Chapter 7
The Role of Emotional Intelligence in Effective Leadership and Decision–Making in Business Management

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ABSTRACT

Effective leadership and decision-making are essential in today's dynamic corporate environment. This study explores how important company management components are impacted by emotional intelligence (EI). EI entails the ability to identify, evaluate, and control one's own emotions as well as those of others. It examines the elements of EI and how it is used in decision-making and leadership. Highly empathetic leaders motivate and engage their staff, improving the workplace and performance. The study reveals how EI affects decision-making, taking into account both cognitive and emotional components for better results in difficult circumstances. The importance of training, mentoring, and feedback in the development of EI in executives is stressed. This promotes efficiency and thoughtful decision-making, which eventually leads to organizational success. It is essential to give EI top priority while developing leaders. The report also suggests prospective lines of inquiry and provides helpful advice for practitioners.

INTRODUCTION

Effective leadership and decision-making are key components for organizational success in the ever-changing face of corporate management. In the dynamic world of corporate management, effective leadership and decision-making are essential components for assuring organizational success. Higher productivity and employee happiness are the results of strong leadership because it guides teams, motivates them, and cultivates a positive workplace environment. Organizations may overcome obstacles, seize opportunities, and keep a competitive edge by making wise decisions. Organizations may handle complexity, spur growth, and achieve long-term success in a dynamic and competitive business environment by combining effective leadership with educated decision-making. Leaders were traditionally evaluated primarily based on their technical ability, experience, and cognitive talents. However, as businesses become more complicated and diverse, it has become clear that emotional intelligence is crucial in moulding leaders' capacities to negotiate problems, motivate teams, and make informed judgments (Kang et al., 2020; Wong, C. S., & Law, K. S. (2017)). The ability to identify, analyse, and manage one's emotions, as well as perceive and sympathize with the emotions of others, is referred to as emotional intelligence. It includes a variety of abilities such as self-awareness, self-regulation, motivation, social awareness, and relationship management. Collectively, these abilities help leaders to handle the intricacies of interpersonal interactions, inspire collaboration, and create a healthy work environment (George, 2000; Goleman et al., 2009). The notion of emotional intelligence was first developed in the early 1990s by psychologists Peter Salovey and John Mayer. Still, it achieved broad attention and popularity because to the work of Daniel Goleman. Goleman's seminal book, "Emotional Intelligence: Why It Can Matter More Than IQ," popularized the notion that emotional intelligence can be a significant predictor of success not only in personal life but also in professional domains such as leadership and decision-making (Caruso et al., 2013; James Thomas, 2004). Emotional intelligence technologies offer promising ways to enhance decision-management processes (Palmer et al., 2001; Alzoubi & Aziz, 2021). These technologies aim to integrate emotional understanding and empathy into decision-making to ensure more thoughtful and empathetic outcomes. One application involves sentiment analysis, where natural language processing is used to identify and categorize emotions expressed in text or speech (Kang et al., 2020). This allows decision-makers to gain valuable insights into stakeholders' emotional states and respond accordingly. Another essential aspect involves recognizing emotional cues through facial expressions, enabling real-time assessment of emotional states during interactions (Canedo & Neves, 2019). This can be particularly useful in customer service scenarios, helping agents respond more effectively and empathetically. Emotion-aware virtual assistants and chatbots are also developed to gauge users' emotional states through speech patterns and adjust their responses with greater empathy and understanding. Furthermore, emotional intelligence technologies provide emotional feedback in decision support systems, helping decision-makers understand the emotional impact of their choices on stakeholders. This encourages more compassionate and empathetic decision-making, considering the emotional well-being of those involved (Nelis et al., 2011). Additionally, in educational settings, emotion-driven adaptive learning is facilitated by monitoring students' emotional responses during learning activities, enabling the system to adapt its approach and content for better engagement and understanding (Mayer et al., 2009). However, the integration of emotional intelligence technologies in decision management also raises ethical concerns related to privacy, consent, and responsible data use. Extensive study has been undertaken throughout the years to investigate the relationship between emotional intelligence and leadership effectiveness. Numerous studies have found a link between emotional intelligence and

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