

# EMOTIONAL INTELLIGENCE OF NORTH TRANSDANUBIA ENTERPRISES

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## Summary

Individuals' emotional intelligence - as we know from Daniel Goleman's book - predicts their success in work. In my research I have examined the role of emotional intelligence at organizational level. My goal was to highlight the factors of organizational EQ, and to clarify its importance in organizational success and its relationship with knowledge management. I have made a primer research among northwest Hungarian organizations and found that emotional intelligence building has 5 steps: emotionally intelligent leader, organizational self-esteem and self-control, good relations with employees, good relations with partners and resonant organizational culture.

## Keywords

emotionally intelligent organizations, organizational effectiveness, knowledge management

## Összefoglalás

Az egyének érzelmi intelligenciája – mint ahogy azt Daniel Goleman sikerkönyve megjelenése óta tudjuk – előrevetíti, hogy az egyén milyen sikeres lesz a munkájában. Kutatásomban arra voltam kíváncsi, hogy az egyén szintjén a sikerben szerepet játszó kompetenciák vajon a vállalatok szint-jén is értelmezhetőek-e. Milyen tényezők vannak a vállalatok érzelmi intelligenciájára a legna-gyobb hatással. Ezek közül Magyarország melyikben mutat kiemelkedő eredményt és mely területen mutatkoznak a legnagyobb hiányosságok. Ebben a tanulmányban szeretnék rávilágítani a vállalati érzelmi kompetenciákra, a vállalati EQ tényezőire, és a 214 sikeres vállalatot magába foglaló felmérés eredményeire.

## Kulcsszavak

érzelmileg intelligens vállalatok, tudásmenedzsment, szervezeti hatékonyság

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## Introduction

We live in a world where change becomes self-evident and where the rate of change continues to increase as a result of technological progress, globalization, the Internet, and the proliferation of higher education. As a consequence, in the economy of our day, the only certainty is uncertainty, so the only certain source of long and lasting competitiveness namely organizational excellence will be the knowledge. Typical are the constant changes, the development of technology, the increase in the number of competitors, so those companies will succeed that create consistently new knowledge, disseminate it widely throughout the organization, and then immediately use new technologies and products. These activities determine the knowledge-based company, whose one of the most important tasks is continuous innovation (Nonaka, 1991).

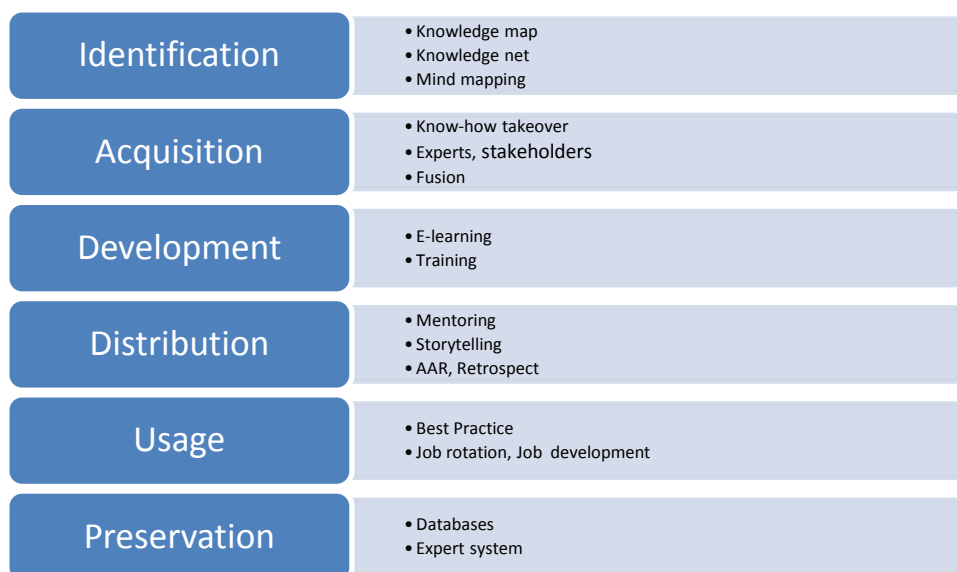
## Does the transfer of knowledge work?

The concept of knowledge is not new. The interest for it goes all the way back to Plato and Aristotle. Knowledge is thus an old resource that has always been at the company's disposal, but its value was only discovered in the 20th century. So far, the wealth and power meant possess of the physical resources in the business life. The labour, capital, natural resources were the most important factors of production. The knowledge even then existed, but the production was determined by the owners of tangible assets.

Today, however, wealth, success, organizational excellence is determined by intellectual assets in the business life. Peter F. Drucker said: "Today the only most valuable resource for both individuals and society is knowledge. With knowledge everything else can be created"(Tomka, 2009). In a world of rapidly evolving technology, the only long-term competitive advantage factor is remained knowledge in the minds of employees. The pledge of companies' organizational excellence is to build proper knowledge management system.

The aim of introduction of management systems is to achieve a long-term competitive advantage based on knowledge (Ismail, 2006), for which is essential to encourage the transfer of knowledge, and promote the incorporation of knowledge to the organizational memory. For the expand of knowledge as a competitive advantage can be used a number of tools, based on Probst Knowledge Management model view they are illustrated below the best known methods:

Figure 1: Knowledge transfer tools



Source: Probst (1998)

Thus, there are countless ways of knowledge sharing, and transfer. However, the use of these methods isn't typical in everyday life. Widespread opinion that the people who want to transmit their knowledge, they do it. However, if they are forced to do so by the company, then they are reluctant to do it. This attitude can be traced back to the human pride, and for the realization that we still believe that knowledge is power. Sharing of it can cause losing our job.

During the examination of the factors inhibiting the transfer of knowledge I studied numerous research reports, but none of these researches point out what is the root of the problem, why in fact fall flat the projects aiming the transfer of knowledge. I could not find the lack of time as a sufficient explanation of the reasons that encouraging awareness of transfer of tacit knowledge why does not work. I am aware that the sharing of tacit knowledge takes time, and in the life of companies they are trying to make time to money, while sharing the knowledge and experience does not involve direct cash income for management, so it is a secondary thing in the life of companies.

The benefits gained by sharing knowledge are difficult to quantify, unless we can determine the cost of error and correction exactly that would have been for management. I think it is unrealistic to think that if one day would be 26 hours, it would probably be time for sharing knowledge, as claimed by one respondent company manager. If the employee worked 10 hours a day, the transfer of knowledge still could not operate, because in my opinion, the ownership of knowledge could not be reduced even then (Bencsik - Stifter - Sólyom, 2012). The research showed me that none of the obstacles for the sharing of knowledge factors indicate to the capital deficit of corporate, most of the barriers leads to the conclusion of soft factors: as the organizational culture, leadership style and the role of individuals too, that is a much more complex root cause, namely the lack of emotional intelligence.

### **The concept of emotional intelligence**

Emotional intelligence is the ability with which a person presents or uses creative ability and suitability. The potential of emotional intelligence in humans determines the way how the person is able to handle himself, his life, his work and the events, changes around him (Goleman - Boyatzis - McKee, 2000). The emotional intelligence is actually to achieve individual goals' through the ability of managing their emotions, be sensitive and be able to influence others, to be able to find a balance between his own motivator and direct him conscientiously and ethically.

The emotional Intelligence gained its popularity by Daniel Goleman after the release of his book (2008), in which the author questioned the view that in order for someone to be successful, you need only cognitive skills. He pointed out that emotional intelligence is even more important than these. This measurement named 18 emotional competencies, all of which are based on emotional intelligence, and contributes to the excellent performance.

*Table 1: Emotional competencies*

	<b>Self - Individual competencies</b>	<b>Others - Social competencies</b>
<b>Awareness</b>	Emotional Self Awareness Accurate self-assessment Self-confidence	Empathy Organizational Awareness Service
<b>Management</b>	Self Management Transparency Adaptability Achievement Initiative Optimism	Inspiration Influence Developing Others Change Catalyst Conflict Management Teamwork and Collaboration

*Source:* Goleman (2008)

## **Corporate emotional intelligence**

Most of the emotional competencies however also can be tested on organizational level in the same way. Although in the topic of companies emotional intelligence numerous books have been published and made available to the Hungarian, which typically are built to the interpretation of Daniel Goleman et al work (Goleman - Boyatzis - McKee, 2000, Neale - Spencer-Arnell, 2009).

In these works three distinct views emerged: one of which emotional intelligence in organizations evaluate the emotional intelligence of members who have participated as the sum, second, which measures the emotional intelligence of the organization through the emotional intelligence of the leader, and the third examines the relationship of organization and emotional intelligence with the environment, the resonant organizational culture and organizational conflicts along, which can contribute to the dynamism of organizational processes, and the awareness of its organization (Balazs, 2013).

Thus, the organizational emotional intelligence based on international literature is affected based on three major factors, one of them is resonant organizational culture, the second is the emotional intelligence of the organization's leader, and the third is emotional intelligence of individuals. However, the three factors go hand in hand, they can not be separated completely from each other. However while studying the emotional competence arose in me the question that most of the competences can be adapted on higher levels, even concerning entire organisations.

After all, the formula that a company uses for the development will be equally effective on macro level too. The idea is not new; Vanessa Druskat (1996) researched for many years to the emotional intelligence of the groups. She relied on Goleman's emotional competencies too, and formulated these determinants of emotionally intelligent groups on these bases:

- Emotional intelligence of team members on individual level,
- The level of the team leader's emotional intelligence,
- Emotional intelligence level of the environment, namely the organization
- The history of the team, the individual habits.

Druskat first raised the examination of the emotional competencies and with them the emotional intelligence to a higher level by an individual, but his work is not sole. There are examinations in the town of Veszprém in Hungary about emotional intelligence assessment (Komlósi, 2012). In addition, writing this study at the same time, US researchers are developing a tool, which is testing emotional intelligence of the companies, that bears the name of Organizational Effectiveness, briefly OE (Sparrow - Knight, 2006) and according to its brief brochure, it measures the company's emotional health through two aspects: what does the company do and what kind of attitude inspires the person heading the receivers and suppliers with this.

It audits the corporate policies and practices based on the survey's Quick Specs. It investigates whether the organization is really tolerant of people with different disabilities, actually supports individual development, or that the evaluation procedure is really emotionally smart or not. It examines how family-friendly is the organization, do they actually recognize their employees, listen to them, and so they really focus on the emotional competencies on macro level too. As the results of this research are not yet fully known, so I designed my own model based on Druskat's model, and I suppose that the organization's emotional intelligence depends on:

- Emotional competencies in the organization,
- The leader's style and emotional intelligence,
- And organizational values, resonant organizational culture.

## Research methodology

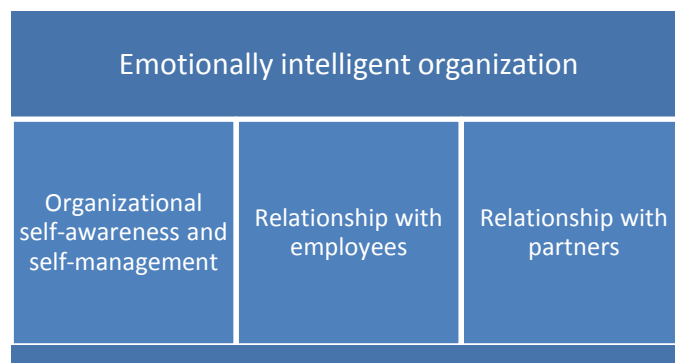
For the proper support of the model, I carried out empirical research among North Pannon companies. I would like to sketch an approach, which can also be used in practice, but also theoretically and methodologically well-founded, which describes the path to an optimized enterprise emotional intelligence. In the first part of the primary research I carried out a survey to examine the companies' emotional intelligence.

The survey started in May 2013 and ended on 30 September 2013. The response was voluntary, on the behalf of the requested companies. During this period, 500 questionnaires were sent out. A total of 227 questionnaires were returned, after which control 214 questionnaires were successfully involved in the study. Based on the results of the examination in the qualitative part I analyzed the operation of 16 companies with document analysis, depth interviews and direct observation, who have complied with the emotionally intelligent criteria in the previous research on companies, and had a considerable part of emotional competencies. The latter, as a result of the explaining research I outlined the process of becoming emotionally intelligent organization.

## The emotionally intelligent organization's growth path

As Goleman's model of emotional intelligence, he formulated two social skills group, so it's what I tried too, but I made a very important observation. In the case of social skills and relationship building skills put forward by Goleman, two very distinct groups can be examined along to what customers we would like to understand and manage their feelings. While the social skills and relationship-building skills were not significantly different from each other at organizational level, we will have to deal with internal and external partners to significantly differently, we are required to communicate differently, influence others, different values must convey to them. Based on this, we can examine separately the companies' relationship with internal customers, namely its employees, and its relationship with external customers, that is the partners (including suppliers, customers, competitors, allies and audiences as well). On this basis, therefore, the organizations' emotional competency model will have three major determinants: the organizational policy (incorporating both the organizational awareness and self-control of the organization as well), relations with employees and relationships with partners with a further breakdown includes the following graph:

Figure 2: Organizational emotional intelligence



Source: Probst (1998)

Based on the results of the empirical research we can outline the process and steps of the organization emotionally intelligent becoming practically used as follows:

1. Emotionally Intelligent Leader: Without the company management the need for emotional intelligence is never formulated since such a major cultural change as a grass-roots demand doesn't conceive of survive, it is swept down from the table of leaders. Therefore, in order that the organization becomes emotional intelligence, the first step is the development of the leader's emotional intelligence. In the emotionally intelligent organization the leader shows a leading example, he encourages innovative ideas, is aware of the deadlines, builds trust, but above all, he is a proud and loyal employee of the company.

2. Creating Organizational policy: it involves organizational self-awareness and self-control competencies possession. He got into the second stage, because they are tough factors which can change during the emotionally intelligent leader less time than other competencies, it is part of showing an example. The organizations must fix and communicate the objectives before the start of the deep changes. To develop an emotionally intelligent organization first perform strategic goal and mission formulation, analysis of the market, analyzing the internal environment, the strengths and weaknesses of the organization to communicate to the members of the organization. In order to look forward the leader the feedback of customers, and the market, he observes the steps of his competitors, analyzes error messages and problems that occur in the organization, and he is trying to learn from them and teach his own employees.

3. Possessing relation competencies with employees: because in this group I have been studied the soft factors, their mastery takes more time than the creation and acceptance of the strategy. While some factors, such as the design of the promotion and recognition system, the existence of the jobs' and responsibilities' clarification and designation of individual targets can be controlled based on observation, to verify the tightness and trust level of the relationship between boss and employee more time is needed. For the deepening of relations, and formatting of employee loyalty emotional competencies are necessary that enable for the employee the internal motivation which he uses continuously to develop his knowledge and skills, he seeks the cooperation of colleagues, and feedback activities of the boss. The boss fills a friend role in addition to a good role example, listens to the concerns of colleagues, helps as a mentor to solve problems, difficulties, and supports development as a coach. The leader does not only with his behaviour, communication, but he also inspires his subordinates with diverse and varied tasks, in addition to highlight the importance of quality and results, he stimulates the cooperation among colleagues, and he does not only reward success on individual level, but also on group and company level too.

4. Possession contact skills with partners: as employee satisfaction, so customer satisfaction is also important in the emotionally intelligent life of a company, which, however, can only be achieved if employees are sufficiently loyal and motivated, since the quality of a product / service depends on employee's work that is the main factor influencing customer satisfaction. So we can say that employee satisfaction directly proportional increases customer satisfaction as well. However, during the company's operations, it is related not only to customers, he must not only influence their views, but also suppliers' and partners' too, benefits, recognition must also be obtained in his circles too. This factor also plays an important role in the communication and understanding of the needs, the persuasiveness, meeting deadlines, however, clear goals and consistent actions. The company must undertake to guarantee product quality, strive to enhance the customer experience, and where appropriate, the professional crisis management. The corporate must remain open to partners and inform them about the steps, and parallel with this it must strike to develop a broad partnership and cooperation network.

5. Emotionally intelligent organizational culture: To change it, long time is necessary; its precondition is the change in attitude of employees, so it comes to the top of the

stairs. The possess of emotional competencies will lead to the open organizational atmosphere, but its maintain can only be possible with the eliminating of traditional organizational structure, where the organizational structure is flat, hierarchy is weakening, the members of the organization participate in decision-making, thereby becoming more committed towards achieving results. In an emotionally intelligent organizational culture the boss and the employees also play an important role, and feel that their work is needed in the company. Based on my research, it also outlined that from the elements of the emotionally intelligent culture marks' domestication is outstanding, which reflect the organizational cultural marks of the student's, so the emotionally intelligent organization provides a good breeding ground for the building of company knowledge management system.

## Conclusions

With my research proved that the bureaucratic methods is no longer justified. In the world economy growing competition hierarchical systems with workers and leaders turn against each other are gradually being replaced by networks and teams, the hourly wages are being replaced by special owner benefits; permanent jobs are being replaced by liquid careers, for once and for all acquired skills for lifelong learning. The organization's emotional intelligence contributes to job satisfaction of employees, which brings from the people the most, and makes them loyal to the company. With this, the company can gain a competitive edge that others will not be able to achieve. Developed emotional intelligence increases the resistance, preserves the organization's health, promote its growth (Goleman, 2004).

The development of knowledge management systems, and within that, above all, the knowledge sharing is important in terms of the success of organizations, since in the organization can be found implicit knowledge, which cannot be copied by competitors, and it can mean long-term benefits for the company. However, the knowledge hidden in the human brain cannot be fully utilized by the company; it should seek to "storage" as widely as possible! To achieve this emotional intelligence would help. In order to support our organization the flow of knowledge, we need to ensure the design of emotionally intelligent organization, thus ensuring that all internal organizational communication channels are open. To do this it is necessary to develop the appropriate organizational culture. An important factor is changing the attitudes of employees to knowledge. Those employees realize that sharing knowledge makes easier their own work as well. The leaders have a great responsibility in the fact that the employees have a positive stand on the sharing of knowledge. Management must improve the ways in which knowledge can be shared, and should give priority to the employee's ideas, proposals and discoveries. This requires the existence of organizational emotional skills, a high level of emotional intelligence company.

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