

THE BUSINESS CASE FOR EQ

# navigating leadership

The  
Variegate Group

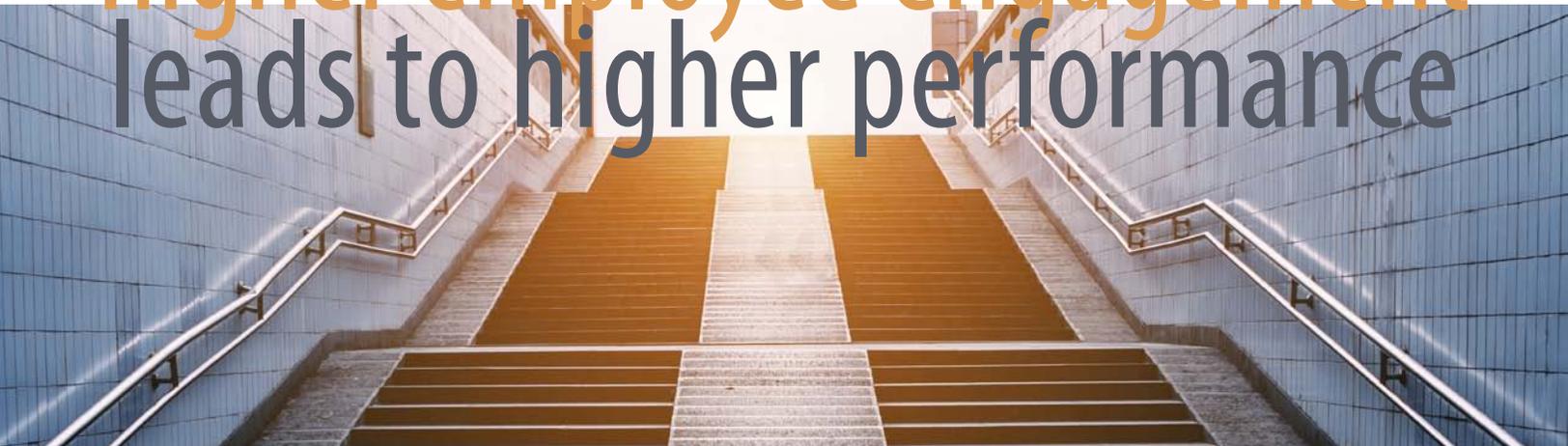
*Diverse Solutions for Diverse Workforces*

Contact The Variegate Group

T: +1 (702) 408-2114

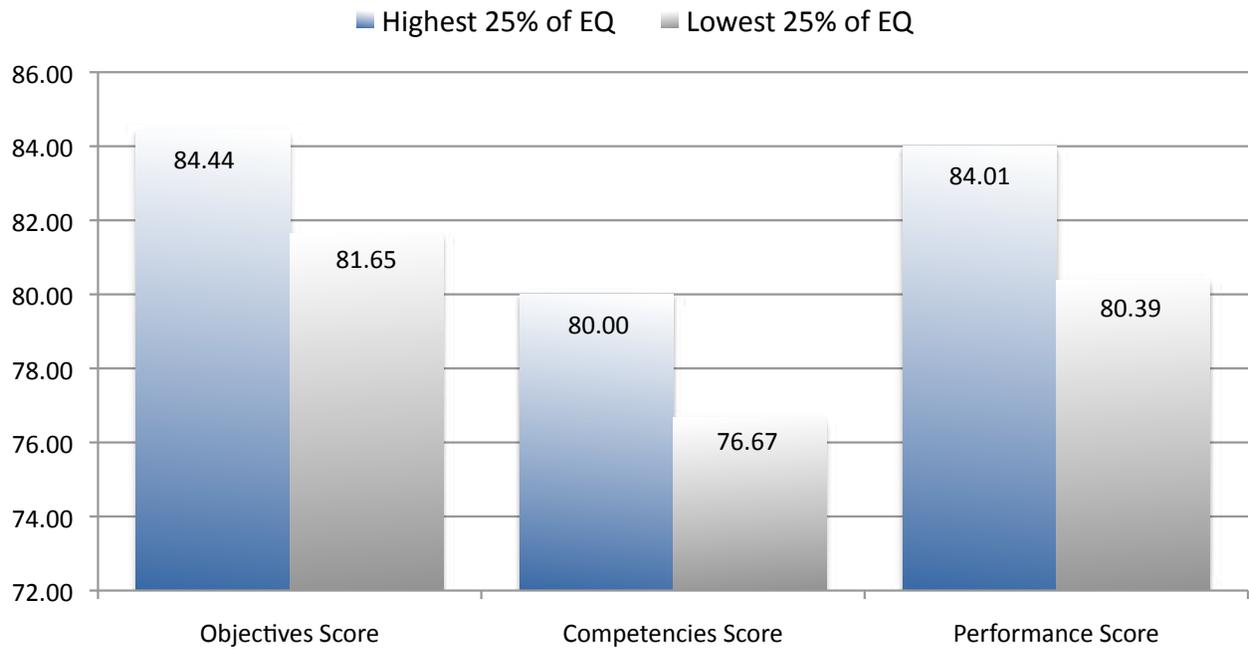
E: [info@variegategroup.com](mailto:info@variegategroup.com)

higher employee engagement  
leads to higher performance



If over 70% of the top issues in the workplace are tied to leadership, it's no surprise that organizations are urgently looking for the cutting edge science that helps leaders understand how to work with and through their people.

# navigating leadership



*Comparison of Amadori managers with highest and lowest EQ scores showing positive impact on performance using company metrics.<sup>23</sup>*

# higher employee engagement leads to higher performance

At Amadori, a major McDonald's supplier in Italy, researchers discovered that managers in the top 25% scored higher on the company's performance metrics, with EQ accounting for 47% of the variation in managers' performance. Furthermore, managers' EQ at three different plants correlated positively with the OVS Engagement Index, revealing that 76% of the variation in employee engagement was predicted by managers' EQ scores. In turn, at the three plants in the study, the level of employee engagement was directly correlated with the plant performance.

In the wake of the recent economic crisis, the issues of ethical leadership gained attention. In part due to increasing demands for corporate transparency, and in part due to the recognition of the terrible destruction caused by unethical business decisions, many organizations are re-evaluating the ways they ensure that leaders have the capacity to make ethical decisions.

In 2008, Kidwell and Valentine studied the link between workplace climate and ethics in the military. Perhaps unsurprisingly, they found that in a more positive workplace, people were more ethical (they were less likely to withhold effort or neglect job duties).<sup>24</sup> The implication is that leaders who create a more positive workplace climate will also reap the rewards of increased effort as well as increased ethics.

Barbuto, Ryan, Gottfredson, and Travis (2014) studied the antecedents of servant leadership, an ethical, people-oriented approach to leading others by serving them and meeting their needs. They found that EQ is a powerful predictor of leaders' servant-leadership ideology, but may not be a good predictor of servant-leaders' behaviors, as rated by the leaders' followers, indicating that other developmental support is needed.

In another study, business students were given an assessment of emotional intelligence skills and tested to see how they evaluated their own and others' ethical behavior. Empathy, the ability to connect with others' emotions, was correlated with the ability to recognize

others' ethical decisions.<sup>26</sup> In other words, emotional awareness is tied to ethical awareness. One of these researchers conducted a similar experiment with physicians and nurses in a US hospital and, again, found that higher EQ scores predict higher performance in ethics.

## ***higher EQ scores predict higher performance in ethics***

seeking  
ETHICAL LEADERSHIP



# Leadership Fuels How Work Gets Done

understanding emotional behavior to harness productivity

Shifting to productivity, several studies link emotional competence in individuals and leadership to the ability to get work accomplished. For example, a major sales study showed top performing sales clerks are 12 times more productive than those at the bottom and 85% more productive than an average performer. About one-third of this difference is due to technical skill and cognitive ability while two-thirds is due to emotional competence.

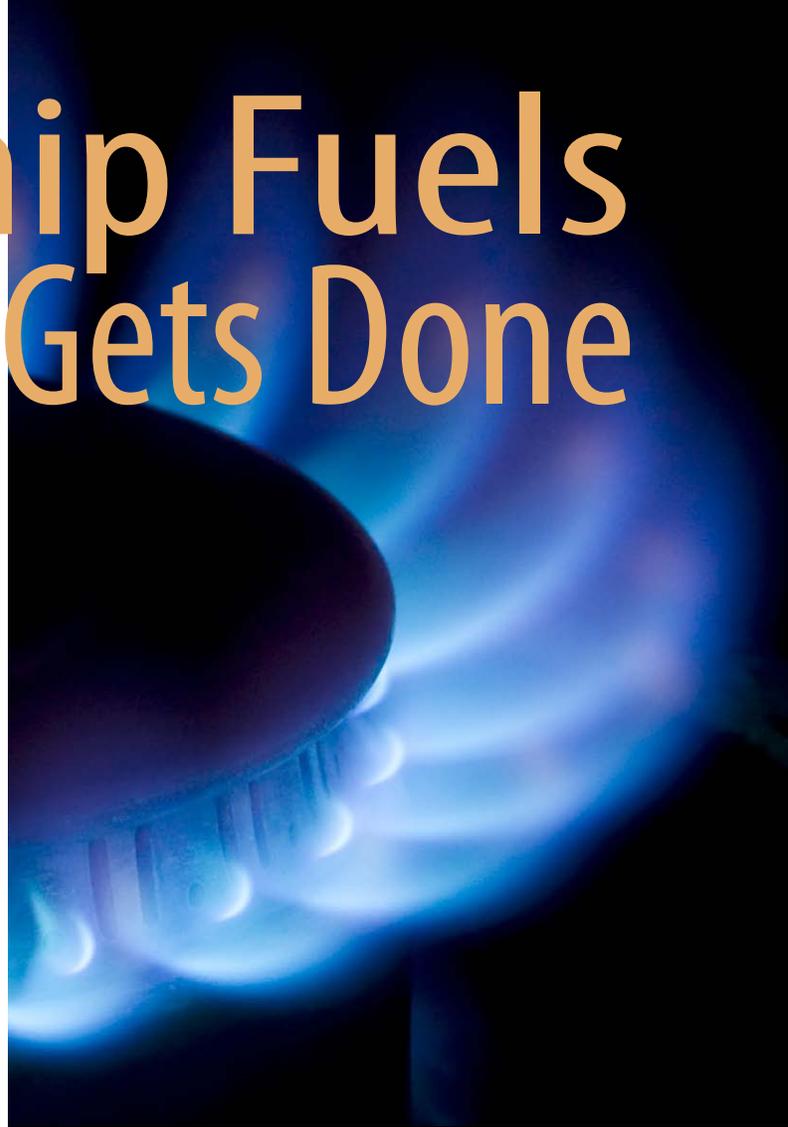
The affect (emotional behavior) of the leaders plays a major role in team performance. You can see this clearly in the way “everyone just knows” when the boss is having a bad day. The way feelings spread from one person to another is called “emotional contagion.”

In a study of the influence of the contagion of mood of a group leader on group members, the positive mood of the leader positively influenced group members at both the individual and collective level with the opposite for leader’s negative mood. The leader’s positive mood also had a subsequent influence on group coordination and effort.

Leaders influence the team’s mood.

The team’s mood drives performance.

What’s your conclusion?



**97%** of employees surveyed said they could be more productive

**49%** said they could increase productivity by 50% or more.<sup>30</sup>

In 2002, Sigal Barsade of Yale University examined the effect of emotional contagion within teams. In her experiment, a trained actor was placed within groups and directed to participate in the groups' activities while enacting varying levels of pleasantness and energy. The groups were working to assign a pay bonus; they had a fixed amount of money they could spend and had to allocate it based on a set of performance criteria.

When the actor was a negative group member, it disrupted the groups and reduced efficacy. Conversely when the actor played a positive confederate, the teams tended to show increased cooperation, fewer group conflicts, and heightened task performance.<sup>3</sup>

Likewise, in a similar study, Isen assessed radiologists, finding positive mood enhanced their accuracy. Positive mood has a far-reaching effect on work performance, supervision, decision-making, and even on team members voluntarily acting for the good of the organization.

The overall mood of the organization could be described as "organizational climate" – and a leader's EQ skills are a key ingredient in shaping the climate: In a study of randomly selected car manufacturing managers in Iran, emotional intelligence (particularly awareness of own and other's feelings) predicted the quality of the organizational climate. So EQ skills

EQ skills affect climate  
Climate affects performance

affect climate – and climate affects performance; in one study, Ozcelik, Langton, and Aldrich (2008) assessed 229 entrepreneurs and small business owners in Canada to see if they used emotionally intelligent behaviors in shaping the organizational climate. They followed up 18 months later, and leaders who created more positive climate had more revenue as well as increased growth.

The overall mood of the organization could be described as "organizational climate" – and a leader's EQ skills are a key ingredient in shaping the climate.

Contact The Variegate Group  
T: +1 (702) 408-2114  
E: [info@variegategroup.com](mailto:info@variegategroup.com)

