



# Essential Skills: Why Emotional Intelligence Matters at Work

## White Paper

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# Introduction

## The Changing Nature of Business

Australia's industry structure has undergone fundamental changes in recent decades, moving from an economy that was highly dependent on agricultural produce and manufactured goods, to today's economy where [service-based industries are increasingly important for employment](#).

These industries are in themselves changing at a rapid pace, as digital advances transform service experiences and customer expectations change. According to the [University of Queensland](#), in the future

"shifting demographics, consumer attitudes and the introduction of new technologies will make existing services irrelevant."

However, as services become increasingly reliant upon technology, there will still be "many opportunities where a customer needs an emotional connection". This will be the key to organisations being able to foster customer loyalty and satisfaction in the future and will be the critical differentiator for success.

## Artificial Intelligence (AI)

The impact of AI on business operations continues to accelerate and AI adoption is now mainstream. McKinsey's most recent [State of AI](#) research finds that 88% of organisations use AI in at least one business function, a sharp rise from just a few years ago.

As AI takes on more of the analytical and process-driven aspects of work, it is human skills that become the differentiator. Ethical decision-making and the ability to read between the lines are difficult to encode into an algorithm and require a human touch.

Emotionally intelligent people are also better

placed to navigate the challenges AI introduces to the workplace and to create a positive environment around it, whether that's managing anxiety about job security, adapting to new ways of working, or knowing when a decision needs human judgement. Building emotional intelligence

also shapes how thoughtfully AI is adopted and applied within an organisation, which is advantageous for everyone.

Moving forward, emotional intelligence will be a defining factor for businesses navigating the pace of change AI is bringing to the workplace.

"Emotional intelligence is key to the development, implementation and use of AI tools. Without it, critics' worst fears could be realized overnight: The internet could become an even more chaotic, hateful and deceitful place."

– Dr Nick Chatrath, CEO Magazine



# What is Emotional Intelligence?

“Emotional intelligence isn’t a luxury you can dispense with in tough times. It’s a basic tool that if deployed with finesse, is the key to professional success.”

– Daniel Goleman, HBR



## Emotional intelligence can be defined as the intelligent use of emotions.

Emotional intelligence refers to ‘a set of emotional and social skills that influence the way we perceive and express ourselves, develop and maintain social relationships, cope with challenges, and use emotional information in an effective and meaningful way.’

It underpins our ability to work well with others, manage stress and make effective decisions.

People with high EI are described as ‘aware, authentic, empathic, resilient, empowering and centred’ rather than ‘disconnected, guarded, insensitive, limited, indifferent, temperamental and reactive’.

The good news is that these abilities can be measured and learned.

A compelling body of research shows that emotional intelligence, more than knowledge, technical skills or traditional measures of intelligence, determines individual effectiveness and successful business outcomes.

This critical competency differentiates high performers and propels leaders, team members and organisations to higher and more sustainable levels of success.

Emotional intelligence is yielding bottom-line results for organisations across diverse industries and gathering scientific data that explains why. It’s a powerful predictor of success because it instantly reflects how a person applies knowledge/skill in a given situation.

# Why is EI So Important?

## The Key Ingredient for Survival

We have reached an era where innovation and speed to market are essential for the survival for any organisation. The main ingredients to achieve these two outcomes are diversity, talent and high levels of employee engagement ([Josh Bersin](#)). This makes emotional intelligence more important than ever before.

### Talent

Many recruiters and hiring managers focus primarily on technical skills and experience when evaluating candidates. However, successful hiring goes far beyond simply assessing a candidate's skills and qualifications. Emotional Intelligence is a crucial factor that is often overlooked in the recruitment process. [Research has shown](#) that there is a strong correlation between EI and job performance because individuals who have high EI want to succeed, can control their emotions, are confident and expressive.

### Diversity

As the need for innovation increases, so does the need for a diverse workforce. Indeed, there is [compelling research](#) demonstrating that diverse and inclusive work environments outperform non-diverse workplaces, driving better decisions and more innovative solutions. Diversity can be understood as the multiple dimensions in which there are both similarities and differences. Dealing with others across these lines of difference often triggers powerful responses that require emotional intelligence to manage.

### Employee Engagement

Gallup's long-running research continues to show that highly engaged teams outperform disengaged ones on profitability, productivity and retention. However, according to their [State of the Global Workplace: 2026 Report](#), only 20% of employees worldwide are engaged at work – the lowest level since 2020 – with 64% not engaged and a further 16% actively disengaged. Gallup estimates this decline in engagement is costing the world economy US\$10 trillion a year in lost productivity.

Research continues to support a strong link between emotional intelligence and how people show up at work. A [meta-analysis by Miao, Humphrey and Qian \(2017\)](#), published in the Journal of Occupational and Organizational Psychology, pooled results across dozens of independent studies and found that emotional intelligence significantly predicts job satisfaction and organisational commitment, and reduces turnover intentions, over and above what can be explained by cognitive ability or personality traits alone.

## Emotional Intelligence drives the culture of your organisation

Organisations have both a cognitive and emotional culture. The emotional culture is what drives behaviour, “how” the work gets done and the level of employee engagement.

Emotional culture is the culture centred around the affective values of an organisation - i.e., feelings, moods, and attitudes - in contrast to the cognitive values that typically make up the traditional corporate culture.

As reported in [HBR magazine](#), research has shown that emotional culture influences employee satisfaction, burnout, teamwork, financial performance and absenteeism. Successful leaders integrate both authentic emotional and cognitive cultures.

Key findings, from studies conducted by the [University of Maryland's School of Business](#) and [London School of Business](#), show that workplaces where employees feel comfortable expressing their feelings, tend to be more productive, creative and innovative.

Your employees' emotional connections to their jobs have a substantial impact on bottom-line issues like productivity, workplace engagement, and how they present themselves to your customers.

The cost of ignoring emotional culture can be significant. Dissatisfaction or disengagement from the workplace depresses productivity and can also generate a higher rate of employee turnover, which can be extremely detrimental to a business' bottom line.

Conversely, employees who work in a culture that values their emotional well-being report higher levels of satisfaction, which leads to higher retention, better quality of work, and a stronger commitment to their employer.

“Every organization has an emotional culture, even if it's one of suppression.”

– Sigal Barsade, Professor of Management,  
Wharton School



# Case Studies

## We know what you're up against. It's not enough to say that it will work!

You need to bring evidence of a clear return on investment to the table; clear statistics and research that links emotional intelligence to:

- Higher sales and profits
- Increased performance
- Improved customer satisfaction
- Decreased attrition rates
- Reduction in training costs
- Improved team engagement

So we want you to hear it from organisations that have done it and show you their stories of success.

'They' are the reputable organisations that have used the EQ-i (Emotional Intelligence Assessment) and gone on to see exceptional performance improvements and real bottom line results.

They give evidence of what you're looking for: specific, measurable, and scientifically validated results that prove the EQ-i will be your most valuable and successful assessment tool for selecting and developing people of tomorrow.

"EI is more than twice as predictive of business performance than purely cognitive intelligence."

– Vanessa Urch Druskat, Fabio Sala, Gerald Mount, *'Linking Emotional Intelligence and Performance at Work'*, 2006

## Customer Satisfaction & Selection at American Express

This case study features information sourced from the 2007 and 2008 International Conference on Emotional Intelligence materials.

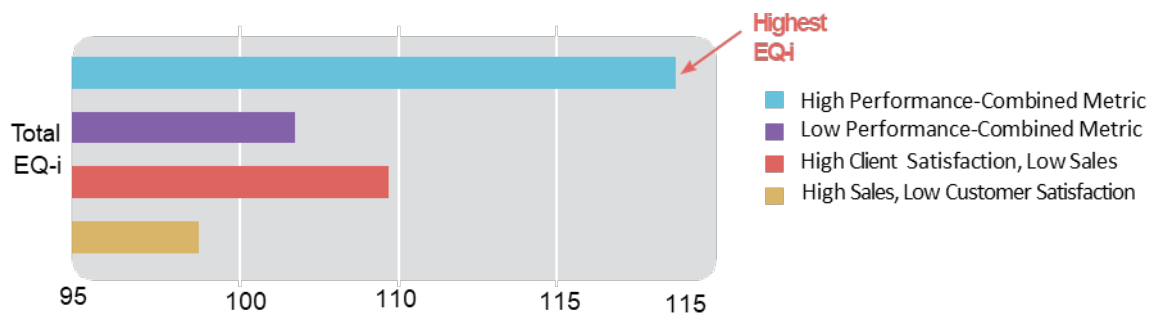
**Purpose of study:** To predict key characteristics associated with top performance from which selection criteria can be generated.

### Results

Two different metrics were used to determine success in the role of customer focused sales associates: customer satisfaction and sales. As part of a star performer study, MHS created four performance groups:

- 1) those who scored well on both metrics (customer satisfaction and sales)
- 2) those who scored high on customer satisfaction and low in sales
- 3) those who scored high on sales and low in customer satisfaction
- 4) those who scored low on both metrics.

These representatives also completed the EQ-i assessment. Those who scored well on both metrics had the highest EQ-i scores (see chart.)



### ROI Impact

The EQ-i predictive model accounted for significant differences between high and low performing sales representatives. The EQ-i accounted for:

- **48% of the variance in performance**, or in other words, almost one-half of the skill set required of a successful customer focused sales associate.

### Takeaway

Using the EQ-i predictive model for Training and Recruitment leads to:

- Higher sales
- Better performance

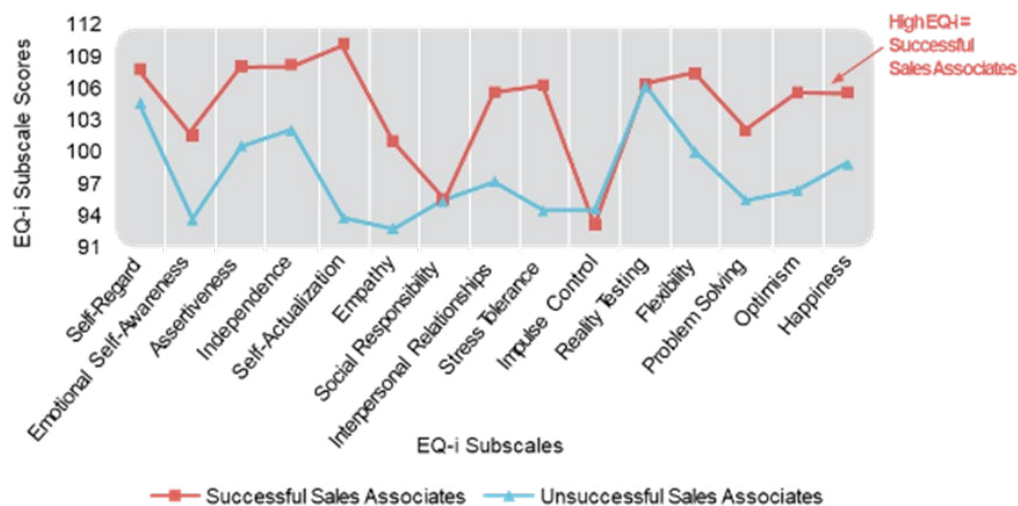
## Sales Performance at CIBC

The CIBC Global Private Banking and Trust team conducted a study where their high and low performing sales representatives were given the EQ-i assessment.

**Purpose of study:** To determine key emotional intelligence characteristics that define successful sales representatives at CIBC

### Results

Many EI skill sets are clearly conducive to higher performance. As shown in the chart below, the two key EI skill sets for success were interpersonal skills and self-actualization. Interestingly, having a lower score in impulse control in combination with higher scores in other EI areas, translated into higher performance amongst sales representatives.



### ROI Impact

CIBC now uses the EQ-i study results as a predictive model for both the selection of new personnel and in leadership development. This is because they found that:

- An individual's EQ-i test scores accounted for **32% of their booked sales and 71% of pipeline sales**.

### Takeaway

Using the EQ-i predictive model for Selection and Leadership Development generates:

- Better selection of sales representatives
- Higher performance from sales representatives

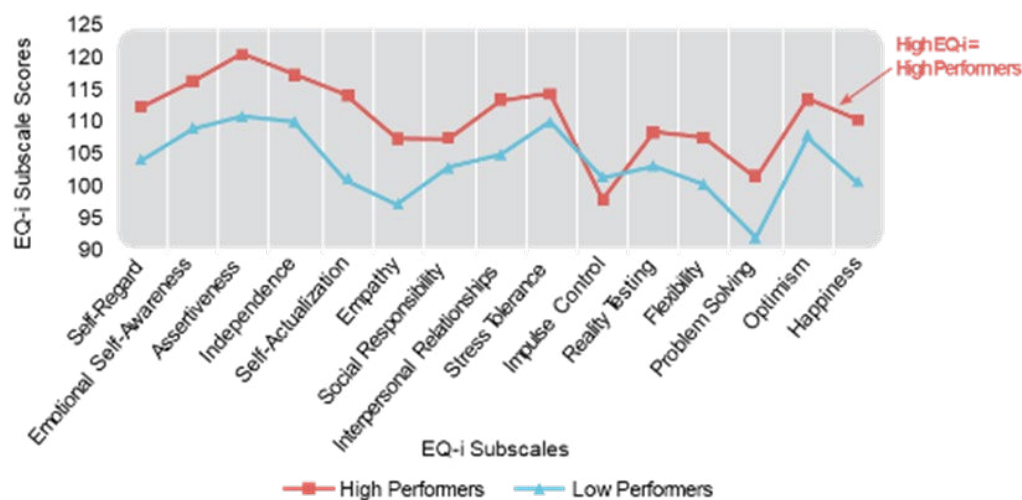
## Service at a Fortune 100 Insurance Company

**Purpose of study:** To predict key characteristics associated with top performance and develop selection criteria for future agents.

### Results

First, a subjective rating was used to determine performance levels amongst General Agents (GAs) at the insurance company. Agents completed the EQ-i and were rated by two VPs as high or low performers. The sales teams of the highly rated GAs significantly outperformed the other teams in terms of sales.

As you can see from the graph below, the EQ-i can be used to predict characteristics associated with high performance. High performers consistently scored higher in most emotional intelligence characteristics; most notably: assertiveness, self-actualization, empathy, problem solving, and happiness.



### ROI Impact

The company looked at the four-year compound annual growth rate (CAGR) of their General Agent teams. For these high performer teams:

- **Growth was 15%**, much higher than the -1% achieved by the teams of the low performing GAs.

### Takeaway

Using the EQ-i for Selection generates:

- Higher performing employees
- Decreased attrition rates

# EI and Leadership

**Considering the roles and responsibilities of a leader, it's not surprising that many studies find that a leader's emotional and social skills are critical to performance.**

Discussion on the top EI competencies for the future centres around the need for Empathy, Flexibility, Emotional Self Awareness and Stress Tolerance in order to manage a diverse workforce and cope with constantly changing environments.

The ability to understand, relate to and be sensitive to employees, colleagues and communities will be paramount. We will see an even greater emphasis on listening, relating and coaching to drive effective leadership.

Being able to adapt leadership style, think through alternate approaches and being open to different frameworks and points of view enables a leader to manage a diverse workforce and be mindful of the changing environment.

As the number of demands placed upon leaders increases, so does the level of stress. Yet, leaders must find coping mechanisms that facilitate accomplishment of the ongoing demands of their multiple roles.

"The good leaders are the ones who are comfortable in their own skins... they understand their purpose in life and their strengths."

– *Dan Pink*



## An effective leader knows how emotions affect others' interactions, whom others will follow, and how to make decisions.

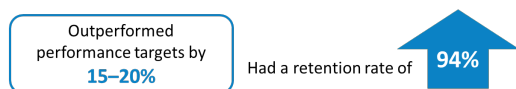
### Technical Knowledge is not enough

Due to often changing market forces, a volatile environment and pressures to accomplish more with fewer resources, leaders require more than technical knowledge to succeed (George, 2000).

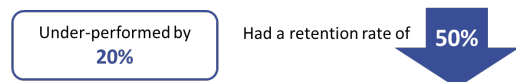
Researchers have confirmed that emotional skills are equally important for successful performance at the executive level (Carmeli, 2003), and become more critical (as compared to IQ or technical savvy) as employees progress through the organisational hierarchy (Dulewicz & Higgs, 2003; Goleman et al., 2002).

### EI Impact on Revenue and Retention

Focusing specifically on executives, McClelland (1999) demonstrated that division presidents with higher levels of EI exceeded performance targets by 15–20% and had a 94% retention rate.



Division presidents who scored lower on EI competencies underperformed by 20% and had a 50% retention rate.



### EI and Transformational Leadership

Transformational leadership is a style of leadership that's achieved significant

support in empirical literature. It's displayed when a leader works with teams to identify needed change, creates a vision to guide the change through inspiration and they execute change in tandem with committed people.

When the EQ-i (prominent EI assessment tool) and Multi-Factor Leadership Questionnaire (MLQ) were administered to 32 managers, who were employed in mid- to large-sized organisations in the U.S., Mandell and Pherwani found that, regardless of gender, EI was a statistically significant predictor of a manager's transformational leadership style.

### Evidence EI can be developed

Dulewicz and Higgs (2003) reported a number of significant changes in EI scores from pre- to post-test in a study of retail managers. Managers took part in a dedicated EI training program; meeting one day per week for four weeks that included lectures, video, practical exercises, role-plays, and journaling. Emphasis was placed on self-awareness, detachment, emotion regulation, emotion recognition and empathy.

The study found that 8 out of the 15 subscales on the EQ-i were strengthened from training. Subscales such as Assertiveness, Self-Regard, Empathy, and Optimism all improved in participants exposed to the training program, while no differences were evident in the control group.

## How Emotional Intelligence aids in the success of leading a diverse workforce

In order to be comfortable and encouraging of diversity within a team, leaders need to be adaptable, compassionate and self-aware. Confident in their own knowledge and talents, and with an understanding of their strengths, weaknesses and biases, they can work towards leading people in a way that works best for them and the organisation. They are able to accept challenging ideas, as well as support innovation.

Diversity has a myriad of visible dimensions including gender, generational difference, race, and ethnicity, while there are other factors that may not be immediately apparent such as sexual orientation, education, religion, and culture.

Recent findings in the field of neuroscience have revealed that we all have hardwired “unconscious bias”, which enabled our species to spot danger quickly, assessing friend vs. foe.

This immediate response is highly dysfunctional in today’s world. As discussed in [Blindspot: Hidden Biases of Good People](#), by Mahzarin Banaji and Anthony Greenwald, hidden biases are universal. They influence all kinds of workplace dynamics, including who gets promoted, who is in the “go to” circle and who has access to important information.

Even well-intentioned people may be unaware of their higher comfort level with one group and consequently may engage in “micro-inequities” without even realising it, making comments or acting in a way that undermines individuals seen as different.

Building emotional intelligence provides the necessary environment for leaders to optimise a diverse workforce.

“Enriching your employee pool with representatives of different genders, races, and nationalities is key for boosting your company’s joint intellectual potential.”

– David Rock & Heidi Grant, HBR

# Case Studies

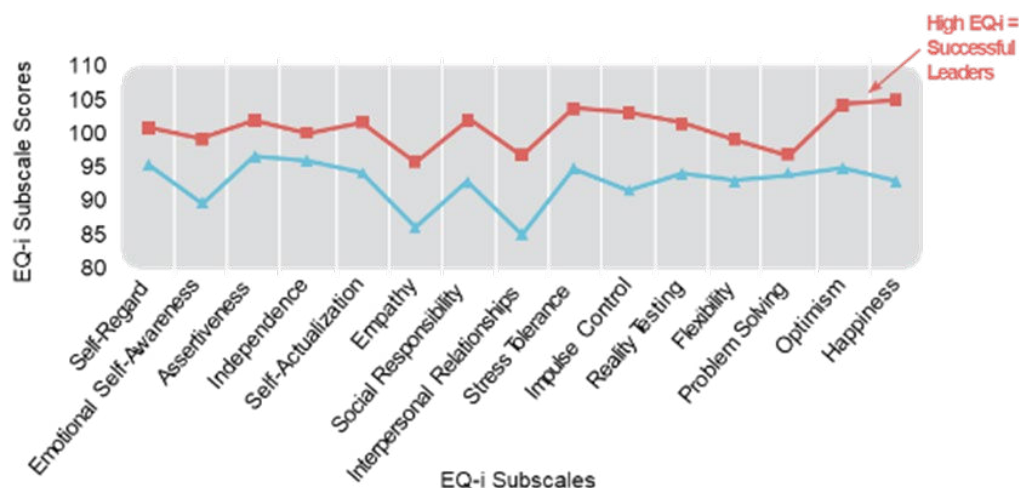
## Centre for Creative Leadership (CCL)

The Centre for Creative Leadership conducted a study to examine the relationship between leadership skills and EI.

**Purpose of study:** To evaluate key emotional intelligence characteristics that define high performing leaders.

### Results

This study evaluated the world-famous training centre (CCL), looking at 302 leaders and senior managers, some of whom were quite successful and others who were struggling. Participants were tested for emotional intelligence with the EQ-i and were also measured on leadership performance based on feed-back from superiors, peers, and subordinates.



### ROI Impact

The findings from this study were highly predictive; **eight EI subscales predicted high performance 80% of the time**. These included self-awareness, stress tolerance, optimism and empathy.

The analysis revealed that EI was also related to career derailment. Managers who demonstrated lower EI scores had greater difficulty changing or adapting, and they also experienced more problems with interpersonal relationships.

### Takeaway

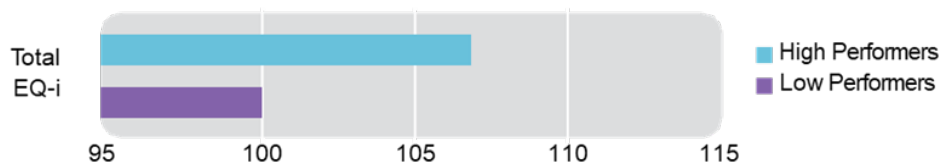
Using the EQ-i predictive model for Leadership Development generates a roadmap for leadership success in higher performing leaders.

## New Zealand Telecom

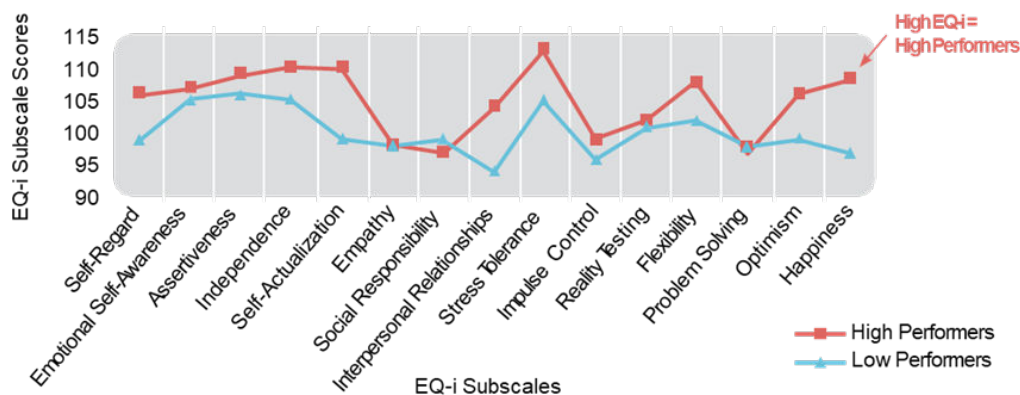
**Purpose of study:** To understand the relationship between EQ-i and leadership competencies to enhance the training and coaching of leaders in their organization.

### Results

New Zealand Telecom categorized 70 senior leaders into high and low performance groups based on established leadership performance indicators. As shown below, high performers had significantly higher EQ-i scores than the lower performers.



The chart below maps out the most important emotional and social skills for achieving success amongst leaders in the Telecom organization, most notably: self-actualization, stress tolerance, and happiness.



### ROI Impact

The EQ-i study resulted in significant bottom line findings that New Zealand Telecom now integrates into their training and coaching initiatives.

**48% of what differentiated the high and low performing leaders could be attributed to EI attributes.** In other words, almost one-half of the skill set required for successful execution of this organisation's leadership

competencies is comprised of emotional and social skills.

### Takeaway

Using the EQ-i predictive model for Training and Coaching generates:

- A roadmap for leadership success
- Better performing leaders

# Measuring Emotional Intelligence

## EQ-i 2.0 Model of Emotional Intelligence

Emotional intelligence has proven relevant to leadership/ team member performance and positive/ empowered team culture. It provides a new way to understand and assess people's behaviours, management styles, attitudes, interpersonal skills and importantly, their potential.

EI is a powerful predictor of success because it instantly reflects how a person applies knowledge/ skill in a given situation.

With insight into themselves and others, they can recognise the emotions that drive thinking and behaviour; using this to generate positive outcomes.

Attuned to emotions that can disrupt engagement and productivity, they are able to convert negative emotions into opportunities and frame challenges constructively.



Copyright © 2011 Multi-Health Systems Inc. All rights reserved.  
Based on the Bar-On EQ-i model by Reuven Bar-On, copyright 1997.

# Why the EQ-i 2.0?

## The EQ-i 2.0 helps you use emotional information in an effective and meaningful way.

Emotional Intelligence as a discipline came out of a stream of psychology known as 'positive psychology' which was focussed on understanding well-functioning individuals, as compared to understanding pathology.

The EQ-i 2.0 was first developed by Reuven BarOn and released in 1983. It was based on clinical research he had undertaken into why particular individuals flourished compared to others who might have higher IQ's. This tool has now been used for over 25 years, both clinically and within corporate environments.

There are a number of tools in the market that measure emotional intelligence. What makes the EQ-i 2.0 different from most is that it measures behaviour, not thoughts and cognition, or your understanding of emotional intelligence.

In the workplace, it's more important to understand how your behaviour impacts on your ability to lead or work with others, rather than your knowledge of emotional intelligence.

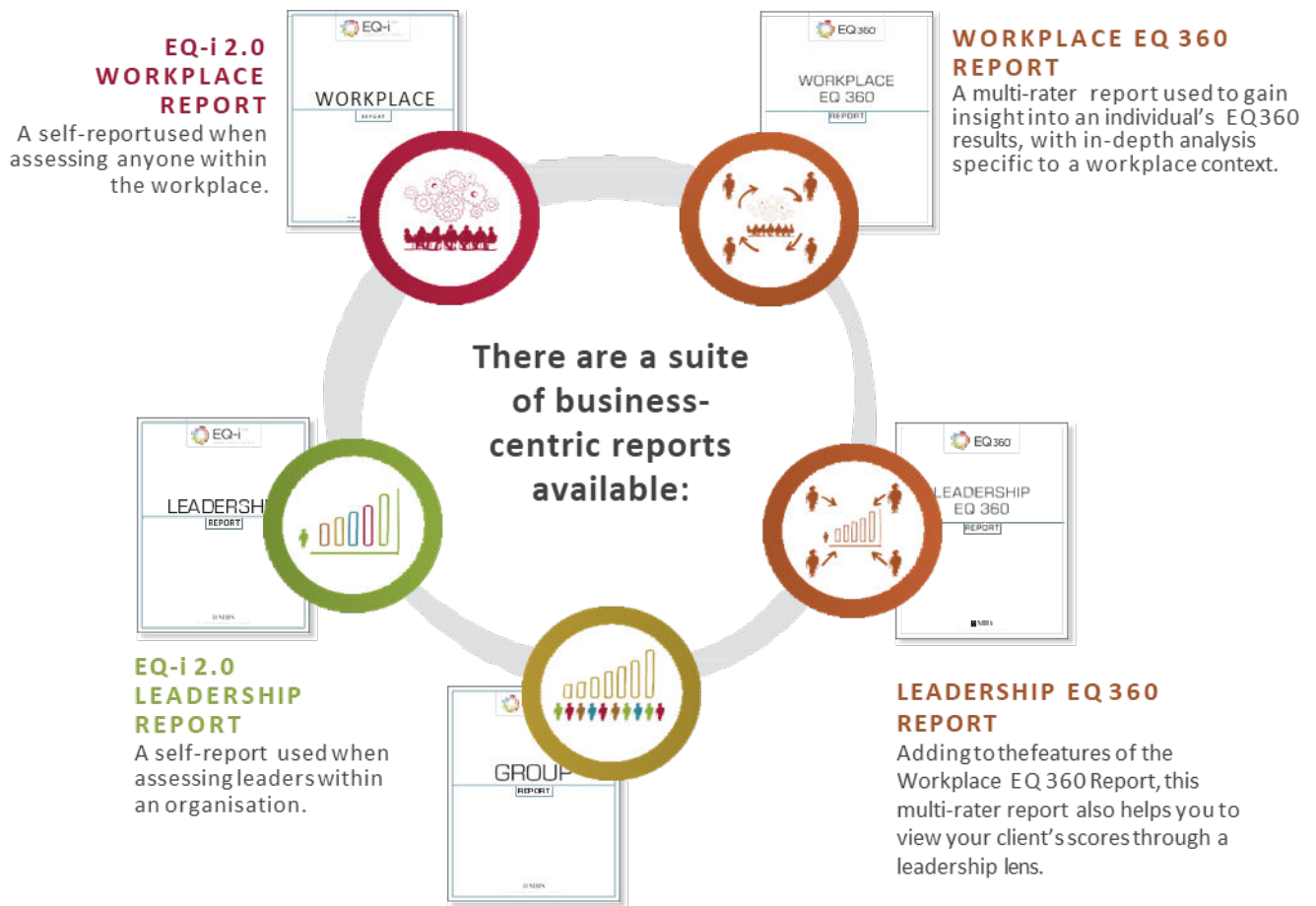
For almost 20 years, consultants and organisations have trusted the science that underpins the EQ-i 2.0 to help improve human performance. Being the first scientifically validated measure of emotional intelligence, coupled with research from premier organisations, means you can count on the EQ-i 2.0 to add robustness and accuracy to your talent management initiatives.

### What are the benefits?

- Measures behaviour, not thoughts or understanding
- Focused on personal development
- Identifies strengths
- Identifies challenge areas
- Promotes greater organisational effectiveness
- Excellent selection tool
- Excellent succession planning tool
- Great for developing leaders
- Business-centric report

### What are the applications?

- Leadership development
- Individual development
- Organisational development
- High potential identification
- Team effectiveness
- Recruitment
- Executive and general coaching
- Performance management



## THE CLIENT REPORT

The Client Report provides an introduction to the EQ-i 2.0 model and a detailed, personalised interpretation for each of the 15 subscales complete with strategies for action and a development plan.



## THE COACH REPORT

The Coach Report helps you better understand how results were derived, allowing for better interpretation, and enabling valuable client feedback. You will be provided with follow up questions, item level responses, and a guide on how to conduct a debrief.

## The EQ-i 2.0 Features

- A Total emotional intelligence score with five composite scores measuring five distinct aspects of emotional and social functioning.
- 15 Subscales that home in on emotional intelligence skills critical to workplace success.
- A Well-Being Indicator that measures happiness, resulting in additional development support.

## Norm Groups

EQ-i 2.0 norms are based on a large sample of 4000 respondents, across a range of age groups, and split evenly between males and females in order to closely match that of the general population.

Recently, norms based on the Australian population, along with other international markets, were developed in order to build greater relevancy to the results, including 'Global Norms'.

## Validity & Reliability

The EQ-i 2.0 exhibits strong reliability, both in terms of internal consistency and test-retest. This means candidate scores will remain stable over time and that items measuring a certain subscale all tap into aspects of that subscale (e.g., all Empathy items are measuring the idea of Empathy).

The EQ-i 2.0 has extensive evidence supporting its external validity:

- It has been used to predict job performance
- EQ-i 2.0 skills can be used to predict and improve leadership competencies
- The underlying structure of the EQ-i 2.0 model holds up in different regions across the world
- The EQ-i 2.0 is based on a history of assessment research spanning decades
- The EQ-i 2.0 correlates with similar emotional and social measures and has been shown to be unrelated to dissimilar constructs, like intelligence

## Workplace Report

The EQ-i 2.0 Workplace Report is a self-assessment consisting of 133 statements that cover a wide range of aspects of emotional and social functioning. The participant rates how true each statement is for themselves on a five-point scale, along with scores for four validity indices. It takes between 15 – 30 minutes to complete.

The report provides information on the individual's score across 15 subscales of emotional intelligence, providing ideas for development as well as an action plan that can be completed.

# The NNC Point of Difference

## We are specialists in emotional intelligence

NNC have been actively using the EQ-i 2.0 tool since 2004 in consulting to large and mid-size organisations. In 2009 we were accredited as distributors of the EQ-i 2.0 and have been delivering certification programs in the tool since 2010.

## We believe in authentic partnerships and tailoring

We see the establishment of productive partnerships, both internal and external, as crucial to the successful roll out of programs. Our facilitator will discuss your objectives and tailor the materials to best suit your needs, as well as ensuring effective certification in the use of the EQ-i 2.0 tool.

## We provide senior NNC facilitators

The NNC team are highly skilled and innovative facilitators. All team members have had personal leadership experience and are skilled in delivering material according to accelerated learning principles. Our dynamic and interactive approach to training is instrumental in ensuring high levels of enthusiasm and effective learning outcomes for workshop participants.

Working as consultants, facilitators and coaches, we are actively involved in the practical application of Psychology, EI and NLP to a wide variety of environments. Our team enjoy working with organisations to build cultures where people can excel, with individuals achieving their personal and professional goals.

***"Neural Networks has assisted in a mindset shift for our people. Their teachings challenge the individual in both their personal and work life. We've been able to harness this latent energy and use it to continually break new ground."***

- *Dean Tillotson - National Manager, Esanda*

## NNC Team



**Rosalinda Batson**

(Accredited EQ-i 2.0 Trainer)

Rosalinda has extensive experience in Organisation Development with a focus on practical and pragmatic approaches to people development that builds a strong relationship between internal consultants and operational management. Her 25+ years of work experience spans both the private and public sector including operational management and strategic roles in Human Resources, Customer Relations, Information Technology and Organisation Development.

She is passionate about understanding others and creating work environments where critical self-awareness can be developed. Utilising her expertise in emotional intelligence she works with individuals to assist them with their professional development. A confident and collaborative facilitator, always learning and developing herself, seeking out the latest models and approaches, she offers clients an invaluable resource



**Dr John Gora**

(Accredited EQ-i 2.0 Trainer)

John is one of Australia's leading authorities on Leadership, Culture Transformation, Sales Effectiveness, Workforce Performance & Emotional Intelligence.

Neural Networks Concepts has served as business strategists, consultants and coaches for some of Australia's leading organisations, including American Express, ANZ, Lendlease, KPMG, Medibank and CBA.

His unique array of qualifications, including a PhD in Psychology, NLP Master Practitioner, Emotional Intelligence Facilitator and Martial Arts Instructor, have enabled him to develop a number of personal and business-related methodologies designed to inspire people and organisations to achieve.