



Investigate the relationship between emotional intelligence and Psychological Capital with organisational performance

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Abstract

This study explores the dynamic interplay between emotional intelligence (EI), psychological capital (PsyCap), and organisational performance, aiming to uncover how these psychological constructs contribute to workplace effectiveness. Emotional intelligence, defined as the ability to perceive, understand, and manage emotions, plays a pivotal role in fostering interpersonal relationships and adaptive behavior in organisational settings. Psychological capital, comprising hope, efficacy, resilience, and optimism, represents an individual's positive psychological state and capacity to overcome challenges. The investigation reveals that EI and PsyCap are positively correlated and mutually reinforcing, with emotionally intelligent individuals more likely to exhibit higher levels of psychological capital. This synergy enhances employee engagement, teamwork, leadership effectiveness, and stress management, all of which are critical to organisational success. The findings suggest that organisations that cultivate EI and PsyCap through targeted interventions—such as training programs, coaching, and supportive leadership—can significantly boost performance outcomes, including productivity, innovation, and employee satisfaction.

Introduction

In today's dynamic and competitive business environment, organisations are increasingly recognising the importance of psychological and emotional competencies in driving performance and sustaining growth. Emotional intelligence (EI), defined as the ability to perceive, understand, manage, and utilize emotions effectively, has emerged as a critical factor in enhancing interpersonal relationships, leadership effectiveness, and workplace harmony. Parallel to this, psychological capital (PsyCap)—a construct comprising hope, efficacy, resilience, and



optimism—represents an individual’s positive psychological state and capacity to overcome adversity and achieve goals. Both EI and PsyCap are rooted in positive psychology and contribute significantly to employee well-being, motivation, and engagement. The relationship between these constructs and organisational performance is gaining scholarly attention, as research suggests that emotionally intelligent and psychologically empowered employees are more adaptable, collaborative, and productive. Organisations that foster EI and PsyCap through strategic interventions such as training, coaching, and supportive leadership can cultivate a resilient workforce capable of navigating challenges and driving innovation. This investigation seeks to explore how EI and PsyCap interact and influence organisational outcomes, offering insights into how psychological strengths can be leveraged to enhance performance, reduce turnover, and build sustainable competitive advantage.

In the evolving landscape of organisational psychology and performance management, the role of individual psychological traits has gained significant attention. Among these, emotional intelligence (EI) and psychological capital (PsyCap) have emerged as pivotal constructs influencing employee behavior, motivation, and overall organisational success. Emotional intelligence refers to the capacity to recognize, understand, manage, and utilize emotions effectively in oneself and others. It encompasses self-awareness, self-regulation, social awareness, and relationship management—skills that are essential for effective communication, conflict resolution, and leadership. Psychological capital, on the other hand, is a higher-order construct comprising four key dimensions: hope, efficacy, resilience, and optimism. These traits collectively reflect an individual’s positive psychological state and their ability to persevere through challenges, maintain confidence, and envision successful outcomes.

The intersection of EI and PsyCap presents a compelling framework for understanding how psychological strengths contribute to organisational performance. Employees with high emotional intelligence are better equipped to manage stress, adapt to change, and foster collaborative relationships, which in turn enhances their psychological capital. For instance, emotionally intelligent individuals tend to be more optimistic and resilient, traits that are central to PsyCap. This synergy between EI and PsyCap creates a psychologically empowered workforce capable of



navigating complex work environments, maintaining motivation, and contributing to strategic goals.

Organisational performance, traditionally measured through productivity, profitability, and efficiency, is increasingly being linked to intangible factors such as employee engagement, innovation, and workplace culture. Research suggests that organisations that invest in developing EI and PsyCap among their employees experience lower turnover rates, higher job satisfaction, and improved team dynamics. Moreover, leaders with high EI and PsyCap are more effective in inspiring and guiding their teams, fostering a culture of trust and psychological safety. This investigation seeks to explore the nuanced relationship between emotional intelligence and psychological capital, and how their integration influences organisational outcomes. By examining empirical studies, theoretical models, and practical interventions, the study aims to provide a comprehensive understanding of how these constructs interact and contribute to performance enhancement. The findings will offer valuable insights for HR professionals, organisational leaders, and policymakers seeking to build resilient, emotionally intelligent workplaces that thrive in the face of uncertainty and change.

Literature Review

1. **Goleman** (2001)

Daniel Goleman emphasized that emotional intelligence is a critical factor in leadership and workplace effectiveness. He argued that EI competencies—such as self-awareness, empathy, and emotional regulation—are more predictive of success than cognitive intelligence, especially in leadership roles.

2. **Cherniss** (2001)

Cary Cherniss highlighted the role of EI in improving organisational outcomes through better interpersonal relationships, reduced conflict, and enhanced employee engagement. He advocated for EI training as a strategic tool for organisational development.

3. **Bar-On** (2002)

Reuven Bar-On developed the Emotional Quotient Inventory (EQ-i), which measures

various EI components. His research showed that individuals with higher EI scores tend to perform better in emotionally demanding jobs and contribute more positively to team dynamics.

4. **Salovey** & **Mayer** (2002)

These foundational researchers refined their ability-based model of EI, emphasizing emotional perception, understanding, and regulation. Their work laid the groundwork for linking EI to decision-making and leadership effectiveness in organisations.

5. **Luthans** (2002)

Fred Luthans introduced the concept of psychological capital, defining it as a positive psychological state characterized by hope, efficacy, resilience, and optimism. He proposed that PsyCap is a measurable and developable resource that enhances employee performance.

6. **Goleman, Boyatzis & McKee** (2002)

In *Primal Leadership*, the authors demonstrated that emotionally intelligent leaders foster positive organisational climates, which in turn improve employee morale, innovation, and productivity.

7. **Luthans & Youssef** (2004)

This study expanded on PsyCap theory, showing that organisations that invest in developing psychological strengths among employees experience higher levels of commitment, performance, and well-being.

8. **Carmeli** (2003)

Abraham Carmeli found that managers with high EI exhibited better decision-making, greater organisational citizenship behavior, and improved team performance, especially under pressure.

9. **Jordan et al.** (2002)

Their research revealed that team emotional intelligence significantly predicts team performance, particularly in tasks requiring collaboration, emotional regulation, and conflict resolution.



10. **Wong & Law (2002)**
They developed the Wong and Law Emotional Intelligence Scale (WLEIS), which linked EI to job satisfaction, organisational commitment, and leadership effectiveness across various industries.
11. **Avey, Luthans & Jensen (2009)**
This study demonstrated that employees with high PsyCap experience lower stress and higher job satisfaction. PsyCap was shown to buffer against burnout and enhance performance in high-demand environments.
12. **Sy, Tram & O'Hara (2006)**
Their findings indicated that employee EI is positively related to job performance, and that supervisor EI strengthens this relationship by fostering supportive and emotionally intelligent team environments.
13. **Peterson & Luthans (2003)**
This research showed that PsyCap is a stronger predictor of performance than traditional personality traits, especially in dynamic and uncertain work settings, highlighting its practical value in talent management.
14. **Ashkanasy & Daus (2005)**
These authors reviewed various EI models and concluded that EI is essential for effective leadership, team cohesion, and organisational adaptability, particularly in emotionally charged or high-stress industries.
15. **Luthans, Avolio, Avey & Norman (2007)**
Their empirical study confirmed that interventions aimed at developing PsyCap lead to measurable improvements in employee engagement, performance, and organisational citizenship behaviors.

Objectives of the Study

1. **To examine the impact of emotional intelligence on individual and team-level organisational performance.**

This objective focuses on understanding how components of emotional intelligence—such



as self-awareness, empathy, and emotional regulation—contribute to improved communication, leadership effectiveness, and collaboration within the workplace.

2. To analyze the role of psychological capital in enhancing employee resilience, motivation, and productivity.

This aims to explore how the four dimensions of PsyCap (hope, efficacy, resilience, and optimism) influence employee behavior, stress management, and goal achievement, ultimately affecting organisational outcomes.

3. To investigate the combined effect of emotional intelligence and psychological capital on overall organisational performance.

This objective seeks to determine whether the synergy between EI and PsyCap leads to greater improvements in performance metrics such as innovation, employee engagement, retention, and profitability compared to their individual effects.

Impact of emotional intelligence on individual and team-level organisational performance.

The impact of emotional intelligence (EI) on individual and team-level organisational performance has been widely explored in the literature, particularly between 2001 and 2011. Emotional intelligence, encompassing self-awareness, self-regulation, motivation, empathy, and social skills, plays a pivotal role in shaping workplace behavior and outcomes. Goleman (2001) argued that EI is more critical than IQ in determining success in leadership and team dynamics. His work laid the foundation for understanding how emotionally intelligent individuals navigate complex interpersonal situations, manage stress, and foster positive work environments.

At the individual level, EI enhances self-awareness and emotional regulation, enabling employees to respond constructively to challenges and feedback. Bar-On (2002) demonstrated that individuals with high EI are better at managing their emotions, which leads to improved job satisfaction and reduced workplace conflict. Wong and Law (2002) further validated this by developing the WLEIS scale, showing that EI positively correlates with job performance and organisational commitment.



Employees who can manage their emotions and understand others' feelings are more likely to build trust, resolve conflicts, and maintain motivation.

On the team level, EI contributes significantly to collaboration and cohesion. Jordan et al. (2002) found that team emotional intelligence predicts team performance, especially in tasks requiring cooperation and problem-solving. Teams with high collective EI are more adept at managing group emotions, facilitating open communication, and supporting one another during high-pressure situations. Sy, Tram, and O'Hara (2006) also highlighted that a leader's EI influences team performance by creating a supportive climate and modeling emotionally intelligent behavior.

Leadership effectiveness is another domain where EI exerts a strong influence. Goleman, Boyatzis, and McKee (2002) in *Primal Leadership* emphasized that emotionally intelligent leaders inspire and motivate their teams, foster innovation, and build resilient organisational cultures. Such leaders are attuned to their own emotions and those of others, enabling them to lead with empathy and authenticity.

In summary, literature from this period consistently supports the view that emotional intelligence enhances both individual and team-level organisational performance. By fostering self-awareness, empathy, and emotional regulation, EI improves communication, strengthens leadership, and promotes collaboration. Organisations that prioritize EI development through training and leadership programs are more likely to experience higher employee engagement, better team dynamics, and sustained performance improvements. This underscores the strategic importance of integrating emotional intelligence into talent development and organisational culture initiatives.

Role of psychological capital in enhancing employee resilience, motivation, and productivity.

Psychological capital (PsyCap), a construct rooted in positive psychology, has gained significant attention in organisational behavior research for its role in enhancing employee resilience, motivation, and productivity. Comprising four core dimensions—hope, efficacy, resilience, and optimism—PsyCap represents an individual's positive psychological state and capacity to thrive



in challenging work environments. Literature from 2001 to 2011 consistently supports the idea that PsyCap is a critical driver of employee performance and organisational success.

Luthans (2002) was among the first to conceptualize PsyCap, arguing that it is not only measurable but also developable. He emphasized that employees with high PsyCap are more likely to persevere toward goals, recover from setbacks, and maintain a positive outlook, all of which contribute to sustained performance. Luthans and Youssef (2004) further demonstrated that PsyCap enhances job satisfaction and organisational commitment, particularly in high-pressure roles.

Each dimension of PsyCap plays a unique role in shaping employee behavior. Hope, defined as the ability to set goals and find pathways to achieve them, fosters proactive problem-solving and goal-directed energy. Efficacy, or self-confidence in one's abilities, boosts motivation and task engagement. Resilience enables employees to bounce back from adversity, while optimism sustains morale and reduces the impact of stress. Avey, Luthans, and Jensen (2009) found that employees with high PsyCap reported lower stress levels and higher job satisfaction, suggesting that PsyCap acts as a psychological buffer in demanding work environments.

Peterson and Luthans (2003) showed that PsyCap is a stronger predictor of performance than traditional personality traits, particularly in dynamic and uncertain contexts. Their findings suggest that organisations should prioritize PsyCap development as a strategic resource. Interventions such as coaching, positive feedback, and goal-setting workshops have been shown to effectively enhance PsyCap, leading to improved employee engagement and productivity (Luthans et al., 2007).

Moreover, PsyCap contributes to a positive organisational climate. Employees with high levels of hope and optimism are more likely to support their peers, contribute to team goals, and foster a culture of collaboration. This collective psychological strength enhances organisational resilience and adaptability, especially during periods of change or crisis.



In summary, literature from 2001 to 2011 provides robust evidence that psychological capital significantly enhances employee resilience, motivation, and productivity. By investing in PsyCap development, organisations can cultivate a workforce that is not only high-performing but also psychologically equipped to navigate the complexities of the modern workplace.

Investigate the combined effect of emotional intelligence and psychological capital on overall organisational performance

The combined effect of emotional intelligence (EI) and psychological capital (PsyCap) on organisational performance has emerged as a compelling area of research in organisational psychology. While both constructs independently contribute to workplace success, literature from 2001 to 2011 increasingly suggests that their synergy yields even greater improvements in key performance metrics such as innovation, employee engagement, retention, and profitability.

Emotional intelligence, as defined by Goleman (2001), encompasses self-awareness, self-regulation, empathy, and social skills—traits that enhance interpersonal relationships and leadership effectiveness. Psychological capital, introduced by Luthans (2002), includes hope, efficacy, resilience, and optimism, which empower employees to persevere, adapt, and maintain motivation. When these two constructs are integrated, they reinforce each other: emotionally intelligent individuals are more likely to exhibit high PsyCap, and vice versa.

Cherniss (2001) and Carmeli (2003) found that EI improves communication and conflict resolution, which in turn fosters a supportive environment where PsyCap can flourish. Employees with high EI are better at managing stress and understanding others' emotions, enabling them to build trust and psychological safety—conditions essential for developing resilience and optimism. Jordan et al. (2002) demonstrated that team EI enhances collaboration and innovation, while Luthans and Youssef (2004) showed that PsyCap boosts goal achievement and adaptability. Together, these traits create a workforce that is emotionally attuned and psychologically empowered.



Avey, Luthans, and Jensen (2009) provided empirical evidence that employees with high PsyCap and EI report greater job satisfaction and lower turnover intentions. Sy, Tram, and O'Hara (2006) further emphasized that supervisor EI enhances team performance, especially when paired with resilient and optimistic team members. These findings suggest that the interaction between EI and PsyCap leads to a more engaged and productive workforce.

Moreover, Goleman, Boyatzis, and McKee (2002) argued that emotionally intelligent leadership fosters innovation and strategic agility, while Luthans et al. (2007) showed that PsyCap interventions improve organisational outcomes. When organisations invest in developing both EI and PsyCap—through training, coaching, and supportive culture—they create a high-performance environment that is adaptable, collaborative, and resilient.

In conclusion, literature from 2001 to 2011 supports the hypothesis that the combined effect of emotional intelligence and psychological capital leads to superior organisational performance. Their synergy enhances not only individual capabilities but also collective outcomes, making them essential components of strategic human resource development and organisational success.

Conclusion

In conclusion, the relationship between emotional intelligence and psychological capital is a foundational driver of organisational performance. Employees who possess high emotional intelligence are better equipped to navigate complex interpersonal dynamics, regulate their emotions, and foster collaborative environments. These capabilities naturally enhance psychological capital, empowering individuals with the optimism, resilience, and self-efficacy needed to thrive in demanding work contexts. The study underscores that EI and PsyCap are not only individually beneficial but also synergistic in promoting a high-performance culture. Organisations that invest in developing these traits—through leadership development, emotional literacy programs, and resilience-building initiatives—can expect to see tangible improvements in employee morale, retention, and overall effectiveness. Ultimately, the integration of emotional and



psychological competencies into organisational strategy represents a forward-thinking approach to human capital development and sustainable success.

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