The impact of emotionally intelligent leadership on talent retention, discretionary effort and employment brand

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Abstract
Purpose – The purpose of this paper is to present research on the relationship between the emotional intelligence (EI) of managers and levels of engagement amongst their direct reports. The findings are discussed in terms of a business case for EI development as a strategy to improve employment brand, talent retention and productivity.

Design/methodology/approach – Within three different organisations, employees completed an assessment of their engagement and the EI of their manager via an online web survey system. Correlation analyses were then performed with the data.

Findings – The EI of managers was found to meaningfully correlate with employee engagement scores. A substantial amount of the variability in direct report engagement scores was accounted for by managers’ EI.

Research limitations/implications – Future research needs to establish whether the EI of managers correlates with direct report engagement scores whilst controlling for direct reports’ EI. Additionally, whether employee engagement scores improve as a result of improvements in managers’ EI needs to be examined.

Practical implications – Organisations may be able to improve their employment brand, talent retention and productivity by developing the EI of management.

Originality/value – This paper is the first to report on the empirical relationship between managers’ EI and employee engagement. It will be of interest to those who are challenged with the task of improving leadership and employee engagement more broadly.

Keywords Managers, Employees involvement, Retention, Employee engagement, Emotional intelligence, Talent retention, Productivity, Employment brand

In this paper we present the findings of a study examining the relationship between the emotional intelligence (EI) of managers and levels of engagement amongst their staff. This information may prove useful to those who are challenged with the task of improving employee engagement and organisational performance more broadly. The findings of the research may also prove useful to those who are passionate about developing the EI of managers but find it difficult to convince budget decision makers of the value this can create.

We define engaged employees as those who promote the organisation they work for as a great place to work; willingly perform above and beyond what is expected of them; and remain committed (i.e. not intending to quit), even when the conditions in which they work become difficult. Managers high in EI may be considered to be self-aware (i.e. they are conscious of the impact they can have on others); empathetic (i.e. they can accurately perceive and understand the feelings of others and demonstrate this understanding to others); effectively regulate and manage their own emotions such that for the most part they role model appropriate behaviour; and can positively influence the feelings of others (Gignac, 2010a,b). In this study, we hypothesized that the more emotionally intelligent a
manager was (as rated by their direct reports), the more likely their staff would be to demonstrate the value creating behaviours that define employee engagement. We discuss the implications of these findings for the area of EI, and in terms of a strategy for building the outcomes of employee engagement, specifically employment brand (the way prospective and existing employees perceive and organisation as an employer), productivity and talent retention.

EI is emerging as an increasingly validated predictor of job performance. In a recent meta-analysis (O’Boyle et al., 2010), EI was found to be a unique predictor of job performance, independently of the effects of personality and intelligence. Despite these meta-analytic findings, there remains a paucity of research that has examined the effects of EI on more contextual performance indicators such as employee engagement, as opposed to task-oriented job performance indicators. Extensive meta-analytic research has shown definitive links between levels of employee engagement and organisational performance. For example, Harter et al. (2009) found that organisations at the 75th percentile on employee engagement experienced 16 per cent greater profitability than those organisations at the 25th percentile. We posit that a demonstrated link between the EI of managers and the engagement of their direct reports may prove useful in furthering the business case for EI. In particular, it may help further the case that EI is an important leadership attribute that is not only related to individual performance, but also has a broader positive influence on the performance of those they manage.

Defining employee engagement

In the academic literature there is an array of definitions of employee engagement to the point that it has been described as a relatively diffuse and ambiguous concept (Macey and Schneider, 2008). For example, Saks (2006) defined engagement as “the degree to which an individual is attentive and absorbed in the performance of their roles” (p. 602). Harter et al. (2002) defined employee engagement as an “individual's involvement and satisfaction with as well as enthusiasm for work” (p. 269). Finally, Kahn (1992) defined engagement as “the harnessing of organisation members’ selves to their work roles.” In examining these definitions collectively, employee engagement would appear to be an amalgamation of several, older I/O psychology constructs such as organisational commitment, organisational citizenship behaviours, and job satisfaction. In industry, employee engagement is more often described simply as a survey score that represents the degree to which different value creating behaviours are being undertaken. For example, Hewitt (2009) describe employee engagement as a measure of how much people want to, and actually do take action to improve the business results of their organisation. Similarly, (but more vaguely), Gallup on their web site (Gallup, n.d.) define employee engagement as “…a force that drives business outcomes…” Gallup define engaged employees as productive, profitable, customer-focused, safer, and likely to withstand temptations to leave the organisation.

In line with these more industry type definitions, in the current study, we define employee engagement is operationally defined as the degree to which employees praise their organisation to others (Praise), perform above and beyond what is expected of them (Perform), and persist in the face of adversity (Persist). As such, an individual’s engagement score reflects how they feel about their employment, the extent to which they report putting in discretionary effort and their commitment to their organisation. Aggregate engagement scores within an organisation therefore reflect (in part), it’s employment brand, capacity to generate discretionary effort and its capacity to retain talent. Furthermore, these facets of engagement are conceptualised and measured across four work areas:

1. role;
2. management;
3. team; and
4. organisation.
That is, we ask individuals to report the extent to which their role, manager, team and organisation lead them to demonstrate these value creating engagement behaviours (praise, perform, persist). The items of the Genos engagement survey as shown in the Appendix.

**Emotional intelligence and employee engagement: past research**

Only a paucity of empirical research has been published on the relationship between EI and engagement. Duran et al. (2010) examined the impact of EI within employees as a personal resource that facilitates employee engagement within themselves. Although such research is interesting, it is not directly relevant to the topic of this paper. Perhaps somewhat more relevant is the study by Sivanathan and Fekken (2002) where the association between self-reported EI (as measured by the Bar-On EQi; Bar-On, 1997) in 58 university residence dons and subordinate rated transformational leadership (MLQ-5X; Bass and Avolio, 1995) levels of the dons was examined. Based on a multiple regression analysis, Sivanathan and Fekken (2002) reported that EI made a statistically significant contribution in predicting transformational leadership.

In light of the above, to our knowledge, there has not yet been any published research on the possible association between manager rated EI and subordinate self-rated employee engagement. Furthermore, although a substantial amount of EI predictive validity research has accumulated (see O'Boyle et al., 2010), only a small percentage of that research has been based on “rater-reports”, that is, EI ratings of individuals based on other people who know the “target”. As self-report inventories are known to be contaminated by effects such as socially desirable responding (Downey et al., 2006), it may be argued important to investigate the validity of rater-reported EI ratings, as these ratings would not be expected to be contaminated by socially desirable responding. Furthermore, in many applied scenarios in industry, EI is measured in a 360-degree context, consequently, it should be considered important to validate this approach to measurement.

**Method**

**Sample**

The total sample consisted of 440 direct reports who provided EI ratings for 223 managers. The managers and direct reports were employed within three large companies. Two companies operated within the IT industry (USA and India) and one operated within the entertainment industry (Australia). As the results were very similar across all three companies, the results for this investigation are presented only for the total sample. The average age of the managers (77 per cent male) was 39.3 years. Most managers were working in a front-line management role (69 per cent) or a division leader role (29 per cent).

**Measures**

The Genos Emotional Intelligence Inventory (Genos EI) was used to measure EI. Genos EI consists of 70 statements relevant to the demonstration of emotionally intelligent workplace behaviours across seven dimensions:

1. emotional self-awareness;
2. emotional expression;
3. emotional awareness of others;
4. emotional reasoning;
5. emotional self-management;
6. emotional management of others;
7. emotional self-control.

In this investigation, the multi-rater version of the inventory was used, as each direct report provided EI ratings for their corresponding manager. A substantial amount of reliability and validity research has accumulated relevant to Genos EI, as reported in the technical manual (Gignac, 2010b).

Employee engagement was measured with a 12-item inventory designed for the purposes of this investigation. Each item is rated on an eight-point Likert scale: 1 = absolutely disagree, 2 = strongly disagree, 3 = disagree, 4 = slightly disagree, 5 = slightly agree, 6 = moderately agree, 7 = strongly agree, and 8 = absolutely agree. The Genos Engagement survey yields a total of 5 scores. One total engagement score and four subscale scores:

1. role engagement;
2. management engagement;
3. team engagement; and
4. organisation engagement.

As aforementioned, the items that comprise the Genos Engagement Survey are listed in the Appendix. For the purposes of statistical analyses, the corresponding engagement items associated with each scale were summed and then averaged to produce average item composite scores. To help interpret the engagement scores, we created four engagement level categorisations and corresponding interpretations. The engagement score categories and interpretations are reported in Table I.

**Procedure**

Participants were invited to participate in the investigation by their respective companies, typically their HR representative. In approximately 80 per cent of cases, the managers were involved in a training and development program that incorporated as pre-work, the Genos EI 360-degree EI Assessment. These participants and their direct reports completed both the EI and engagement surveys online via a web-based assessment system.

<table>
<thead>
<tr>
<th>Score range</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.50-8.00</td>
<td><em>Engaged</em> employees work with passion and feel a profound connection to their company. They drive innovation and move the organisation forward</td>
</tr>
<tr>
<td>4.50-6.49</td>
<td><em>Nearly engaged</em> employees get things done and do what is expected of them. They may put extra time or energy into things when necessary but not willingly or with passion</td>
</tr>
<tr>
<td>2.50-4.49</td>
<td><em>Not engaged</em> employees are essentially “checked out”. They are sleepwalking through their workday, putting time but not energy or passion into their work. Getting them to go above and beyond is difficult</td>
</tr>
<tr>
<td>0.00-2.49</td>
<td><em>Actively disengaged</em> employees are not just unhappy at work; they are busy acting out their unhappiness. Every day, these workers undermine what their engaged co-workers accomplish</td>
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</table>
Results

Table II lists the means, standard deviations (SD), and Cronbach’s alpha (α) reliability estimates for all of the scales and subscales analyses in this investigation. The descriptive statistics associated with the Genos EI scales correspond to those reported in the Genos EI technical manual (Gignac, 2010b), although there was a trend for the means to be somewhat higher, as would be expected based on a manager only sample. Although the engagement survey utilized in this investigation is new, it will be noted that the internal consistency reliabilities were, on the whole, quite respectable, with only a single instance where Cronbach’s alpha was estimated at less than 0.70 (i.e. Organisational Engagement). Total engagement scores were associated with a high internal consistency reliability estimate of 0.90.

As is typical of engagement surveys used in industry, the Genos Engagement survey sums and averages participant’s responses to the engagement questions. These average responses are then placed into one of four categories of engagement. The corresponding percentages of employees associated with each of the four levels of engagement are reported in Table III. It can be observed that, with respect to Total engagement, 63.4 per cent of employees were “engaged”, 33.9 per cent “nearly engaged”, 2.5 per cent not “engaged”, and 0.2 per cent “actively disengaged”. The percentage of Engaged and Nearly Engaged employees in this sample is considerably higher than those reported in other studies. For example, BlessingWhite’s (2011) recent study of worldwide engagement scores found on average only 31 per cent of employees were Engaged and 18 per cent were Actively Disengaged. Although a large percentage of employees were classified as Engaged and few were classified as actively disengaged, there was nonetheless a respectable level of variability in the data as indicated by the standard deviations reported in Table II (e.g. Mgt. SD = 1.28).

<table>
<thead>
<tr>
<th>Mean</th>
<th>SD</th>
<th>α</th>
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<tbody>
<tr>
<td>Total EI</td>
<td>283.15</td>
<td>32.61</td>
</tr>
<tr>
<td>ESA</td>
<td>41.07</td>
<td>4.89</td>
</tr>
<tr>
<td>EE</td>
<td>39.86</td>
<td>5.02</td>
</tr>
<tr>
<td>EAO</td>
<td>40.54</td>
<td>6.03</td>
</tr>
<tr>
<td>ER</td>
<td>38.72</td>
<td>4.66</td>
</tr>
<tr>
<td>ESM</td>
<td>40.03</td>
<td>5.02</td>
</tr>
<tr>
<td>EMO</td>
<td>41.47</td>
<td>6.32</td>
</tr>
<tr>
<td>ESC</td>
<td>41.45</td>
<td>5.28</td>
</tr>
<tr>
<td>Total engagement</td>
<td>6.55</td>
<td>0.86</td>
</tr>
<tr>
<td>Role engagement</td>
<td>6.64</td>
<td>0.95</td>
</tr>
<tr>
<td>Mng. engagement</td>
<td>6.36</td>
<td>1.28</td>
</tr>
<tr>
<td>Team engagement</td>
<td>6.80</td>
<td>0.84</td>
</tr>
<tr>
<td>Org. engagement</td>
<td>6.40</td>
<td>1.06</td>
</tr>
</tbody>
</table>

Note: n = 440

<table>
<thead>
<tr>
<th>Engagement scale</th>
<th>Total</th>
<th>Role</th>
<th>Mgt.</th>
<th>Team</th>
<th>Org.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engaged</td>
<td>63.4</td>
<td>63.9</td>
<td>56.8</td>
<td>75.7</td>
<td>53.4</td>
</tr>
<tr>
<td>Nearly engaged</td>
<td>33.9</td>
<td>32.7</td>
<td>34.1</td>
<td>21.8</td>
<td>40.7</td>
</tr>
<tr>
<td>Not engaged</td>
<td>2.5</td>
<td>3.0</td>
<td>6.1</td>
<td>2.3</td>
<td>5.2</td>
</tr>
<tr>
<td>Actively disengaged</td>
<td>0.2</td>
<td>0.5</td>
<td>3.0</td>
<td>0.2</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Note: n = 440
As can be seen in Table IV, EI was found to correlate positively with total engagement at $r = 0.48$ ($p < 0.05$). Thus, 23 per cent of the variability in direct report engagement scores was accounted for by direct report rated manager EI. Such an effect size is considered large based on Cohen's (1992) guidelines. Thus, the hypothesis that the more emotionally intelligent a manager is (as rated by their direct reports), the more likely their staff would be to demonstrate the value creating behaviours that define employee engagement was supported. At the subscale level, it will be noted that the Emotional Management of Others (EMO) subscale was the strongest subscale correlate of total engagement ($r = 0.50$). Additionally, the largest correlation within the matrix was between Emotional Management of Others and Management Engagement ($r = 0.56$). The scatter plot presented in Figure 1 demonstrates the nature of this positive association. As can be seen Figure 1, managers who frequently demonstrate emotionally intelligent workplace behaviour with EI scores on the top quartile (i.e. 75-99 per cent) have mostly “Engaged” employees (engagement score of 6.5 + ) and a few “Not Engaged” employees (4.50 to 6.49). By contrast, managers in the lower EI quartiles have a relatively large number of “Nearly Engaged” (4.50 to 6.49) and “Not Engaged” employees (2.50 – 4.49).

Discussion

In this study, the EI of managers was found to substantially correlate with direct report ratings of employee engagement. The results depicted in Figure 1 show that managers with very high

<table>
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<tr>
<th>Table IV</th>
<th>Pearson correlations between manager rated emotional intelligence and employee engagement</th>
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<tbody>
<tr>
<td></td>
<td>Total EI</td>
</tr>
<tr>
<td>Total eng.</td>
<td>0.48</td>
</tr>
<tr>
<td>Role eng.</td>
<td>0.35</td>
</tr>
<tr>
<td>Mgt. eng.</td>
<td>0.54</td>
</tr>
<tr>
<td>Team eng.</td>
<td>0.31</td>
</tr>
<tr>
<td>Org. eng.</td>
<td>0.32</td>
</tr>
</tbody>
</table>

Notes: all $n = 440$; all correlations $p < 0.05$
EI were found to have mostly Engaged and Nearly Engaged employees with zero Not Engaged or Actively Disengaged employees. According to Harter et al. (2009), one of the defining features of high performing organisations (those in their research that earn 3.9 times earnings per share greater than their average counterparts), is a ratio of engaged to actively disengaged employees of 9.57:1. The findings of the current investigation suggests that managers with high EI are likely to have high engagement to disengagement ratios like these.

In our introduction, we posited that this information may prove useful to those who are challenged with the task of improving employee engagement for the purpose of enhancing employment brands, productivity and talent retention. Indeed the findings of this investigation suggest that engagement and its outcomes might increase from increasing the EI of an organisation’s management. An organisation can increase the EI of its management in two salient ways. First, by hiring and promoting people into management rolls that are high in EI, and, second, by improving the EI of managers through a learning and development intervention. In previous investigations, it has been demonstrated that the frequency with which managers demonstrate emotionally intelligent workplace behaviours can be increased by on average 10-20 per cent (see for example, Gignac et al., in press; Palmer and Jennings, 2007). These interventions typically involve a mixture of pre and post intervention 360-degree assessments (to create insight into how often EI behaviours are being pre and post the intervention), workshop sessions where participants practice applying techniques to improve their EI, and individual coaching sessions to deepen the learning and insight.

As a strategy for improving employment brand, discretionary effort and talent retention, improving the EI of management within an organisation might prove a useful complement to the more traditional employee engagement survey method. This more traditional method involves measuring engagement anonymously at the group level with a company-wide engagement survey; identifying some levers that could be pulled to enhance engagement at the group-level (e.g. providing better career opportunities, more autonomy or better equipment); and implementing them accordingly. There are several issues with this approach that may well be addressed by complementing it with a “manager EI enhancement” strategy.

The first issue with the traditional survey method stems from the institutionalisation of it. Most medium to large organisations in modern western economies run an engagement survey every 12 or 24 months and tie executive bonuses in part to improvement or maintenance of engagement scores. As a result, there may be little strategic advantage to be had from this method (on it’s own), given that most competitor organisations are likely to be doing the same. A second issue with this method (as we have argued elsewhere, see for example Palmer, 2011), is that when done consecutively, over a number of years, this method may move from being something that identifies and actively engages employees to being something they come to expect. The initiative itself may become like a service level agreement, something you might have experienced flying business class. The first time it’s great, the second it’s good, particularly if executed better than first time, but by the third time it starts to become expected. When that hot towel is not brought around after takeoff, or the dinner you wanted is not available – annoyance and dissatisfaction sets in. Not running the survey may certainly drive dissatisfaction and perhaps even disengagement, but we question whether with repeated use, even when done well, whether it sustains the value creating behaviours of employee engagement.

The final issue with the survey method is that it examines engagement and universal drivers of it (things that almost all of us are motivated by) at the group-level. There is a growing body of new research showing that a large amount of employee engagement is driven by individual motivators not captured by this group survey method (Gignac and Palmer, 2011). Individual drivers of engagement are by definition workplace variables that motivate some, but not all, people. Individual drivers are found to exist in four areas, Role, Management, Team and Organisation. Individual management motivational drivers are in essence different leadership styles, for example, directive or empowering leadership. Research on individual management motivational drivers is showing great differences in the leadership styles that motivate people (Palmer, 2011). Indeed this research is confirming that one person’s definition of an effective
boss can be someone else’s worst nightmare. We hypothesise that a manager’s EI may be an underlying attribute that helps them both identify individual drivers of engagement, like the leadership style that works best for an individual and, subsequently, adopt that leadership style in the management of them. Indeed, previously, we have shown that up to 53 per cent of an individual’s engagement score can be accounted for by the “fit” between desired and experienced leadership. That is, working for a boss who demonstrates the type of leadership style they find motivating (Gignac and Palmer, 2011). Complementing a company wide engagement survey initiative with an EI development program for managers may equip managers to better identify and facilitate engagement at an individual level.

While this study has shown a meaningful relationship between the EI of managers and levels of engagement amongst their staff, many of the notions we have put forward in the discussion of these results need to be examined in future research. Future research examining the impact an EI development program for managers has on levels of employee engagement with their staff would be particularly useful in supporting (or discounting) many of the suppositions we have put forth. An important feature of this research would be to control for individual employee’s EI. It might be that individuals high in EI (in comparison to their less emotionally intelligent peers), are engaged at work not because of their manager’s EI or their leadership, but because they manage their own emotions effectively (such that they have mostly positive experiences at work) and get along well with co-workers. Nonetheless, the results of this study suggest that a manager’s EI has a positive influence on the engagement of their staff and that improving the EI of management within an organisation may have a positive impact on its performance, capacity to retain talent, and employment brand.

References


Appendix. Genos employee engagement survey

**Role engagement**

1. I talk positively to others about what I do within this organisation at every opportunity.

2. The enjoyment I get from my role energises me in such a way that I give 100 per cent to the tasks I perform.

3. The enthusiasm I have for my role helps me overcome the obstacles I face when trying to complete tasks.

**Management engagement**

4. The leadership style of my manager sets an example I am proud to tell others about.

5. The effectiveness of my manager inspires me to do everything I can to make this business successful.

6. The loyalty that I feel towards my manager motivates me to persist in the face of adversity.

**Team engagement**

7. The effective relationships I have with my team members contribute significantly to the positive things I say about this organisation.

8. The productive relationships I have with my team members motivate me to perform beyond what is normally expected.
9. During challenging times at work, the strong connection I have with my team keeps me focused on getting the best results.

Organisational engagement

10. I tell others how proud I am to work for this organisation, whenever I have the chance.

11. The way this organisation conducts its day-to-day business inspires me to do everything I can to ensure it is successful.

12. I identify with this organisation’s vision in such a way that my commitment remains unwavering, even when conditions become difficult.

About the authors

Dr Benjamin R. Palmer is the Founder and CEO of Genos, and based in its Worldwide Headquarters office in Sydney, Australia. Over the last seven years, he has led the design of products and client experiences in both the emotional intelligence and employee motivation areas of the business. A widely-recognized academic expert on emotional intelligence, Ben has an extensive publication list in the area. In August 2004 he was invited to be a member of the prestigious Consortium for Research on Emotional Intelligence. He is the recipient of numerous academic awards as well as the 2006 AITD (Australian Institute of Learning & Development) Award for an outstanding contribution to the practice of learning and development. He completed his PhD in Psychology at Swinburne University in Melbourne.

Gilles Gignac is the Director of Research and Development for Genos – a heady position that involves the ongoing validation of its core assessments and research into their application, both current and future. He is also actively involved in new product development for Genos. He completed his PhD in Psychology based on an extensive analysis of the Genos EI Inventory, the results of which helped shape the current seven-dimension model that is used today. He has also published a number of scientific papers on psychometrics, applied statistics, and individual differences (intelligence, personality, emotional intelligence). He officially joined the Genos team in January 2008 and works in the Melbourne office. Gilles Gignac is the corresponding author and can be contacted at: gilles.gignac@genosinternational.com