Emotional intelligence competency tests and metrics are needed and should be included in executive management assessment processes to maximize organizational performance and shareholder wealth over the long run.

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**Introduction**

On the surface, it may seem that the value of emotional intelligence and its assessment is a topic free from controversy. Yet the majority of the business community has not adopted the use of emotional intelligence competency testing, and members of the professional field of psychology still engage in a vitriolic debate over the topic going so far as to claim that makers of assessment tests like Goleman and Bar-On have done more harm than good in this field (Ashkanasy & Daus, 2003). While it would seem that the vast majority of emotional intelligence assessment tools have been discredited by psychologists, a compelling amount of research shows that emotional intelligence competency (EIC) testing has direct and positive financial impact for companies that use it. Professionals like Goleman and Cherniss argue that over eighteen years of research exist that establishes the benefits of emotional intelligence to a company's bottom line. Perhaps the field of study of emotional intelligence is still too new for adequate numbers of competency assessment tools to be psychometrically credible.

Many challenges exist for organizations that wish to implement EIC testing. They must consider the employment law impact of these assessments as related to their hiring, promotion, and succession planning decisions. Organizations must find a way to change the minds of entrenched leaders so that they not only buy into the idea, but also become a champion for the cause. Implementation of any comprehensive system of employee evaluation is bound to be expensive and time consuming, and integrating EIC assessment poses its own special challenges that add to the cost. Despite the hurdles, dozens of companies have successfully integrated EIC assessment into their succession planning and leadership development strategies with significant benefit to their bottom line.

Companies continue to grapple with the challenge of finding qualified executive leadership that is successful over the long-term. Current models of succession planning, leader development and promotional systems are flawed primarily for two reasons. Either they do not evaluate all the competencies associated with successful leadership, or they focus too heavily on financial performance metrics. These models of executive management leadership selection are too narrow and are focused on short-term shareholder wealth metrics. Long term impacts to the organization are missed. A leader that drives good people out of the organization ends up creating unnecessary costs in employee turnover, lowered productivity, and lost institutional knowledge. Bad leaders get into executive management positions because evaluation models were used which neglected EIC factors.

Good leaders create a productive organizational climate that financially benefits the organization. Adele Lynn, one of the top consultants in the field of emotional intelligence, characterized emotionally
intelligent people in that they "possess the skill of reading different environments and then adjusting or adapting their behavior to deliver the best results" (Lynn, 2008, p. 154). Emotional intelligence enables leaders to better utilize styles of leadership that match the specific situation at hand. "Numerous studies link job satisfaction, employee retention, organizational culture," and productivity to the emotional intelligence of leaders (Lynn, 2008, p. 155). **Emotional intelligence is an indispensable quality of executive management, and as such, should be formally included in models for succession planning and leader development.**

**A brief introduction to emotional intelligence**

Emotions influence thought. Thought precedes behavior. Past behavior is a good predictor of future behavior. Emotional intelligence drives a person to reflect on how others will and have reacted to the person's behavior and actions. Emotional intelligence means that a person can understand what impact his or her actions have on others and then adjust personal behavior accordingly. People with the highest EIC don't suffer from reflection errors, and instead focus on the results that their behavior had on others and the situation. Reflection errors occur when a person looks for reasons external to his or her own behavior to explain why a situation did not have the desired outcome. In many cases, reflection errors involve the person making excuses for his or her behavior or excuses for why others responded to the person's behavior negatively. Emotional intelligence can also be described as the capacity to recognize and manage one's emotions and show empathy toward others (the ability to understand another person's situation, feelings, and motives). Research has shown that "awareness of one's own emotional reactions plays a vital role in stress regulation, anger management, and other processes that affect both physical and behavioral health. Emotional self-regulation plays an even greater role in health outcomes and also is a strong predictor of success in school and the workplace" (Encyclopedia of Applied Psychology, 2004, p. 4).

Daniel Goleman is the author of the book that popularized the business world's understanding of emotional intelligence, *Emotional Intelligence: Why It Can Matter More Than IQ*, 1995. Goleman is also the author of several other well-known books on the subject. Figure 1 is a summary of Goleman's definition of emotional intelligence and its associated factors. It is important for the reader to understand what comprises the term "emotional intelligence competencies." When reviewing figure 1, realize that two of the categories are skills where an individual reflects on his or her own behaviors, and two categories involve outward understanding of others.
**Emotional Intelligence** - figure 1

Emotional intelligence is the ability to manage ourselves and our relationships effectively. It consists of four fundamental capabilities: self-awareness, self-management, social awareness, and social skill. Each capability is composed of specific sets of competencies. Below is a list of the capabilities and their corresponding traits.

<table>
<thead>
<tr>
<th><strong>Self-Awareness</strong></th>
<th><strong>Self-Management</strong></th>
<th><strong>Social Awareness</strong></th>
<th><strong>Social Skill</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional self-awareness: the ability to read and understand your emotions as well as recognize their impact on work performance, relationships, and the like</td>
<td>Self-control: the ability to keep disruptive emotions and impulses under control</td>
<td>Empathy: skill at sensing other people's emotions, understanding their perspective, and taking an active interest in their concerns</td>
<td>Visionary leadership: the ability to take charge and inspire with a compelling vision</td>
</tr>
<tr>
<td>Accurate self-assessment: a realistic evaluation of your strengths and limitations</td>
<td>Trustworthiness: a consistent display of honesty and integrity</td>
<td>Organizational awareness: the ability to read the currents of organizational life, build decision networks, and navigate politics</td>
<td>Influence: the ability to wield a range of persuasive tactics</td>
</tr>
<tr>
<td><strong>Self-confidence</strong>: a strong and positive sense of self-worth</td>
<td>Conscientiousness: the ability to manage yourself and your responsibilities</td>
<td>Developing others: the propensity to bolster the abilities of others through feedback and guidance</td>
<td>Developing others: the propensity to bolster the abilities of others through feedback and guidance</td>
</tr>
<tr>
<td></td>
<td>Adaptability: skill at adjusting to changing situations and overcoming obstacles</td>
<td>Communication: skill at listening and at sending clear, convincing, and well-tuned messages</td>
<td>Communication: skill at listening and at sending clear, convincing, and well-tuned messages</td>
</tr>
<tr>
<td></td>
<td>Achievement orientation: the drive to meet an internal standard of excellence</td>
<td>Service orientation: the ability to recognize and meet customers' needs</td>
<td>Change catalyst: proficiency in initiating new ideas and leading people in a new direction</td>
</tr>
<tr>
<td></td>
<td>Initiative: a readiness to seize opportunities</td>
<td></td>
<td>Conflict management: the ability to de-escalate disagreements and orchestrate resolutions</td>
</tr>
<tr>
<td></td>
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<td>Building bonds: proficiency at cultivating and maintaining a web of relationships</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Teamwork and collaboration: competence at promoting cooperation and building teams</td>
</tr>
</tbody>
</table>

Source: (Goleman, 2000)

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Three ways to assess emotional intelligence

Many models of assessing emotional intelligence competencies exist that are backed by psychometrically credible, peer-reviewed research. These models fit into three general categories based upon the method of assessment. Self-report tests are the most common way to measure things such as personality traits. A self-report test also provides information about a person's self-perceptions. Multi-rater tests or 360-degree tests evaluate what perceptions others have about a person. When facilitated poorly, 360-degree tests can be popularity contests and little more. However, when facilitated correctly, 360-degree tests can yield valuable information for the people being reviewed regarding how others view them. Ability tests are the most effective at actually assessing a person's emotional intelligence competencies. All the tools presented in the next section have a substantial body of research backing their reliability and validity.

Self-report

The first EI assessment tool developed was Bar-On's Emotional Quotient Inventory (EQ-i), which is "a self-assessment that asks an individual to answer a series of questions about his or her own emotional and social competence based on the way in which the respondent feels, thinks, and behaves most of the time" (Encyclopedia of Applied Psychology, 2004, p. 3). The EQ-i is the most often used EIC assessment tool since it has been in existence the longest and has the most research to demonstrate its reliability and validity. For example, one critical review performed in 2002 by Plake and Impara suggested that the EQ-i has good reliability and validity.

Multi-rater/360-degree

The Emotional Competence Inventory (ECI) tool, developed by Boyatzis and Goleman, has replaced the 360-degree feedback/assessment tool. ECI is a multi-rater tool in which individuals answer questions to assess their own perceptions of their emotional intelligence competencies, and then that data is combined with assessment data provided by others. So the multi-rater system is a combination of self-report and feedback from others. The ECI offers a way to assess the strengths and weaknesses of an individual, giving the person specific information on exactly which emotional intelligence competencies he or she should focus on improving. While the ECI is relatively new, research such as that reported by Sala in 2002, suggests that the tool has good reliability and validity. Further, companies like Johnson & Johnson have had tremendous success in utilizing the ECI as part of their leadership assessment and development program (Cavallo & Brienza, 2001).
Ability test

The Mayer, Salovey, and Caruso Emotional Intelligence Test (MSCEIT) is an "ability test in which an individual performs a number of tasks designed to test various aspects of emotional intelligence" (Encyclopedia of Applied Psychology, 2004, p. 3). The MSCEIT is a performance-based measure in which respondents are asked to solve emotion-related problems (such as recognizing facial expressions). This measure produces a separate score for each of the four dimensions, as well as a total EI score. Interestingly, the same credible and accurate methods used to develop tests to assess IQ are the methods that were used to develop the MSCEIT. Research has shown that the MSCEIT is successful at measuring a person's ability to identify emotions in persons, to generate emotion and use it to solve problems, the ability to manage emotions, and the ability to understand emotional causes.

Proving the value of emotional intelligence competencies in executive leadership

Research has shown that emotionally intelligent leaders are more productive, more likely to meet goals, reduce employee turnover, increase staff productivity, and deliver greater financial performance. David McClelland was one of the most respected researchers on the topic of emotional intelligence and leadership performance and was a noted Harvard University psychologist. In his research, he "found that leaders with strengths in a critical mass of six or more emotional intelligence competencies were far more effective than peers who lacked such strengths" (Goleman, Leadership That Gets Results, 2000, p. 3). He found that leaders with high emotional intelligence competencies financially outperformed their peers by 15% to 20%, and those without that critical mass underperformed by almost the same amount. So emotional intelligence is not just important for star performers, but it is also necessary for leaders to be effective at producing average results.

McClelland also studied the outcomes of implementing EIC testing as part of an existing behavioral-event interview process. He found that executives hired based on EIC outperformed not only financial, but overall goals by 15 - 20% compared to their traditionally hired peers, thereby indicating that emotional intelligence competencies had not only a financial benefit to an organization, but also a wider benefit in simply being able to facilitate accomplishment. Additionally, the executives hired using EIC had a turnover rate of 44% less than the traditionally hired peers (McClelland, 1998). McClelland's research demonstrated the benefits of developing and hiring leaders with high EIC.
Daniel Goleman wrote in his definitive reference article *What makes a leader?* that without emotional intelligence, "a person can have the best training in the world, an incisive, analytical mind, and an endless supply of smart ideas, but he still won't make a great leader" (Goleman, 2004 reprint, p. 82). "Research has shown that the most successful leaders have strengths in the following emotional intelligence competencies: self-awareness, self-regulation, motivation, empathy, and social skill" (Goleman, 2000, p. 1). Emotional intelligence competency is not only directly related to productivity and performance, but may be the most significant factor in predicting outcomes. Studies show that a top performer is 85-127% more productive than an average performer and that two thirds of this difference can be attributed to emotional intelligence (Hunter, Judiesch, & Schmidt, 1990); (Goleman, 1998).

During Goleman's (1998) work, he found that emotional intelligence was twice as important as IQ and technical skills for performance at all job levels. Additionally, the research indicated that emotional intelligence is even more important in senior leadership positions. At the level of senior leadership, he found that nearly 90% of the difference between star performers and average leaders was attributable to emotional intelligence factors rather than cognitive abilities (Goleman, 2004 reprint).

Research has also shown that emotionally intelligent leaders create an environment in which employee retention is higher and productivity is greater. "People tend to model their behavior on those who are more senior within the organization, negative as well as positive habits. Leaders need a high level of self-awareness and skills in persuasion, and must demonstrate consistency and reliability" (In BUSINESS: The Ultimate Resource, 2009, p. 3). Studies have shown that EIC has measurable financial impact, sometimes doubling and tripling productivity.

In a study done for the American insurance industry, the most successful companies (judged by growth and financial results) had CEOs with a critical mass of emotional intelligence capabilities. By comparison, the CEOs of companies with just average results lacked these strengths. (In BUSINESS: The Ultimate Resource, 2009, p. 1)

Emotional intelligence also produces profitable results when employed as part of the hiring process. After L’Oreal integrated EIC assessment as part of its hiring process, it gathered long-term performance statistics on employees that were hired using the new process. Salespeople hired using EIC assessment methods averaged annual sales of $91,370 more than salespeople hired using traditional methods, for a net revenue increase of $2,558,360. In addition, the sales people who had been hired using the new method had 63% less turnover rate in the first year (Kelner, McClelland, & Spencer, 1997); (Spencer & Spencer, 1993).
Why executives fail

In their article on developing leadership, Conger and Fulmer (2003) identified CEOs that failed due to the flawed selection model that was used. In one case, a CEO was selected simply because the former CEO had picked him as his successor. That CEO was forced to resign in less than three years due to a series of bad moves which impacted the company negatively financially and in public relations. Another CEO they cite was given the job due to her ability to develop the company's products and market share. However, the CEO selection model used completely neglected analyzing the candidate's emotional intelligence competencies. Ultimately, that CEO failed because of her inability to change her leadership style to match the job functions of a CEO in comparison to being a brand manager. In a later article, Conger and Fulmer describe how M. Douglas Ivester was given the CEO position "at Coca-Cola largely as a reward for his financial savvy and years of loyalty to [the former CEO] and the company, but not enough attention was paid to how his particular skills might apply to the broader role" (Conger & Fulmer, 2004). Ivester was forced to resign due to a perceived insensitivity in dealing with people and external relations, both of which demonstrate a gap in the CEO's emotional intelligence competencies that are so critical to being able to successfully do the job. These talented leaders failed because they had not mastered more general competencies and skills directly associated with emotional intelligence.

In 1999, John Sauer published his consulting work on a CEO succession project with a petroleum exploration company. The study documents the reasons why the successor CEO failed in a short period of time. Sauer concluded that CEO assessment models must be used in CEO selection, and those models must evaluate emotional intelligence competencies. Specifically, the identified CEO had failed because he lacked the skills needed to communicate and collaborate effectively with the large variety of stakeholders, board of directors, and internal company management. Evaluation of CEO performance metrics are of little value when emotional intelligence competencies are excluded from evaluation because without EICs, the CEO does not have the skills to get the job done (Sauer, 1999).

"The Center for Creative Leadership has estimated that 40% of new CEOs fail in their first 18 months" (Ciampa, 2005, p. 46). Almost none of them fail for lack of technical knowledge and skill. In his article in Harvard Business Review, Dan Ciampa (2005) describes why a CEO called Dennis failed. Dennis focused on financial metrics and blamed others instead of focusing on what he did or did not do to cause the situation. Ciampa points out that the job of the CEO is unique in that a CEO must not only have all the technical expertise to run the business, but must also "master the art of forming coalitions and winning the support of people who are competitors" (Ciampa, 2005, p. 48). CEOs must know whom they need to have as allies and be able to build relationships with them. Ultimately, these skills are all associated with emotional intelligence competencies.
Leadership IQ, a Washington D.C.-based leadership and training company, conducted a study on factors that led to success or failure for 20,000 new hires in a wide variety of positions and organizations (Murphy, 2006). They found that 89% failed due to alienating coworkers, being unable to accept feedback, lack of ability to manage emotions, lack of motivation or drive, and poor interpersonal skills. This means that 89% failed due to deficiencies in emotional intelligence competency. Only 11% failed because they lacked technical competence. Leadership IQ interviewed 5,247 hiring managers for the study and found that gaps in interpersonal skills were often overlooked during the hiring process. Since EIC is so strongly tied to employee success, any hiring process that does not evaluate EIC is seriously flawed.

This reasoning is especially important for executive leadership. Traditional succession planning is too narrow to "uncover and correct skill gaps that can derail even the most promising young executives" (Conger & Fulmer, 2003). Leadership talent directly affects organizational performance. "Research indicates that up to 30 percent of business results come from the climate a leader creates - defined as employees' perceptions of their work environment that impact their ability to do their jobs well. And up to 70 percent of organizational climate is driven by the [emotional intelligence] competencies of the leader" (In BUSINESS: The Ultimate Resource, 2009, p. 1). Research indicates that the majority of the reasons why executives fail is due to a lack of emotional intelligence competencies, and that executive selection processes fail when the EIC of the candidate is not evaluated.

**Relationship between EIC and leadership success**

More than eighteen years of research and case studies exist that demonstrate the relationship between leadership success and the emotional intelligence competencies of the leader. "At a global division (with 400 branches in 56 countries) of the German electronics conglomerate Siemens, four EI competencies distinguished the star leaders, whose growth in revenues and return on sales put their performance in the top 15%. They were significantly stronger in the drive to achieve results, initiative, collaboration and teamwork, and leading teams. Not a single purely cognitive competency emerged as the unique strengths of outstanding leaders" (In BUSINESS: The Ultimate Resource, 2009, p. 3).

In complex jobs, such as CEO, a top performer is 127% more productive than an average performer (Hunter, Judiesch, & Schmidt, 1990). Only one third of this difference is due to technical skill and cognitive ability, while two thirds is due to emotional intelligence (Goleman, 1998).

In his 2000 article in Harvard Business Review, Daniel Goleman related emotional intelligence to leadership styles, and how the use of leadership styles impacts organizational climate. He established that the vast majority of employees’ perception of working climate is linked to the emotional intelligence of
the leader (Goleman, 2000). Goleman asserted that the best leaders were able to switch between leadership styles as the situation dictated, and that those leaders were able to create the best organizational climate, which in turn optimized business performance. Since organizational climate has a direct impact on financial results, the emotional intelligence of the leaders is related to bottom line profitability.

In 1994, Amoco CEO Laurence Fuller was interviewed as part of a major project where the company was identifying leadership competencies to be used in succession planning and leadership development.

Fuller said that leaders "must be good at establishing working relationships based upon mutual interest and trust. It will be increasingly necessary to get things done through alliances and partnerships and through cross-organizational teams. In sum, strong analytical, interpersonal sensitivity and communications skills are a must" (Dubnicki & Brown, 1994, p. 89).

Fuller discussed the need for leaders to have communication skills which are used more to influence than command, and that how leaders get results matters as much as achieving the results. Fuller also discussed the need for leaders to be able to be a change catalyst in the organization, and to have active reflection skills. Fuller called these emotional intelligence competencies essential competencies for anyone in leadership.

In his article in Human Resource Planning, Senior Vice President at GlaxoSmithKline, Stephen Stefano wrote, "the higher up one progresses in an organization, the more important it is for that leader to possess an emotional intelligence that allows those values to emerge and augment one's core leadership competencies" (Stefano & Wasylyshyn, 2005, p. 5). In the article, Stefano describes how a Fortune 100 executive leads, and how that leadership is emblematic of emotional intelligence. Emotional intelligence is a key piece in the concept of total brain leadership where the how of leadership is driven by right-brain functioning. Co-author Karol Wasylyshyn wrote, "Through this total brain functioning, leaders will sustain their efforts to compete fiercely, blaze new ground, mentor the best and the brightest, and make work meaningful, as well as deliver shareholder value" (Stefano & Wasylyshyn, 2005, p. 6).

"A study was conducted on three hundred and fifty-eight managers across Johnson & Johnson Consumer & Personal Care Group globally to assess if there are any specific leadership competencies that distinguish high performers from average performers" (Cavallo & Brienza, 2001, p. 1). The study was extensive as more than 1400 employees participated in an 83-question multi-rater survey on the managers. The survey was a blend of J&J's own leadership competency model and the Emotional Competency Inventory© that was based on the work of Richard Boyatzis and Daniel Goleman. The results of the study showed that the highest performing managers scored significantly higher in emotional intelligence competencies than other managers. In fact, "At Johnson & Johnson, all 20 EI competencies
were significantly stronger in a group of "high potential" mid-career executives than in a comparison executive group" (In BUSINESS: The Ultimate Resource, 2009, p. 3).

Johnson & Johnson learned so much of value from the study that the company's leadership model was formally modified to include the distinguishing emotional competencies found to be missing from the model. J&J exists as a case study to how companies should do succession planning and leadership development correctly and in an ongoing improvement model.

One of the easiest ways for organizations to integrate EIC assessment into their organization is to integrate it into the hiring process, and research consistently indicates that tremendous financial benefit comes from doing so. Spencer and Spencer (1993) described a case study where Incon, a global industrial power company, completed a competency study of branch managers. This data was then used to identify key emotional intelligence competencies that their superior-performing branch managers possessed. Assessment of these key EICs was then integrated into their existing behavioral-event interview process. Incon found that the EICs associated with their top performing branch managers accounted for 27 percent of variance in performance, which was financially worth $456,300. Clearly, Incon had no problem justifying the cost of integrating EIC assessment into their hiring process.

Increased revenues and productivity come from better performers. As part of their 1993 research, Spencer and Spencer performed a meta-analysis of eight EIC-based employee selection systems. "The median productivity increase was 19 percent, the median turnover decrease was 63 percent, the median economic value added was $1.6 million, and the median return on investment was greater than 1,000 percent." (Spencer & Spencer, 1993, p. 16) What Spencer and Spencer's analysis showed is that employees hired using an EIC-integrated hiring process yielded significant positive financial results regardless of the EIC assessment system used. Interestingly, the research also showed that the EIC-based selection systems resulted in more female and minority employees being hired, thereby lessening the likelihood of an affirmative action problem. The correlative relationship between top performers in organizations and higher EIC scores indicates that EIC assessment is credible and valid. Eighteen years of research and dozens of company case studies exist to demonstrate this relationship.

**Relationship between situational leadership and high EIC**

A 1969 article in the Training and Development Journal identified situational leadership as the best of the leadership models known at the time. Further, it identified the link between situational leadership and emotional intelligence competencies. Author Gordon Lippitt wrote, "Leadership must be flexible in style to meet the need of a particular situation" (Lippitt, 1969, p. 2). Later in the article he wrote, "The effective leader searches for empathy." And, "The effective leader establishes trust" (Lippitt,
1969, p. 3). The overall effect of the article was to demonstrate that good leaders have emotional intelligence which they utilize to lead people situationally, and that other leadership models that do not evaluate leaders based on these factors are flawed.

In 1996, Farkas and Wetlaufer published the results of their extensive study of leadership styles. They interviewed 160 CEOs around the world as part of the study. They found that only five distinct approaches to leadership were utilized by CEOs to deliver clarity, consistency, and commitment. They defined leadership approach as "a coherent, explicit style of management, not a reflection of personal style" (Farkas & Wetlaufer, 1996, p. 111). The five approaches identified by Farkas and Wetlaufer were directly related to emotional intelligence competencies as mapped out by the 1994 and prior research of Goleman, Hay/McBer, McClelland, and others. They concluded that "CEOs do not simply adopt the leadership approach that suits their personalities, but instead adopt the approach that will best meet the needs of the organization and the business situation at hand" (Farkas & Wetlaufer, 1996, p. 111).

The widely respected consulting firm Hay/McBer conducted research evaluating 3,871 executives worldwide. Hay/McBer then teamed up with Daniel Goleman and a team of other colleagues to analyze the results and publish their findings in 2000. They "found six distinct leadership styles, each springing from different components of emotional intelligence" (Goleman, 2000, p. 2). They found that high performing leaders use all six leadership styles, using their emotional intelligence to determine which style will be most effective based on the business situation. Situational leadership was nothing new, but the realization that effective use of situational leadership is so closely tied to emotional intelligence was a new revelation to them. Each of the six leadership styles identified through the research is derived from different emotional intelligence competencies.

The research also showed how leadership styles profoundly influence organizational climate, which in turn can account for nearly a third of an organization's financial performance (Goleman, 2000, p. 1). The term "climate" has been defined and refined by psychologists to refer to the six key factors that influence an organization's working environment: flexibility, responsibility, standards, rewards, clarity, and commitment (Goleman, 2000, p. 3). Goleman describes how he and the other researchers studied data about or observed thousands of executives and noted what impact their specific behaviors had on organizational climate. The research showed a direct correlation between organizational climate and financial results such as revenue, profitability, growth, and efficiency. While other economic factors also affect financial results, the researchers' analysis strongly suggests that organizational climate is responsible for 33% of financial results.

As part of the research, Goleman, Hay/McBer, et al developed a statistically significant mathematical correlation between leadership style and organizational climate. They then found a direct
correlation between organizational climate and financial results, "such as return on sales, revenue growth, efficiency, and profitability" (Goleman, 2000, p. 3). In other words, organizations now have a statistically significant mathematical model based on peer-reviewed research that can be used to mathematically and objectively link emotional intelligence competencies in leaders to financial results.

More recently, the results of a psychometrically credible study were published in 2007 that demonstrated a significant positive correlation between the ability to understand emotions and leadership flexibility. Specifically, the intent of the study was to research the link between emotional intelligence and situational leadership. The study used the multi-rater MSCEIT and some other multi-rater assessment tools, which are all deemed psychometrically credible (Vartanian, 2007).

All of this research means that substantial proof exists to demonstrate that successful leaders use their emotional intelligence to effectively lead based on whatever the business situation is. As a result of this link, leaders must have high EIC in order to effectively use all the leadership styles and to sense what style is needed when and with what people. While Farkas et al and Goleman et al disagree on the quantity and name of the leadership styles, they agree on the correlation between situational leadership and emotional intelligence. Further, they agree that the best leaders know how to effectively lead using all the styles and when to use each style based on the situation at hand.

The link between emotional intelligence and situational leadership is important for several reasons. First, research has shown that situational leadership is the most effective leadership approach. Second, research has shown that a leader's ability to successfully employ situational leadership is directly related to the leader’s emotional intelligence. Third, if it is possible to evaluate emotional intelligence in a psychometrically credible fashion, then it is possible to evaluate the leadership ability of an individual. Fourth, the research of Goleman et al that was published in 2000 demonstrates that it is possible to evaluate a leader's emotional intelligence competencies in a way that relates them to direct financial impact on an organization (Goleman, 2000). When these factors are combined, one can develop a model of what competencies are required to be a successful leader along with methods of objectively evaluating an individual's abilities. These objective evaluations are tangibly accessible for organizations to use as a significant portion of their succession planning and leadership development program. The methods for measuring and models for defining successful leadership have already been developed by extensive research. The research has also provided proof that assessing emotional intelligence competencies is related to job performance, thereby fulfilling employment law and legal liability requirements. Due to this research, the hurdles to integrating EIC assessment into succession planning and leadership development
models have been dramatically reduced.

![Diagram](image)

**Prove why value exists in a structured model of succession planning and development**

**Examples of the current paradigm and why it's flawed**

The current leadership paradigm at most companies involves knowing the business and having proven financial results. The financial results are evaluated at face value without any consideration as to how the results were achieved. Some leaders are said to leave "dead bodies" in their path. This kind of destruction has a negative financial impact, especially in the long term despite what might appear to be short-term positive results. In other words, what the leader achieved is evaluated without evaluating the leader's style and what impact that style had on the organization. A leader's use of leadership styles has a tremendous impact on organizational climate, and organizational climate is directly linked to employee satisfaction, productivity, and turnover. Good leaders use a small number of known styles dependent on the situation, and these styles are heavily correlated to emotional intelligence. Executives must have high emotional intelligence competency in order to use leadership styles successfully that are appropriate to the situation at hand.

Some traditional models of executive evaluation "reflect only the personality traits and not the skills required of a CEO" (Charan, 2005, p. 75). In many cases, boards are making CEO hiring decisions based on informal meetings, recommendations by a former CEO, and/or recommendations by a recruiter that is pulling from a dwindling Rolodex. **The typical model is not a formal evaluation process.** It is important to realize that hiring CEOs is different than hiring other executive management. "Two out of every five new CEOs fail in the first 18 months" (Charan, 2005, p. 74). "Many companies ... still equate leadership development with circulating candidates through multiple functions" (Charan, 2005, p. 76). This may teach candidates about different sections of the business, but it does not prepare them for being CEO.

In some cases, boards just accept the CEO's handpicked successor. This model has proven to be disastrous in some cases leading to the actual bankruptcy of the company. Most companies have no formal executive management evaluation and development model. When an organization doesn't have a good succession planning system in place, leaders are often hired or promoted simply because they were
in the right place at the right time. "The result of poor succession planning is often poor performance, which translates into higher turnover and corporate instability" (Charan, 2005, p. 74).

Since companies are not developing their internal staff, they often have to look outside for talent. Outsiders are statistically not as successful as insiders, and evaluations of insiders are more accurate since the company has more data on their performance. "In North America, 55% of outside CEOs who departed in 2003 were forced to resign by their boards, compared with 34% of insiders" (Charan, 2005, p. 74). Statistics are similar for Europe with outsiders being less successful than insiders.

As of 2005, nearly 50% of companies with revenue greater than $500 million had no meaningful CEO succession plan, according to the National Association of Corporate Directors. And many that have plans are not happy with them. The Corporate Leadership Council, a human resource research organization, surveyed 276 large companies [in 2004] and found that only 20% of responding HR executives were satisfied with their [executive] management succession processes" (Charan, 2005, p. 74). "Only 24% of organizations the CLC surveyed believe their leadership development efforts are aligned with their strategic goals" (Charan, 2005, p. 75). "Almost half of respondents to the CLC survey had hired a third or more of their senior executive teams from outside, but only 22% of those did so because they considered external candidates irresistibly appealing" (Charan, 2005, p. 75). This is really problematic when this information is combined with the knowledge that internally promoted executive candidates are 21% more likely to be successful than external candidates at running the company.

At companies without a mature succession planning system in place, boards and CEOs primarily rely on their own judgment and gut feelings about executive management candidates. That strategy is not a replicable model. So one CEO may have great skill in developing subordinate executives and then have great talent for picking a successor, but that skill leaves when that CEO retires. A computer model of skills and competencies is never going to be a full substitute for board and CEO judgment and experience, but it can point out deficiencies and weaknesses that decision makers might otherwise miss. Further, it can be used to create a fair and objective model for executive evaluation thereby diminishing cries of discrimination.

Why CEO hiring is especially critical

A CEO's job is like no other in an organization. Senior executives are responsible for every decision and action of every person in the organization. Since the CEO is the public face of the organization, few mistakes are tolerated in new CEOs. "Research shows that between 35% and 50% of all CEOs are replaced within five years" (Farkas & Wetlaufer, 1996, p. 110). As stated earlier, turnover in any executive management position, especially the CEO, is very expensive to the organization, and can
disrupt productivity, direction, and even external relationships. All of these costs are difficult to quantify and organizations know they should be minimized. It is to the organization's advantage to use a thorough executive leadership screening and hiring process that evaluates the entire candidate skill set, not just financial metrics.

Each CEO imports his or her own team of leaders and management styles. Continuity and momentum collapse, the energy to execute dwindles, and employees stop focusing on what the competition is doing and instead internalize about whether they will continue to have a job or not (Charan, 2005, p. 74). Bad executive appointments are extremely expensive because "even poor performance is rewarded with rich severance packages" (Charan, 2005, p. 74). Statistics for line employees show that "Turnover costs range from 120 to 200 percent of annual salary, and new employee performance takes thirteen months to reach maximum efficiency" (Lynn, 2008, p. 2). Turnover costs associated with CEO changes are astronomical.

**Internal versus external candidates**

Given that finding good executives is so difficult, companies need to have their own ongoing executive assessment and development program. Developing executive management candidates through an internal development process has a much higher success rate than hiring from an external pool. Internal candidates already know the business, the corporate culture, and already have connections to create coalitions of cooperation to solve problems and accomplish projects.

**Structured models avoid selection errors and create objectivity**

Good executive leadership material is hard to find and it is advantageous to boards to have a formal system for fully evaluating all the job-related competencies of candidates. Boards should be evaluating the full person, not just financial metrics. Good leadership development systems expose and correct gaps in expertise and competencies such as emotional intelligence. Leadership development systems involve a set of competencies that the company believes are the key to successful leadership. These competencies include cognitive skills, technical skills, and emotional intelligence skills. This set of competencies can be easily translated into a structured model of leader assessment and hiring very similar to how these items have been integrated into behavioral-event interviewing for decades.

A board of directors needs a formal and mature organizational tool to rely on for accurate evaluation of a candidate's competencies. The board can further benefit from the tool if they use it to clearly define the competencies the board feels are needed in a particular position in executive leadership at that time. Boards of directors have very little time to spend on CEO succession planning, yet it "represents probably 80% of the value they deliver" (Charan, 2005, p. 76). Boards are often very
inexperienced at working together to conduct CEO candidate evaluations. As a result, board members can be blinded by the executive candidate's charisma and reputation instead of focusing on what the candidates can and cannot do. A formal executive management leadership process that the board was regularly involved in would successfully resolve the majority of selection issues.

Due to the board's attention being consumed by governance and fiduciary duties, directors often leave candidate selection processes largely to recruiters instead of doing their own due diligence. A structured model for executive management evaluation allows boards and CEOs to take objective control of the process. The structured leadership competency model is a recipe for the skills that the board believes are necessary in a CEO to meet its situational needs at hand. Recruiters rely on the board to provide them with the list of competencies and skills needed, but a board without a structured model is often without the tools to compile an adequate list. Without a structured model, directors often become focused on what a candidate is like instead of focusing on what the candidate can and cannot do.

Recruiters pose other problems. The recruiter market for executive management is very slim. "Just three recruiters control some 80% of the Fortune 100 CEO search market (a single firm claims 60% of it), and one or two people within those companies direct the most important searches" (Charan, 2005, p. 77). No recruiter knows the needs of the organization better than the board of directors. So when the board allows the recruiter to do the majority of the selection process, the result is destined to be less effective.

In his article in Harvard Business Review, Ram Charan (2005) describes a real life situation where a new CEO had to be found for a company, and the board of directors used a recruiter to find a candidate for them. The recruiter advocated heavily for one of the candidates, yet all he provided to the board was a page-and-a-half list of the candidate's leadership skills. One of the members of the search committee did some digging into the actual financial performance of the candidate the recruiter was recommending and found a disastrous financial management record. If that search committee member had not done his own due diligence, a disastrous selection would likely have been made. That same executive that was passed over for the CEO job was hired at another company and then fired in six months.

Recruiters also have no knowledge of the talent that exists already within the hiring company's organization. So a recruiter's strategy is flawed from the beginning because he or she has no access to some of the most statistically successful talent pool for the job. This is just another reason that it is critical for organizations to have their own structured executive assessment and succession planning system in place.
Success stories of companies that have implemented succession planning and leadership development programs that include EIC assessment and development

Successful companies have combined the two practices of succession planning and leadership development to create a long-term system for managing talent throughout the organization. All of these companies must define what leadership competencies are critical to their success. And when they investigate the research and use their own good judgment, emotional intelligence competencies top the list.

In 2001, Johnson & Johnson already had a very mature succession planning and leadership development system when it conducted a study to identify specific competencies that distinguished high performers from average performers. The study integrated enhanced EIC assessment and resulted in J&J identifying some additional emotional intelligence competencies that its star employees had when compared to the average performers. As a result, J&J formally modified its Standards of Leadership model to include the distinguishing emotional competencies found to be missing from the model.

Eli Lilly uses a system that tracks several succession management metrics, including the overall quantity of managerial talent and the number of positions where two or more candidates are ready to fill the position (Conger & Fulmer, 2003, p. 82). The succession plan metrics help identify development opportunities and hidden vulnerabilities where no successor is listed as being ready. Eli Lilly also uses the plan data to track diversity elements that help it analyze opportunities to hire leaders that match organizational diversity goals.

Bank of America's Ken Lewis developed a leadership competency model which includes EIC assessment that has yielded excellent results. It has "institutionalized a performance-based meritocracy" (Conger & Fulmer, 2003, p. 84). Dow Chemical measures the success of its leadership development program based on the extent to which it can fill important positions with internal candidates. Dow's internal hire rate is 75 - 80%, which is considered a sign of success (Conger & Fulmer, 2003, p. 82).

Jay Conger and Robert Fulmer (2003) conducted research into the factors that contribute to a leader's success or failure. They found that certain companies succeed in developing deep and enduring bench strength by developing a model that combines succession planning and leadership development. Bench strength is defined as having at least one, but preferably more, leaders that are actually ready to be promoted into a vacant leadership position. Successful companies have "combined two practices - succession planning and leadership development - to create a long-term process for managing the talent roster across their organizations" (Conger & Fulmer, 2004, p. 39).
EIC assessment is so important that it must be included in the model of succession planning and leadership development

It has already been established that the emotional intelligence competencies of executive leadership have a direct financial impact on a company. Bad leaders get to executive management positions because other metrics were used that did not take into account EIC factors. Shareholders should be demanding EIC metrics be used because keeping employee turnover lower and keeping employee satisfaction higher are beneficial to shareholder wealth. Extreme cases of employee dissatisfaction can lead to employment lawsuits that also negatively affect profitability.

Shareholders are looking for current and future profitability of the companies they invest in as well as a fair return on their investment. Shareholders might want to know whether emotional intelligence will continue to be a big factor in leadership success in the future. The Global Leadership Development Survey of 2005 conducted by the Human Resource Institute suggests that not only are emotional intelligence competencies the top leadership competencies of today, but also of highest importance in the next ten years (Human Resource Institute/AMA, 2005). Further, the survey showed that the top issues affecting an organization's ability to develop and retain leaders over the next ten years were the existence or effectiveness of succession planning, talent management tools, and leadership development strategies. The costs associated with overall employee and especially executive management turnover have been well established. If what is required to retain and develop existing talent are effective leadership development systems, then shareholders should be demanding these systems be put in place.

It is interesting to note that the Global Leadership Development Survey also identified the lack of measurement of leadership behaviors as the top barrier to developing leaders. This and the other results of the survey indicate that the 1,609 survey respondents know what the barriers to leadership development are, what competencies are required for ongoing success, and what is required to develop and retain leaders. Yet given the fact that the majority of organizations do not have a mature succession planning and leadership development system in place, shareholders must question why this is the case. The financial benefit to having such a system has been proven.

A single hire of a superior employee or the avoidance of a hiring mistake can justify the cost of the investment in EIC-based staffing programs. According to Spencer and Spencer (1993), including an EIC assessment program as part of the hiring process costs $80,000 to $120,000. Research has proven that the cost of replacing an employee is the cost of that employee’s annual salary, at a minimum. For highly technical or professional positions, the cost can go as high as two to three times the annual salary due to lost productivity, lost sales, or things like a delay in time to market of a new product. In 1998, PepsiCo calculated its cost to replace a bad executive at $250,000. At a 2% rate of inflation, that is more
than $317,000 in 2010. If even one bad executive hiring decision is avoided, a company will experience a more than twofold return on the entire investment involved in integrating EIC assessment into the hiring process.

**Resources for human resource professionals**

Many resources exist to help human resource professionals integrate EIC assessment programs into hiring processes as well as leadership development and succession plans. One fantastic resource is the Consortium for Research on Emotional Intelligence in Organizations (eiconsortium.org). The content on this website is created and maintained by professionals in the field of emotional intelligence, many of whom are also psychological professionals. The intent of the website is to provide a host of tools that HR professionals can directly use.

One excellent report written by Cherniss, Goleman, et al (1998) presents 22 guidelines for how to develop emotional intelligence in organizations. They estimate that American businesses lose between 5.6 and 16.8 billion dollars by not consistently following their guidelines. The report reads like a cookbook for success.

Other reports on EICconsortium demonstrate the psychometric credibility, and thereby the legal applicability of a large number of EIC assessment tools. EIConsortium specifically evaluates tests for credibility, reliability, and validity. The evaluations are based on dozens of peer-reviewed scientific journal articles that have been published for each type of EIC assessment test. Further, EIConsortium contains a few excellent technical articles that lay out specific scientific methods for researchers to follow when research programs on EIC assessment tools are conducted. Specifically, one publication is the chapter four excerpt from Spencer & Spencer's 1993 book Competence at Work. Chapter four lays out specific mathematical methods, testing, and sampling guidelines for how research should be conducted in order to evaluate the research data in a psychometrically credible manner. Ultimately, the materials on EICconsortium are simply the tip of the iceberg, but it is an excellent resource for HR professionals who wish to investigate this topic further.

**Objections to EIC in succession planning and leadership development efforts**

**Accuracy issues with emotional intelligence assessment tools**

A psychology professor at University of Toronto, Eyal Reingold, has dedicated a web page to drawing distinctions between the types of emotional intelligence competency tests in existence. Reingold
says, "A psychologist, Reuven Bar-On, has developed a self-report measure of a number of personality traits which he believes make up emotional intelligence" (Reingold, 2005). Note that Reingold does not say that the Bar-On test is a test for emotional intelligence competencies. In fact, he points out the fact that the Bar-On test is merely a self-report test, which Reingold discredits as only a test of personality traits that is easily manipulable. He states, "Emotional intelligence consists of a number of skills. Skills are best measured by ability tests, not by self-report" (Reingold, 2005).

Reingold also comments on the famous 360 Feedback test. He points out that 360 Feedback is often a popularity contest, which at best can only provide information on how others perceive you. The test does not provide any information on whether the person is emotionally intelligent or not. Reingold concludes that the MEIS (multifactor emotional intelligence scale) test is "the first and only ability test of emotional intelligence on the market" (Reingold, 2005). The MEIS test Reingold refers to is really the Mayer Salovey Caruso Emotional Intelligence Test (MSCEIT). The company that makes the MSCEIT test appears to agree with Reingold because its description of the test includes, "Because the MSCEIT is an ability-based measure, it is very difficult for respondents to 'fake' a good performance. As such, the MSCEIT is ideal for testing situations in which it is expected that respondents will want to create a positive impression" (Caruso, Mayer, & Salovey, 2004).

Reingold's sentiments were echoed by two respected psychologists who spoke on this topic at a standing room only October 2003 Society for Industrial & Organizational Psychology debate (Ashkanasy & Daus, 2003). Catherine Daus and Neal Ashkanasy agreed with their colleagues Ed Locke and Frank Landy that self-report tests were of very little use and could be easily gamed. That is to say that self-report tests are of no value in assessing a person's emotional intelligence competencies and are susceptible to being manipulated by a person who knows how to answer the questions to yield a higher EIC rating. They effectively argued that the only useful assessment tool is the MSCEIT since it is the only tool that meets psychometric standards. Another point of interest is that Daus et al successfully argued that emotional intelligence is indeed different from personality traits. Their argument reinforced the assertions of others, like Goleman, that emotional intelligence can be learned like any other skill, which ties into the idea that great leaders are made and not born.

The Encyclopedia of Applied Psychology (2004) suggests that three major emotional intelligence measures exist: the MSCEIT, the ECI, which is a multi-rater tool based on Goleman's model and very similar to 360 Feedback, and the EQ-i, which is based on Bar-On's model of emotional and social competence. Reuven Bar-On did extensive research to calculate statistical correlation between these testing systems and emotional intelligence. The best correlation he was able to find between emotional
intelligence competencies and the tests was 0.69. Some would argue that is not a high enough correlative statistic to justify the inclusion of EIC testing in leadership development and succession planning models.

Given that the reliability of EIC assessments is controversial and hotly debated in the psychology field, it is understandable that businesses may want to focus purely on financial metrics to evaluate executive candidates. Studies have shown significant correlation between EIC and financial performance, but if the EIC testing these studies were based on was flawed, then the whole basis of the argument is suspect. Yet the success that Amoco, Eli Lily, Bank of America, and Johnson and Johnson have experienced lead one to believe that the benefits greatly outweigh the risks. More than eighteen years of data exists to substantiate the benefit of including emotional intelligence competency assessment in succession planning and leadership development plans.

**Emotional intelligence and personality**

One of the controversies surrounding emotional intelligence is whether EI is simply a new name for personality traits that have been already discussed, researched, and documented. As part of the controversy, some psychologists have argued that EIC assessment models overlap with existing personality profile tests like Meyers-Briggs. Research conducted by Van Rooy and Viswesvaran, based on 69 studies involving more than 12,000 individuals, found that while there was some overlap, "EI is a better predictor of performance than is personality" (Encyclopedia of Applied Psychology, 2004, p. 4).

Another, more intuitive, distinction between personality and emotional intelligence exists. Every person has distinctive personality traits. As people mature, they become more skilled at using the positive personality traits and controlling the negative traits. For instance, many people are selfish, yet the majority come to realize that outcomes that benefit all parties are better than outcomes that harm others while they benefit. This is a sign of emotional intelligence and is separate from the personality trait of selfishness, which still exists. In this example, emotional intelligence enables a person to override his or her negative personality traits and helps manage emotions to yield more positive outcomes.

**Employment law considerations**

Legal problems might exist when using emotional intelligence competency testing or assessments as part of a process that evaluates candidates for promotion or hiring. EIC assessment tools are not certified as U.S. Equal Employment Opportunity Commission (EEOC) compliant like behavioral-event interview tools such as Targeted Selection©. In fact, many of the EIC assessment tool websites carry a disclaimer that the tools are only intended to be used for development purposes, not for hiring, promotion or compensation decisions. Candidates will likely not acknowledge the relationship between EIC and job
performance which could lead to lawsuits and claims of discrimination regardless of the merit of those claims.

Private employers began using emotional quotient tests after World War 2 and used them at an increasing rate until threats of lawsuits and regulations scared them away (Phin, 2007b). Legal cases judged that some EQ tests had a disparate impact on protected classes of persons, which was an EEOC violation. And more recently, lawsuits have been brought by employees alleging these tests violate their right to privacy.

Employment law attorney Donald Phin has analyzed these issues, studied case law, and identified key points for employers to understand. First, the EEOC does not prohibit psychological testing. Second, an employer is not liable for any disparate impact if the employer can show the assessment tool predicts successful job performance. Attorney Phin advises companies that wish to use any psychological testing that these assessment tools can dramatically benefit the employer, but that it is critical that the tests be standardized, documented, measurable, and administered in a non-discriminatory fashion. Of particular interest is that attorney Phin states, "Proper use of these tests actually reduces an employer's exposure because it moves the interviewer's subjective analysis to a more objective standard" (Phin, 2007b). Anyone wishing to understand how to take testing and turn it into an EEOC-compliant candidate assessment tool should study the incredibly successful system developed by William Byham, Ph.D., which is known as Targeted Selection©. EIC testing can be added to existing models of behavioral-event interviewing as demonstrated by the work of Adele Lynn and others.

**Barriers to successful implementation of EIC assessment**

Eli Lilly is a company that has a very mature and successful succession planning and leadership development system. Lilly uses a process called group development review (GDR), which is an in-depth review of a single person. "GDR is mandatory for approximately 500 employees who are identified through the company's talent assessment process as having executive potential" (Conger & Fulmer, 2003, p. 79). Many leadership development processes like GDR, 360 Feedback, and other development assessment processes can be seen as very intrusive and subjective because they rely on feedback that can be viewed as subjective and personal. Of these processes, GDR is much more useful as it is direct feedback from other managers, whereas 360 Feedback is often seen as simply a popularity contest. One of the reasons that GDR is more successful than tools like 360 Feedback is because the participants are truly interested in providing constructive, objective feedback for the development of the individual.

Obtaining feedback from peers is often difficult even if it is as part of a structured employee development program. Feedback is best when it is given directly to the individual in a timely fashion.
rather than in an anonymous format at some company-specified interval. It can be nearly impossible for recipients to make use of any feedback that is not specific enough, constructive, or directly tied to an event so that they can reflect on the situation and learn from it.

Poor implementation often negates much of the benefit that could come from the use of assessment tools. The author of this research paper has personally experienced working in a corporate environment where multi-rater tools like 360 Feedback seemed to suddenly come down from upper management as a directive with no explanation as to their benefit. In this situation, the participants saw giving feedback as an anonymous way to get revenge on coworkers that they did not like. Feedback was advertised as a "gift." But due to the poor execution of the program, "feedback" became a term synonymous with "useless." Companies that implement development programs and multi-rater tools should realize that how they are implemented throughout the organization has a tremendous impact on the value obtained from the programs and tools.

The same company that did such a poor job of implementing EIC assessment and feedback systems did an excellent job at finding a truly useful training program to offer to employees that were interested in attending it. The training was Productive Relationships© conducted by Susan Van Vleet Consultants http://www.svanvleetconsult.com/workshops/new/13192022874811.pdf. The training provides participants a concrete understanding of how to have productive relationships with other individuals so that open and honest communication can be given and actually received. It becomes obvious that feedback is only useful if it is given in the context of a relationship in which the recipient is willing to receive that feedback from the giver. And the feedback must be given in a way in which it can be used. That means that it must be timely, direct, specific, and constructive. Anonymous tools that are driven by the company timeline do not achieve any of those goals.

Being able to give and receive constructive feedback requires a great deal of emotional intelligence. Yet companies are trying to use tools to increase the overall emotional intelligence of their workforce. Perhaps the best approach is to integrate EIC testing into the hiring process and then offer successful training programs such as Productive Relationships© to existing employees as a way to consistently increase the overall emotional intelligence of the workforce.

Privacy issues

Case law currently leans heavily in favor of employers being able to perform rigorous examination of job candidates as long as they can demonstrate how the assessments relate to job performance. Companies are able to pull from eighteen years of research to demonstrate the link between emotional intelligence competencies and job performance. Existing employees who wish to be on the
leadership development track must submit themselves to the company's assessment processes. Their only opt-out provision is to give up prospects for a leadership position.

Since the Sarbanes-Oxley Act of 2002, executives are personally and criminally liable for the accuracy of financial records. Executives, especially CEOs, are seen as the face of the company. Negative public opinion about the CEO negatively affects the company. As a result of these factors, persons in or looking to become executive leadership will find it nearly impossible to successfully make an argument that their right to privacy is more important than the company's ability to assess their EI competencies along with technical skills, and other more general competencies.

Companies that wish to implement EIC assessment as part of their performance appraisal and promotion process should ensure that two requirements are met. First, they must demonstrate that the assessments are related to job performance. The previous section on the relationship between situational leadership and high EIC demonstrated the objective and measurable link between EIC and job performance. Second, companies must ensure that the assessment process is done in an objective manner that is consistently applied. This research paper has already demonstrated that psychometrically credible methods to assess EIC exist that are also backed up by a great deal of peer-reviewed research. When those EIC assessment methods are blended with a structured and EEOC-compliant system such as Targeted Selection©, the assessment is forced into an objective, measurable, consistent model that is standardized and avoids selection errors.

If a company implements EIC assessment in ways that meet the above criteria, it avoids legal issues of employees claiming that they were passed over for a promotion due to subjective metrics or claims of discrimination that are difficult to defend against. Further, it institutionalizes a performance-based meritocracy avoiding the issues of individuals being promoted due to what their personality is like and who they are politically connected to.

Cost issues

Creating and maintaining an emotionally intelligent organization requires a concentrated and sustained effort. It can take three to six months to change complex competencies, such as those found within emotional intelligence. The general consensus among the experts is that it can be difficult, time consuming, and thereby costly to train people to have emotional intelligence or to develop more and better emotional intelligence skills. Experts also agree that it can be even more difficult to train smart people (people with high IQ) than people who are less committed to defensive reasoning. (Defensive reasoning is what people use to find reasons external to themselves to explain flaws or shortcomings in their work.)
Emotional intelligence can be taught, but because the foundations of social and emotional competencies are often laid down early in life and reinforced over several years, they tend to become synonymous with self-image and thus need focused attention over time to bring about change (Adler, Cherniss, Cowan, Emmerling, & Goleman, 1998). While EQ (emotional intelligence) can be taught, it is more difficult to learn than IQ. It is important to note that nearly everything in the educational system of the United States focuses on development of IQ from grade school through college. Very little attention, if any, is given to the development of EQ by accredited educational institutions.

Chris Argyris, Harvard professor and expert on organizational development, wrote "the smartest people find it the hardest to learn" (Argyris, 1991, p. 99). Argyris advocates the teaching of emotional intelligence to leaders and highly skilled professionals due to the significant financial benefits. However, in his article on the subject, he pointed out several issues with getting people with high IQ to improve their EQ. He distinguished between single-loop and double-loop learning and described that single-loop learning is what most smart people are used to as it is directly related to cognitive ability and IQ. Adele Lynn described the seven common reflection errors that are a barrier to emotional intelligence learning in her book on using EQ in hiring (Lynn, 2008). These common reflection errors are the same as the ones listed by Argyris as the ones to which smart people fall prey.

Argyris pointed out that "effective double-loop learning is not simply a function of how people feel. It is a reflection of how they think - that is, the cognitive rules or reasoning they use to design and implement their actions" (Argyris, 1991, p. 100). In other words, emotions influence thought, and thought precedes behavior. One could conclude that smart people need to have emotional intelligence in order to be able to learn more about it. Individuals "need to reflect on their own behavior, identify the ways they often inadvertently contribute to the organization's problems, and then change how they act" (Argyris, 1991, p. 100).

Karol M. Wasylyshyn, president of Leadership Development Forum and leadership development coach, has found that for leaders, how they lead is their major development gap. "Using emotional intelligence as a learning tool has been a way to close that gap" (Stefano & Wasylyshyn, 2005, p. 6). She describes the difficulty associated with training leaders in emotional intelligence. "This is a tough developmental agenda given the defensive reasoning that characterizes many smart business people" (Stefano & Wasylyshyn, 2005, p. 6).

Developing leaders’ EQ can be time consuming and costly. Companies that do not already have a leadership development program have even more expense associated with trying to implement EQ training. As part of the 2005 Corporate Leadership Council survey, "45% of respondents judged that it would take too long or be too expensive to develop successors internally" (Charan, 2005, p. 75). This was
because they did not have a mature succession planning and leadership development program in place. As a result, they ended up hiring executives from the outside even though, statistically, outsiders are less successful at running the company.

While it is true that implementing a succession planning and leadership development system is bound to be costly, research shows that companies with leaders that create good organizational climate have better financial results, less employee turnover, higher productivity, and a more healthy corporate culture. Ultimately, a significant return on investment exists or companies like Eli Lilly, Amoco, Dow Chemical, Johnson & Johnson, Microsoft, Boeing, MetLife, L'Oreal, Hilton, American Express Financial Advisors, Avon Products, Honeywell, Lucent Technologies, British Airways, Credit Suisse, and Bank of America would not have invested the time, effort, and money into developing their systems.

**Can barriers to implementation be overcome?**

The majority of organizations appear to not believe that value exists in structured models for leadership development and succession planning. This is evidenced by a recent survey conducted by the Institute for Corporate Productivity (i4cp) where they found that less than 25% of all organizations have any such systems in place (Samdahl, 2010). And of those that actually have structured models in place, even fewer of them are measuring leaders' emotional intelligence competencies. Yet the same survey by i4cp found that high-performing organizations - those that have outperformed their competitors in profitability, revenue growth, market share, and customer satisfaction during the last five years - were more than twice as likely to emphasize talent management measurement as low performers (37% vs. 16%) (Pace, 2010).

"Mary Ann Downey, human capital management practice leader at i4cp, noted that only one criterion was a predictor of both talent management success and market success - measuring leader success" (Pace, 2010). Despite the obvious need to measure leadership success, how does a company measure that success? How can they do it more objectively rather than subjectively? These are major hurdles that must be climbed in order to implement any leadership development system, especially systems which assess non-financial metrics such as emotional intelligence. However, EIC can be objectively measured using psychometrically credible tests, and EQ competencies can be objectively related to financial performance by using models based on established research which map the financial relationship between EIC, leadership competencies, organizational climate, and financial results.

HR often already relies "excessively on packaged databases of leadership traits developed by researchers in the human behavior field" (Charan, 2005, p. 75). The concern here is that HR will just rely
on assessment tests, which continue to undergo valid criticism from psychologists and other scholars, instead of working with management to effectively integrate EIC assessment into an already mature leadership competency model such as the one used by Johnson and Johnson (Cavallo & Brienza, 2001).

No research exists to explain why more than 75% of all organizations have no structured systems for leadership development and succession planning. One of the objectives of this research paper is to expose the gap in reasoning that largely exists throughout the world. Research consistently indicates that succession planning and leadership development systems yield significant financial results for organizations that have implemented them. Surveys show that leaders in organizations know that they need structured systems for leadership development and succession planning to be successful. Further, surveys and research indicate that the inclusion of EIC assessment is a critical component of all of these efforts. Yet despite all of the general knowledge of the issues and research which shows the solution, a large percentage of organizations have not overcome objections to implementing these systems.

**Why focus on senior management?**

Effecting positive organizational change is more difficult the larger the organization is. In addition, if senior management is not the champion of the change, it is likely that the change will fail. Changing an organization's culture is more difficult than turning around an aircraft carrier, so it is critical that the change be initiated from top down. If senior management doesn't champion the change, the needed resources, priorities, and general attention will not be allocated to effect positive change. Effecting an increase in EIC at the senior leadership level will also produce greater financial results more quickly for the organization. Therefore, it is recommended that organizations that wish to implement EIC assessment programs start with programs for senior leadership.

**Summary**

Despite the problems with some EIC assessment tools, psychometrically credible tools do exist which can also be included in the hiring process in an effective and legally compliant manner. Since high EIC is directly related to the success of leaders and thereby the financial success of an organization, organizations must find a way to include EIC assessment in not only their succession planning and leadership development systems, but also in their leadership hiring processes.

Since evaluating a candidate's EIC is so critical to job success, and even more so with executives because the stakes are higher, companies must find a way to integrate EIC assessment into the hiring process. Many experienced consultants exist in the field of integrating emotional intelligence competency assessment into the hiring process. Their experience and expertise are useful for improving the typical
behavioral-event interview that is used in most organizations. Adele Lynn, a human resources management consultant with extensive experience in using emotional intelligence assessment as part of the hiring process, has written several books on the topic including some that are endorsed by the Society of Human Resource Management.

Between books, case studies, research, and professional consultants, resources exist that enable human resource managers to understand how to integrate EIC assessment into their existing hiring, leadership development, and performance appraisal systems. These learnings can be directly used to integrate EIC assessment into executive leadership succession planning and development models. It is the hope of this author that organizations will see not only the value of integrating succession planning and leadership development, but also the value of including emotional intelligence competency assessment into the process.
References


