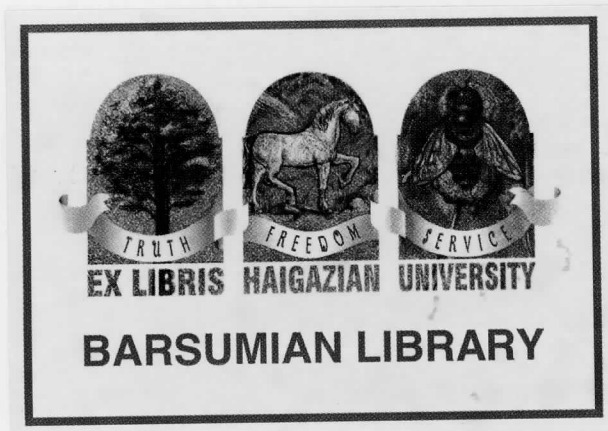


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THE IMPACT OF EMOTIONALLY INTELLIGENT  
WORKPLACE ON THE PERFORMANCE OF THE ORGNIZATIONS

By

SARIN KANDAKARDJIAN

Approved by:

*Sana Jerejian*

A project

Submitted in partial fulfillment of the requirements

For the degree of Masters of Business Administration & Economics

To the faculty of Business Administration

At Haigazian University

Beirut, Lebanon

7<sup>th</sup> of May 2012

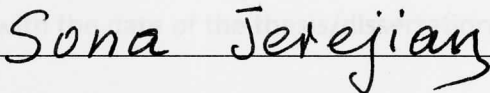
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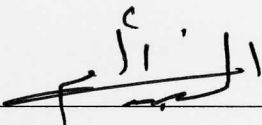
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I dedicate this degree and success to my family for their patience, understanding, prayers, and support.

AN ABSTRACT OF THE PROJECT OF

SARIN KANDAKARDJIAN for MASTERS OF BUSINESS ADMINISTRATION

MAJOR: BUSINESS ADMINISTRATION

TITLE: THE IMPACT OF EMOTIONALLY INTELLIGENT WORKPLACE ON THE PERFORMANCE OF THE ORGANIZATIONS

The topic of emotionally intelligent workplace is of increasing interest to all companies in different fields. Research findings have shown the impact of emotional intelligence on organizational performance. Moreover, the findings have shown that the organizations with emotional intelligent competencies perform better and are more successful.

The aim of my study was to determine whether the successful organizations have emotional intelligence that results in having loyal customers, growth in either in number of branches, employees, or customers, low turnover rate, and sustaining revenues. For this purpose, 35 successful companies were selected and were surveyed through the administration of a questionnaire.

The analysis of data was made using statistical techniques such as factor, regression, and discriminant analyses.

The results revealed that some climate and organizational culture competencies have an effect on having loyal customers, low turnover rate, and sustaining revenues. Moreover, some leadership competencies have an effect on having loyal customers, low turnover rate, and sustaining revenues.

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## **Part 1:**

### **I. Introduction:**

What is “emotional intelligence”? What is an “emotionally intelligent workplace”? Why is it important to have an emotionally intelligent workplace? Does an emotionally intelligent workplace affect the performance of a company? This study will try to answer these questions.

I wanted to talk about the reason I have chosen the topic of the importance of an emotional intelligent workplace in the life of an organization because after my graduation with the BA degree, I have directly started working and applying what I have learned at the university. I have been working for 5 years and what I have realized that the real world is not as easy as it seems in the books. I found myself in a real company with real people working for the same goal. I didn't have the experience first, but I had heard at the university that leaders who possess emotional intelligence succeed better than those who do not possess it, and by time I knew that if someday I wanted to be one of the leaders in a company, I should be more emotionally intelligent. As an employee, I had a need to learn and reach somewhere but most of the time I was disappointed from my leaders because of what I call lack of communication. I wanted to prove myself so I have started searching for studies done on emotional intelligence to learn something and apply it at work. What I was surprised of was that studies on emotionally intelligent workplaces existed and these studies showed that emotionally intelligent workplaces perform better. So, I was so interested in this topic that I wanted to learn more about it in order to understand how can a company be emotionally intelligent, what are its characteristics and how can I be more emotionally intelligent to be a better achiever. So, this topic interests me on both personal and professional level. My objective, therefore, became to advance my understanding of emotional intelligence and its role in promoting superior performance at work.

Emotional intelligence has always been important as is IQ test, but no one has fully appreciated the importance of the emotionally intelligent workplace until Daniel Goleman and Cary Cherniss focused on this issue and showed the effect of it on the performance of employees and the success of the organization. In their book, the “Emotionally Intelligent Workplace” (2001), they

mentioned that there are two overall categories of competence. First, is personal competence, which involves self-awareness and self-management. It includes awareness of emotional processes and the ability to manage them effectively. The second one is social competence which includes social awareness and relationship management. I will talk about them in detail during this thesis and about all the characteristics of the emotionally intelligent workplace and their effect on performance and loyalty of employees.

## **II. Literature Review:**

### **A. Emotional Intelligence and an Emotionally Intelligent Workplace:**

I will start by defining emotional intelligence and emotionally intelligent workplace. Cary Cherniss (2001) defines emotional intelligence as “the ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in the self and others”. By this definition, we understand that it is the carrying out of the emotion from inside to the outside world and managing it in a correct and appropriate way in order to avoid conflict with the others.

As to an emotionally intelligent workplace, Stein (2007) defines it as follows “an organization’s ability to successfully and efficiently cope with change and accomplish its goals, while being responsible and sensitive to its people, customers, suppliers, networks, and society”. It also refers to strategic and tactical elements. Tactical elements include the transaction that goes on within the workplace, like day-to-day operations, such as the way managers manage their people, the rewards they provide, and the punishments they use to get obedience with the rules. Tactical elements also include people’s individual needs and values, the job-skills match, their motivation, and teamwork.

How all the above mentioned work activities are carried out? What are the roles of leaders and employees? Is it true what Zipkin (Goleman & al, 2001) has written that people with good bosses are four times less likely to leave than are those with poor bosses?

These authors focus on the importance of the emotionally intelligent workplace to keep the employees satisfied, motivated, achieving their goals, and being loyal to the company. They emphasize that it is important to pay attention to these elements in order to maximize the company's competitive position in the market. It is important to have emotionally intelligent leaders who are able to understand the employees' needs, wants, and perceptions in order for the organization to identify its strengths and weaknesses and target action as needed. For Stein (2007), being able to measure and understand the nature of the organization's emotional and social intelligence is a first step to helping the organization reach its aim.

Stein (2007) explains that organizations that lack emotional intelligence are at risk of failing to maintain their strategic goals. Their style and culture hold back spontaneity, prize only routine, do not tolerate errors, devalue diverse views, stifle criticism of superiors or encourage secrecy and retribution.

How should the organization bring emotional intelligence in the workplace? I will discuss this process in the paragraphs below.

According to Stein (2007), there are seven key factors that affect the process of building an emotionally intelligent workplace. The first one is hiring capable people who love the work they do and show them how they contribute to the bigger picture. This means hiring the right people and making sure that the right people are doing the right job.

The second one is compensating people fairly. It's not just what workers get for their work; it's how fairly they feel they're being treated and compensated fairly. People then will be satisfied.

The third one is not overworking or under working people. Manageable workloads can be done with much better quality than overloading people with more than they can handle. Plus, people should not be given too little work because they'll get bored.

The fourth one is building strong teams with shared purpose and viable goals. The company needs the right people working together in teams with common goals and a purpose. The right mix of strengths, weaknesses, skills, and abilities in people together with concrete outcomes for performance will lead to success.

The fifth one is about managers. The managers should know how to manage. Many organizations have not understood the fact that more people leave their jobs because they have not received the right support and leadership from their manager than any other reason. Managing people requires specific set of skills. First, you need to select the right people to manage. Second, once you've identified potential management, you need to train them in management. Managers should have the ability to read people well, understand what motivates them, and communicate clearly-knowing how and when to deliver good news as well as bad news. Providing appropriate feedback requires managers to be more of a coach or mentor and less authoritarian or critical. Managing also requires numerous administrative skills such as organization and time-management abilities.

The sixth factor is treating people with respect and leverage their unique talents. This part includes diversity and anger management. Smart companies use diversity to leverage their products and services while at the same time determine the underlying mood of their people. Diversity-friendly workplaces can be very productive because people who are open to differences learn more from others; People from different cultures bring different views and solutions to the problems. Plus, they give you better perspectives on what it takes for you to be successful in other parts of the world.

The seventh and last factor is being proactively responsive by doing the right things to win the hearts and minds of your people. An organization that is responsive to its people, builds the company's brand. What do employees feel and think about the organization they work for? In order to win the hearts and minds of its people, organizations must offer training, encourage innovation, nurture optimism, promote honesty and integrity, demonstrate courage to make changes and adapt, and provide support in meeting needs and gaining trust.

## **B. Components of an Emotionally Intelligent Workplace:**

### **B.1 Self-Awareness:**

In this section, I will define self-awareness and explain its relationship with work performance. Self-awareness state Goleman and Charniss (2001) is the understanding of feelings and accurate self-assessment. Other researchers divide it into three parts: emotional self-awareness, accurate self-assessment, and self-confidence. The first one is recognizing one's emotions and their effects, the second one is knowing one's strengths and limits, and the third one is self-confidence which is a strong sense of one's self-worth and capabilities (Dattner Consulting Website, [URL:http://www.dattnerconsulting.com](http://www.dattnerconsulting.com), latest access January 2012).

Emotional self-awareness reflects the importance of recognizing one's own feelings and how they affect one's performance. It is the key to realizing one's own strengths and weaknesses. Boyazis (Goleman & al, 2001) has studied several hundred managers from twelve different organizations and has found that accurate self-assessment was the hallmark of superior performance. It proved that the individuals with the accurate self-assessment competence are aware of their abilities and limitations, seek out feedback and learn from their mistakes, and know where they need to improve and when to work with others who have complementary strengths.

In addition, Boyazis finds a positive impact of self-confidence competence on performance. It was proven in a variety of studies that among supervisors, managers, and executives, a high degree of self-confidence distinguishes the best from the average performers.

In one Harvard Business Review article by Marshall Goldsmith (2010), it is mentioned that self-aware leaders are dynamic, adaptable, and emotionally intelligent and that there are three ways to be self-aware. First is observing one's own performance by taking note of the areas one excel in and those that need improvement, and then sharing these observations with your team. Second is knowing what one doesn't know by accepting that there are areas one have little expertise in, and by seeking out a team that can help one fill in the gaps. The third one is

monitoring one's impact on others. Because so much of work is about relationships, knowing how one affects others is a critical leadership skill. One should know how to manage one's emotional responses and look for cues that one is building relationships, not destroying them.

## **B.2 Self- Management:**

Beyatrus in (Goleman & al, 2001) describes self-managed managers and executives as top performers who are able to balance their drive and ambition with emotional self-control, harnessing their personal needs in the service of the organization's goals. That's why he believes that it is important that all employees are able to manage their internal states, impulses, and resources. A competence of self-management is therefore emotional self-control, which manifests largely as the absence of distress and disruptive feelings.

Included in self-management is the trustworthiness competence. This is identified as letting others know one's values and principles, intentions and feelings, and acting in ways that are consistent with them. Beyatrus continues talking about conscientiousness which includes being careful, self-disciplined and scrupulous in attending to responsibilities. In the job performance studies of Barrick and Mount (Goleman & al, 2001), outstanding results in virtually all jobs-from bottom to the top of the corporate ladder have been shown to depend on conscientiousness.

Adaptability is another self –management competence. Superior performers in management ranks reveal this competence state Spencer and Spencer (Goleman & al, 2001). They are open to new information and can let go of old assumptions and so adapt how they operate.

Emotional resilience allows an individual to remain comfortable with the anxiety that often accompanies uncertainty, and allows to think "out of the box", displaying on-the-job creativity and applying new ideas to achieve results. Conversely, people who are uncomfortable with risk and change become naysayers who can undermine innovative ideas or be slow to respond to a shift in the market place.

In addition, achieving employees is another characteristic of self-management. David McClelland (Goleman & al, 2001) established achievement orientation as the competence that

drives the success of entrepreneurs. Other studies that compare star performers in executive ranks to average ones find that stars display classic achievement-oriented behaviors, they take more calculated risks, they support enterprising innovations, and set challenging goals for their employees and so forth.

The last one is initiative competence. Those with the initiative competence act before being forced to do so by external events. It means taking anticipatory action to avoid problems before they happen or taking advantage of opportunities before they are visible to anyone else. Individuals who lack initiative are reactive rather than pro-active.

### **B.3 Relationship Management:**

“Emotionally Intelligent Workplace” (Goleman & al, 2001) talks about relationship management essentials like developing others which involves sensing people's needs and bolstering their abilities- a talent not just of excellent coaches and mentors, but also outstanding leaders.

Influencing competence: is another essential social skill in relationship management which includes handling and managing emotions effectively in other people.

We also learn that the most effective people sense others' reactions and fine-tune their own responses to move interaction in the best direction. Star performers with this competence draw on a wider range of persuasion strategies than others do, including impression management, dramatic arguments or actions, and appeals to reason.

Another competence is communication which is the act of giving and taking emotional information, dealing with difficult issues straight forward, listening well and welcoming sharing information fully, i.e. fostering open communication and staying receptive to bad news as well as good.

Included here is conflict management competence which is spotting trouble as it is brewing and taking steps to calm those involved. Listening and empathizing are crucial to the skills of handling difficult people and situations with diplomacy, encouraging debate and open discussion, and orchestrating win-win situations.

Visionary Leadership is another competence which draws on a range of personal skills to inspire others to work together toward common goals. They are able to articulate and arouse enthusiasm for a shared vision and mission, to step forward as needed, to guide the performance of others while holding them accountable, and to lead by example. Extremely successful leaders display a high level of positive energy that spread throughout the organization.

Leaders should also be change catalysts: they must be able to recognize the need for change, remove barriers, challenge the status quo, and enlist others in pursuit of new initiatives. A leader's competence at catalyzing change brings greater efforts and better performance from subordinates, making their work more effective.

Another competence is building bonds competence. This is essential for stars in fields like engineering, computer sciences, biotechnology, and other knowledge work fields in which networking is crucial for success; these stars tend to choose people with a particular expertise or resource to be part of their networks. One of the virtues of building such relationships is the reservoir of trust and goodwill that they establish; highly effective managers are adept at cultivating these relationships, whereas less effective managers generally fail to build bonds.

In addition collaboration and teamwork competence is essential. Teamwork itself depends on the collective emotional Intelligence of its members; the most productive teams are those that exhibit emotional intelligence competencies at the team level. And collaboration is particularly crucial to the success of managers; a deficit in the ability to work cooperatively with peers was in one survey, the most common reason managers were fired for.

Moreover, the positive mood of a team leader at work promotes both worker effectiveness and retention.

Finally, positive emotions and harmony in a top management team predicts its effectiveness.

#### **B.4 Social Awareness:**

The “Emotionally Intelligent Workplace” (Goleman & al, 2001) also focuses on social awareness that leaders and employees should possess.

Goleman explains that there are three competencies for social awareness.

First is empathy competence which gives people an astute awareness of others’ emotions, concerns, and needs. Empathy requires self-awareness; our understanding of others’ feelings and concerns flows from awareness of our own feelings. The sensitivity to others is critical for superior job performance whenever the focus is on interactions with people. Example: physicians who are better at recognizing emotions in patients are more successful than their less sensitive colleagues at treating them. In an increasingly diverse workplace, the empathy competence allows us to read people accurately and avoid resorting to the stereotyping that can lead to performance deficits by creating anxiety in the stereotyped individuals.

Second is service competence which is the ability to identify a client’s or customer’s often unstated needs and concerns and then provide, match them, with the needed products or services; this strategy distinguishes star sales performers from average ones.

The last one is organizational awareness which is the ability to read the currents of emotions and political realities in groups. This is a competence vital to the behind-the-scenes networking and coalition building that allows individuals to use influences, no matter what their professional role. Outstanding performers in most organizations share this ability. Thus, among managers and executives generally, this emotional competence distinguishes star performers.

## **B.5 Leadership:**

Our review of “Emotionally Intelligent Workplace” (2001) also reveals that the leadership style drives organizational performance across a wide span of industries and sectors and appears to be a crucial link in the chain from leader to organizational climate to business success. In this book, we find a study of the heads of forty-two schools in the UK that suggests that leadership style drove up students’ academic achievement by directly affecting school climate. When the school head was flexible in his leadership style and demonstrated a variety of emotionally intelligent abilities, teachers’ attitudes were more positive and students’ grades were higher; when teachers relied on fewer emotionally intelligent competencies, they tended to be demoralized and students underperformed academically. In addition, the benefits of an understanding and empathic school leader were reflected in the teacher – student relationship. Teachers who have a leader who has created a positive school climate will be better equipped to do the same in their own classrooms. That’s why it is important to have good leaders in the company.

Another study mentioned in the same book was done by a Gallup organization. The study of two million employees at seven hundred companies found that how long an employee stays at a company and how productive he/she is there is determined by the relationship with his/her immediate supervisor. So, it’s a mandatory thing to have good leaders in order to keep the staff loyal to the company.

But unfortunately, as is explained in “The 8<sup>th</sup> Habit” (Covey, 2004), we still see many managers who apply Industrial age control model to “knowledge workers”. These managers says Covey manage people as if they are things without acknowledging people’s feelings and needs. This lack of understanding affects negatively employees’ motivation and loyalty. It insults and alienates employees, depersonalizes work, creates low-trust, unionized, litigious cultures. And the result will be lack of trust between leaders and employees and what is called in “The 8<sup>th</sup> Habit”, a cycle of codependency. The more a manager controls, the more he or she evokes behaviors that necessitate greater control or managing. In this stage, no one takes

responsibility. By time, both leaders and followers confirm their roles in an unconscious pact. They disempower themselves by believing that others must change before their own circumstances can improve.

But how does a good leader differ from the bad one? In “Emotionally Intelligent Workplace” (Goleman & al, 2001), there is a detailed description of the characteristics of the emotionally intelligent leaders who sense how their employees feel about their work situation and who intervene effectively when those employees begin to feel discouraged or dissatisfied. It doesn't stop here. The good leader should also be able to manage his or her emotions, and this will result in the employees trusting them and feeling good about working with them. By being aware of and managing their own feelings of anxiety and uncertainty, the leaders may be also effective in helping organizations manage change. Shaw (1997) has a similar view of good leaders. He says that through the sheer impact of their individual influence, good leaders can overcome distrust and create a trust-based environment. In contrast, bad leaders can quickly erode whatever trust exists within an organization or team.

Stein in “Make your Workplace Great” (2007) describes the good leaders have self-regard, are social smart, flexible, and optimistic. The ones who have good relationships with their staff, he says, are more likely to keep them because building social and emotional bonds with employees makes the employees feel better about their leaders and their workplace. Plus, high self-regard leaders, who know their strengths and weaknesses, project the kind of confidence and humility that is more likely to make people want to stay with the organization. Flexibility plays a big role in keeping good people which includes good hiring skills. Plus, the mood of sadness, pessimism, anger, or other unpleasant emotions make employees escape from the organization. A leader should always be optimistic and encourage others for optimism. Also, leaders who manage stress well and are excited about their work contribute to staff retention. All these help create the environment that is conducive to productive work.

Shaw (1997) finds that people within the organization need to feel that they are more than a means to an end. Without demonstrated concern on the part of leadership, people may believe that leadership cares only about profit and will do whatever is required to make its quarterly

targets. Establishing shared vision shows people that leadership understands and cares about their well-being beyond their economic contribution. Leaders must be aware of their influence in motivating people to strive toward a common objective. They need contact in order to understand what is happening in the organization, and they need the influence that comes with being available to others. Leaders should recognize that employees are more committed when they are treated as partners and owners.

We find, from Harvard Business Review, an example a good leader in Gilt Groupe (Gilt Groupe's CEO on Building a Team of a Player, 2012). His name is Kevin Ryan. Kevin was able to make Gilt Groupe succeed. He says that it's not the idea but it's the people who made the company succeed. Execution is what matters, he believes, and execution relies on human talent. Every company, he adds, thinks it's doing a good job of managing its people but most of them don't really act that way. He says that the leaders should spend more time on recruiting and managing people than on any other activity. Plus, the good leader wants to get to know his employees better and to assess their talent and potential. In addition, he wants to know if they have difficulties with a manager. The good leader evaluates talent all the time.

From Harvard Business Review (How to Cultivate Engaged Employees, 2011), we find another good leader, Charalombos A. Vlachoutsicos, who has talked about how to make the employees engaged to the company. First he mentioned that successful managers depend on the capabilities of their subordinates and he continued labeling the most important characteristics that made him survive as a leader. One of them is to be modest. The manager should not tell a self-referential story to his or her employees. He/ She should let them speak and should prove to his/her people that he can solve problems and not that he has a good record as a problem solver. Sharing mistakes and successes will bring the manager down to earth in the eyes of subordinates and that will make him modest. He added that it is very important for a manager not only to listen to the employees but also to show them he is listening. Another way of being a good manager is to invite a disagreement. Managers should view every interaction with subordinates, not just the formal one on one meeting, as a chance to tap their expertise and encourage them to express what they really think. Focusing on the agenda is another point. The

manager should set a time limit, but not race through parts of the agenda which causes consternation. While doing a meeting he should put a clear agenda. Charalombus also mentioned that managers see themselves more as a catalyst for problem solving than as a problem solver per se, that's why the managers should accept that they do not have all the answers. Finally, he mentioned that if the manager can't get agreement on a decision, they should not rush to impose one. Instead they should think about putting in place a process that yields decisions, even slowly made one that everyone can accept even if agreement is not unanimous. In that way the managers will not lose their people's good will for the next round.

## **B.6 Groupwork:**

Why group work is included in an emotionally intelligent workplace?

Theory and research suggest two interrelated group emotional intelligence norms that facilitate member awareness of the feelings, needs, and concerns of other members. The first norm is perspective taking: it occurs in conversation and is exhibited as the willingness to consider matters from the other person's point of view. It facilitates the successful assimilation of important information and a member who feels her perspective is heard is more likely to trust and identify with her group and its decisions and therefore more likely to give her energy and attention to the group's work. The second group norm important to group awareness of members is interpersonal understanding, the accurate understanding of spoken and unspoken feelings, interests, concerns, strengths, and weaknesses of group members. This understanding allows members to predict and cope with one another's day to day behavior (Goleman & al, 2001).

Wolff (Goleman & al, 2001) found that a caring orientation in a group contributes to group effectiveness by increasing members' sense of safety, cohesion, and satisfaction, which in turn has facilitates member engagement in the tasks.

Research reveals that cooperation and collaboration are fundamental interaction processes in work groups and fundamental ingredients for group effectiveness.

Three beliefs in groups that predict and facilitate cooperation and collaboration, as mentioned by Goleman(2001), are: trust, group identity, and group efficacy. Group emotional intelligence is necessary for building collective beliefs and effective interaction processes.

Trust is viewed as “growing out of affect and friendship and out of calculus-based cognitions. For example, I trust that you can and will do what you say. Trust is both affective and cognitive, and involves a sense of expectation, obligation, and reciprocity”. Coleman (Goleman & al, 2001) believes that “social environment also plays an important role in trust. A trustworthy social environment encourages the assumption that an obligation will be fulfilled and an expectation met, thus creating a system of mutual trust.”

Group Identity is defined as “a group’s collective belief that it is a unique, important, and attractive entity. Group identity creates the sense of security that Kahn describes as necessary for task engagement during periods of organizational unpredictability. Research has found that successful managers strive to build group identity in their work groups by using symbols such as group names.”

Group Efficacy is defined as collective belief in a group that it can be effective” as explained by Lindsay, Brass, and Thomas. It gives group members the sense that they can be more effective as a unit than as individuals.”

“Creating an upward self-reinforcing spiral of trust, group identity, and group efficacy requires more than a few group members who exhibit emotionally intelligent behavior. It requires the ability to develop group norms that influence the stages in the emotional process i.e. the awareness of emotions, interpretation of events, and behavioral responses to emotions, in constructive ways, or what we have labeled group emotional intelligence.” (Goleman and al, 2001)

A group with high emotional intelligence creates a positive cycle through the norms it develops to influence the emotional process (Goleman and al, 2001).

Group Intelligence as Goleman (2001) says operates through two mechanisms. (1) Group cultural norms influence the interpretation of and behavioral response to emotions, and (2) emotional awareness provides information about matters that may need the group's attention (Goleman & al, 2001).

### **B.7 Hiring Using Emotional Intelligence Criteria:**

One of the most important steps in having a high-performance and emotionally intelligent workplace is selecting the right people for the right job. Pete Peterson of Hewlett-Packar believes that selection is more important in a high-trust culture than in firms with lower levels of trust (Shaw, 1997).

In "Make your Workplace Great" (Stein, 2007), it is mentioned that at first the interviewer should be emotionally intelligent enough to be able to differentiate the right person from the wrong one which means that the emotional intelligence of the persons doing the hiring is also crucial for good hiring. Being flexible allows you to separate your own strengths and weaknesses from those of the candidate and lets you be more objective in selecting what you really need-not just what you like.

While hiring, the interviewer should find people who are not only capable at a technical or ability level but who have the right attitude, the right emotional skills, and the right fit with the organizational culture. They should want to work, they are reliable, honest, and willing to learn (Stein, 2007).

Mary Jane (Chron Website, URL: <http://smallbusiness.chron.com>, latest access January 2012) says that the employers should be looking for people with specific skills and qualities in new workers in hopes of creating or maintaining an efficient, professional, and productive workplace. Some of the most important employee skills in the office or workplace are often rooted in how people work and communicate with one another and how research and planning is done. First is Communication Skills. Listening skills are also crucial. The research and

analytical skills are very important too. Planning and multitasking skills are essential too. Finally leadership and creativity skills are important.

In order to hire employees with the above skills, the selection of employees should occur in a careful way. For example, interviews are the most frequently relied upon selection method. And while interviews can be useful for getting a feel for the person they usually are unreliable in terms of predicting performance. Many applicants are great at selling themselves in interviews. Another reason is that people usually prefer to select people who are similar to themselves in race, age, gender, preferences, political views and etc but as Patricia Buhler predicts in "Make your Workplace Great" (2007), that the manager who is helping to build a high-performance organization will hire heterogeneous workplace.

Resumes have been found to be useful for assessing job candidates as well, but they are not completely reliable. Studies have found high level of fabrications on resumes and job applications so the managers should follow up what is written on resumes and make some calls with previous worked companies in order to double check about the accuracy of the resume like checking job references.

The fairest, most reliable method of screening candidates is by testing applicants through objectives assessment tools and psychological tests. Those that meet professional standards and have been validated for screening successfully job applicants. In most cases professionals who are trained in and qualified to use these tests should be the person responsible for the process. They will be aware of any limitations of the test and will know how to use them properly-that is, in a legally defensible way. An IQ test which predicts twenty percent of success at work and personality tests can be useful for managers while hiring. Emotional intelligence testing identifies key emotional skills that relate to success in the workplace and have a major impact on organizations (Stein, 2007). These include areas such as emotional self-awareness, empathy, social responsibility, problem solving, stress tolerance, optimism, and others. Claudio Fernandez-Araoz offers in the "Emotionally Intelligent Workplace" (2001), qualitative data suggesting that basing the selection of high-level executives solely on their academic intelligence and business expertise and ignoring their EI often leads to poor choices that can be

disastrous for an organization. For example, as mentioned in “Make your Workplace Great” (Stein, 2007), people who score high in self-actualization factors feel that the ends don't necessarily justify the means and the means could be ends in themselves. Plus these people have concerns and caring for people and society. They have a strong desire to do good things for others.

### **B.8 Training for Emotional Intelligence:**

Can people be trained to be emotionally intelligent? In this part, I will relate research that discusses issues in training for emotional intelligence.

In “Make your Workplace Great” (2007), there is the idea that a relation exists between leaders' emotional intelligence and the desire to train their people. The most significant aspects of emotional intelligence concern happiness and self-actualization. But what does leader happiness have to do with training staff? Happy Leaders want to see their employees happy and successful which to them also means well trained.

“The leaders should be confident enough in training and have good interpersonal relation skills to succeed with training because the ones who maintain good relationship with their staff are more aware of what their needs are. High self-regard also relates to training “(Stein, 2007).

Goleman (2001) describes the techniques for good training in emotional intelligence. One of the techniques is promoting self-awareness which is helping people to a better knowledge of their internal states, preferences, and intuitions. Like doing assessment followed by feedback of the assessment results and doing coaching interventions like self-monitoring in which learners gain insight by observing themselves in various ways. Example: Employees can set aside time each day to reflect on their feelings and actions. Depth-interviewing, which is another way of doing coaching, is when the interviewer helps the learner develop self-awareness by acting like a mirror and offering interpretations about the learner's thoughts and actions. Effectiveness of

self-awareness interventions based on assessment depends on two factors. First is the validity and credibility of the assessment method. Second is the quality of the feedback process.

Promoting self-regulation is another technique that can be used in training. It is cognitive approaches to develop self-regulation which help people learn to modify the beliefs and ideas that trigger undesirable and emotional responses. A good example is anger management programs in which participants learn how to become more aware of thoughts and feelings by jotting down their cynical or hostile thoughts as they notice them. They learn two techniques to control such thoughts; thought stopping and deliberately substituting reasonable thoughts for cynical, hostile ones during trying situation. They also learn ways to emphasize or take the perspective of the other person.

Another technique is promoting self-motivation. By this technique, they learn how to direct their behavior toward desired goal by using behavioral techniques such as: self-monitoring, self-reinforcement, and written contracts.

Promoting empathy may help too. Sensitivity training helps people become more aware of other's feelings, needs, and concerns. Interviewing people whose perspectives differ from one's own can also be an effective method for promoting empathy when it is accompanied by well-designed opportunities for reflection.

Finally, promoting social skills include a behavior modeling which helps people develop their ability to induce desirable responses in others. The learner first view and discuss a model that uses the skills in a simulation. Next they practice using the skills themselves in role plays, receiving feedback on their performances. Finally, they try out the skills on the job and then retain in dealing with any problems they encountered.

## **B.9 Motivation:**

One of the main mandatory qualities of good leaders is their ability to motivate. What is work motivation? Craig Pinder in "Make your Workplace Great" (2007), defines motive in the workplace as "set of energetic forces that originate both within as well as beyond an individual's being, to initiate work related behaviors, and to determine its form, direction, intensity, and duration".

If the motivation is done in an accurate way, the organization will guarantee keeping the best employees for a long time. The leaders should be emotionally intelligent in order to understand the motivation needed from each employee. So first step is to understand what each person needs are, regardless of age, gender, culture, or any other factors. Steve J. Stein (2007) has mentioned that "there are three universal factors that all working people want. First is equity; all employees want to be treated justly in relation to the basic conditions of employment. Second is achievement; all employees like to take pride in one's accomplishments by doing things that matter and doing them well to receive recognition for one's accomplishments plus to take pride in the organization accomplishments. The third is camaraderie; all employees wish for having warm, interesting, and cooperative relations with others in the workplace". So leaders should understand the above needs and apply their understanding on daily basis while contacting employees.

The generational differences should be taken into consideration while discovering the motivation of people. That is each generation can be classified in a group or characteristic which will help in knowing how they should be motivated. For example "Veterans", who are the group of workers that were born just before or just after the second World War, are loyal, dependable, persistent, hard-working, and authoritarian. They value wisdom more than technical knowledge. On the other hand, "Baby Boomers", who are born between 1947 and 1964, tend to be workaholic, accepting of stress, desirous of titles, admiring of symbols and the

trappings of material wealth. They tend to demand the respect and loyalty of their subordinates. "Baby Bust" generation, also known as: "Generation X" was born between 1961 and 1974. At work, they tend to work within the system, sacrifice personal life to get ahead, are goal oriented, prefer close supervision, and like to be recognized for achievement. And finally, "Echo Boomers", generation Y, who were born between 1975 and 1990, tend to prefer independence; they seek challenges and variety, distrust authority, like to continue developing their skills, aren't particularly loyal, and believe in work-life balance- mostly the "life" part. They like a fun and communal workplace (Stein, 2001).

Motivational theories can be broken into two types: need theories and process theories. Need theories "describe the types of needs that must be met in order to motivate individuals", while process theories "help managers understand processes they might use to motivate employees" (Stein, 2001).

There are many ways that may be followed says Stein (2001). One way is giving ongoing feedback to employees by letting them know how they are doing, where they are performing well and where there is room for improvement because as I mentioned above all employees need to be recognized and take a pride with their accomplishment. Plus, by providing opportunities for growth and development, people will know there are available avenues for them to improve themselves by learning more or upgrading their skills in this way they will make sure that the company will build them a professional career during the years. Some employees may be motivated by flexible schedules because time is an important commodity for people today. By giving people the opportunity to juggle their time around critical personal or family events and responsibilities you will increase their work motivation. Other people may be motivated by emphasizing personal accountability, that is, letting them to Self-manage. Most people will work much harder for their own sense of accomplishment than they will because "the boss told me to it". Another way of motivation is making sure to provide an open, trusting environment which will encourage employees for more creative approaches to solving problems and supports healthier teamwork. Again, involving everyone in decision making will motivate employees even if it may be time consuming for companies, because people at front

lines may know more about certain impacts of decisions taken than executives who may not be aware of. Simply, asking employees what motivates them will make everything easy because you won't really know what people want unless you ask them. Also, why not to celebrate employee and company success. Everybody should see that work is recognized and worth carrying out. Another motivation method is offering interesting work assignments. When a company doesn't have a lot of room for vertical growth into management positions, special assignments can be used as an opportunity to stretch an employees' skills. It takes them out of daily grind and provides new challenges. Also, it's helpful if rewards are tied into performance.

#### **B.10 Development Strategies:**

Even firms with rigorous selection and assessment processes may have little in the way of development strategies. These strategies should begin with the initial socialization of new members and continue through the senior leadership ranks. The best firms actively support development, even if it is also viewed as the responsibility of each individual. Example, Fred Meyer (chain of hypermarkets with annual sale 3 billion USD) has developed "learn and earn program" to encourage continuous learning. Employees are rewarded for reading business-related books or videos during their off hours. A list of books and tapes is distributed with an assigned value of each. For example, when an employee submits one-page report on her reactions to reading reengineering the cooperation, she will receive 30 USD (Shaw, 1997).

### **B.11 Challenging Targets and High Ownership Structure:**

Formal approaches to building trust involve an organization's objectives, structures, and management processes.

The company may promote aggressive business targets; people must agree on targets toward which they can work whole heartedly.

The company must build high-ownership organizational structure—such structures should emphasize local authority. Ensure superior talent at every level—seek out and actively reinforce talent through assessment and selection, developmental strategies, and performance decisions.

Maintain systems to share information—people in each group and every level must have the business information necessary to fulfill their responsibilities and work toward their goals.

Institute a few rigorous strategic controls- controls often running in the background are necessary to monitor performance and outcomes. When put in place properly, they can increase both the likelihood of predictable results and the level of trust.

High-trust organizations are information rich: people at all levels are provided with the information they need in order to fulfill their responsibilities to customers and colleagues.

Information involves for example, financial status of the firm, customer satisfaction levels, or competitive benchmarks of all types.

Assigning clear and simple but to an extent challenging targets to the employees may increase the productivity of the employees. It makes them improve their performance at work, and motivates them to work actively as a part of a team and feel they are to achieve the goal of the organization.

As explained in "Trust in the Balance" (1997), shared commitment to aggressive targets can increase the likelihood of people pulling together in an effort to realize a common goal. This is one reason we see higher levels of trust during times of crisis: people unite around a single objective and, as a result, focus less on their individual differences. However, stretched

objectives can result in suspicion and hostility if people feel that they are being forced to accept an impossible task or are being asked to achieve an ambitious goal without the proper support or tools. A process needs to be in place to ensure that the stretch objectives are owned by those who must meet them and by those to whom they report. Forcing aggressive objectives on people but failing to provide them with the autonomy or resources they need to succeed will only result in failure and more distrust.

Moreover, those seeking high-trust relations must be clear about the key outcomes expected and the measures that will be used to evaluate those outcomes. That is, the employees should be aware of what is expected from them and how their performance will be evaluated.

#### **B.12 Emotionally Intelligent Employees:**

For sure employees in an emotionally intelligent workplace will have different characters than employees in a workplace that is not emotionally intelligent. The former will be committed, loyal, and motivated by their leaders. As mentioned in "The State of Employee Satisfaction" (Insightlink Website, URL: <http://www.insightlink.com>, latest access January 2012) the loyal and committed employees are more likely to go "above and beyond" to meet customer needs and are highly motivated to work to the best of their ability. Both of these traits are crucial for continued customer commitment and ongoing revenue and growth for the company. It continues by saying that loyal employees stay longer, resist competitive job offers, do not actively look for other employment and recommend the company to others as a good place to work. These four behaviors positively influence the cost side of the balance sheet because they are leading indicators of employee retention. The longer companies keep their employees, the longer they can avoid having to pay to replace them.

There is another saying by Steve Kerr, vice president of corporate management development at GE in "Trust in the Balance" (1997), "You can't run a bounderyless organization without superb people. Our people need to be world class to handle all that we give them". He continues

explaining that in order to develop superior talent across the organization, three factors are generally needed: assessment and selection, development strategies, and performance decisions. Also that it's not only important to have superior talent in the organization. The company should make sure to keep their employees loyal too.

Here are some tips, written in "The State of Employee Satisfaction" (Insightlink Website, URL: <http://www.insightlink.com>, latest access January 2012) relating to how to keep your employees loyal. The first is to offer your employees interesting work. Although any job will require some repetitive tasks, all jobs should include at least some parts that are of high interest to employees. The second is to provide the employees the information needed. Employees want to have the information they need to know to do their jobs better and more effectively. It is vitally important to open the channels of communication in an organization to allow employees to be informed, ask questions, and share information and inspire them to share the vision of the company. The third one is to involve employees in decision-making, especially when the decisions affect them directly, this is both respectful and practical because it will increase their commitment and improve the success of implementing new ideas or change. The fourth is to let them be independent. This is especially important for the current "knowledge workers" who appreciate having the flexibility to do their jobs as they see fit. Giving employees latitude increases the chance that they will perform as desired, as well as they will bring additional initiative, ideas, and energy to their jobs. The fifth is to increase the visibility that the company should create occasions to share the successes of employees with others. Giving employees new opportunities to perform, learn, and grow as a form of recognition and thanks is highly motivating for most people.

Other than being loyal, the employees should be able to possess a few key qualities to function effectively in the workplace. As per Mary Jane in "Most Important Employee Skills in the Workplace", workers need to have the ability to be a team player. When an employee works well as part of a team, workplace efficiency is increased and the company is able to operate smoothly. Team players demonstrate commitment to the company and their fellow workers,

and their efforts not only benefit themselves but encourage other team members to perform at an optimal level.

We should also look at the personality of the employees. As per Kevin Lane Keller and Keith Richey in "The importance of corporate brand personality traits to a successful 21st century business" (Palgrave-Journals website, URL: <http://palgrave-journals.com>, latest access January 2012), "a corporate brand personality is defined in terms of three main dimensions, each of which can be defined in terms of two key traits: the 'heart' (passionate and compassionate), the 'mind' (creative and disciplined), and the 'body' (agile and collaborative). Importantly, the effects of these three pairs of corporate personality traits are enhanced by each other. In other words, corporate personality traits can have a multiplicative or interactive effect, not an additive effect. For example, passion can be the engine for creativity. Employees who live the brand and are close to their customers are more likely to energetically pursue new solutions. Creativity, in turn, facilitates agility, as firms are better able to respond and react appropriately. As another example, being disciplined allows for more productive collaborations as the rules of the game are clearly established between partners. In short, a corporate personality that maximizes these three dimensions and six traits should be better able to create valuable synergistic effects. For many firms, the employees are the face of the company to the consumer and it is therefore imperative that they embody the corporate personality the firm aspires to build. If everyone in a company acts with 'heart,' 'mind', and 'body' then the company will be in a better position to succeed in the 21st century."

### **B.13 Trust:**

We understand from "Trust in the Balance" (1997) why the trust is important for being a good leader. As we all know, trust is the basis of all good relationships between two people so it's the obligation of the leader to inspire trust and build a good relationship with his or her employees. A trustworthy leader can build trust based environment and credible groups at various points in

an organization's structure. These will enhance acting in a highly effective and coordinated way for those reporting directly to the executive officer or president. Similarly, the senior leader is responsible for building an effective senior leadership group that can fulfill the trust imperatives of results, integrity, and concern.

Moreover, the leader should make sure that the organization is competitively viable. In a business setting, trust begins by demonstrating the competence required for an organization or team to prosper and grow.

Those who fail to deliver on their commitments will not be trusted as leaders or colleagues within most organizations and teams. Senior leaders must take responsibility for delivering on the key objectives that they must perform.

Also, in order to be trusted, leadership must act with integrity that is complete honesty in relation to others within the organization. For example, managers who change their position depending on the audience they are addressing or the situation in which they find themselves, or who say one thing and do another are deemed in almost every situation to be untrustworthy.

We also learn that HP's founders, made clear that the company's success "depends in large part on giving the responsibility to the level where it can be exercised effectively, usually at the lowest possible level of the organization, the level nearest the customer". They said that the employees are the ones who can determine what is best for their operation and their organization. By giving responsibility to the employees, the employees will be motivated and will increase their performance resulting success of the company.

In addition, "A great deal of the distrust we see in large corporations arises because of the small degree of control given to those closest to the customers and competitors. If those held accountable for performance are limited in what they can do to achieve results, they will distrust those who are putting them into this "double bind". They are told that they must deliver certain results but then are not given the resources or authority to do so (the 1st bind). Then they are told directly or more often indirectly, that they cannot talk about the situation

and its dynamics (2nd bind). This sets up a pattern in which people are frustrated but can't deal with it directly. One way of developing clear accountabilities and the authority needed to deliver results is to create self-contained, relatively small units within larger corporate structures."

As with clear accountabilities must come localized control over as many factors as possible that influence performance. The connection between accountabilities and trust is clear at Hewlett Packard. There, the policy is the split of operations when they become too large, a policy that they call "local decentralization". The goal is to provide a large measure of autonomy to each division and to foster individual motivation, initiative, and creativity in order to provide "wide latitude of freedom in working toward common goals and objectives". Packard says that decentralization help "each division to retain and nurture the kind of intimacy, the caring of people, and the ease of communication that were characteristic of the company when it was smaller".

#### **B.14 Culture:**

As described in "The Emotionally Intelligent Workplace" (2001), group cultural norms, like cultural norms in communities and societies, exert a powerful influence on the processing and expression of emotion by group members which affect the performance of a group in organization.

And from "Trust in the Balance" (1997), we learn that T. Ohno, the leader of Toyota, explains that success comes not from an organization's formal systems but from the "spirit" that supports those systems.

Again, we learn from Ekmen and Lutz in "The Emotionally Intelligent Workplace" (2001), that the culture plays a huge role in the success of the organization. As it is well known that cultures have norms that influence the management of emotions. That is, cultural norms or rules create commonality and predictability among individuals in their interpretation and response to emotional stimuli.

Also, "Individual's interpretation of an eliciting event is shaped by culture that's why culture should be given a huge importance. For example, in some cultures arriving late to a meeting is interpreted as socially correct whereas in other cultures it is considered unacceptable. The difference between the two cultures in people's interpretation of lateness will elicit different emotions from the individuals involved. Plus, culture influences the selection of a response to emotion. For example, Kleinman in 1988 found that it is unacceptable to express depression in Chinese culture, thus the feeling of depression is often expressed as a physical ailment."

"Trust in the Balance" explains to us that all organizations should develop the appropriate culture for a high- trust organization or team. They can develop a common vision and shared view of competitive realities over time, a shared vision will enable groups to move beyond historical rivalries and be willing to take risks with one another. This does not mean that individuals have identical interests- only that they have enough in common to see a benefit in working together. They can live by genuinely felt value and operating principles. If simply stated and genuinely felt, values and operating principles can clarify expectations and promote trust. Trust is enhanced by a common set of general principles and norms. And we assume that these individuals have internalized an established set of norms and thus can be relied on to behave in a manner consistent with our expectations. Building familiarity across levels and groups may help in developing appropriate culture because it serves to promote understanding and concern. At the simplest level, trust requires some real or perceived access to others, which allows determining if the organization has a common agenda or shared values and norms. Familiarity also allows determining if others are capable of delivering results and if they are concerned about the wellbeing of others. Finally, encouraging a culture of risk taking and experimentation is good step too. In today's environment, people must take risks and try new opportunities. Methods must be in place to handle mistakes, contain them, and encourage learning from them. Firms that set high performance objectives, move fast, and take risks understand that failures will occur. The key, in relation to trust, is to develop approaches that ensure both that these failures will not threaten the firm's survival and that people will learn from these experiences and thus decrease the likelihood of making the same mistakes again. Firms should develop formal or informal approaches to dealing with situations of crisis,

including rules of escalation, which dictate when and how issues are brought to the surface with others in the organization.

“Making visible a few powerful symbols of trust will reinforce the organization's commitment to each of trust's imperatives. Most companies that have developed high-trust cultures have a rich assortment of stories or artifacts that reflect the need for trust.”

### **C. Conclusion:**

Thus, my literature review reveals that there are clearly identified factors that have an impact on the development of an emotionally intelligent workplace.

The first set of factors pertains to the climate and organizational culture. Here are included the following elements of the emotionally intelligent organization: the organization is sensitive to its people, customers, suppliers, networks, and society; is spontaneous, tolerates errors; values diverse views; encourages criticism of superiors; the organization has strong teams who have shared purpose and viable goals, the right mix of strengths, weaknesses, skills, and abilities with concrete outcomes for performance; there is caring orientation, collaboration, and cooperation in the teams and emotional intelligence does exist in the group; emotional intelligence testing is used while hiring which identifies key emotional skills that relate to success in the workplace; self-awareness, empathy, social responsibility, problem solving, stress tolerance, optimism, and others are tested while hiring; the organization encourages innovation; offers training program for emotional intelligence. They promote self-awareness, self-regulation, self-motivation, empathy, and social skills; nurtures optimism; promotes honesty and integrity; demonstrates courage to make changes and adapt; creates trust based environment; the organization has a hiring plan. The emotional intelligent testing is used while hiring; celebrates employees' and organization's success. Rewards do exist; there are high-ownership organizational structures; there is encouragement of continuous learning.

The second set of factors pertains to leadership. Here are included the following elements of the emotionally intelligent organization: communicate clearly-knowing how and when to deliver good news as well as bad news; provide appropriate feedback; leaders are more of a coach and less authoritarian or critical; have organization and time management skills; leaders don't under work or overwork people; leaders are self-aware; are self-confident; are self-managed; are adaptable; are trustworthy; have conflict management skills; have influencing competence; leaders are visionary leaders; are socially aware; are conscious; leaders assess the employees talent and potential and leverage their unique talent; treat the employees justly and recognize their accomplishments; encourage employees for creative solutions and involve everyone in decision making; promote clear and challenging business targets to employees with clear outcomes expected from them and provide them with autonomy and resources they need to succeed.

My literature review also revealed the outcomes that emotionally intelligent organizations obtain. These outcomes are found to be: retention of employees i.e. low turnover; customer commitment and loyalty; ongoing revenue in dollars amount; growth of the company.

In the following section, I will be writing about the survey that I have conducted with thirty five managers of successful companies operating in Lebanon.

#### 4.2 Research Hypotheses

The hypotheses of my research were formulated as follows:

H1: An emotionally intelligent and successful workplace has a specific climate and organizational culture which result in high customer loyalty

H2: An emotionally intelligent and successful workplace has a specific climate and organizational culture which result in sustaining revenues

## Part 2:

### III. Statistical Analysis:

#### A. Research Methodology:

##### A.1 Research Question:

The literature Review covered earlier highlights the following: Organizations with emotional intelligent competencies perform better and are more successful than those organizations without emotional intelligent competencies. Thus, in the former organizations, the employees are more motivated and have high emotional intelligence.

However, the question is: to what extent are these assumptions applicable to successful organizations in Lebanon? Do the successful organizations have emotional intelligence that results in having loyal customers, growth in either in number of branches, employees, or customers, low turnover rate, and sustaining revenues?

In the following section, I will be writing about the survey that I have conducted with thirty five managers of successful companies operating in Lebanon.

##### A.2 Research Hypotheses:

The hypotheses of my research were formulated as follows:

H1: An emotionally intelligent and successful workplace has a specific climate and organizational culture which result in high customer loyalty

H2: An emotionally intelligent and successful workplace has a specific climate and organizational culture which result in sustaining revenue

H3: An emotionally intelligent and successful workplace has a specific climate and organizational culture which result in increase in growth in number of customers, employees, or branches

H4: An emotionally intelligent and successful workplace has a specific climate and organizational culture which result in low turnover rate

H5: An emotionally intelligent and successful workplace has leaders who have specific characteristics and strengths which result in high customer loyalty

H6: An emotionally intelligent and successful workplace has leaders who have specific characteristics and strengths which result in sustaining revenue

H7: An emotionally intelligent and successful workplace has leaders who have specific characteristics and strengths which result in increase in growth in number of customers, employees, or branches

H8: An emotionally intelligent and successful workplace has leaders who have specific characteristics and strengths which result in low turnover rate

### **A.3 Methods Used for Data Collection:**

The method used to obtain the information and data needed was through the administration of a questionnaire based on my dependent and independent variables. Then, I have arranged meetings with a couple of managers of companies in order to clarify the questions in my questionnaire. Afterwards, I have amended my questionnaire accordingly including the comments and the improvement suggestions put forward by these managers.

The population of my study represents successful companies in different fields. So I have asked the Chamber of Commerce for a list of successful companies in Lebanon and I have chosen 40 companies from that list. From 40 companies, 35 have answered my questionnaire.

I have first contacted the HR manager of the companies and explained about my research. Some companies didn't have an HR manager, so I have contacted different managers who have an authority in the company. Afterwards, I have sent the questionnaire to either the HR

manager or the manager contacted either by email or by courier upon their preference. I got the response again either by email or courier.

The level of response from the managers was high because it was made clear to the managers that these questionnaires were anonymous and they were only required to answer as honestly and frankly as possible.

There were five possibilities of answers to choose from, and these were "1" Strongly Disagree, "2" Disagree, "3" Neutral, "4" Agree, and "5" Strongly Agree.

I have divided the independent variables, which I have selected from my literature review, into two categories. The first group was summarized under Climate and Organizational Culture and the second group was summarized under Leadership.

The dependent variables were also divided into 4 groups, which were also selected from my literature review. The dependent variables were as follows: Turnover Rate, Loyalty, Revenue, and Growth.

The following statistical techniques were used to summarize and analyze the answers obtained from the questionnaires.

First, I have conducted factor analysis to discover and summarize the pattern of inter correlations among variables so that we group into factors, variables that are highly correlated with one another.

Then, I have conducted the regression analysis in order to check which independent variables were mostly affecting the dependent variables.

## B. Hypothesis Testing:

### B.1 Reliability Test:

I have tested the reliability of the overall data on SPSS in order to make sure that the data is acceptable. As shown in the tables below, the alpha value is 0.906, suggesting that the variables have relatively high internal consistency. Therefore, we can continue with the analysis of the data.

Case Processing Summary

		N	%
Cases	Valid	35	100.0
	Excluded <sup>a</sup>	0	.0
	Total	35	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.906	39

## **B.2 Factor Analysis:**

I have conducted two factor analyses for the two groups of independent variables which are climate and organizational culture and leadership in order to describe variability among observed, correlated variables. The aim is to group mainly correlated variables in one group.

Here, I start my factor analysis with my first group of independent variables which are the components of climate and organizational culture.

The table above is the correlation matrix. It describes the correlation coefficients between a single independent variable and every other variable. The higher the score is, the higher the correlation is. For example, sensitivity is positively correlated with collaboration with 0.575 and optimism with 0.542. Training is positively correlated with optimism with 0.636. Collaboration is positively correlated with optimism with 0.506 and hiring with 0.544. In other hand, honesty is positively correlated with courage with 0.53. Finally, rewards are positively correlated with courage with 0.572.

### **KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.575
Bartlett's Test of Sphericity	Approx. Chi-Square	252.206
	Df	120
	Sig.	.000

The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis to proceed. Looking at the table above, the KMO measure is 0.575. It also shows 0 value significance which means we can continue factor analysis.

**Total Variance Explained**

Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
4.815	30.095	30.095	4.815	30.095	30.095	3.199	19.995	19.995
1.911	11.944	42.039	1.911	11.944	42.039	2.926	18.286	38.281
1.758	10.990	53.029	1.758	10.990	53.029	2.112	13.197	51.478
1.446	9.036	62.065	1.446	9.036	62.065	1.694	10.587	62.065
1.258	7.865	69.930						
1.037	6.482	76.413						
.912	5.702	82.114						
.631	3.946	86.061						
.533	3.330	89.391						
.488	3.049	92.440						
.408	2.549	94.989						
.306	1.915	96.904						
.176	1.101	98.006						
.132	.822	98.828						
.099	.620	99.448						
.088	.552	100.000						

Rotation Method: Principal Component Analysis.

As the "total variance" explained table above shows, that the first three factors together account for 62.065% of the total variance.

Component Matrix<sup>a</sup>

	Component			
	1	2	3	4
Sensitivity	.587	-.249	-.133	.082
Tolerating_Errors	.298	-.272	.719	-.108
Diversity	.519	.447	.317	.053
Criticism	.079	.614	-.411	.152
Teams	.582	-.131	-.074	-.608
Collaboration	.753	-.259	-.161	.012
Hiring	.503	-.424	-.332	.376
Innovation	.334	-.094	.318	-.012
Training	.580	-.519	-.263	-.085
Optimism	.703	-.109	-.396	-.246
Honesty	.673	.235	-.111	.331
Courage	.639	.517	-.101	.133
Trust	.474	.082	.534	-.238
Rewards	.683	.370	.037	-.394
Ownership	.398	-.280	.379	.643
Learning	.545	.316	.181	.265

Extraction Method: Principal Component Analysis.

a. 4 components extracted.

The table above is “component matrix” which is also derived from factor analysis. It suggests that we group the variables into four factors and see the logical explanation with these 4 components.

**Rotated Component Matrix<sup>a</sup>**

	Component			
	1	2	3	4
Sensitivity	.611	.186	.143	.053
Tolerating_Error s	.032	-.003	.830	-.007
Diversity	-.035	.680	.312	.107
Criticism	-.100	.517	-.542	.068
Teams	.405	.068	.256	.704
Collaboration	.729	.255	.188	.164
Hiring	.787	.080	-.049	-.237
Innovation	.141	.151	.423	.021
Training	.791	-.077	.131	.182
Optimism	.669	.243	-.044	.463
Honesty	.420	.670	.011	-.071
Courage	.199	.799	-.049	.154
Trust	.006	.313	.640	.259
Rewards	.170	.570	.207	.602
Ownership	.370	.252	.460	-.618
Learning	.150	.653	.209	-.083

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

The pattern of factors can be clarified by a “Rotated Component Matrix”. The values in the matrix are factor loadings, the correlations between each variable and each factor.

The “Rotated Component Matrix” above suggests the same as the component matrix in what concerns grouping our variables into 4 factors.

The variables that should be included in every single factor according to the rotated component matrix are:

**Factor 1: Includes sensitivity, collaboration, hiring, training, and optimism**

This factor represents the culture of the organization as a whole in terms of how the people interact with each other. There is a nice teamwork culture which encourages and teaches to be sensitive to the society and to the colleagues. This is done when the organization trains the employees, nurtures optimism and sensitivity, and hires the right people.

**Factor 2: Includes diversity, honesty, courage, and learning**

This factor represents the personal attitudes of the employees. The employee respects a diversity of views, has courage to listen to others' views and make necessary changes in behavior or action if needed. The employees are honest to their colleagues and are encouraged to learn more about the job.

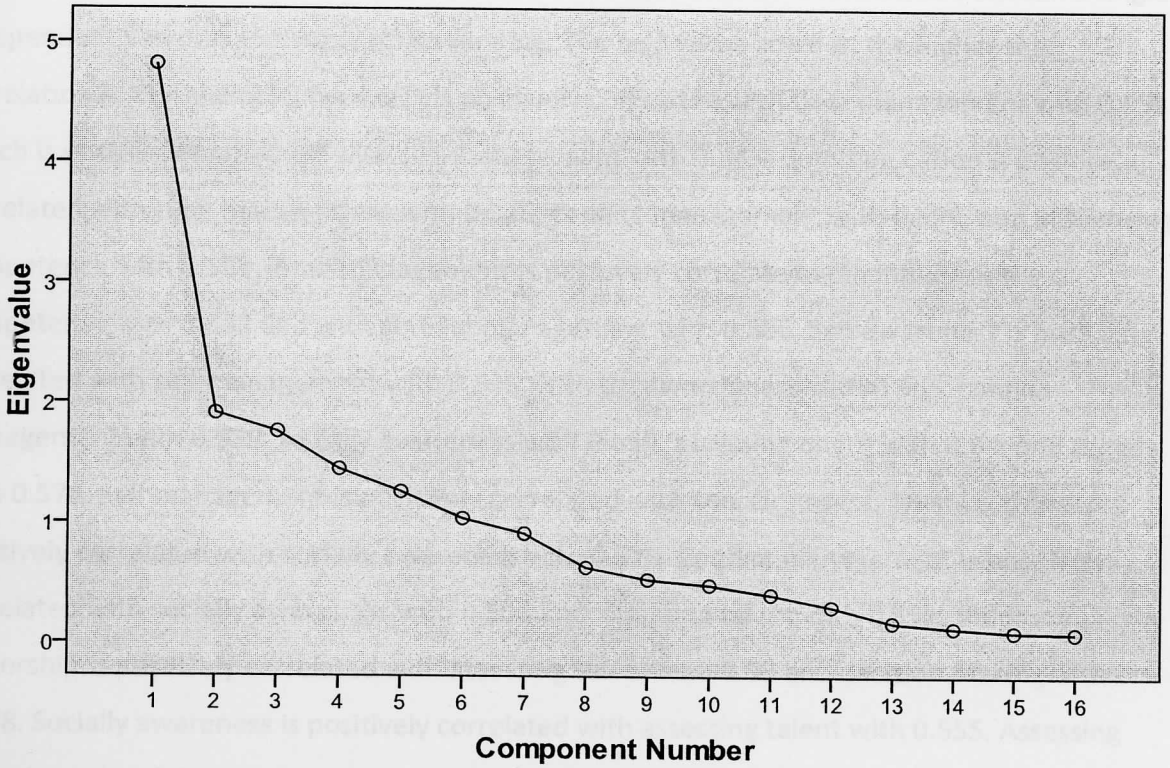
**Factor 3: Includes tolerating error and trust**

This factor represents the trust expressed in the employees by the management and the extent to which errors are tolerated. It is the interaction between managers and employees.

**Factor 4: Includes teams, rewards, and ownership**

This factor represents how employees are rewarded in the teams and whether they feel ownership of their job in the teams. The ownership shows a negative value here. It may be that my sample doesn't understand the real meaning of ownership, perhaps because mostly they work in teams and for the company.

### Scree Plot



The Scree Plot also suggests that we group our variables into 6 factors, but I have chosen to group them into 4 factors because this grouping promised to help me explain better.

In my second part, I will do factor analysis with my second group of independent variables which are the components of leadership.

I have conducted a correlation matrix. It describes the correlation coefficients between a single independent variable and every other variable. The higher the score is, the higher the correlation is. For example, feedback is positively correlated with time management with 0.658. Coach is positively correlated with self-management with 0.642. Communication is positively correlated with time management with 0.525, conflict management with 0.596, and influencing competence with 0.539. Time management is positively correlated with influencing competence with 0.683 and with conflict management with 0.586. Self awareness is positively correlated with self management with 0.535, with trustworthiness with 0.565, conflict management with 0.529, socially awareness with 0.659, assessing talent with 0.64, and targets with 0.578. Self management is positively correlated with consciousness. Trustworthiness is positively correlated with socially awareness with 0.525. Conflict management is positively correlated with socially awareness with 0.506 and assessing talent with 0.593. Visionary leadership is positively correlated with assessing talent with 0.55 and decision making with 0.508. Socially awareness is positively correlated with assessing talent with 0.555. Assessing talent is positively correlated with justness with 0.515 and decision making with 0.547. Finally, justness is positively correlated with decision making with 0.534.

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.734
Bartlett's Test of Sphericity	Approx. Chi-Square	353.695
	df	171
	Sig.	.000

The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis to proceed. Looking at the table above, the KMO measure is 0.734. It also shows 0 value significance which means we can continue factor analysis.

**Total Variance Explained**

Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
7.420	39.052	39.052	7.420	39.052	39.052	4.140	21.791	21.791
2.137	11.246	50.298	2.137	11.246	50.298	3.520	18.527	40.318
1.514	7.967	58.265	1.514	7.967	58.265	3.410	17.946	58.265
1.355	7.130	65.395						
1.133	5.965	71.360						
.951	5.005	76.365						
.780	4.106	80.471						
.650	3.422	83.894						
.611	3.218	87.112						
.467	2.460	89.572						
.394	2.074	91.646						
.330	1.739	93.385						
.265	1.396	94.782						
.258	1.359	96.140						
.224	1.179	97.319						
.183	.961	98.280						
.172	.907	99.187						
.085	.446	99.633						
.070	.367	100.000						

Rotation Method: Principal Component Analysis.

As the "total variance explained" table above shows, that the first three factors together account for 58.265% of the total variance.

**Component Matrix<sup>a</sup>**

	Component		
	1	2	3
Communication	.572	.254	.499
Feedback	.304	.848	.117
Coach	.602	.277	-.435
Time_Management	.689	.551	.104
Workload_Management	.430	.050	-.314
Self_Awareness	.728	-.463	.005
Self_Confidence	.572	.013	-.203
Self_Management	.699	-.047	-.425
Adaptability	.432	-.375	.397
Trustworthiness	.708	-.156	.057
Conflict_management	.737	.114	.464
Influencing_Competence	.748	.258	.178
Visionary_leadership	.634	.093	-.046
Socially_Awareness	.713	-.080	-.002
Consciousness	.598	-.117	-.320
Assessing_Talent	.762	-.305	.110
Justness	.624	-.013	.060
Decision_Making	.617	-.016	-.414
Targets	.473	-.622	.174

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

The table above is "Component Matrix" which is also derived from factor analysis. It suggests that we group the variables into three factors and see the logical explanation to these 3 components.

**Rotated Component Matrix<sup>a</sup>**

	Component		
	1	2	3
Communication	.021	.338	.725
Feedback	.152	-.402	.800
Coach	.738	-.069	.283
Time_Management	.406	.013	.790
Workload_Management	.522	.056	.099
Self_Awareness	.461	.727	.064
Self_Confidence	.532	.207	.204
Self_Management	.780	.221	.117
Adaptability	-.023	.675	.169
Trustworthiness	.423	.515	.290
Conflict_management	.151	.512	.698
Influencing_Competence	.377	.290	.657
Visionary_leadership	.460	.251	.371
Socially_Awareness	.473	.437	.315
Consciousness	.632	.264	.069
Assessing_Talent	.413	.676	.243
Justness	.371	.368	.346
Decision_Making	.719	.161	.101
Targets	.159	.779	-.093

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

The pattern of factors can be clarified by the "Rotated Component Matrix". The values in the matrix are factor loadings, the correlations between each variable and each factor.

The "Rotated Component Matrix" in the previous page suggests the same as the component matrix in what concerns grouping our variables into 3 factors.

The variables that should be included in every single factor according to the rotated component matrix are:

**Factor 1: Includes coach, self-management, consciousness, and decision making**

This factor represents the managerial style of the managers. Here the manager is more of a coach and less authoritarian. In addition, the manager is self-managed and careful. He/she encourages others to be involved in the decision making.

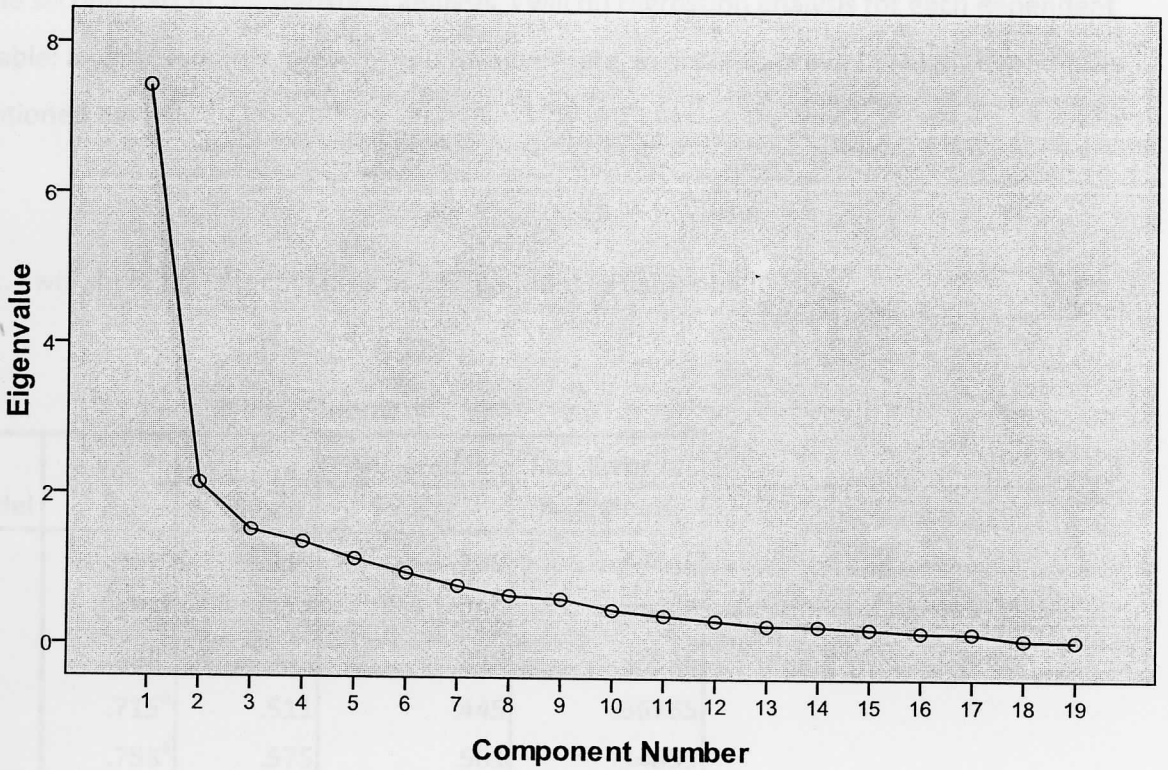
**Factor 2: Includes self-awareness, adaptability, assessing talent, and targets**

This factor represents the awareness of the manager to assess the talent of the employees and to promote challenging targets. Plus, the manager is aware when to take advantage of an opportunity and make the necessary changes.

**Factor 3: Includes communication, feedback, time management, conflict management, and influencing competence**

This factor represents the communication between the manager and the employees. It includes the way the manager manages his/her employees' time and conflicts and the way he/she gives feedback for the job they do. Plus, the manager has competence influencing the employees; they handle and manage emotions effectively in them.

### Scree Plot



The Scree Plot also suggests that we group our variables into 6 factors but I have chosen to group them into 3 factors so that I can explain better.

### **B.3 Regression Analyses:**

In the second part of my statistical analysis, I will do regression analysis for each dependent variable: loyalty, revenue, growth, and turnover rate, in order to prove my eight hypotheses mentioned before.

First, I will show the effectiveness of independent variables on loyalty.

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.462 <sup>a</sup>	.213	.189	.44446
2	.572 <sup>b</sup>	.327	.285	.41750
3	.658 <sup>c</sup>	.433	.379	.38916
4	.715 <sup>d</sup>	.511	.445	.36765
5	.758 <sup>e</sup>	.575	.501	.34859
6	.802 <sup>f</sup>	.643	.567	.32484

a. Predictors: (Constant), Targets

b. Predictors: (Constant), Targets, Training

c. Predictors: (Constant), Targets, Training, Learning

d. Predictors: (Constant), Targets, Training, Learning, Optimism

e. Predictors: (Constant), Targets, Training, Learning, Optimism, Trustworthiness

f. Predictors: (Constant), Targets, Training, Learning, Optimism, Trustworthiness, Collaboration

g. Dependent Variable: Loyalty

I have conducted the Model Summary above in regression analysis in order to examine the most effective independent variables on loyalty. As we see, the most effective climate and

organizational culture variables are training, learning, optimism, and collaboration. In addition, the most effective leadership variables are targets and trustworthiness.

The Model Summary above shows that all the above independent variables explain 64.3 % of the variance in loyalty.

**ANOVA<sup>g</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
6	Regression	5.331	6	.889	8.420	.000 <sup>f</sup>
	Residual	2.955	28	.106		
	Total	8.286	34			

- a. Predictors: (Constant), Targets
- b. Predictors: (Constant), Targets, Training
- c. Predictors: (Constant), Targets, Training, Learning
- d. Predictors: (Constant), Targets, Training, Learning, Optimism
- e. Predictors: (Constant), Targets, Training, Learning, Optimism, Trustworthiness
- f. Predictors: (Constant), Targets, Training, Learning, Optimism, Trustworthiness, Collaboration
- g. Dependent Variable: Loyalty

I have conducted ANOVA in order to test the significance of variance. As it is apparent, the significance value of F is 0 so it means that the independent variables do a good job explaining the variation in the dependent variable.

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
6	(Constant)	1.779	.635					
	Targets	.326	.106	.438	3.061	.005	.621	1.609
	Training	-.423	.100	-.636	-4.223	.000	.562	1.779
	Learning	.345	.123	.337	2.803	.009	.881	1.135
	Optimism	.299	.093	.519	3.201	.003	.484	2.065
	Trustworthines s	.302	.108	.373	2.780	.010	.707	1.415
	Collaboration	-.254	.109	-.335	-2.323	.028	.613	1.630

a. Dependent Variable: Loyalty

I have conducted "coefficients" table.

As the table above shows, each of the variables alone is significant.

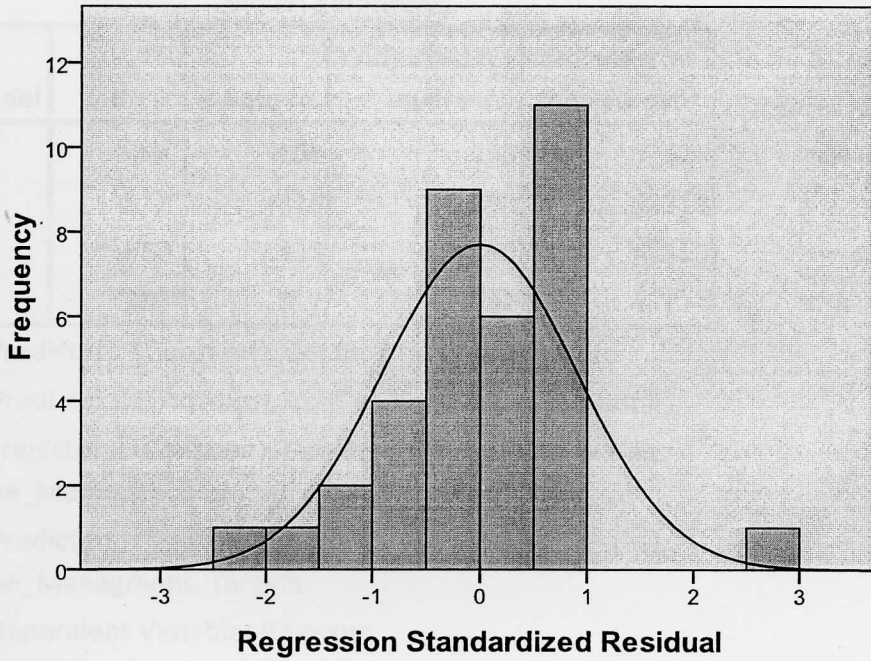
Also, it shows that targets, training, learning, optimism, trustworthiness, and collaboration are the contributing factors on loyalty.

This may mean that most of the successful organizations of my sample have the emotionally intelligent workplace characteristics mentioned above. For instance, the leaders do set challenging and clear targets to the employees. In addition, the leaders are trustworthy. Furthermore, the organizations nurture optimism and encourage continuous learning. There is caring orientation, collaboration, and cooperation in the teams of organization. Finally, the organizations offer training programs that promote self-awareness, self regulation, self-motivation, empathy, and social skills.

Employees who are treated in this way do become more self-confident and have high performance, thus obtaining the loyalty of the customers.

## Histogram

Dependent Variable: Loyalty



Mean = 1.43E-15  
Std. Dev. = 0.907  
N = 35

Following the chart, the histogram is normally distributed with a bell shape.

Now, I will show the effectiveness of independent variables on revenue.

**Model Summary<sup>e</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.398 <sup>a</sup>	.158	.133	.57525
2	.572 <sup>b</sup>	.328	.285	.52211
3	.660 <sup>c</sup>	.435	.380	.48619
4	.719 <sup>d</sup>	.517	.452	.45714

a. Predictors: (Constant), Conflict\_management

b. Predictors: (Constant), Conflict\_management, Hiring

c. Predictors: (Constant), Conflict\_management, Hiring, Time\_Management

d. Predictors: (Constant), Conflict\_management, Hiring, Time\_Management, Targets

e. Dependent Variable: Revenue

I have conducted the Model Summary above in regression analysis in order to examine the most effective independent variables on revenue. As we see, the most effective climate and organizational culture variable is hiring. In addition, the most effective leadership variables are conflict management, time-management, and targets.

The Model Summary above shows that all the above independent variables explain 51.7% of the variance in revenue.

**ANOVA<sup>e</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
4	Regression	6.702	4	1.676	8.018	.000 <sup>d</sup>
	Residual	6.269	30	.209		
	Total	12.971	34			

a. Predictors: (Constant), Conflict\_management

b. Predictors: (Constant), Conflict\_management, Hiring

c. Predictors: (Constant), Conflict\_management, Hiring, Time\_Management

d. Predictors: (Constant), Conflict\_management, Hiring, Time\_Management, Targets

e. Dependent Variable: Revenue

I have conducted ANOVA in order to test the significance of variance. As it is apparent, the significance value of F is 0 so it means that the independent variables do a good job explaining the variation in the dependent variable.

As the table above shows, each of the variables alone is significant.

Also, we can conclude that conflict management, hiring, time management, and targets are the contributing factors on revenue.

It means that most of successful organizations of my sample have the emotionally intelligent workplace characteristics mentioned above. Most leaders of the organization have conflict management and time management competencies. Furthermore, the leaders do set challenging and clear targets to the employees. In addition, emotional intelligence testing is used while hiring which identifies key emotional skills that relate to success in the workplace.

The organizations that have all the above emotionally intelligent workplace characteristics will perform better and have sustaining revenue.

**Coefficients<sup>a</sup>**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3.649	.653		5.588	.000		
Conflict_management	.530	.139	.622	3.817	.001	.606	1.650
Hiring	-.380	.112	-.470	-3.390	.002	.837	1.195
Time_Management	-.319	.137	-.372	-2.332	.027	.635	1.576
Targets	.295	.131	.317	2.250	.032	.814	1.228

Dependent Variable: Revenue

I have conducted “coefficients” table.

As the table above shows, each of the variables alone is significant.

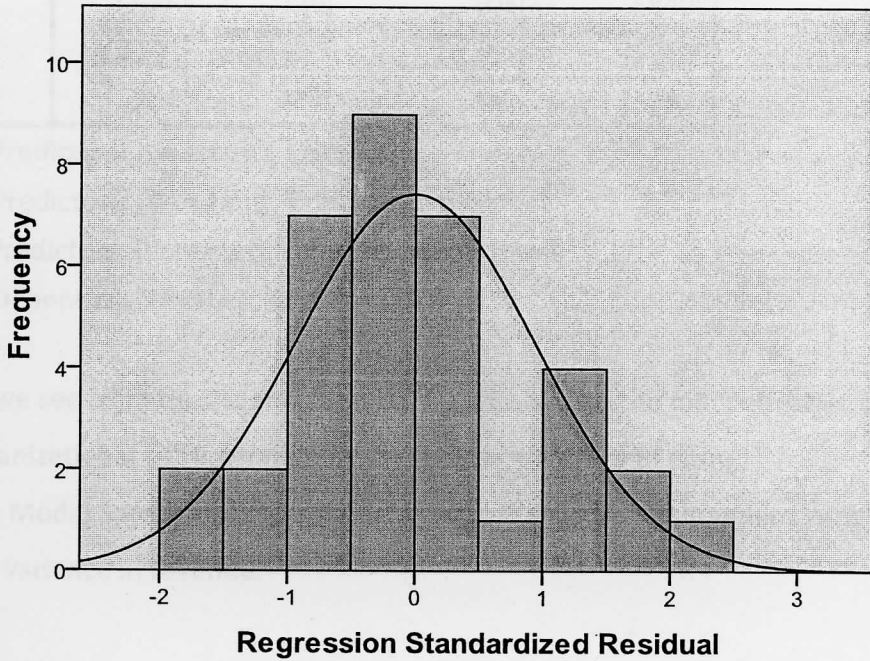
Also, we can conclude that conflict management, hiring, time management, and targets are the contributing factors on revenue.

It means that most of successful organizations of my sample have the emotionally intelligent workplace characteristics mentioned above. Most leaders of the organization have conflict management and time management competence. Furthermore, the leaders do set challenging and clear targets to the employees. In addition, emotional intelligence testing is used while hiring which identifies key emotional skills that relate to success in the workplace.

The organizations that have all the above emotionally intelligent workplace characteristics will perform better and have sustaining revenue.

## Histogram

Dependent Variable: Revenue



Mean =6.14E-16  
Std. Dev. =0.939  
N =35

Following the chart, the histogram is normally distributed with a bell shape.

Now I will show the effectiveness of climate and organizational culture alone on revenue.

**Model Summary<sup>d</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.360 <sup>a</sup>	.129	.103	.58498
2	.552 <sup>b</sup>	.304	.261	.53105
3	.633 <sup>c</sup>	.401	.343	.50072

a. Predictors: (Constant), Criticism

b. Predictors: (Constant), Criticism, Trust

c. Predictors: (Constant), Criticism, Trust, Hiring

d. Dependent Variable: Revenue

As we see from the "Model Summary" table above, the most effective climate and organizational culture variables are criticism, trust, and hiring.

The Model Summary above shows that all the above independent variables explain 40.1% of the variance in revenue.

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	2.227	.863			2.581	.011
	Criticism	.238	.277	.492		1.975	.050
	Trust	.427	.134	.724		3.046	.001
	Hiring	-.251	.112	-.411		-2.235	.033

a. Dependent Variable: Revenue

As the "Coefficients" table above shows, each of the variables alone is significant.

Also we can conclude that criticism, trust, and hiring are the contributing factors on revenue.

**ANOVA<sup>d</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
3	Regression	5.199	3	1.733	6.912	.001 <sup>c</sup>
	Residual	7.772	31	.251		
	Total	12.971	34			

- a. Predictors: (Constant), Criticism
- b. Predictors: (Constant), Criticism, Trust
- c. Predictors: (Constant), Criticism, Trust, Hiring
- d. Dependent Variable: Revenue

As the "ANOVA" table shows, the significance value of F is 0.001 so it means that the independent variables do a good job explaining the variation in the dependent variable.

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
3	(Constant)	2.237	.863		2.591	.014
	Criticism	.296	.099	.420	2.979	.006
	Trust	.420	.138	.429	3.046	.005
	Hiring	-.251	.112	-.311	-2.235	.033

- a. Dependent Variable: Revenue

As the "Coefficients" table above shows, each of the variables alone is significant.

Also we can conclude that criticism, trust, and hiring are the contributing factors on revenue.

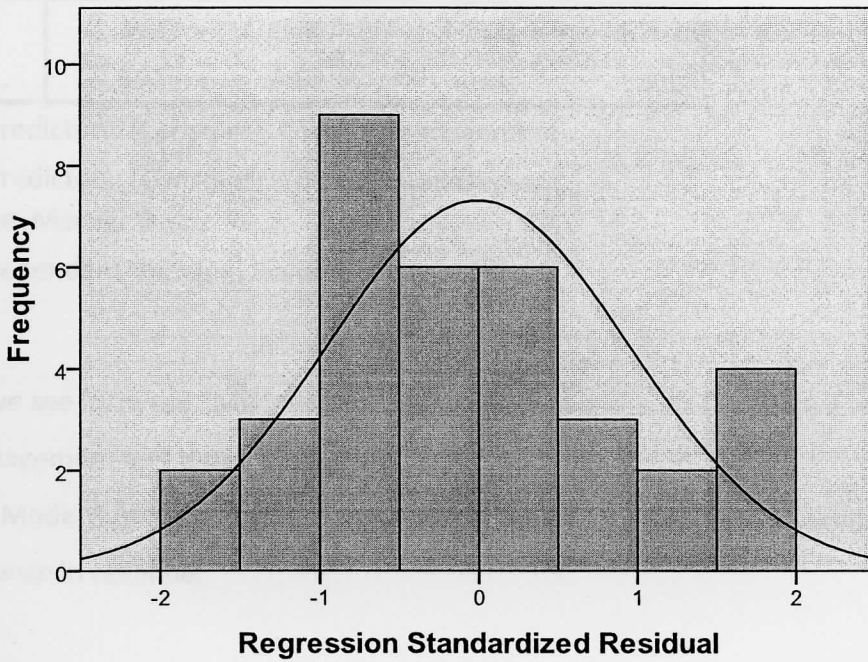
It means that most of the successful organizations of my sample have emotionally intelligent workplace characteristics mentioned above. The organizations encourage criticism of superiors and create trust based environment. In addition, while hiring, the organizations use key emotional skills that relate to the success in the workplace.



Following the chart, the histogram is normally distributed with a bell shape.

## Histogram

Dependent Variable: Revenue



Mean =9.12E-16  
Std. Dev. =0.955  
N =35

Following the chart, the histogram is normally distributed with a bell shape.

Now I will show the effectiveness of leadership alone on revenue.

**Model Summary<sup>c</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.398 <sup>a</sup>	.158	.133	.57525
2	.554 <sup>b</sup>	.307	.264	.53004

a. Predictors: (Constant), Conflict\_management

b. Predictors: (Constant), Conflict\_management, Time\_Management

c. Dependent Variable: Revenue

As we see from the "Model Summary" table above, the most effective variables are conflict management and time management.

The Model Summary above shows that all the above independent variables explain 30.7 of the variance in revenue.

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	1.473	.581		2.530	.000
	Conflict_management	.575	.153	.677	3.738	.001
	Time_Management	-.405	.156	-.476	-2.621	.013

a. Dependent Variable: Revenue

As the "Coefficients" table above shows, each of the variables above is significant.

**ANOVA<sup>c</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
2	Regression	3.981	2	1.991	7.086	.003 <sup>b</sup>
	Residual	8.990	32	.281		
	Total	12.971	34			

a. Predictors: (Constant), Conflict\_management

b. Predictors: (Constant), Conflict\_management, Time\_Managment

c. Dependent Variable: Revenue

As the “ANOVA” table above shows, the significance value of F is 0.003 so it means that the independent variables do a good job explaining the variation in the dependent variables.

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	3.473	.584		5.950	.000
	Conflict_management	.576	.155	.677	3.726	.001
	Time_Managment	-.409	.156	-.476	-2.621	.013

a. Dependent Variable: Revenue

As the “Coefficients” table above shows, each of the variables alone is significant.

Also, it shows that conflict management and time management are the contributing factors on revenue.

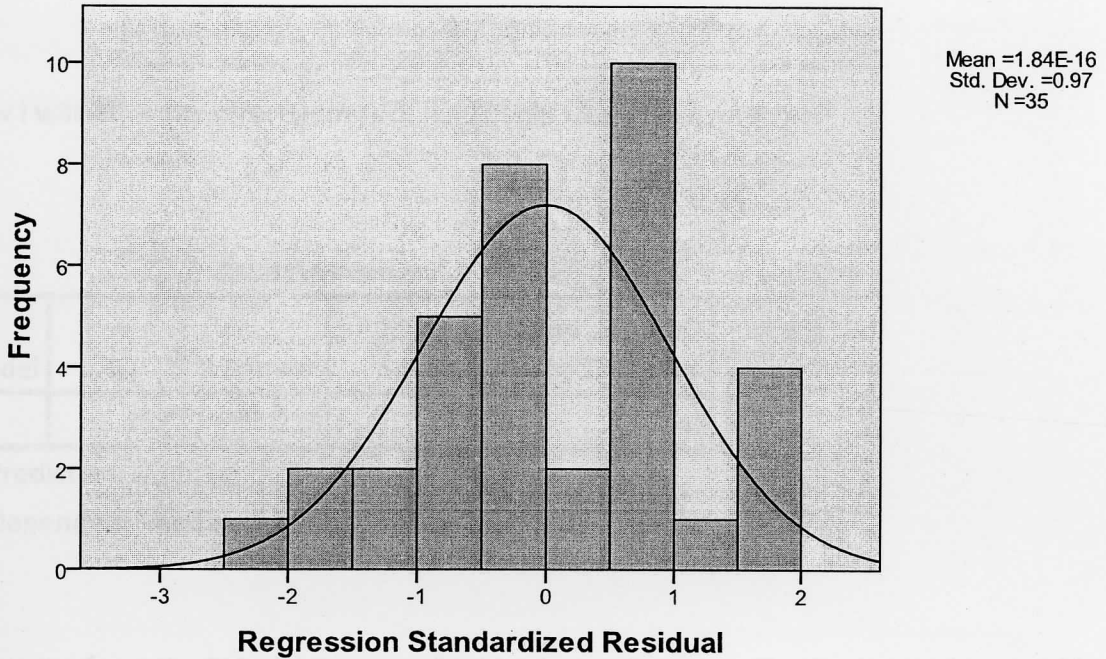
This may mean that most of the leaders of my sample spot trouble as it is brewing, take steps to calm those involved, encourage debate and open discussion, and orchestrate win-win situations. In addition, they have time management skills.



Following the chart, the histogram is normally distributed with a bell shape.

## Histogram

Dependent Variable: Revenue



Following the chart, the histogram is normally distributed with a bell shape.

I wanted to show the effectiveness of climate and organizational culture on loyalty but with stepwise method there were no results so I have tried with Enter method and the variance was not significant. The only significant variables were learning, training, and optimism that's why these three variables showed effect on loyalty in my first regression analysis.

Now I will show the effectiveness of leadership alone on loyalty.

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.462 <sup>a</sup>	.213	.189	.44446

a. Predictors: (Constant), Targets

b. Dependent Variable: Loyalty

As we see from the "Model Summary" table above, the most effective leadership variable is targets.

The Model Summary above shows that all the above independent variables explain 21.3% of the variance in loyalty.

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.767	1	1.767	8.943	.005 <sup>a</sup>
	Residual	6.519	33	.198		
	Total	8.286	34			

a. Predictors: (Constant), Targets

b. Dependent Variable: Loyalty

As the “ANOVA” table above shows, the significance value of F is 0.005 so it means that the independent variables do a good job explaining the variation in the dependent variables.

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.779	.462		6.010	.000
	Targets	.344	.115	.462	2.990	.005

a. Dependent Variable: Loyalty

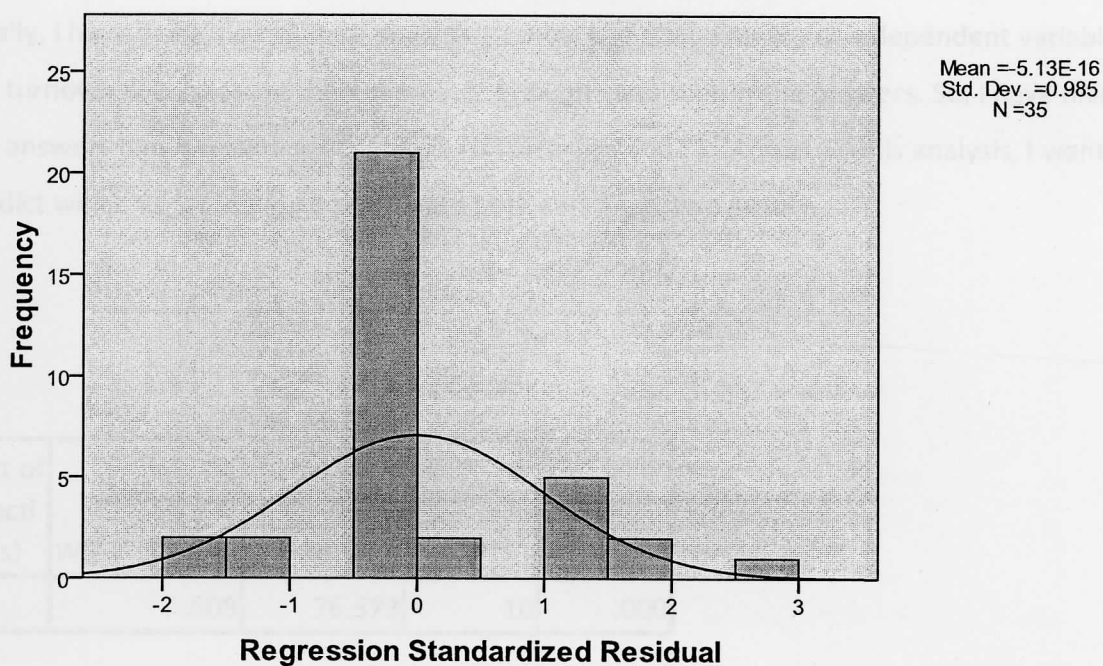
As the “Coefficients” table above shows, each of the variables alone is significant.

Also, it shows that targets are the contributing factors on revenue.

This may mean that most of the leaders of my sample promote aggressive challenging business targets to the employees with clear key outcomes expected and do provide them with the autonomy or resources they need to succeed.

## Histogram

### Dependent Variable: Loyalty



Following the chart, I will consider the histogram above as normally distributed with a bell shape because there is a single mode.

I wanted to show also the effectiveness of independent variables on growth. Unfortunately, there were no variations in the answers of the growth question that's why no statistical variables were shown by SPSS.

#### **B.4 Discriminant Analysis:**

Finally, I have done discriminate analysis to show the effectiveness of independent variables on the turnover rate because there were not enough variations in the answers. So, I have divided the answers into two categories that is "0" Disagree and "1" Agree. By this analysis, I wanted to predict which variables will discriminate between those two groups.

**Wilks' Lambda**

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1	.008	76.573	10	.000

I have conducted Wilks' Lambda. It shows Wilks' Lambda of 0.008 which means that the two groups are well separated. In addition, the value of 0 significance means we can continue with discriminant analysis.

Stepwise Statistics:

Variables Entered/Removed<sup>a,b,c,d</sup>

		Wilks' Lambda							
					Exact F				
Entered	Removed	Statistic	df1	df2	df3	Statistic	df1	df2	Sig.
Self_Awareness		.759	1	1	21.000	6.684	1	21.000	.017
Trustworthiness		.203	2	1	21.000	39.247	2	20.000	.000
Sensitivity		.144	3	1	21.000	37.635	3	19.000	.000
Communication		.094	4	1	21.000	43.512	4	18.000	.000
Justness		.066	5	1	21.000	48.284	5	17.000	.000
Trust		.045	6	1	21.000	57.127	6	16.000	.000
Conflict_management		.035	7	1	21.000	59.560	7	15.000	.000
Optimism		.026	8	1	21.000	65.448	8	14.000	.000
Tolerating_Errors		.018	9	1	21.000	79.253	9	13.000	.000
Assessing_Talent		.011	10	1	21.000	106.497	10	12.000	.000
	Conflict_management	.013	9	1	21.000	108.246	9	13.000	.000
Consciousness		.008	10	1	21.000	142.562	10	12.000	.000

In each step, the variable that minimizes the overall Wilks' Lambda is entered.

Maximum number of steps is 70.

Minimum partial F to enter is 3.84.

Minimum partial F to remove is 2.71

The stepwise statistics in the previous page show that self-awareness, trustworthiness, sensitivity, communication, justness, trust, optimism, tolerating errors, assessing talent, and consciousness have an effect on turnover rate on the agreement that turnover rate is low.

**Standardized Canonical  
Discriminant Function  
Coefficients**

	Function
	1
Sensitivity	4.118
Tolerating_Errors	2.461
Optimism	2.453
Trust	-3.937
Communication	-5.335
Self_Awareness	12.920
Trustworthiness	-8.943
Consciousness	-.971
Assessing_Talent	-1.889
Justness	3.688

I have done The “Standardized Canonical Discriminant Function Coefficients” table above.

These coefficients, shown above, can be used to calculate the discriminant score for turnover rate.

The distribution of the scores from each function is standardized to have a mean of zero and standard deviation of one. The magnitudes of these coefficients indicate how strongly the discriminating variables affect the score. For example, self-awareness has the highest effect on turnover rate with coefficient of 12.92.

#### **IV. Conclusions:**

In my thesis, I have studied whether the successful companies have emotionally intelligent workplace competencies of climate and organizational culture and leadership which affect their performance. This was done by collecting answers from 35 managers of the successful organizations concerning this issue. The results were analyzed using factor, regression, and discriminate analyses. The analyses revealed the following:

H1: An emotionally intelligent and successful workplace has a specific climate and organizational culture which result in high customer loyalty. For H1, we found that training, learning, optimism, and collaboration are the competencies which affect loyalty in my sample of successful companies. So we reject the null hypothesis.

H2: An emotionally intelligent and successful workplace has a specific climate and organizational culture which result in sustaining revenue. For H2, we found that hiring, criticism, and trust are the competencies which affect revenue in my sample of successful companies. So we reject null hypothesis.

H3: An emotionally intelligent and successful workplace has a specific climate and organizational culture which result in increased in growth in number of customers, employees, or branches. We couldn't find anything because there were no variations in the answers of the sample.

H4: An emotionally intelligent and successful workplace has a specific climate and organizational culture which result in low turnover rate. For H4, we found that sensitivity, trust, tolerating errors, and optimism are the competencies which affect turnover rate in my sample of successful companies. So we reject the null hypothesis.

H5: An emotionally intelligent and successful workplace has leaders who have specific characteristics and strengths which result in high customer loyalty. For H5, we found that

targets and trustworthiness are the competencies which affect loyalty in my sample of successful companies. So we reject the null hypothesis.

H6: An emotionally intelligent and successful workplace has leaders who have specific characteristics and strengths which result in sustaining revenue. For H6, we found that leadership, conflict management, time management, and targets are the competencies which affect sustaining revenue in my sample of successful companies. So we reject the null hypothesis.

H7: An emotionally intelligent and successful workplace has leaders who have specific characteristics and strengths which result in growth in number of customers, employees, or branches. We couldn't find anything because there were no variations in the answers of the sample.

H8: An emotionally intelligent and successful workplace has leaders who have specific characteristics and strengths which result in low turnover rate. For H8, we found that self-awareness, trustworthiness, communication, justness, assessing talent, and consciousness are the competencies which affect turnover rate in my sample of successful companies. So we reject the null hypothesis.

#### Interpretations:

As predicted in my literature review and as my analysis showed, the successful companies have emotionally intelligent competencies which help them perform better in terms of loyalty from the customers, sustaining revenue, and low turnover rate.

In terms of limitations of my study, I would mention that I could have included in a larger sample a number of companies that are not successful and compare the two groups in terms of their emotionally intelligent competencies. This would have made my conclusions stronger about the impact of the emotional intelligent competencies on organizational performance.

**Appendix**

Name: Thesis Report  
Directory: C:\Documents\and Settings\user\My Documents  
Template: C:\Program Files\Microsoft Office\Office12\Templates\Thesis.docx  
Title: Microsoft Word - Thesis.docx

**Survey Questionnaire:**

Author: user@domain.com (19)  
Keywords:  
Comments:  
Creation Date: 5/11/2012 3:12:00 PM  
Change Number: 15  
Last Saved On: 5/11/2012 3:28:00 PM  
Last Saved By: user@domain.com  
Total Editing Time: 29 Minutes  
Last Printed On: 5/14/2012 2:35:00 AM  
As of Last Complete Printing:  
Number of Pages: 72  
Number of Words: 14,081 (approx.)  
Number of Characters: 65,373 (approx.)

Filename: Thesis Final.docx  
Directory: C:\Documents and Settings\user\My Documents  
Template: C:\Documents and Settings\user\Application  
Data\Microsoft\Templates\Normal.dotm  
Title:  
Subject:  
Author: Sarin Kandakardjian (DHL LB)  
Keywords:  
Comments:  
Creation Date: 5/11/2012 3:12:00 PM  
Change Number: 18  
Last Saved On: 5/12/2012 9:28:00 PM  
Last Saved By: sarine sevan  
Total Editing Time: 39 Minutes  
Last Printed On: 5/14/2012 8:35:00 AM  
As of Last Complete Printing  
Number of Pages: 72  
Number of Words: 15,082 (approx.)  
Number of Characters: 85,971 (approx.)

Dear officer,

I am a graduate student at Haigazian University and am preparing my MBA Thesis.

I need to conduct a field survey and collect data on a group of companies that I have identified to be included in my sample. Your company is in my sample.

I need your cooperation. I need you to answer the questionnaire that I have attached. The data collected will help me prepare my thesis. I cannot complete my study without your help, I know that I am asking you to spend valuable time answering these questions, but I promise that I would greatly appreciate your sense of social responsibility.

And please be ensured that the questionnaire will be processed anonymously. No name will be revealed and the data will be used for statistical purposes only.

With gratitude and wishing you the very best,

Sarin Kandakardjian

Please check the answer that best describes your situation regarding the overall climate and organizational culture:

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Your organization is sensitive to its people, customers, suppliers, networks, and society.					
2. Your organization tolerates errors.					
3. Your organization values diverse views.					
4. Your organization encourages criticism of superiors.					
5. Your organization has strong teams that have shared purpose and viable goals. They have the right mix of strengths, weaknesses, skills, and abilities in people.					
6. In your organization, there is caring orientation, collaboration, and cooperation in the teams.					
7. In your organization, while hiring, you use key emotional skills that relate to the success in the workplace, such as self-awareness, empathy, social responsibility, problem solving, stress tolerance, optimism, and others.					
8. Your organization encourages innovation.					

9. Most members of the organization provide appropriate feedback.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
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9. Your organization offers training programs that promote self-awareness, self-regulation, self-motivation, empathy, and social skills.					
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10. Your organization nurtures optimism.					
--	--	--	--	--	--

11. Your organization promotes honesty and integrity.					
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12. Your organization demonstrates courage to make changes and adapt.					
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13. Your organization creates trust based environment.					
--	--	--	--	--	--

14. Your organization celebrates employees' and organization's successes. Rewards do exist.					
---	--	--	--	--	--

15. In your organization, the employees feel they can take ownership of their jobs.					
---	--	--	--	--	--

16. Your organization encourages continuous learning.					
---	--	--	--	--	--

Please check the answer that best describes your situation regarding the leadership in your organization.

17. Most leaders of the organization communicate clearly-knowing how and when to deliver good news as well as bad news. They listen well and make others know they are listening.					
---	--	--	--	--	--

18. Most leaders of the organization provide appropriate feedback.					
--	--	--	--	--	--

--	--	--	--	--	--

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
19. Most leaders of the organization are more of a coach and less authoritarian or critical.					

20. Most leaders of the organization have organization and time management skills.					
--	--	--	--	--	--

21. Most Leaders of the organization don't under work or overwork people. They are able to manage workloads.					
--	--	--	--	--	--

22. Most leaders of the organization are self-aware who understand their own feelings and do accurate self-assessment. They recognize one's own feelings and how they affect one's performance; realize one's own strengths and weaknesses; are able to manage their emotions.					
--	--	--	--	--	--

23. Most leaders of the organization are self-confident.					
--	--	--	--	--	--

24. Most leaders balance their drive and ambition and harness their personal needs in the service of the organization's goals.					
--	--	--	--	--	--

25. Most leaders of the organization are adaptable, ready to act on opportunities; they are open to new information and can let go of old assumptions and so adapt how they operate. They are change catalyst. They recognize the need for change, remove barriers, and enlist others in pursuit of new initiatives.					
--	--	--	--	--	--

--	--	--	--	--	--

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
26. Most leaders of the organization are trustworthy. They act with integrity that is complete honesty in relation to others within the organization.					
27. Most leaders of the organization have conflict management competence; they spot trouble as it is brewing, take steps to calm those involved, encourage debate and open discussion, and orchestrate win-win situations.					
28. Most leaders of the organization have influencing competence: they handle and manage emotions effectively in other people.					
29. Most leaders of the organization know what visionary Leadership is. They articulate and arouse enthusiasm for a shared vision and mission and guide the performance of others, lead by example with high level of positive energy that spreads throughout the organization.					
30. Most leaders of the organization are socially aware. They have empathy that is they are aware of others' emotions, concerns, needs, and perceptions. They read people accurately, understand what motivates them, and avoid resorting to the stereotyping.					
31. Most leaders of the organization are conscious. They are careful, self-disciplined and scrupulous in attending to responsibilities.					
32. Most leaders of the organization assess or develop the employees' unique talents and potential.					

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
33. Most leaders of the organization treat the employees justly and recognize their accomplishments.					
34. Most leaders of the organization encourage employees for creative solutions and involve everyone in decision making.					
35. Most leaders of the organization promote aggressive challenging business targets to the employees with clear key outcomes expected and do provide them with the autonomy or resources they need to succeed.					

Please check the answer that best describes your situation regarding the overall organization.

36. The turnover rate is low in your company.					
37. Your customers are loyal and committed.					
38. Your organization has sustained revenue.					
39. Your organization has increased in number of customers, employees, or branches.					

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