Climate is a key driver for the performance of organisations. IOP (2004b) states that studies confirm negative staff morale contributes to loss of customer loyalty, turnover, and reduced productivity which affect the financial performance of the organization. On the other hand, employees who are feeling cared for and are happy at work, care for and attend more to customers. This enhanced service increases revenue and leads to more success. The second line in the model shows that happier employees make fewer mistakes, are less absent, and therefore, reduce costs.

EI can have more influence on organisational behaviour. According to Gardner, EI helps to organize groups, negotiate solutions, build personal connections, and form social analysis. This can be done by building up rapport, being a mediator, and prevent or solve conflicts, connect to others and caring about feelings and concerns as well as being able to detect and have insights about motives. Without feedback people are in the dark and do not know where they stand (Goleman, 1995, 151-161) and people with EI are better able to motivate themselves and better able to work their informal networks into ad hoc teams.

Freedman (2004) states that EI influences the levels of commitment and trust in organisations and that people are far more involved. This brings the attention back to trust, communication and commitment. Further, EI creates an atmosphere with creative tension, similar to 'positive stress', enhancing performance, see figure 13.

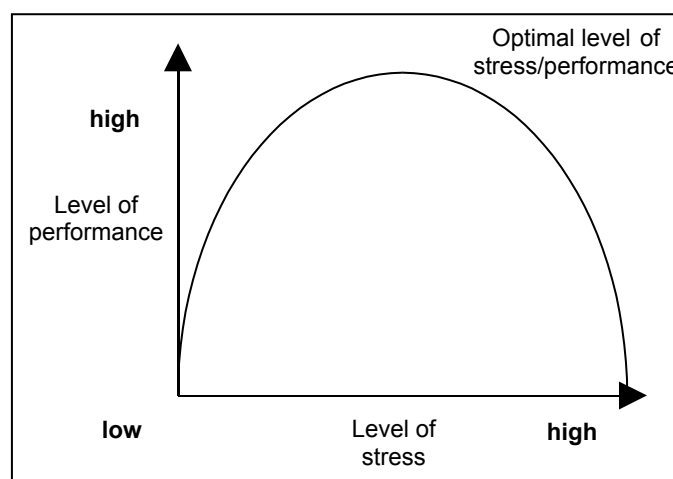


Figure 13: Level of performance related to level of stress (Thompson and McHugh, 2002, 278).

Other than positive stress that can lead to enhanced performance, EI can also be used to develop a new attitude towards stress and life (Vecchio, 1991, 448; Ashkanasy et al, 2003). On the other hand Goleman et al (2001) show that the comforting presence of another person not only lowers blood pressure but also works positively against the blocking of arteries, as well as working against stress. Whetten and Cameron (2002) also refer to the use of EI to eliminate encounter stressors. But, Eisenberg et al (2000) warn that regulation of emotion is not necessarily a good thing and can lapse into regression.

Merlevede et al (2001, 25-29) similarly argue that emotions and their management influences health. EI, therefore, can have an influence on stress and work-life balance as well as health issues. Figure 14 shows a model of stress, for limitations refer to the source as it would go beyond the scope of this paper. However, with EI's influence on commitment and health, the rate of absenteeism can be reduced. This again can lead to higher productivity, a competitive advantage.

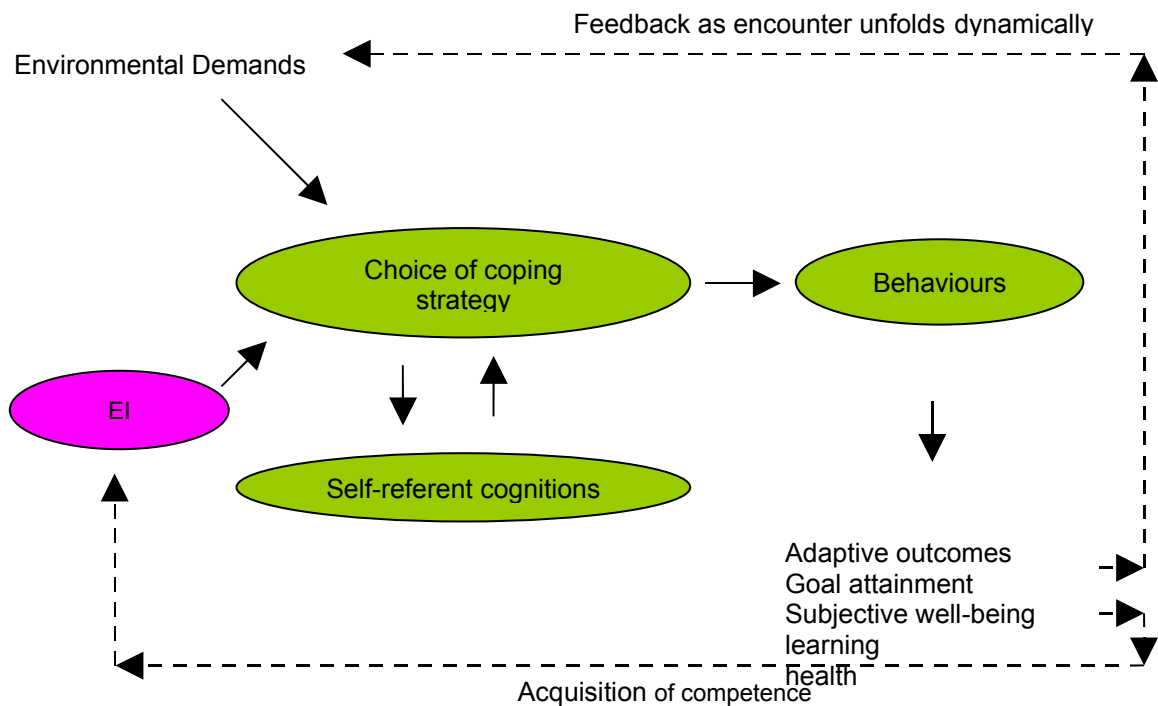


Figure 14: An outline model of the place of EI within the transactional model of stress (Matthews and Zeidner, 2000).

The IOP (2004b) website shows several case studies of companies using EI and gaining superior results. Results are that EI is more like a personal commitment that becomes part of the daily leadership. Further, employees are encouraged to develop and grow for the sake of being happier, healthier people which leads to more effectiveness. Accidents are decreased and work climates are improved. For example one is more trusting and open and honest with each other; one CEO states that EI *'helped us more rapidly identify and address issues that were keeping us from optimal performance'*. Haygroup

(2004) refers to case studies about increased sales and retention of top talents as well as improved financial results, return on investment, and productivity.

After discussing several aspects in which EI can have an influence upon commitment and lead to a competitive advantage, it is important to also consider other, more general advantages that emotions management contributes to. So is conceptual thinking or “big picture” thinking (Emmerling and Goleman, 2003) also a hallmark of superior performance, especially among executives who often must process information in complex situations that include a myriad of interdependent factors? Being able to deal with emotions, one does not lose one’s head and can see the big picture.

Spencer and Spencer (1993) mention that superior performers in management exhibit adaptability. And, as Goleman (2004) argues, emotional resilience allows an individual to remain comfortable with the anxiety that often accompanies uncertainty and to think ‘out of the box’, displaying on-the-job creativity and applying new ideas to achieve results. This implies that EI can lead to innovation and higher performance at the workplace, leading to corporate success.

Similarly, emotional self-control, trustworthiness, conscientiousness, achievement orientation and initiative competencies can be improved through the use of EI, and lead to a better performance at work. On the other hand, the social competencies, empathy, service and organizational awareness are essential for a good performance at work as well. Goleman argues that in regard to relationship management, EI increases competences like influence, communication, conflict management, visionary leadership, change catalyst, building bonds, knowledge work, collaboration and teamwork. Goleman states that the competencies work best in synergistic groupings and research (McClelland, 1998; Boyatzis, 1999) shows that there is a tipping point effect, a point at which strength in a competence makes a significant impact on performance. Hargie et al (1999, 31-33) agree that emotions have influence on behaviour, and therefore, in respect to influencing, threat or fear, aversive stimulation, consistency and commitment and moral appeals can be used.

Summarizing these points, one can influence the factors that lead to commitment and from commitment to better performance and competitive advantage by using EI. Not only in the leadership level which creates the successful climate of the company but also in other levels of the company, leading to happier employees who like to work in the company. And, if one can additionally bond the employee and employer emotionally to the mission and value of the organisation, forming a psychological contract, one creates a climate that seems to almost automatically lead to superior performance and a clear competitive advantage.

7 Conclusion and Recommendation

From the discussion on commitment and the creation of competitive advantage one can conclude that EI has an influence on both. Partly this is due to the influence on leadership; in addition, this leadership and the use of EI can create a climate that contributes to an increased commitment which then leads to a competitive advantage. Figure 15 summarizes the main influence.

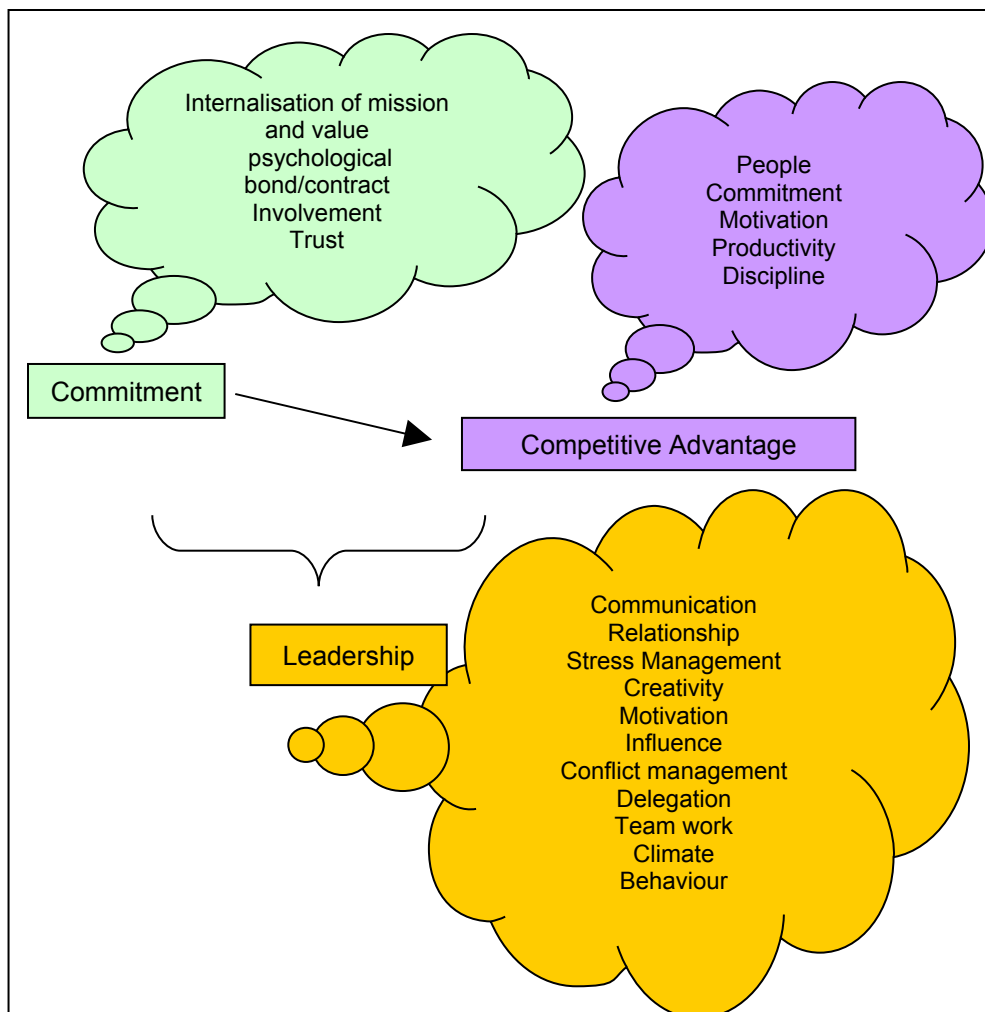


Figure 15: Factors of commitment, competitive advantage and leadership that can be influenced by EI.

Hedlund and Sternberg (2000) argue that social, emotional, and practical intelligence can be summarized as a tacit knowledge which may include knowledge of one's emotions and how to manage them. But it does not matter how one describes it and whether it is just tacit knowledge or if it is EI that

accounts for the success of companies. Research shows that a wide range of EI competencies, and a narrow range of cognitive ones, distinguish top performers from average ones (Goleman, 2004). The most powerful ones are achievement drive, developing others, adaptability, influence, self-confidence, and leadership. All these count for tacit knowledge.

Fernandes-Araoz (2001) shows that 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. So, this suggests that there are other factors leading to performance and success. One of them is surely behaviour and how it is influenced by emotions. This does not conclude that there are not additional factors that might also play a role.

Davies et al (1998) conclude in their study that if emotion perception is all that may remain of emotional intelligence, what does one use it for? Maybe that is all that it is; EI as an awareness of tacit knowledge or having a perception of emotions and being able to consciously deal with them. As Woodruffe (2001) suggests, people who are popular and for whom interpersonal relationships come easily already match most factors of EI, e.g. self awareness, self-esteem and confidence. Even Goleman (2000) admits that leadership will never be science, that there is always a part one cannot completely research and trace back to scientific principles, e.g. tacit knowledge and experience, gut feeling.

Comparing Goleman's attempts of increasing competencies for effective leaders with the idea of e.g. Alder (1996) who uses Neuro-Linguistic-Programming (NLP) tools to achieve leadership skills and performance, one wonders if Woodruffe is not right in saying that EI is just old skills in a new package. Merlevede et al (2001, 270-287) refers to the founders of NLP and their 'meta-model' to deal with emotions.

One could argue that the impact of EI in small medium enterprises (SMEs) is larger due to the smaller organisation and the shorter communication channels.

Further, entrepreneurs listen more often to their gut-feeling if making decisions (Goleman, 2002). Then again, the use of EI in the public sector, e.g. for nurses (Amendolair, 2003), can be significant. However, in the private sector, even in large organisations, one assumes an impact on the commitment of employees if their manager and leaders uses EI.

How can one implement EI in organisations? Newton (2002, 312-313) suggests practice, ongoing encouragement and reinforcement from others, support from the boss, experiential learning, emotionally intelligent trainers and coaches, and anticipation and preparation for setbacks. Sala (2004) suggests that in order to increase EI at work, one should use workshops; constant training is important to guarantee success.

After all, it is not important how one calls the theory. EI is just another term for bringing in emotions and awareness of oneself and other's emotions to the workplace. This seems particularly essential for leaders, because these are the people one looks up to and whose behaviour employees emulate. Obviously, if the use of EI as described throughout this paper is implemented in companies, this can increase commitment by building trust and internalizing the goals and objectives, the leadership vision to create a superior climate. Also, the implementation of emotions in today's business world surely has an impact on commitment and leads to a competitive advantage. It is not merely another management fad. However, it must be acknowledged that it is debatable if the theory known as EI is new after all.

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