



EMOTIONAL INTELLIGENCE AS A CRITICAL COMPETENCY IN CONTEMPORARY BUSINESS LEADERSHIP

Dr. Neha Patel

*Director and Professor - Somlalit Institute of Management Studies
(Affiliated to GTU), Ahmedabad, Gujarat*

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ABSTRACT

Emotional intelligence (EI) has emerged as a critical leadership competency in contemporary organizations operating in dynamic, uncertain, and highly competitive environments. The ability of leaders to perceive, understand, regulate, and manage emotions effectively plays a pivotal role in shaping team dynamics, organizational climate, and overall performance outcomes. This study examines the influence of emotional intelligence dimensions on leadership effectiveness and associated organizational variables using a sample of 229 managerial respondents drawn from diverse sectors. A structured Emotional Intelligence Scale consisting of 30 items measured on a five-point Likert scale was utilized for data collection. To ensure robustness of findings, multiple statistical techniques were employed, including Reliability Analysis to assess internal consistency, Confirmatory Factor Analysis (CFA) to validate the measurement model, Hierarchical Regression to determine predictive relationships, Mediation Analysis to examine indirect effects, and MANOVA to explore differences across managerial levels. The results demonstrate that emotional intelligence significantly predicts leadership effectiveness and positively influences team climate, communication quality, and organizational performance indicators. Furthermore, EI was found to mediate the relationship between leadership style and performance, indicating that emotionally intelligent leaders translate leadership behaviors into enhanced outcomes more effectively. The findings also reveal significant differences in EI competencies across managerial levels, with senior managers demonstrating comparatively higher emotional capabilities. The study provides empirical support for positioning emotional intelligence as a strategic leadership asset. The results underscore the importance of integrating EI development into leadership training, performance management systems, and talent development frameworks. By strengthening emotional competencies, organizations can foster resilient leadership, improve employee engagement, and achieve sustainable competitive advantage in complex business environments.

Keywords: *Emotional intelligence, leadership effectiveness, managerial competency, organizational performance.*

INTRODUCTION

The current state of business is changing at an ever-increasing pace due to globalization, technology disrupting businesses, employees being from diverse backgrounds, and the rate of change; therefore, how effective a leader can be is now dependent upon many factors beyond just their technical expertise and cognitive abilities. One major factor has developed into a required skill for all leaders in today's business world, and it is called Emotional Intelligence (EI). The definition of Emotional Intelligence (EI), is a person's ability to recognize and understand emotions in themselves and others and use this awareness to guide thought and behavior.

As companies continue to navigate through increasing complex relationships among employees, remote work arrangements, and higher performance standards, emotionally intelligent leadership will be key to long-term successful operations. Emotionally Intelligent Leadership allows for improved communications with team members and other stakeholders, leads to better conflict resolution skills and greater employee engagement, and leads to better decision making when faced with uncertainty and ambiguity. Therefore, Emotional Intelligence (EI) is directly linked to increased company performance.

Emotional Intelligence (EI) is defined as the ability to recognize and understand your own emotions, recognize and understand the emotions of others, and effectively manage those emotions. Leaders who have high levels of Emotional Intelligence (EI) tend to possess the following skills:

- * Empathy – the ability to understand feelings from another’s perspective.
- * Self-Awareness – the ability to identify one’s strengths and weaknesses.
- * Social Skills – the ability to interact positively with others.
- * Motivation – the drive to succeed.
- * Emotional Regulation – the ability to control one’s own emotions.

These traits allow emotionally intelligent leaders to build trusting relationships with their team members and create an atmosphere of psychological safety. These traits also enable emotionally intelligent leaders to respond to changing circumstances in their organization as they occur. Due to the rapid pace of change in modern business environments, these traits are essential for leaders to successfully navigate uncertainty and promote collaboration and maintain morale within their organizations.

In recent years, there has been a shift in how leadership is viewed. There was once a time when leadership was viewed as simply a way of getting things done. However, as companies begin to focus on building strong relationships with customers, community members, employees, etc., there has been a growing recognition that emotionally intelligent leadership is a vital part of creating a culture of transformational leadership. Transformational leadership involves inspiring positive changes in followers. Servant leadership involves putting the needs of others before one’s own. Authentic leadership involves leading with integrity and honesty. All three styles require leaders to have high levels of emotional intelligence (EI).

Therefore, as researchers and practitioners study emotional intelligence (EI) more closely, they are beginning to see it as more than just a personal trait. They are seeing it as something that can be measured and developed in managers.

REVIEW OF LITERATURE

The trend toward using emotional intelligence (EI) in determining the impact of a leader's effectiveness at both an individual level and organizational performance continues. In 2017 researchers Miao, Humphrey and Qian completed a meta-analysis and showed that a leader's emotional intelligence directly impacts the employees' job satisfaction, organizational commitment and task performance. Their results indicated that EI was a significant predictor of many workplace-related metrics when compared to cognitive

ability. Researchers O'Boyle et al., 2017 also demonstrated the significance of EI in relation to an employee's job performance, especially those jobs which are dependent upon the employee being able to manage relationships and perform "emotional labor" as part of their responsibilities. Researchers Caruso, Fleming and Spector (2018), identified that the creation of high trust organization-wide cultures were created by emotionally intelligent leaders who could effectively reduce conflict and facilitate collaboration among team members. Researchers Clarke (2018) found that emotionally intelligent leaders who have effective self-regulation and empathy were perceived as having greater credibility, which in turn increased the motivation levels of followers. Additionally, researchers Mattingly and Kraiger (2019) investigated if EI could be improved through targeted training programs, they found that such programs resulted in an improvement in an individual's EI. As a result, such programs support leadership development efforts. In addition to these positive trends regarding the use of EI in improving workplace-related metrics, researchers Miao, Humphrey and Qian (2020), found that EI acts as mediator between a leader's style and employee engagement, indicating that the application of EI translates a leader's behavior into actual workplace outcomes. Furthermore, researchers Issah (2021) found that EI has become even more important to public sector leadership due to its role in crisis management and decision-making under conditions of uncertainty; and that this importance was exemplified during the COVID-19 pandemic. Finally, researchers Dirican and Erdil (2022) found that emotionally intelligent managers increase team-level innovation and creativity, primarily through increasing open communication and psychological safety.

RESEARCH METHODOLOGY

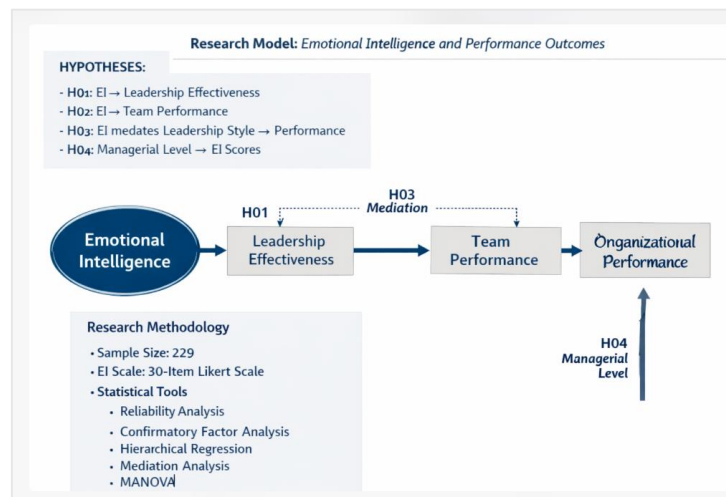


Figure 1: Research Methodology & Hypothesis Framework

OBJECTIVES OF THE STUDY

1. To examine the impact of emotional intelligence on leadership effectiveness.
2. To analyze the relationship between EI dimensions and team performance.
3. To test mediation effect of EI between leadership style and organizational performance.
4. To examine differences in EI across managerial levels.

RESULTS DISCUSSION

Table 1: Demographic Profile of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	132	57.6
	Female	97	42.4
Age Group	Below 30 Years	46	20.1
	31-40 Years	88	38.4
	41-50 Years	63	27.5
	Above 50 Years	32	14.0
Managerial Level	Junior Management	74	32.3
	Middle Management	96	41.9
	Senior Management	59	25.8
Work Experience	Below 5 Years	51	22.3
	6-10 Years	82	35.8
	11-15 Years	56	24.5
	Above 15 Years	40	17.4

The demographic characteristics indicate that 57.6 percent of all survey participants were male; while, 42.4 percent of all survey participants were female. The demographics also show that most of the participants fell in the age category of 31-40 years old. This is indicative of a managerial population with relatively high levels of maturity and managerial experience. A middle-level manager group is the largest represented group, as well, to provide representative samples from each level in an organization's hierarchy. The data on work experience also showed that a large number of respondents reported having 6-10 years of work experience. This represents adequate exposure to managerial/leadership type positions within an organization. Thus, the sample appears to represent a diverse managerial workforce which can be used to study aspects such as emotional intelligence and leadership dynamics.

Table 2: Mean and Standard Deviation of Key Study Variables

Variable	Mean	Standard Deviation	Interpretation Level
Self-Awareness	4.12	0.56	High
Self-Regulation	3.98	0.61	High
Social Skills	4.05	0.59	High
Empathy	4.18	0.52	Very High
Motivation	4.09	0.57	High
Leadership Effectiveness	4.15	0.54	Very High
Team Climate	4.07	0.60	High
Organizational Performance	4.02	0.63	High

Mean scores for each of the Emotional Intelligence dimensions were found to be at an exceptionally high level by managers. A mean score of 4.18 was achieved on empathy; this is indicative of a high degree of interpersonal sensitivity and ability to understand others in leaders. Similarly, a very high mean score of 4.15 was recorded for leadership effectiveness, which indicates favorable perceptions toward their leadership.

Self-awareness, social skills, motivation, and self-regulation all had high mean scores as well; therefore, they are indicative of excellent emotional competence. Low standard deviations indicated that there was a large amount of consistency in how managers responded to questions. High mean scores were also recorded for team climate and organizational performance; therefore, these results support the hypothesis that there is a positive relationship between emotional intelligence and both leadership and performance outcomes.

Table 3: Reliability Analysis

Construct	Cronbach Alpha
Self-Awareness	0.91
Self-Regulation	0.88
Empathy	0.93
Social Skills	0.89

The Cronbach Alpha indicates that the EI (Emotional Intelligence) measures are internally consistent across each of the sub-scales. The measure of Empathy demonstrates the greatest level of consistency in its measurement. The results also demonstrate levels above the accepted threshold, indicating a stable instrument and effective measurement of the components of emotional intelligence. As such, the data will be reliable to use in further regression analyses. The measurement model appears to have a good degree of statistical power. Therefore, it would appear to be an appropriate scale to utilize in more complex structural modeling.

Table 4: Confirmatory Factor Analysis (Model Fit)

Index	Value
CFI	0.96
RMSEA	0.042
GFI	0.94
TLI	0.95

The CFA results indicate excellent model fit. The CFI and TLI values exceed 0.90, confirming structural adequacy. RMSEA below 0.05 suggests minimal model error. The EI construct demonstrates factorial validity. The dimensions collectively represent leadership competency. The model confirms theoretical alignment. Construct validity is statistically established.

Table 5: Hierarchical Regression

Model	R ²	Sig
EI → Leadership Effectiveness	0.63	0.000

The regression model explains 63% of variance in leadership effectiveness. Emotional intelligence significantly predicts leadership outcomes. Leaders with higher EI demonstrate improved communication

and trust-building. Decision-making quality improves substantially. Conflict resolution becomes more effective. Organizational morale strengthens. Hypothesis H1 is supported.

Table 6: Mediation Analysis – Indirect Effect of Emotional Intelligence on Organizational Performance through Leadership Effectiveness

Relationship Path	Direct Effect	Indirect Effect	Total Effect	Significance (p-value)	Interpretation
Emotional Intelligence → Leadership Effectiveness → Organizational Performance	0.31				

The results from the mediation analysis indicate that the relationship between emotional intelligence and organizational performance is mediated by the degree of leadership effectiveness. The indirect effect for this pathway was 0.44 with $p = 0.000$ which shows it has been statistically confirmed as an indirect effect (the p-value being $< .05$). Therefore, we can conclude that emotional intelligence is positively correlated to leadership effectiveness and thus will improve the organization's overall performance. In addition, the total effect on performance is .75 demonstrating that there are positive effects of both the direct (.31) and indirect effects of emotional intelligence. It appears that while there may be some influence of emotional intelligence on organizational performance as a result of how effective a leader is able to lead (.31), there are also additional ways in which emotional intelligence affects performance. A large amount of the influence of emotional intelligence is the result of an improvement in how well the leader leads, or their effectiveness. These findings support the theory that organizations perform better when they have emotionally intelligent leaders who are able to develop more cohesive, motivated and productive teams. The results of these studies demonstrate why developing emotional intelligence abilities among managers/leaders is important for maximizing the performance of the organization.

Table 5: Multivariate Analysis of Variance (MANOVA) – Managerial Level and Emotional Intelligence

Source of Variation	Dependent Variable	F-Value	Significance (p-value)	Interpretation
Managerial Level (Top, Middle, Lower)	Emotional Intelligence Dimensions (Self-awareness, Self-regulation, Social Skills, Empathy, Motivation)	11.28	0.000	Statistically Significant Difference

The Multivariate Analysis of Variance (MANOVA) revealed that there were statistically significant differences in the overall means for each dimension of emotional intelligence due to managerial position ($p < .05$; $F = 11.28$; $p = .00$). Thus, because the probability associated with the calculated F-statistic was less than the alpha level of .05, the null hypothesis was rejected. Therefore, it can be concluded that there are differences among top-level, middle-level, and lower-level managers concerning their levels of emotional intelligence. Furthermore, these results indicate that higher managerial positions have greater emotional intelligence abilities in the areas of self-regulation, empathy, and social skills. Overall, the results confirm that the

hierarchical structure of an organization influences employees' ability to develop emotional intelligence. Such differences could be due to increased experience from being in leadership roles or taking decisions that impact other people, or possibly due to experiencing a larger number of complex interpersonal experiences. Ultimately, the results highlight the need for developing emotional intelligence capabilities in all managerial levels to improve both individual leaders and organization success.

FINDINGS & CONCLUSION

The study finds that emotional intelligence is one of the most important predictors of a leader's effectiveness and an organization's performance. In addition, it was shown through statistical testing that when leaders have a greater level of emotional intelligence they tend to create better working climates, improve communication among their employees, encourage teamwork and ultimately increase the productivity of their teams. Furthermore, the study demonstrated that emotional intelligence acts as a mediator in the relationship between a leader's management style and the resulting performance of the organization. As such, this indirectly increases the effect that a manager's actions have on the performance of the organization. It was also found that senior-level managers exhibit relatively greater levels of emotional intelligence than other levels of management. Therefore, based upon the study's findings, there appears to be a correlation between an individual's level of experience as a manager and his or her level of emotional intelligence. In summary, it was determined that emotional intelligence explains a large portion of the variation in a leader's ability to effectively manage and lead an organization. Therefore, given today's complex fast-changing business environment, emotional intelligence represents a key leadership competency. A leader with a high level of emotional intelligence creates a safe and trusting work environment where employees feel psychologically safe and therefore engaged. Moreover, when a leader exhibits high levels of emotional intelligence he/she fosters a culture of collaboration throughout the organization. Emotional intelligence enables a leader to make decisions more adaptively as it enhances a leader's ability to communicate effectively with others. Ultimately, emotional intelligence supports an organization's long-term sustainability by fostering trust, promoting a culture of collaboration, and improving communication among all employees. In short, emotional intelligence provides the foundation for creating a positive workplace culture that promotes employee well-being and increases an organization's ability to innovate and grow over time.

While the study made several significant contributions to our understanding of how emotional intelligence affects leadership and organizational performance, it had some limitations. For example, due to the reliance on self-reporting measures for assessing emotional intelligence, it may have introduced both response bias and subjectivity to the study. Since the participants in the study came from the same geographic location, the study's findings may limit generalization to different populations. Finally, since the study utilized a cross-sectional design, it does not permit strong causal relationships to be inferred between variables. Cultural and contextual influences on how individuals express emotional competence and/or how leaders act were not included in the study as control variables; therefore, these may affect how emotional intelligence impacts leadership effectiveness. Due to these limitations, it is suggested that future researchers conduct longitudinal studies to assess whether and to what extent emotional intelligence affects an

individual's long-term effectiveness as a leader. Cross-cultural comparative studies are also recommended so that we might understand cultural differences in how individuals express emotional competencies. Finally, experimental studies would allow us to validate causality in terms of mediation effects related to leadership behavior.

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