

Leadership for tomorrow: Once more, with feeling

Paul G Power

'Know yourself.' The ancient Greeks considered this a must-have virtue. And they were right, as recent research shows a direct correlation between high leadership performance and accurate self-awareness – in other words, emotional intelligence.



PETER IS THE CEO of a medium-sized, high-profile organisation providing business services to professionals. While he is achieving financial results to delight the company's shareholders, he is unaware of the impact he is having on the members of his executive team. In their view, he rules the organisation by fear and is considered unapproachable because of his stern demeanour and his capacity to deliver a 'quick put-down'.

Paul is the principal of a secondary school with a reputation for mediocrity in its teaching and a history of poor student results. He believes that his relationships with his teachers are too important to jeopardise by addressing the issues related to their teaching performance.

Mary is a senior executive in a high-performing, fast-moving consumer goods (FMCG) company. She has an excellent reputation among her own staff for the quality of her leadership. Among her peers in the executive team, however, she is considered arrogant and patronising.

Through a leadership transformation program that included diagnostic feedback and one-on-one coaching, all three of these leaders gained insight into their behaviour and discovered that they needed to develop some of the elements of emotional intelligence.

WHAT IS EMOTIONAL INTELLIGENCE?

Emotional intelligence is "the capacity for recognising our own feelings and those of others, for motivating ourselves and for managing emotions effectively in ourselves and others."¹ This has been misconstrued by some as a requirement to become 'warm and fuzzy' at the expense of having a hard-nosed business sense. But emotionally intelligent leadership is not about unfaltering 'niceness', nor is it about being emotionally bland or controlled to the point of appearing emotionless and robotic. Rather, it is about exercising real choice, based upon a realistic and accurate assessment of oneself in a given situation, instead of being driven by one's emotions to act in an uncontrolled manner.

As described in detail in *The New Leaders*², this perspective on emotional intelligence can be encapsulated in a behavioural framework of four competency clusters: self-awareness, self-management, social awareness and relationship management.

For Peter, the breakthrough came from his discovery of the effect he was having on his staff (social awareness) and the realisation that it resulted from a lack of self-control (self-management) in misusing what he considered to be his great strength - his sharp intellect (self-awareness).

For Paul, insight came from an understanding that he had a strong need for relationships and belonging (self-awareness) which was driving his behaviour to the extent that he was 'killing performance with kindness'. He learned to value the importance of providing balanced positive and negative feedback to his staff which more accurately reflected their levels of performance.

Mary discovered that her behaviour toward her peers was driven in large part by her upbringing, where her parents had enthusiastically and repeatedly encouraged her education with admonitions of 'you are what you learn', and 'always look after your brothers and sisters' (self-awareness). On the basis of this new-found awareness, she stopped lecturing her colleagues from her vast knowledge base whenever a topic was raised in meetings, so they no longer considered her arrogant. Furthermore, they no longer considered her to be patronising, because she now refrained from 'protecting' them when she felt they were 'under attack' from other members of the team.

Leaders who are not emotionally self-aware will not be mentally tough enough to succeed in tomorrow's business environment.

Emotionally intelligent leadership is about exercising real choice, based on a realistic and accurate assessment of oneself.



EMOTIONALLY INTELLIGENT LEADERSHIP

“Leadership is largely about a relationship between leaders and followers; therefore, a central task for all leaders is to build and maintain a solid relationship with others”.³

This has not always been the case. For many years, business enterprises were led and managed by people, mostly men, who ruled by *fiat*, by force, by fear, or, occasionally, through charisma. Indeed, the distinction between leadership and management was typically viewed as unnecessary and a matter for academic discourse with little relevance to the reality of corporate life.

Kotter asserts leadership and management are two sides of a coin: the former relates to change and growth, the latter to continuity and stability.



As recently as 1995, the Karpin Report⁴, as it was known, asserted that there was little point in attempting to distinguish meaningfully between leadership and management, preferring to assume that the two were much the same at senior levels in an organisation. This, however, is a view that has been frequently questioned in the years since. In 1990, John Kotter asserted that leadership and management are two sides of a coin: the former relating to change and growth, the latter concerned with continuity and stability.⁵ His analysis, supported and extended by his later writings, has informed and directed this debate.⁶

IQ was remarkably unsuccessful at predicting success in a work role ... other characteristics distinguish superior from average performers.

Daniel Goleman wrote compellingly in 1998 about the need for leaders to demonstrate emotional intelligence.⁷ He has subsequently published further evidence of the need for today’s organisations to foster emotionally intelligent leadership⁸, a view echoed widely by others.⁹ In essence, Goleman and his

colleagues maintain that it is the fundamental task of leaders to be intelligent about their emotions and to thereby act in a way that releases

the best in the people they lead. It is this quality that “determines whether everything else a leader does will work as well as it could.”¹⁰

But what does an emotionally intelligent leader look like? Can emotional intelligence be identified? Can it be developed? Are the characteristics of emotionally intelligent leadership consistent around the world? What impact do these attributes really have on business results?

Many have attempted to describe the characteristics of great leaders. Goleman’s work has relied heavily on the research of David McClelland and his colleagues, first at McBer & Company and more recently at the Hay Group’s McClelland Center for Research and Innovation in Boston.

McClelland was the first to challenge the widespread belief that success was solidly based in possession of the technical skills required to perform a role and that, the more senior and the more technical the role, the more intelligence mattered. McClelland was intrigued by the evidence that IQ was remarkably unsuccessful at predicting success in a work role. In his groundbreaking article, “Testing for Competence Rather than for Intelligence”¹¹, McClelland suggested that, although intelligence is a necessary condition for successful performance, it is other characteristics that distinguish superior from average performers. These characteristics he named competencies. It is this foundation that Goleman has built upon in his book, *Working with Emotional Intelligence*. There, he has

primarily used the continuing research based on McClelland’s pioneering work to outline the competencies of the emotionally intelligent leader.

THE EMOTIONAL COMPETENCE INVENTORY

Since publication of that book in 1998, Goleman has worked closely with Richard Boyatzis at Case Western Reserve University and the Hay Group to develop the

Emotional Competence Inventory (ECI), a 360-degree tool designed to assess a leader's demonstration of emotionally intelligent behaviour.¹² In other words, the ECI provides a means of assessing those qualities of leadership that have been identified in outstanding leaders. The most recent version of this instrument has evolved from earlier versions and has been described in detail in *The New Leaders*.

In summary, the ECI covers the four dimensions of emotionally intelligent behaviour: self-awareness, self-management, social awareness and relationship management. As shown in figure 1, within each of these dimensions is a set of competencies that can be observed behaviourally.

The Emotional Competence Inventory enables people to assess themselves and get feedback from their boss, peers and direct reports.

demonstrate the higher, more complex levels of the competencies more frequently. The evidence further indicates that not every high-performing leader operates at the higher levels of each and every competency in this framework. Rather, there are six that appear to be critical (shown in italics in figure 1), while the combination of the remaining twelve can vary from person to person.

Figure 2 provides an example of the competency descriptors from the ECI.

Figure 1

The Emotional Intelligence Competency framework ©¹³

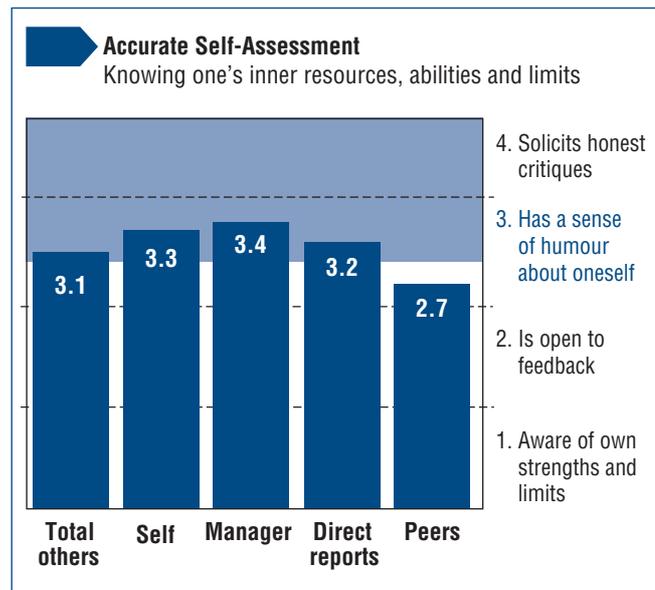


This framework rests on the definition of emotional intelligence presented earlier.

Each emotional competency is “a learned capacity based on emotional intelligence that contributes to effective performance at work”.¹⁴ Each of these competencies has a set of behavioural descriptors, arranged in hierarchical fashion. People can display competencies at different levels, and there is abundant evidence from the research of McClelland and his colleagues showing that outstanding leaders

Figure 2

Example of a competency scale from the Emotional Competence Inventory ©¹⁵



These kinds of characteristics are important for success. Some organisations use them for selection. Others use them to enable constructive feedback to be given to employees on how other people see them behaving, as it impinges on their work together. The ECI enables people in the work environment to assess themselves and to receive feedback from their boss, their peers and their direct reports. Some organisations also encourage their people to solicit feedback from customers and suppliers. This type of feedback, coordinated by a qualified adviser, can help to redirect people toward the behaviours that will improve their performance.

RESEARCH USING THE EMOTIONAL COMPETENCE INVENTORY

Studies have found that the competencies assessed via the ECI have predicted performance in a wide variety of organisational contexts and roles: for example, in college leadership, sales, finance, call centres, firefighters, human resources, research and development, as well as senior executives and other organisational

leaders.¹⁶ Lloyd found that higher ECI ratings for area development managers working for a British brewing company predicted better performance compared with those who had received lower ratings.¹⁷

Research conducted at the McClelland Center for Innovation and Research¹⁸ shows that the higher individuals move up in an organisation, the more likely they are to over-rate themselves on these competencies and develop blind spots that can hinder

their effectiveness as leaders (see figure 3). Because they tend not to see themselves as others see them, they often lose touch with those they lead. This is not surprising, given the increased isolation faced by many executives as they attain the higher reaches of corporate or professional life.

The higher individuals move up in an organisation, the more likely they are to...lose touch with those they lead.

Australian and New Zealand leaders are not rated as strongly on emotional self-awareness and empathy as North American leaders.

Yet this discrepancy can become a serious problem, since research has shown a direct correlation between high performance and accurate self-awareness. The examples of Peter, Paul and Mary at the beginning of this paper bear witness to the difficulties that can arise. But they also attest to the benefits of helping executives to become more aware of their blind spots – through 360-degree feedback, coaching, executive assessment, and by fostering a culture that values feedback and dialogue.

Goleman refers to the new requirement for “resonant leaders”²⁰, those who demonstrate the distinctive leadership capabilities that define emotional intelligence. Moreover, he summarises research studies that support a view that cross-cultural differences in these abilities are insignificant, and draws the conclusion that they can be identified, assessed and developed equally

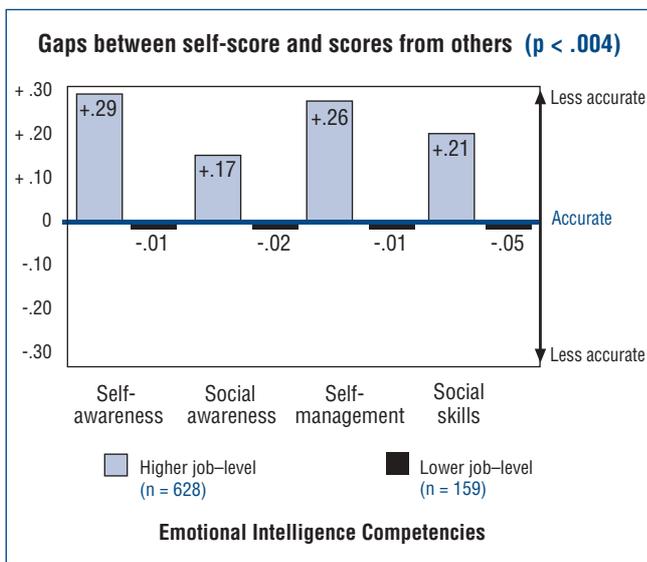
well throughout the world.

Certainly, the evidence from the Hay database, incorporating more than 4,000 reports on people who have been assessed using the ECI, indicates that the means and standard deviations for ratings on all of the emotional intelligence competencies do not differ substantially from country to country.²¹ However, these data are from varying samples and there may be cultural differences in assessment, which make direct geographical comparisons difficult. While tentative conclusions can be drawn, they must be made cautiously until corroborated by more extensive study.

At an anecdotal level, some evidence exists from the extensive experience of the author and his colleagues in Australia and New Zealand. On the basis of our provision of feedback to several hundred participants in ECI assessments, it appears that leaders in this part of the world are not rated as strongly by others on the personal and interpersonal competencies of emotional self-awareness and empathy, and occasionally on accurate self-assessment, as are their North American counterparts. While attempts to account for this are, thus far, no more than speculation, it does appear that this difference may be related to the Anglo-Celtic reticence more typical of the Antipodean culture. Compared with the North American penchant for framing their remarks and speaking frankly about their own and others’ feelings, Australian and New Zealand managers simply do not talk about them as openly.

Figure 3

Gaps between self ratings and ratings by others ©¹⁹



This is not to suggest that leaders in this area of the world are devoid of feelings, or unable to be in touch with their emotions and their responses to them, but more that they simply do not bring them into the open as frequently. This may well change, as we have also noted a trend toward greater openness about these matters among the younger generation of leaders and potential leaders.

Several studies have shown that the ECI competencies can be developed. Programs designed to increase and

enhance emotional intelligence have been successful, as Goleman has stated clearly.²² As the cadre of researchers grows in size, and the range of research questions continues to expand, we will inevitably learn more and more about the development of these competencies and the impact of that development on business results.

Hay Group research indicates that adults only change their behaviour and habits in sustainable ways when they go through a series of five discoveries:

1. Who am I – who do I want to be?
2. How do other people see me – how do I come across to others?
3. What are my goals – my vision for the future?



Programs to increase and enhance emotional intelligence have been successful.

Transformational leadership serves collective interests and develops and empowers others ...emotional intelligence is its driving force.

4. Am I prepared to practise doing things differently?
5. Who will support me on my journey?²³

LEADERSHIP FOR TOMORROW

No longer can leaders rely on the trappings of office, the formal assignment of power, the unthinking

exercise of authority. Many writers are referring to the turbulent times in which businesses are increasingly being forced to operate. If

they are to survive, then the need for successful, innovative, dynamic leadership is paramount.

Modern conceptions of leadership take account of both the definition of leadership and the way leadership is practised. It involves ways of acting that gain commitment to a common purpose and generate momentum toward common goals. Transformational, or socialised, leadership demands behaviour that is directed

toward the service of collective interests and develops and empowers others. In other words, it is leadership that has emotional intelligence as its driving force.

This kind of leadership is not based on personal dominance and is not directed toward self-aggrandisement, the service of self-interest or the exploitation of others. Nor does it rely on manipulation, threat or punishment. Rather, it shows regard for the rights and feelings of others, within the context of established institutional procedures and guidelines. In order to be a catalyst for change, these leaders must deal with their own uncertainties and gain the personal confidence that will enable others to respond positively to change. Emotional intelligence is not for 'wimps'. In fact, leaders who are not emotionally self-aware will not be mentally tough enough to succeed in tomorrow's business environment. ☞

ORGANISATIONS USING THE EMOTIONAL COMPETENCE INVENTORY IN AUSTRALIA AND NEW ZEALAND INCLUDE :

AGL, Australia Post, Aurora Energy, Coca-Cola, Fuji Xerox, General Mills, Holden, Merck Sharp & Dome, Merrill Lynch, Monash University, Tabcorp, Sky City, Unilever, ANZ, Commonwealth Banking Corporation, Westpac, UBS Warburg, Air New Zealand, PricewaterhouseCoopers, Ravensdown, Australian Department of Defence.

The impact of emotionally intelligent leadership on the bottom line

Emotionally intelligent leaders help organisations create a competitive advantage through:

- improved performance;
- more effective leadership;
- better teamwork;
- improved motivation;
- enhanced innovation;
- restored trust.

In one organisation, divisions led by senior managers who demonstrated a critical mass of emotional intelligence capabilities outperformed annual earnings goals by 20 per cent. Conversely,

divisions led by senior managers without that critical mass underperformed by almost the same percentage.

Another global consumer products organisation, based in the US, found that 50 per cent of its divisional presidents were leaving within two years of being hired. The cost of search and recruitment to replace these people exceeded \$4 million. When the company started to select new senior managers on the basis of EI competencies, only 6 per cent left within two years and the cost of recruitment was significantly reduced.

In a study of those senior executives in a global consultancy who were earmarked as potential directors, it was found that those who succeeded in being promoted demonstrated marginally superior analytical and conceptual thinking abilities, but twice as much self-confidence, three times the self-control, twice the empathy and two-and-a-half times the teamwork as those who were not promoted.

ENDNOTES

1. I am grateful to my colleagues, Tanya Deery and Henriette Rothschild, and my wife Kim, for their helpful comments on an earlier draft of this paper.
2. D Goleman, 1998, *Working with Emotional Intelligence*, Bloomsbury, London.
3. D Goleman, R Boyatzis and A McKee, 2002, *The New Leaders: Transforming the Art of Leadership into the Science of Results*, Little Brown, London.
4. J Boyett and J Boyett, 1998, *The Guru Guide: The Best Ideas of the Top Management Thinkers*, Wiley, New York.
5. Industry Taskforce on Leadership and Management Skills, 1995, *Enterprising Nation: Renewing Australia's Managers to Meet the Challenges of the Asia-Pacific Century*, AGPS, Canberra.
6. J P Kotter, 1990, 'What Leaders Really Do', *Harvard Business Review*, vol 68, no 3, pp 103-111.
7. J P Kotter, 1996, *Leading Change*, Harvard Business School Press, Cambridge.
8. D Goleman, 1998, *Working with Emotional Intelligence*, Bloomsbury, London.
9. D Goleman, R Boyatzis and A McKee, 2002, *The New Leaders: Transforming the Art of Leadership into the Science of Results*, Little Brown, London.
10. See, for example, P Drucker, 2002 *Managing in the Next Society*, Trutman Talley, New York; W Bennis and R J Thomas, 2002, *Geeks and Geezers*, Harvard Business School Press, Cambridge; K Blanchard and Jesse Stoner, 2003, *Full Steam Ahead!* Berrett-Koehler; R Stringer, 2002, *Leadership and Organisational Climate*, Prentice Hall, New Jersey; J P Kotter, 1996, *Leading Change*, Harvard Business School Press, Cambridge; D Dunoon, 2002, 'Rethinking Leadership for the Public Sector,' *Australian Journal of Public Administration*, vol 61, no 3, pp 3-18.
11. D Goleman *et al*, *The New Leaders*, p 9.
12. DC McClelland, 1973, 'Testing for Competence Rather than for Intelligence', *American Psychologist*, vol 28, no 1.
13. Hay Group, McClelland Center for Research and Innovation, 2002, *Emotional Competence Inventory (ECI) Technical Manual*, Hay Group, Boston. See also R Boyatzis, D Goleman and K Rhee, 2000, 'Clustering Competence in Emotional Intelligence: Insights from the Emotional Competence Inventory', in R Bar-On and J D A Parker (eds), *The Handbook of Emotional Intelligence*, Jossey-Bass, San Francisco.
14. © Copyright R Boyatzis, D Goleman, Hay Acquisition Company, no 1, 2002.
15. These definitional statements are drawn from the *ECI Technical Manual* cited previously.
16. © Copyright R Boyatzis, D Goleman, Hay Acquisition Company, no 1, 2002.
17. Hay Group, McClelland Center for Research and Innovation, 2002, *Emotional Competence Inventory (ECI) Technical Manual*, Hay Group, Boston.
18. M Lloyd, 2001, 'Emotional Intelligence and Bass Brewers Ltd', Dissertation, Nottingham Business School.
19. McClelland Center for Innovation and Research, 2003, *Executive Blind Spots*, Hay Group, Boston.
20. © Copyright Hay Acquisition Company, no 1, 2002.
21. D Goleman, R Boyatzis & A McKee, 2002, *The New Leaders: Transforming the Art of Leadership into the Science of Results*, London, Little Brown.
22. Hay Group, McClelland Center for Research and Innovation, 2002 *Emotional Competence Inventory (ECI) Technical Manual* Boston, Hay Group
23. Goleman, op. cit.
24. Based on R Boyatzis, 2003 *The Lazarus Effect: Reawakening the Zest for Work* Hay Group