

Emotional Intelligence and Organizational Leadership

Abstract

Recently, emotional intelligence (EI) has emerged as a popular topic of debate in the field of management psychology. It has been praised as a successful predictor of job performance and leadership ability. The origin of EI is based on the information founded from the researchers who defined EI as “the global capacity of the individual to deal effectively with his environment”. At the same time Gardner (1983) presented the conception of multiple intelligences. Gardner has recognized that, interpersonal intelligence is the ability to understand the perception and desires of other people whereas intrapersonal intelligence is the capability to control and understand one self, in order to have an effective working environment.

Effective management of organizations and human resources has now become one of the biggest challenges faced by firms globally. Seeking to support a leader’s cognitive, emotional and physical resources, the use of emotional intelligence is a modern tool of effective management, enabling the individual to manage a wide range of employees that are often performing in a unique set of roles. In addition, emotional it is also one of the primary factors that are directly linked to performance within a work environment. Thus, their identification and analysis essential for effective management as well as the increased development of the organization’s human capital becomes essential.

Keywords: Emotional Intelligence, Leadership, Cohesiveness, Management, Organization

Introduction

With the rapidly changing external environment, organizations today are required to be nimble-footed to maintain their competitive edge. This agility comes from employees and leaders, who are adaptive, work effectively, constantly improve systems and processes, are customer focused, and who share the need to make a profit. The value for utilizing emotional intelligence (EI) in predicting effective leaders has been found as an essential factor in increasing the performance of organizations.

Objectives

This study aims to understand the level of impact of Emotional Intelligence on the leadership behavior in an organization. It also attempts to understand how emotional intelligence affects a leader’s ability to make effective decisions.

Leadership – A modern perspective

The challenges associated with tighter budgets, escalating costs and the continuous demand to produce more for less, have given rise to a need for sophisticated leadership skills, ones that will effectively address the challenges of high employee turnover, a rapidly changing business environment and the ever-increasing demand for improved products and services. The solution to these problems is found in leaders who possess technical knowledge as well as the social and emotional abilities that will enable them to meet and beat the industry benchmarks. It also requires them to maximize the human potential of their organization while achieving their personal goals.

With reference to both the contexts, it is safe to conclude that some sense of correlation can be perceived between the two. In order to further tie the two together, we observe the leadership effectiveness with respect to each of the attributes of EI.

Five tenets of EI and Leadership Effectiveness

Self-Regulation & Leadership Effectiveness

An emotionally intelligent person is always monitoring his/her actions and also the acts of others according to the norms and values of the organizations, so that he/she could get better outcomes. Some researchers are of the view that regulating own-self leads to get



Rekha Tripathy
Professor,
Deptt.of Psychology,
Ranchi University,
Ranchi.

desired results from subordinates. These kinds of people lead by example by exercising self-restraint and demonstrating model behavior. Leaders who regulate themselves effectively rarely verbally attack others, make rushed or emotional decisions, stereotype people, or compromise their values. Self-regulation is all about staying in control. Their subordinates look up to them as they instill a sense of righteousness among them. It thus motivates the other employees to produce what is expected of them. Earlier in 1991 it was found that self regulation through feed-back was also positively related to effectiveness of the managers. So it can be proposed from the support of previous findings that a leader who is self regulated can be an effective leader at work.

Self Awareness & Leadership Effectiveness

Self awareness is one of the components of emotional intelligence and found that it has a significant positive impact on the effectiveness of a leader. Further to this, researchers have found that people who were well aware of their abilities were found more effective as compared to those who were unaware about themselves. These people are aware of their relative strengths and weaknesses and hence, can get better results from the followers. Emotionally intelligent leaders always remain in search of feedback to mend their behaviors accordingly and get the support of their followers. Hence it can be said that such a manager/leader can tackle the situation at work accordingly and can be an effective leader.

Motivation & Leadership Effectiveness

The passion to achieve the objectives i.e. motivation and its appropriate use is one of the component of emotional intelligence. It has a positive and significant impact on the success of a leader. An emotionally intelligent leader has the ability to boost the morale of the employees by motivating them and can get the work done more effectively. Such a leader who is able to understand the emotions of his followers has the passion to work with more zeal and can effectively persuade the followers to produce the desired results. He not only understands what drives the employees but also cares about them. He can hence successfully persuade them with optimism in adverse situations to achieve their personal as well as organizational goals. Thus, an ambitious and motivated leader not only can produce better outcomes but also motivates his/her subordinates.

Empathy and Leadership Effectiveness

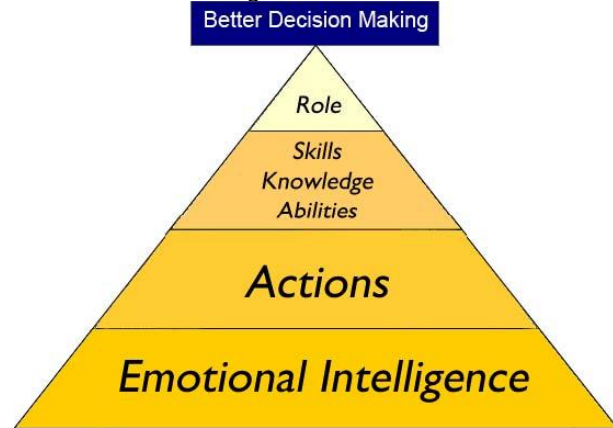
It is the ability to understand the emotional make-up of other people. It is proposed that a leader who is well aware of the emotions of followers is an effective leader. It shows a great deal about the leader who knows how to treat his employees according to their emotions. They help develop the people on their team, challenge others who are acting unfairly, give constructive feedback, and listen to those who need it. This gives him a likeable personality and approachable aura. Empathetic ability of a leader influences the behavior of the employees and makes them committed to the organization.

Social Skills & Leadership Effectiveness

^Social networking and strong interpersonal and intrapersonal skills make a person successful in the today's organizational environment. Researchers are of the view that social skills and effectiveness of leadership are significantly and positively related with each other.

An emotionally intelligent leader develops social networks and builds relations with others to influence them and hence can produce desired results effectively. The tact of talking to the co-workers, understanding what would work best in which situation and handling each situation differently is the mark of an effective leader.

An ideal leader has the ability to understand and manage his emotions, and those of the people around him. These people have a better idea of what they're feeling, what their emotions mean, and how these emotions can affect other people. Hence, they can garner a sense of control that stems from this deep understanding of emotions. This is a key element that gets highlighted as part of people management skills, an absolute must in an organization's leader.



Evident from the figure above, decision making proficiency is developed right at the beginning with Emotional Intelligence. It forms the stepping stone to better leadership skills. Once a manager has achieved this, he can effectively hone his knowledge, skills and abilities with a better understanding of self as well as surroundings. This enables him/her to assign roles and responsibilities accordingly, justifying his/her added value in the organization.

Leadership & Emotional Intelligence – A Case Study on Infosys Top Management

Infosys was once known as the bellwether of Indian IT industry. But its halo seems to have dimmed for the past few years. An internal restructuring and a leadership vacuum has made recording growth at Infosys as difficult as walking on wet tar. So much so, the company is now struggling to beat even the average industry growth rates. One of the major reasons cited for underperformance of the company in the past few years is the changes in the top management. Let us understand how EI comes into play to create a successful leader.

How did an \$8 billion company, a former bellwether of the information technology (IT) industry, get here? Why did it turn as desperate as to seek the return from retirement of its first CEO? It all started the moment NR Murthy stepped down from his executive position in 2011. One of the most important responsibilities of any board is planning for succession—identifying at least one leader who can immediately take up the role if the current CEO gets hit by a bus. Traditionally, Infosys has offered each of its seven co-founders a brief stint at running the company. However, the board had known for about 9 years that

S.D. Shibulal was last in line for the Chairman position. The best course of action was to prepare and start grooming for future set of succession, which the board failed at.

One of the seven founders who attained rock-star status after Infosys rose through the 1990s and 2000s to become India's most admired company, Shibulal appeared clueless as Infosys lost its exalted bellwether status, underwent the worst financial performance in its history, surrendered its premium pricing position and was compared—unfavorably—with rivals it once used to ridicule.

Shibulal, touted as the most determined CEO, was put in place to execute a strategy conceptualized by his predecessor, Kris Gopalakrishnan. He wasn't expected to infuse a new vision in the company since he was essentially an operations specialist, with little exposure to sales or marketing side of it. This created a huge hindrance in the implementation and execution of the strategy 3.0 since Shibulal did not have an in-depth understanding of his core customers' needs and as a result he was unable to convince them. In a sharp contrast to Mr. Murthy, Shibulal lacked the Emotional Intelligence required at this stage to control the employee exodus tormenting the company as well as pacifying the stakeholder who were getting vary of the leadership changes. It was clearly evident from Narayan Murthy's farewell speech that he believed the key to sustaining the competitive success built by the IT giant was integrating the client requirements and their business strategy through innovative solutions. Thus, understanding their organizational skills and matching those with the client requirements. However, customers did not perceive any connect with the new CEO's proposition and hence the company's vision blurred in this context. Mr. Murthy possessed that level of EI which helped him leverage his strengths as a leader with strong peripheral vision and of those who were competent in their respective fields.

After severe decline in the overall bottomline and loss of several crucial clients, the stakeholders started questioning the leadership of the company and hence Mr. Murthy was brought back from retirement. With a strategic vision, Murthy had built the unique GDM model which shaped the entire IT industry landscape in India. He was brought back with the anticipation that his visionary idea would once again revive the company from its ongoing turmoil and lead it to another era of success. Since his return, Murthy has made several reforms and enthused a new sense of hope in the investors as well as employees of the organization.

This is a classic example of effective decision making that can come only through a thorough understanding of the organizational competencies. Post Mr. Murthy's return, the company was cleared of what was perceived as non value adding elements and it resulted in a surge of market value of the organization. He clearly understood the need that the company needed a change of direction from the legacy system it followed due to a hollow created by lack of people with high level of emotional intelligence. Mr. Vishal Sikka was brought in after a careful consideration and observation over a long period. He has proven his mettle in his field of expertise and is known to be a result-oriented leader who is self-regulated and extremely aware of his strengths. He is not at all afraid to play on these

strengths and instill a new wave of motivation in the organization's culture through various corrective measure he has taken in terms of controlling the attrition rates, identification and development of skills in the employees, designing systems to solicit feedbacks from subordinates and encouraging employees to pursue personal goals. He also enforced a sense of belonging in the employees through "Murmuration" program that invites them to contribute innovative ideas and help them develop their individual skills.

Conclusion

To climb the modern corporate ladder, a leader must not only be competent within their chosen field but also possess a finely-tuned sense of emotional intelligence. He/she has to have emotional intelligence to align personal and subordinate goals to accomplish organizational objectives. Specifically, they are expected to be more positive, approachable, warm, empathetic and optimistic. Many believe that these traits are much more important than traditional cognitive intelligence in the successful achievement of workplace goals. The reason for this may be due to the fact that a focus on emotional intelligence often includes the ability to contain any negative feelings and focus instead on a positive outcome – a capability that is vital for high-reaching leaders and executives.

As seen from the case study above, lack of understanding the interpersonal and intrapersonal strengths or weaknesses can have hazardous results. It can transform a market leader into an industry outlier. Although there have been many arguments against this notion, yet there are sufficient bits and pieces to suggest that Emotional Intelligence bears a strong positive correlation to leadership effectiveness, especially in the modern times where understanding your employees and customers can make or break your company.

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