

EMOTIONAL INTELLIGENCE (EQ) AND BOARD PERFORMANCE

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Many companies in the Middle East and North Africa region are rapidly expanding and also facing succession issues. Such changes are likely to be reflected in changes in the board room and in a new set of relations between the board and the management. In this article, Brenda Bowman looks at how boards can adapt to changes and how important emotional intelligence, particularly by the chairman, is in this process.

The Board chairman and founder of the company convinced the Board that the time was ripe to expand. He persuaded the Board to offer the CEO position to a dynamic young executive with a successful track record in the European market. Six months later, the Chairman was worried. His tightly knit team of Board members was thrown off balance by the gap that had opened up between it and senior management and concerned by the stories of falling staff morale that drifted into the boardroom. The new CEO's energy and drive pushed Board members out of their comfort zones, they felt stampeded by the pace of change and disconcerted by the increasing level of risk the company was exposed to.

This type of story is a familiar part of any restructuring, major change of key personnel or, in fact, in the daily management of relationships among Board members and between the Board and the company's stakeholders. It involves the concept of corporate Governance, which according to the Organization for Economic Co-operation and Development (OECD), "involves a set of relationships between a company's management, its Board, its shareholders and other stakeholders." Making these relationships work, particularly in times of stress and change, requires Board members to pay attention to what is happening around them.

Drawing on ground breaking brain and behavioral research, neuroscientists and behavioral psychologists are clarifying the role of Emotional Intelligence (EQ) in harnessing the power and complexity of relationships within and across boardrooms and the workplace. Leading psychologists, such as Daniel Goleman, have documented that in determining star performers, EQ matters twice as much as cognitive abilities such as IQ or technical expertise. They link emotionally intelligent leadership and the bottom line, warning that an organization that does not recognize the need to embed EQ in its culture and its leaders does so at its peril. Leading corporations, such as Google, retail giant Target and General Mills, maker of Cheerios and Haagen Daz ice cream, have developed EQ and yoga programs for executives and employees. General Mills' deputy general counsel describes the programs as "training our minds to be more focused, see with clarity, to have spaciousness for creativity, reduce stress and feel connected."

So is what is emotional intelligence? EQ is the ability to recognize emotions in oneself and others and the ability to use this awareness to orient one's behavior and manage relationships.

This recognition is new: only in recent years has a scientific model emerged of the connections and partnership between the impulsive, rapid responses of our emotional brain centers and our slower rational brain centers. And yet the simple fact that the brain is wired to experience feelings first and thinking second explains much about our behavior. The row between board members that seemed to blow up out of nowhere is the emotional part of the brain reacting rapidly to a perceived threat while the thinking part of the brain takes longer to respond. This precedence, seized by the emotional part of the

1 Daniel Goleman co-directs the Rutgers University-based Collaborative for Research on Emotional Intelligence in Organizations: www.creio.org

2 Financial Times, Saturday August 25/Sunday August 26 2012 The Mind Business by David Gelles

brain, is based on our evolutionary biology when vulnerable human beings had to make rapid fight-or-flight decisions that could result in eating or being eaten. Thousands of years later, we often overlook the essential and primary position of the emotional parts of our brains. We value rational, cognitive intelligence, the capacity to make hard decisions and relegate emotional intelligence to the department of human resource management. As a result, we fail to enquire about how our brains work and often ignore or deny the powerful impact that our feelings have on our behavior. We do not see that as well as reacting rapidly to perceived danger, the emotional part of the brain interacts continuously with the thinking, rational part of the brain. Nevertheless, emotions are part of decision-making, managing change, reaching consensus, relating to others and tolerating stress.

Corporate leaders are now recognizing the cost to the organizational efficiency from low levels of EQ – such as poor relationships between Board members that reduce meetings to indecisive stalemate or hostile encounters. Boards are beginning to pay attention to the benefits of increasing their EQ skills. And since research demonstrates that a healthy brain remains plastic, continuously creating new neurons and making new connections, Board

members, whatever their age, can learn these skills. Neuroscientist Richard Davidson writes of the astonishing research showing how people of all ages can increase their EQ and develop focus and concentration, understand the motivation that drives themselves and others, read and respond appropriately to the cultural and contextual messages of their surroundings, and build the resilience to adapt to change without being overwhelmed by the demands of a competitive world.

Developing EQ requires attention and practice. Travis Bradberry and Jean Graves have surveyed over 500,000 people on the role of emotions in daily life and have developed programs to help corporate leaders identify their EQ skills, build these skills into strengths and enjoy consistent performance in the pursuit of their life objectives. Bradberry and Graves say that developing EQ is like building information highways between the rational and feeling centers of the brain. Some people are content with a two-lane road but others increase the traffic to such an extent that they develop five-lane superhighways between the two parts of the brain.

The first step in mastering EQ is to understand the four skills that make up EQ, how they build on each other and what they look like in daily interaction.

**DANIEL GOLEMAN DEFINES THE FOUR SKILLS THAT
TOGETHER MAKE UP EMOTIONAL INTELLIGENCE**

SELF-AWARENESS

Self-awareness is the capacity to self-observe, identify and name one’s emotions.

SELF-MANAGEMENT

Self-management is the capacity to manage feelings, moods and reactions to people and situations.

SOCIAL AWARENESS

Social awareness is the capacity to detect others’ feelings, motives and concerns.

RELATIONSHIP MANAGEMENT

Relationship management is the capacity to respond appropriately to people’s feelings and interests.

3 Richard Davidson and Sharon Begley, *The Emotional Life of Your Brain*, New York: Plume. 2012

4 Travis Bradberry and Jean Graves, *Emotional Intelligence 2.0*, San Diego, TalentSmart, 2009

Self-awareness requires dropping the autopilot habits that carry us through the day without noticing our feelings and behavior. Two key questions are:

1. What kind of mood am I in? Our body language reflects how we feel and therefore how others perceive us. Everyone has constantly shifting moods. EQ involves being aware of these shifts and not falling unconsciously into a default mood. Once we pay attention to moods we can call in the power of the rational brain to change them.

2. What are my values? Our values define us and demonstrate an astute sense of our own needs and feelings and how to fulfill them. Like a company's code of ethics, they can protect our integrity and dictate our personal boundaries. Strong personal values act as a compass to guide behavior and decision-making.

Self-management builds on self-awareness and guides choices about the way in which we respond to conversations and happenings taking place around us. Two key questions are:

1. Am I getting enough oxygen? Our brains demand 20 percent of our bodies' supply of oxygen. Taking a deep breath and counting to ten is well known advice based on the physiological needs of the brain. Pausing allows the thinking, rational part of the brain to catch up with the automatically rapidly moving emotional part of the brain.

2. What stories am I telling myself? We constantly interpret what we see and hear and feed this information into storylines that we carry in our heads. But often our stories are not based on reality. They may be just faulty interpretations of others' words and behavior. Reviewing the stories we are telling ourselves gives the thinking brain center time to dial back a reaction based on misinterpretation and formulate a more rational response.

Social-awareness means sensing and understanding the moods of others and the emotional climate of a room. Two key questions to ask are:

1. Do I listen attentively to what is said and what is not said? Listening for what we need to know as well as what speakers want us to hear, engages the emotional and the rational centers of the brain. Registering the speakers' emotional cues allows us to be receptive to bad news as well as good and deal with issues that might otherwise be hidden or missed in a conversation.

2. Do I recognize the culture and values of the organization? As we increase the number of connections with people, we gain crucial information about "how things work around here". In other words we attune ourselves to the shared codes that distinguish the culture of our organizations and can therefore relate better to those we work with.

Relationship management means knowing that sustaining good working relationships takes patience and commitment.

1. Do I look for and draw on others' good intentions? Consciously deciding that, unless proven otherwise, our fellow Board members' intentions are good, the Board can reach reasonable consensus, generating more trust and candor at Board meetings and overcoming disagreements. Proceeding in this way allows the impulsive, super-alert emotional brain to relax since the thinking part of the brain has consciously taken control.

2. How well do I manage conflicts and disputes? Stress diminishes our capacity to listen and our ability to understand others' perspectives. EQ helps us read the signs of trouble brewing in ourselves and in others. Empathy, diplomacy and tact create spaces in which we can show a willingness to work things out by talking over the potential conflict rather than escalating it with more aggression.

To see what these skills look like in action, let's go back to the case of the Chairman who was concerned about a failing relationship between Board and the new CEO. The Chairman invited the CEO out for dinner and explained his concerns. Initially taken aback, the CEO admitted that his focus had been on rapidly expanding into new markets. It had not occurred to him that the Board members wanted to be consulted. "I see the opportunities," he said. "The history of the Board and its close relationship with management escaped me. To be honest, I don't see myself slowing down. I think my energy and the urgency

with which I'm pursuing the company's expansion is what I'm paid for. But I can and will reach out to the Board." In the following months, the Chairman used his EQ to build trust between the Board and the CEO. He organized small, informal meetings between the CEO and the Board members, helping the fast-paced CEO earn the confidence of the Board and draw on its members' experience. In doing so, he also created a space for the Board members to raise their concerns and in their conversations see for themselves the skills of the CEO who is pushing the company into expansion and improving the company's prospects.

