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10-2012

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### Recommended Citation

Mackenzie, Maureen L. Ph.D. and Basile, Dana Marie, "Emotional Intelligence Explored within Top US Companies" (2012). *Faculty Works: Business*. 12.

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# Emotional Intelligence Explored within *Top US Companies*

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## ABSTRACT

The purpose of this study was to explore the relationship between applied emotional intelligence and employee retention. This is a multi-method study using published research as secondary data. The results suggested that top US companies recognize the value of their employees and institute programs that induce feelings of being cared for.

## 1 INTRODUCTION

Fortune 500 magazine annually publishes a list of the top 100 companies to work for in America. Who is on the list is secondary to *why* they are perceived as the best. What are the elements that make a company so desirable to work for that they receive thousands of applicants each year for a single position? Emotional intelligence, also known as Emotional Quotient (EQ), has emerged as a relevant explanatory factor in the management field. It focuses not only on leadership and the chain of command, but on the personal needs and perspectives of employees. This exploratory study considers the management practices that demonstrate value and embrace emotional intelligence. (McCooley, 2010). By looking into the influence of management and emotional intelligence and its effect on the workplace environment, insight can be gained into whether emotional intelligence does impact employee retention.

## 2 LITERATURE REVIEW

Kotter (2002) suggested the use of an eight step approach to institute change in the work environment. His underlying belief of what aids a company to get its employees motivated for change is that leadership needs to create a see-feel-change effect. This indicates that the employee must see the value of the change, feel the urgency of the change and then be a part of the change itself. These steps create an emotional attachment between the employees through the process of change. In order to successfully institute and then retain change and the resonating effects, employees must be a force within the transformation. Segal (1997) compares emotional intelligence also known as EQ or emotional quotient to the importance of IQ. The difference between the two, she explains, is that emotional intelligence is not a born trait. EQ can be improved with education, practice and awareness. IQ on the other hand is an inherited trait.

### **Emotional Intelligence and Maslow's Hierarchy.**

Udechukwu (2009) detailed how the basic humanistic needs described by Maslow exist in the workplace. Job security, financial stability, and the need to belong and feel wanted transcend into all aspects of life, in. It is further explained

how the fulfillment of these basic needs can contribute to a lower turnover rate and higher employee retention.

**Employee Retention.** 81% of US companies declared that employee retention was an important business issue. It is suggested that employees tend to migrate to employers who can fulfill their needs. (McCooley, 2010). Contrary to popular belief, McCooley stated that high salaries are no longer the biggest motivator for employees to stay or leave a job; the number one reason why people leave jobs is that they don't feel appreciated by their employers. McCooley (2010, 2) incorporates a Theory Y aspect of management that gives employees more room for creative freedom and empowerment. McCooley suggests that the retention of employees starts with the hiring process. McCooley (2010) describes a process called: Employee Imprinting where new hires are introduced into the company in a way that demonstrates the company's core values and beliefs.

**Employee Turnover.** McCooley (2010) stated, that the conservative cost of replacing one employee is 1.5 times the annual salary of the employee. Carsen (2002), indicated that the number could actually be higher, stating that it can cost up to 200% of the employee's salary to replace the employee. Carsen (2002) stated that the 25 best companies of America have a voluntary turnover rate of 7.5% as compared to the non-best companies that produce a turnover rate of about 11.8%.

## 3 RESEARCH METHOD

Multiple qualitative methods were used to explore the three research questions, which are: (1) Who are the top companies in America to work for? (2) What are the emotionally intelligent factors that make these companies desirable to work for? (3) What is turnover and how does it affect a company both internally and externally? Content analysis was used to explore literature for relevant data.

## 4 RESULTS

### **Who are the top companies in America to work for?**

Each year Fortune Magazine releases a list of their choices for the best working environments. Companies are ranked from 1-100 with the first position being the highest. (Fortune Magazine 100 Best Companies to Work for, 2011) Benefits can range from 100% paid healthcare, to onsite gyms, to lesser known policies such as gay-friendly workplaces. The companies are judged by their physical conditions as well as the intangible offers that are presented to employees as well such as healthcare (Best Benefits Perkfinder, 2011).

The top ten compares are: (1) SAS (2) Boston Consulting Group, (3) Wegman's Food Market, (4) Google, (5) NetApp, (6) Zappos.com, (7) Camden Property Trust, (8) Nugget Market, (9) REI (Recreational Equipment Inc.), and (10) DreamWorks Animation SKG. (Fortune Magazine 100 Best Companies to Work for, 2011)

**SAS**, Statistical Analysis Software, is a business that specializes in the creation and maintenance of software that helps other companies predict and monitor trends and consumer habits. Born at North Carolina State University, the software company was first developed in 1976 with the intentions to help analyze research in agricultural studies. (SAS Institute Inc. *Products & Solutions*, 2011). Although SAS has been noted for its software, it has also been called attention to do to what is believed to be a superior work environment for employees (SAS Institute Inc. *About SAS*, 2011). SAS has comprehensive benefits offered to its employees. Many of them are extended to the family of employees as well.:

**Boston Consulting Group**. Created in 1963, the Group focuses its attention and expertise in the field of business strategy and advice (The Boston Consulting Group, 2011). BCG suggests that businesses encourage a stress-free creative environment to aid employees to reach full potential. BCG has used various methods themselves to help its own employees reach their creative peaks. (Von Oetinge, 2005). One of the ways in which this company encouraged an open creative environment was the incorporating poetry in the boardroom to help inspire employees and managers when faced with complex problems (Journal of Business Strategy, 2005). Boston Consulting Group offers benefits to its employees, including leave of absence, Part time hours, Work/Life balance programs, Training, and international opportunities to work abroad (Boston Consulting Group, *Working at BCG* 2011)

**Wegman's**. It is a family owned business with 77 stores in five states. Wegman's philosophy is creating the best environment for its employees so that they can then provide the best experience for its shoppers. They believe in respecting the earth and practice sustainability of the lands in which they harvest from. (Wegman's, *Company Overview*, 2011). Wegman's offers a variety of benefits, including career development and growth opportunities, competitive pay, health: dental, vision, Retirement plans including a 401(k), paid time off, scholarship opportunities, and adoption assistance (Wegman's, *Benefits*, 2011)

**Google**. As the executive chairmain Eric Schmidt says, "The goal is to strip away everything that gets in our employees' way. We provide a standard package of fringe benefits, but on top of that are first-class dining facilities, gyms, laundry rooms, massage rooms, haircuts, carwashes, dry cleaning, commuting buses – just about anything a hardworking employee might want. (Google Jobs, *Benefits*, 2011, p. 1). With benefits programs from health to help adopting a child,

the Google team strives to help to the employees so that the employees can be of great help to Google.

**NetApp**. This Internet Technology company specializes in information storage and management. It provides products and services to help businesses better manage its content and information. NetApp has over 150 offices worldwide and has a staff of over 11,000 employees (*Go Faster with NetApp* 2011). NetApp has a set of core values: Trust and Integrity, Leadership, Simplicity, Adaptability, Teamwork and Synergy (*Your Career At NetApp – Benefits*, 2011). Some of the simple perks of NetApp are free bagels on Fridays, free fruit on Tuesdays and bonuses that can reach over 20,000 dollars a year (CNN Money- Fortune Magazine, 2011). NetApp offers benefits to its employees some of which include health, dental and vision Insurance, savings and financial programs, work-life programs, income protection programs, discounts to various resorts, financial training and travel assistance (NetApp, 2011)

**Zappos.com**. This online retailer was originally known for selling shoes but in recent years has ventured into selling clothes and accessories. The Zappos site states, "The Zappos Family has a fun and creative environment where living by our Core Values is the name of the game." (Zappos.com, 2011). Those core values include (1) deliver WOW through service, (2) embrace and drive change, (3) create fun and a little weirdness, (4) be adventurous, creative, and open-minded, (5) pursue growth and learning, (6) build open and honest relationships with communication (7) build a positive team and family spirit, (8) do more with less, (9) be passionate and determined, and (10) be humble (Zappos.com, 2011). Fortune Magazine explained that Zappos.com was a favorable workplace in part due to the free lunches and vending machines. Also are the quirky atmosphere and the presence of a free life coach. (CNN Money- Fortune Magazine, 2011). Zappos.com also offers an array of benefits which include Medical (Cigna), Dental (Delta), Life Insurance (Hartford), Vision, Paid Time Off (vacation and sick time), Flex Spending Account, Onsite Wellness Services, Pet Insurance, Car Pool Program, Nursing Room for new mothers, Monthly Outings, and Free breakfast and snacks (Zappos.com, *Zappos*, 2011)

**Camden Property Trust**. This real estate company, based in Houston TX, was founded in 1982. The company website explains the core values that standardizes the 1800 employee staff countrywide: "We demonstrate our commitment to Camden's values through our actions. The person in charge must set the standard" (Camden Property Trust, 2008). The core beliefs that Camden expects its management to exemplify include: Lead by example, Always do the right thing, Have fun, Team players, are People driven, Act with integrity, Results oriented, Work smart, and be Customer focused (Camden Property Trust, 2008). Camden employees are offered benefits that range from a 401(k) plan to two no cost medical plans. Employees also are entitled to discounts on apartments as well as stipends for education assistance (Camden Property Trust, 2008). Camden explains what

employees can expect from their daily lives, which include feeling appreciated. (Camden Property Trust, 2008)

**Nugget Markets.** The first Nugget Market was opened by a father and son William and Mack Stille in 1926 in California. Between the 1920-1940's they helped to create new advances to the food industry by instituting concepts such as refrigerated produce cases, checkstands with the power belts and an entire department dedicated to meats. In the more recent years they have added in-house chefs, european style bakeries and a larger wine selection. The current CEO, Eric Stille is the grandson of Mack Stille (*Nugget Market History*, 2011). Nugget Market offers a comprehensive benefits package to eligible full time and part time associates, which include: Comprehensive Health Benefits, Retirement Plan, 401(k) with a company match, a profit-sharing plan contribution, Life Insurance up to \$60,000, Long-Term Disability: Pays up to 60 percent of pre-disability income, Flexible Work Schedule, Paid Time Off, and Vacation up to five weeks per year (Nugget Market, *Nugget Market Jobs*, 2011; Goldschmidt, 2006). CEO, Eric Stille stated that 'while he is "ecstatic" about the recognition that obviously "means a lot to all of us...the goal is not just to make the list," but rather "to give our valued associates an exceptional workplace" (*Nugget Market Moves Up To No. 12 On Fortune's '100 Best' List*, 2008, 1).

**REI.** The Company was created in 1938 by mountaineer Lloyd Anderson when he had a need for an ice axe to assist him in climbing expeditions. When he couldn't find one locally he and his wife decided to open a store that could fulfill those needs for others. Along with 21 other climbers, they opened a makeshift outdoor gear co-op. Initially they sold only gear to help those with their outdoor adventures but have since moved on to also making apparel and various other pieces of equipment (*The REI Story*, 2011). In a statement on its company website REI explains its respect for the employees and the environment (REI, *REI's Culture and Values*, 2011, p. 1). REI believes in having a set of core values which include: Authenticity, Quality, Service, Respect, Integrity, and Balance (REI, *REI's Culture and Values*, 2011). Benefits include competitive pay, comprehensive benefits, Incentive pay that goes on a sliding scale depending on meeting individual, department, and company goals. Both full time and part time are eligible.

**DreamWorks.** The last company of the top ten is DreamWorks Animation SKG, which was founded in 1994 by Spielberg, Katzenberg and Geffen. Spielberg already had an animation studio so was able to bring in many artists to the new production company. In 2000 they made DreamWorks Animation SKG, a division of DreamWorks that would focus solely on the animation parts of films (Dreamworks Animation SKG, 2011). For the Glendale corporate offices had ponds and olive trees for a relaxing area for their employees' outside lunches. The Redwood building offers a view of the city and the mountains surrounding it. Other on-site amenities include a foosball and pool table in the game room as well as video games and

a large flat screen TV to play them on (Dreamworks Animation SKG, *Where We Work*, 2011). DreamWorks offers a variety of perks to its employees. Often the company will arrange special "outings" for employees such as art shows, craft fairs, movie screenings and friends and family lunch days. In an act to inspire its creative department, DreamWorks will invite industry leaders to the studios to speak to employees and answer questions they may have to help them do their jobs better. One of the recent visitors was Martin Scorsese (Dreamworks Animation SKG, 2011).

## 5 ANALYSIS AND DISCUSSION

### What Employees Seek in an Employer

In the book *Keeping Good Employees on Board*, McCooey (2010) describes the five traits in a job that employees crave:

1. To know that their employer cares about them
2. To have the opportunity to grow and develop
3. To work within a culture that is respectful and supportive
4. To have balance between work and life
5. Have positive at work relationships

The various traits could be said to fulfill an emotional desire within an employee. According to Maslow's Hierarchy there are certain levels of needs that each person desires to be satisfied in order to reach a true point of happiness (Udechukwu, 2009). Upon inspection of the above traits that employees look for in a potential job and the levels of hierarchy in Maslow's theory, a parallel may be suggested. What a person needs in life to be happy and what they need in work to be happy may have much in common. Work happiness and life happiness can also impact one another.

Maslow's hierarchy includes needs that could be considered emotionally motivated. To reiterate the needs, they are:

- **Physiological:** Breathing, food, sex, water
- **Safety:** Shelter, resources, employment
- **Love/Belonging:** Family, friends, intimacy
- **Esteem:** confidence, achievement, respect and approval
- **Self- Actualization:** lack of prejudice, acceptance of fact, morality (Udechukwu, 2009).

Many of these needs can be eased and fulfilled by the workplace. For example, the need for safety includes the assurance of employment, which produces a paycheck which translates into shelter and food. Another example could be love and belonging. To have the ability to connect and make friends can make an employee feel accomplished. The need for esteem can be achieved by feeling respected by others, perhaps most importantly their superiors. If a manager continues to encourage and reward an employee for their good work, the employee will continually feel motivated to do well so that they can continue to receive praise.

In relation to McCooey's theory of the five traits an employee seeks in an employer, a link also exists to Maslow:

- To know that their employer cares about them (*Esteem*)
- The opportunity to grow (*Self- Actualization*)

- To work in a culture that is respectful and supportive (*Esteem and Love/Belonging*)
- To balance work and life (*Safety and Love/Belonging*)
- To have positive work relationships (*Love/Belonging*)

Using specific motivational techniques is suggested as a reason for employee retention. Carsen (2002) reiterates the belief of Cynthia Berryman-Fink and Charles B. Fink in what employees are motivated by. They state that employees will be motivated by at least one of seven desires: (1) Achievement, (2) Power, (3) Affiliation, (4) Autonomy, (5) Esteem, (6) Safety and Security, and (7) Equity

Much like the possible relationship between McCooey’s five traits that employees look for, the above motivations could also have a relationship to Maslow’s needs. This theory would suggest that employees are motivated to do well due to underlying emotional needs at work. Below is the list again with the suggested connection to the Maslow need.

- Achievement (*Esteem*)
- Power (*Self- Actualization*)
- Affiliation (*Love/belonging*)
- Autonomy (*Safety*)
- Esteem (*Esteem*)
- Safety and Security (*Safety*)
- Equity (*Esteem*)

The needs of Maslow’s Hierarchy can be fulfilled by benefits that a company offers its employees as well. Often employees can feel anxious if they are not offered the proper benefits. Many of the employers that were listed on the top-ten list provide its employees health benefits at little to no cost. Most offer medical as well as dental, vision, life insurance and retirement packages and services that can help employees plan for the future.

Below is a matrix comprised of the information found in the results sections pertaining to the benefits that the top companies offer its employees. Most of the companies offer basic comprehensive benefits such as health care, dental and vision; however many of the companies go above and beyond with offering additional assistance and benefits.

SAS, Wegman’s and REI offer its employees Adoption Assistance, which aids financially and also may offer additional time for the adoption proceedings. Included in the benefits matrix are “Core Values” because they have a large impact on the employees. Referring back to the literature review, Goleman et al (2004) explored the brain’s reaction to emotions within the Open Loop Limbic System. This system dictated that the emotions humans feel are often determined by the emotions being expressed by others surrounding you.

	Health	Dental	Vision	Retirement	Life Ins.	Adoption Assistance	Work-Life	On-Site Meals	PTO	Fitness Plan	Child Care	Core Values
SAS	X	X	X	X	X	X			X	X		X
BCG	X	X	X	X			X					X
Wegman's	X	X		X		X			X			X
Google	X	X	X	X	X			X	X		X	X
NetApp	X	X	X	X			X		X			X
Zappos.com	X	X	X	X	X				X			X
Camden Property	X	X	X	X					X			X
Nugget	X	X	X	X	X				X			X
REI	X	X	X	X	X	X	X		X			X
DreamWorks	X	X	X				X	X	X			X

Often businesses create and promote a mission statement to entice potential consumers to invest their money and loyalty within the company. All of the top ten companies stated that core values exist and are expressed to the employees. Those core values can act as internal mission statements, presented with the purpose to continually inspire and renew the employee’s faith in the internal missions of the company. Due to the brain’s Limbic system that aids in determining the emotions of a person depending on the emotions that are in their surrounding environment, therefore the placing of these mottos or sheer presence can help employees to feel encouraged and inspired on a daily basis.

### Resonance and Dissonance

Resonance is considered something that every leader and company should strive to have in its organization. Resonance, according to Goleman et al. (2004), is when leaders drive emotions positively. When leaders and managers incorporate emotions to create a positive impact on their staff, they tend to bring out the best in everyone. This effect could be created by positive motivators, encouraging employees creative freedom or simply, having empathy. The opposite of resonance is called dissonance; this is when leaders undermine the emotional foundations that allow people to excel. The presence of dissonance can be stunting for creative growth and development and can be detrimental for a company and their employee retention.

Many of the companies included on the top ten list help to induce resonance internally. The majority of the companies including REI, Camden and Zappos.com have mission statements that ensure a common denominator among all. This commonality provides a feeling of unity and comfort as well as the common goal that everyone will strive for.

Other ways that the top companies try to create resonance is to give its employees freedom. Various companies offer work-life balance programs to help employees maintain a less stressful life. Google is a company that has used this technique in the past. They offer their employees an on-site daycare to help with balancing family and work. Google also

offers a lot of creative freedom; they encourage their employees to work on projects outside of the company even during company time. They believe that this freedom helps them to become innovators and bring new and fresh ideas to the workplace more often since they are not inhibited by rules and structures (Google, *Corporate Information*, 2011).

### **Why Do People Leave and Why Do People Stay?**

In a survey done by McCooley the number one reason why people leave a job is that they are unhappy with their supervisor. Carsen (2002, 56) states "Employees don't leave jobs, they leave supervisors, managers and companies." Larger salaries are not always the motivators to stay where an employee is unhappy or will convince an employee to leave a position in which he or she is happy. Various studies suggest that money has not been a proven motivator for retention. Cash incentives may work short term, but it has also been credited to stunting creativity and growth, especially within more imaginative fields (Bartlett, 2011).

Another reason why people stay in jobs is the fun factor. McCooley (2010) referred to the boardroom as the "bored-room." She encouraged that business institute a learning-by-doing policy instead of a learning-by-lecture style.

Boston Consulting Group is a company that has boasted about bringing diversity to the boardroom. They have tried what could be considered "out-of-the-box" ideas such as incorporating poetry and role playing to help other understand the case that they want to present at a meeting. They felt that by engaging people, they would be more emotionally invested in the conversation and thus more likely to listen, learn and participate (Futurists, *The Boston Consulting Group on Strategy*, 2011).

### **Flexible Environments**

Sources say that in order to retain employees, the workplace has to be a more flexible place. 9-5 is being replaced with 7-3 or 10-6 in order to accommodate employees growing needs for flexibility. A CNN Money article that focused on the importance and negative results of flexible hours in the workplace revealed the results of a survey that found 87% of working people declared flexible hours to be of importance to them when choosing a job (Lewis, 2011). Also mentioned was that a flexible workplace lowered one company's turnover rate decreased to fewer than 5% and they also saw a drop in absences. Flexible hours were one of the benefits that are being offered currently many workplaces.

### **The Affect of Theory Y Thinking**

Looking into the policies and procedures of the top companies, many could be considered techniques that suggestion Theory Y style management. Referring back to the results section, it was found that DreamWorks encourages its employees to try new technologies and procedures of completing a task in and effort to be more efficient. Google and REI offer tuition assistance or scholarships to aid employees who want to continue with their education while still working.

These small offerings from a company to an employee could have the potential to give the employee more motivation to doing a better job, since they will know that their superior has faith in them. Having employees on board and motivated to finding new and better ways to accomplish tasks is beneficial for the company. Referring back to Kotter (2002) he explains that having employees being part of the change is one of the biggest parts of the success of instituting change. This could be related to the Theory Y style of management in the way that Theory Y encourages employees to be unique and creative, which could then motivate the employees to be a bigger part of the company for which they work.

### **6 CONCLUSION**

Emotional intelligence has become a larger part of the internal structure of businesses as it has continued to see more success when integrated into management. Conducting research into the companies that are considered the most desirable places to work in America sheds light and insight on the internal management techniques and policies that could be a large contribution to why people want to work there. Offering employees benefits like flexible hours, paid time off, tuition assistance, and much more help ease the difficulties that employees may encounter when balancing their personal lives with their work.

One of the questions proposed in the beginning of this research was to find out why the companies selected to be on Fortune Magazine's top ten lists, were selected at all. The hypothesis was that emotional intelligence played a part in the structure of management and policies which then attracted employees to come and stay at that position. After a look was taken into each of the companies present on the top ten list of the year 2011, it seemed clear that a parallel could be made between the policies and procedures and the innate emotional desires that humans year to fulfill.

Much of the literature gathered during the course of this study reflected on the fact that employees look for certain things within the workplace; those things could range for the aforementioned benefits to the feeling that a company fosters a certain type of core values within its internal system. It appeared that many of those needs reflected back an emotional desire. Whether it is recognition, or a raise, the innate desires that employees possess appeared to have been met by at least some of the values or benefits offered by the companies. Perhaps the reason why each one of the companies made the list, is that they recognize those needs and aims to fill them, thus encouraging its employees to be motivated to do well in their jobs and to stay with the company as long as their career paths allow them.

### **WORKS CITED**

References supplied upon request. Contact first author.