

## The Impact of Emotional Intelligence on an Organizational Leader's Ability to Make Effective Decisions

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### Abstract

Organizations are scaling down, reengineering themselves to compete in the global market and facing an explosion of available information. Max Messmer, CEO of Robert Half, told in a survey of 150 executives from some of the country's biggest industries, that leadership art was found the most important equity of managers and officials. James E. Perrella (1999), CEO, President and Chairman, Ingersoll-Rand Company, said America is moving towards a value-added, service-oriented economy from a manufacturing economy. And at the heart of service are relationships: interpersonal relationships; intergroup relationships; and interdepartmental correlation. The ascendancy of work teams in large organizations puts a new premium on relationship team craft. On the other hand among others, this set of skills consist the following expertise:

- Communicating or listening openly and sending convincing messages,
- Managing conflict, which entails negotiating and resolving disagreements,
- Guiding and Inspiring individuals and groups as a leader,
- Initiating and managing change, and
- Cooperating and Collaborating with others toward shared goals.

These two examples show the increasing influence of retaining, training, finding and hiring leaders with high emotional intelligence.

Emotional intelligence is defined as a person's, integrity, self-confidence, commitment, self-control and self-awareness, ability to accept change and initiate change (Goleman, 1998). Studies have shown that emotional intelligence impacts a leader's ability to be effective (Goleman, 1998). Three of the most important aspects of emotional intelligence for a leader's ability to make effective decisions are communication, influence, self-awareness, integrity and commitment. Managers and officials who do not flourish their emotional intelligence have difficulty in building good relations with subordinates, and clients.

The following paper is an examination of how emotional intelligence affects a leader's ability to make effective decisions. The first part of the paper defines the parameters of emotional intelligence, effective decision-making and leadership. This is succeeded by a discourse of how the aspects of emotional intelligence affect a leader's ability to make good decisions and how emotional intelligence is integral to Stephen Covey's seven habits of highly successful people and Warren

Bennis' beliefs on what is leadership. The paper concludes with the leadership responsibilities that are implemented through the use of emotional intelligence.

**Keywords:** Emotional Intelligence, Leadership, Effective management.

## Introduction

"When it comes to improving organizational performance, management scholars are beginning to emphasize the importance of a manager's emotional intelligence". What impact does emotional intelligence have on the efficacy of decisions made by a current organizational leader? To answer the above question, three approaches need to be defined: emotional intelligence, qualities of a good leader, and powerful decision-making.

## Definition and Motive

### Emotional intelligence

Emotional intelligence is a combination of expertise skills. These skills contribute to an individual's ability to manage and control his or her own emotions, to correctly watch or check the emotional state of others and to influence opinions. Goleman defines a model of five dimensions. Each sphere has its peculiar set of behavioral features as follows.

1. Self-awareness is the ability to recognize feeling meticulously to perform self-assessments and have self-confidence. It is the foundation of emotional intelligence (Goleman, 1995).
2. Self-management or self-regulation is the ability to keep disturbing emotions and feelings in check maintain principles of honesty and integrity (trustworthiness), take authority for one's own performance with innovative concepts and approaches (innovation).
3. Motivation is the emotional tendency guiding or facilitating the attainment of goals and objectives. It consists of achievement drive (meeting standard of excellence), commitment (sequence of goals with the group or organization), initiative (acting on favorable circumstances), and optimism (continuously reaching toward goals irrespective of setbacks).
4. Empathy is the understanding of others by being aware of their needs, attitudes, feelings, interests, anticipating the developmental abilities of others.
5. Social skills are an integral part of emotional intelligence. They include the capability to persuade fascinating responses in others by using effective diplomacy to persuade (influence); listen openly and send convincing messages (communicate); inspire and guide groups and individuals (leadership); nurture instrumental relationships (building bonds); work with others toward a shared goal (collaboration, cooperation); and create teamwork in ensuing collective goals.

These five features will be applicable to a leader's ability to make strong and effective decisions.

## Leadership

What makes a person a leader is still argued, but as per Warren Bennis (1994), all leaders seem to share some familiar features. A leader has a clear idea of what he wants to do personally and professionally & will go after the goal. The next characteristic is enthusiasm or passion and the capability to communicate that passion to others & third, is integrity, containing three ingredients: maturity candor, and self-knowledge. Self-knowledge knows one's strengths and weaknesses.

Candor is being honest with you and is the key to knowing yourself. Maturity or wisdom is the conclusion of the lessons studied by following, working with others by observing others. The last two features go hand in hand: daring and curiosity. A leader wants to study as much as possible and is eager to take risks.

## **Effective Leadership**

The term effective in this paper can be defined as (1) "getting the job done through high quantity and quality standards of performance, and (2) getting the job done by personal, need their commitment".

## **Major Findings**

What then is the link between effective leaders and emotional intelligence? A Pennsylvania State University study looked at the self-awareness component of transformational leadership and emotional intelligence. The conclusion of the study imparted empirical platform for emotional intelligence being the foundation of other aspects of leadership. The statistics for the study were gathered from 192 subordinates, 63 management superiors and 63 managers. Managers reported their assessment of their leadership behavior and emotional intelligence; the subordinates reported their view of their manager's transformational leadership behavior and performance outcomes; and each manager's superior rated official's performance. The study tried to answer two questions. The first question tried to find "what aspects of [emotional intelligence] differentiate those leaders who are in agreement with others concerning their transformational leadership qualities from those who are not in agreement". The second question asked "how do non-military leaders who are in agreement with others regarding their transformational leadership qualities differ in terms of performance from those who are not in agreement.

Leaders who underestimated their leadership were positively linked to social self-confidence while leaders who overestimated their abilities were negatively related to sensitivity. The results also suggested "self-awareness may provide individuals with greater perceived control over interpersonal events and consequences in their life...transformational leaders who are self-aware possess high levels of self-efficacy and self-confidence and provide orientation for believer". The authors suggest that self-awareness may enable leaders to understand the emotional implications of their own thoughts and feelings. For e.g. before a manager uses a 360-degree feedback estimate, they have to "understand what dispositional attributes and leadership behaviors are associated with managerial effectiveness". Leaders who keep methodical self-awareness have higher level of emotional intelligence and appear to be more effective to their subordinates and superiors. Interviews of various senior officials confessed that "managers 'who played the game' according to established norms were looked upon favorably by superiors in promotion considerations and performance evaluations. Those interviews also expose that 'fast-track' candidates and the 'darlings' of senior management are often seen as uncaring by their juniors, selfish and looked upon genially by superiors in performance evaluations and promotion considerations. The infinite social self-consciousness aspect of emotional intelligence may be useful for leaders who are interested in success (to maximize performance evaluation ratings), but "this does not guarantee high ratings of transformational leadership and effectiveness by one's subordinates".

## A Leader with Emotional Intelligence

These findings are consistent with Patricia Pitcher's (1999) description of a company led by one CEO with high emotional intelligence who was succeeded by a CEO without emotional intelligence. She initiated with an explanation of CEO with higher emotional intelligence who seized over a medium-sized company. He had a perception to build the company into a global one "running in general and life insurance, banking, and investments services" spanning the world. During that time most people believed that banking and insurance would never meet. Then after 15 years, the company was approx.\$20 billion dollars and was a unified service company in Europe, Asia and North America. The CEO's subordinates described him as a warm, thoughtful, people-oriented, visionary, daring and fantastic person.

Patricia Pitcher explains the thoughtful, people-oriented characteristics helped him attract and keep great colleagues and investors. His emotional and inspiring traits grant his zeal to spread. The ambitious, daring, innate and uncertain qualities helped him to keep centralized on the goal, avoid short-term enjoyments and attain his goal. His observant behaviour helped the company and himself to evolve and preserve different types of individuals. This certified new thoughts and fresh paths to problem solving. The CEO bound himself with the best skills he could get. He distributed the power structure granting his skilled employees to direct themselves in their peculiar way. He sat on the autonomous boards and asked queries, but did not hinder with his staff. The other officials comprised were six craftsmen and artists .

The craftsmen were described as being trustworthy, well-balanced, reasonable, realistic and sensible. They were interdependent to the artists. These craftsmen already know what would work and what wouldn't. They realized that individuals made mistakes, but they learned a lesson from them, and if you crush out error, you crush out innovation. These individuals handle with the day-to-day operations of life.

There were six other people in the company whom Pitcher calls the tech savvy. These individuals were characterized as being "uncompromising, determined, intense, hardheaded, analytical and cerebral." They were generally called "intelligent, rigid and remote." Their social and mutual relationships needed depth, and they misjudge the people around them. She portrayed the tech savvy as individuals who considered they were "imaginative, realistic and even sensible, yet none did". Tech Savvy stumble in their judgments of others, societies and circumstances. They did not imbibe from the mistakes since they always thought others flaws. Those who made mistakes would be out of work. The paper goes on to explain what happened when the CEO felt it was the right time for him to leave and let 'fresh air' into the company.

## A Leader without Emotional Intelligence

In 1980 the company leadership was given to the next representative , a tech savvy. This leader was systematic , determined and intelligent . Patricia Pitcher considers such an individual would find fragmentation a poor way of doing business. So, the new CEO initiated to integrate the decision-making practices. He built a modified head office that changed the subsidiaries' officials . All of the artists and craftsmen functioning the subsidiaries were constantly fired and changed by 'skilled professionals' or techno savvys by 1992. Within three years the "company was dead." If the 'professionals' were so expert, what were the reasons for the company's failure?

Pitcher advocates that the company failed by this reason "If you [do not have] regard for the emotional elements that come in the visionary package, you decline the special vision of an Artist. If you associate experience with old-fashion, you decline the Craftsman, who influences the honesty and the devotion , and who knows what making gizmos is all about Any company without honesty, devotion , expertise, and ambitions can will decline very fast" .She indentifies that functioning of a contemporary company needs all aspects– even the analytical cerebral, and uncompromising. The Artists and Craftsmen can live with those different aspects, but the Tech savvy cannot. What does this perspective unfold about the relationship among emotional intelligence and effective leadership?

To answer the above query, an examination of the impact of emotional intelligence on the two leaders is needed. The first chief executive official indicated most of the characteristics related with emotional intelligence. Proper self-assessment (self-awareness) was exhibited by his capability to know his limits and his powers. He enclosed himself with individuals who had skills he did not, e.g. technocrats the craftsmen, and other artists. Impulsive to follow his dream exhibited self-confidence (self-awareness) and innovation (self-regulation), features of emotional intelligence (Goleman, 1998). His adaptability to new ideas, fragmentation of power and his consistent learning (shown by asking queries at board meetings and listening to the responses), determined empathy.

Empathy is being aware of the feelings of others, their interests and their requirements. It can be fragmented into probing understanding, growth of others' abilities, inculcating diversity to acknowledge new concepts and opportunities to be perceived, and being politically conscious of a team's requirements and power structure. The CEO's civil/social skill, another feature of emotional intelligence, was exhibited by propagating relationships with his employees, investors, and colleagues. These features lead to assurance which is the second most vital attribute of emotional intelligence.

Trustworthiness/Assurance is very vital aspect in a leader's makeover. Without trust, much effort & time is wasted on unproductive actions because leaders feel forced to draw up methods in minute details, even for simple affairs. Innovation will halt when juniors lost their faith on the leaders. Creativity will fade if the feel of trust in a company is lost and if individuals are engaged with preserving their backs. The second CEO apparently lacked the faith of his employees as a result of his lack of emotional intelligence.

Because the new CEO was not aware of how his actions and emotions were influencing others, he thought out to be lacking in emotional intelligence. Pitcher said that he cursed others for troubles and overlooked at the situational forces individuals were responding to. It is vital for the tech savvy leader to see the situation realistically. He must be conscious of his own influence on the circumstances and the intents of others involved. As per Manfred F R Kets de Vries -to be able to decipher these deeper motives-to tease out the experiential emotional, and cognitive elements...requires the capability to listen with the third ear... an awareness about our own emotions, the expertise and skills to handle those emotions, and recognition of emotions in other people (empathy) .Mike Miller's (1999) view is that many leaders fail because they are very rigid and have meager relationships. As a result, they are incapable to accommodate with the changes in the business atmosphere, organization culture, work measures, and technology. Leaders who are not able to receive or respond to some feedback are not able to decide how they need to alter their approach to lead others. These leaders know clearly that being technically talented is not enough to drive success.

It is supposed the second CEO was neglecting how his emotions impact his actions in favor of an analytical or autocratic approach to management. Without emotional intelligence, the tech savvy CEO was lacking in his ability to influence individuals in a positive way. The capability to influence people is a vital part of being an effective leader. It is easy to allocate a project but it is another thing to influence a junior or senior to change his or her mind regarding a policy decision. Certainly the major difference between the first and second CEOs was the level of emotional intelligence. While IQ plays as the entry-level condition for executive posts, "emotional intelligence is the sine qua non of leadership" (Goleman, 1998).

As per Covey the effect of evolving the first three habits notably increases self-confidence. You will be able to know yourself in a more broader, more purposeful way. Considering one's own nature, broadest set of values and exclusive contribution capacity becomes more specific and crystal clear. This is the principle of emotional intelligence as defined by Daniel Goleman – self-awareness

There will be an increment in fostering about what others think of themselves and their relationship to you. This is the advancement of the self-regulation and empathy features of emotional intelligence. The next three habits depict the civil/social skills of emotional intelligence. They help an individual to recover and rebuild important relationships. This seventh habit helps in developing one's own self with the help of using first six habits. It is supposed the second CEO was neglecting how his emotions impact his actions in favor of an analytical or autocratic approach to management. Without emotional intelligence, the tech savvy CEO was lacking in his ability to influence individuals in a positive way. The capability to influence people is a vital part of being an effective leader. It is easy to allocate a project but it is another thing to influence a junior or senior to change his or her mind regarding a policy decision.

## Conclusion

A leader has to have emotional intelligence to align personal and subordinate goals to accomplish company goals. Ralph C Stayer (1993) suggest four responsibilities a leader must implement at all levels of a company. To begin with firstly assign the work to people who actually do it. Than after that secondly, constitute a surrounding where change of control is possible, where every individual desire to be liable for their own creation. And this provides a fair scenario of what the organization consider a brilliant achievement is, for the institution and for each & every individual; concentrating people on the few great performance factors; developing in each person the desire to be responsible for his or her performance; aligning organization systems and structures to send a clear message as to what is necessary for great performance; engaging each person's mind, hands and heart in the business; and energizing people around the workplace. Third principle is to create individual capability & expertise. And last but not the least is to generate situation in the company that demands every person to restlessly learn, along with him. The above four principals align personal and company goals through emotional intelligence.

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