

Companies with emotionally intelligent managers make more money, research shows

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Companies with emotionally intelligent managers are not only nicer places to work, but also make more money, new research says.

Managers who are more empathic and socially skilled create an environment where their firms' profits are higher and their customers are more satisfied, the study found.

Dr. Bilal Zaghmout, of York St John University, surveyed or interviewed 150 managers and staff in 30 companies in the UK, asking them about their management style and comparing their answers to their firm's performance.

He found that a 10% increase in a manager's emotional [intelligence](#) score was associated with a 7% increase in overall business performance, including profitability.

Dr. Zaghmout told the British Academy of Management [conference](#) at the Nottingham Business School, Nottingham Trent University, that "higher levels of emotional intelligence among managers significantly positively affected both individual and organizational performance.

"Managers with high emotional intelligence were better at resolving conflicts, fostering teamwork, and maintaining high morale among employees. This in turn led to increased employee engagement, lower turnover rates and improved overall productivity.

"Organizations led by emotionally intelligent managers reported higher innovation rates and better adaptation to market changes. As a result, firms are more productive, better able to innovate and have happier customers, which leads to a higher income.

"By systematically exploring this [relationship](#), organizations may gain valuable insights into the role of emotional intelligence in fostering effective leadership practices and driving overall success."

Dr. Zaghmout surveyed and interviewed men and women managers in

mid-level jobs who had at least five years' leadership experience. They were selected from small and medium enterprises and large corporations to ensure a representative sample of UK businesses.

He asked them to rate on a scale of 1 to 7 their awareness of their emotions, how easily they could understand others' emotions, how effectively they managed their emotions and how easily they found it to influence their team. They compared their scores with their firm's revenue growth, profitability, return on investment, employee satisfaction, [customer satisfaction](#) and innovation capacity.

Dr. Zaghmout adjusted the data to remove the influence of factors including age, gender, industry sector and company size in order to study the effect of emotional intelligence in isolation.

Provided by British Academy of Management

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