Chapter 8
Demystifying the Relationship Between Emotional Intelligence and Leadership Effectiveness:
Focusing on Mental Health and Happiness

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ABSTRACT

The disruptive VUCA environment affects both the organizations as well as the leaders. To survive in this unruly environment, and to find new solutions to this problem organizations need leaders with strong mental and emotional competencies. Prior research contends that a leader's emotional intelligence favorably promotes leadership effectiveness; however, the relationship is only studied superficially and not considering the VUCA circumstances. Furthermore, there is scant literature on the relationship between emotional intelligence and leadership effectiveness with mental health and happiness at work as mediators. Also, a thorough understanding of the influence of EI on positive psychology concepts remains elusive. From the authors' perspective, the ability of aspiring leaders and their effectiveness in handling this challenging environment will be greatly influenced by their emotional intelligence, mental health, and happiness at work. This study utilizes an integrative literature review methodology and attempts to theoretically link prior literature to fill the void.

"It is very important to understand that emotional intelligence is not the opposite of intelligence, it is not the triumph of heart over head- it is the unique intersection of both". - David Caruso

1. INTRODUCTION

The rapid and dynamic transformations characterize the world of today and the VUCA best describes this nature of the world. According to Rodriguez & Rodriguez, (2015), Volatility, Uncertainty, Complexity, and Ambiguity (VUCA) are the four features of the real world that are frequently depicted in contemporary literature. In the 1990s this description first appeared, following the fallout from the terrorist attacks of September 11, 2001, and the economic crisis that developed in the United States between 2007 and 2008. The whole business environment and work settings are becoming disruptive due to, drastic changes like, the VUCA business environment, the emergence of Industry 4.0, and further with the advent of technologies like virtual reality, cloud environments, machine learning, digital ecosystems, blockchain, AI, etc. In addition, Covid-19 has altered the entire nature of this dynamic milieu. New and developing technologies are contributing to bringing about a paradigm shift in the work environment and workplace culture (Bhardwaj & Sharma, 2022).

The European Agency for Safety and Health at Work (2007), asserts that a negative association between work settings and employees, results in behavioral issues, physiological changes, and emotional disturbances. Contrarily if a cordial relationship between employees and work settings is created, it can result in an increase in motivation, self-esteem, job performance, and general health (Brun & Milczarek, 2007).

The importance of Emotional Intelligence (EI) to organizational leadership was established by Daniel Goleman (1998) in his article "What Makes a Leader", published in the Harvard Business Review (HBR). Business leaders in the VUCA environment should align high-order and decision-making skills with values and vision and integrate potential outcomes for all stakeholders (P., 2015). While Intelligence Quotient (IQ) alone is insufficient, EI is essential to foster healthy interactions at work. Certainly, EI plays a significant role for leaders, since it is linked with motivation, realistic and rational perceptions, and the recognition and self-regulation of emotions. Lack of EI skills impact individuals in varied contexts such as job performance, emotional stability, interpersonal relations, and well-being (Orejarena et al., 2019).

The most crucial factor in a person's behavior that can affect his EI is his mental health. A leader's psychological well-being is crucial because it keeps him/ her happy and provides the energy needed to deal with mental health issues (Vaidya et al., 2020). Extant literature indicates that individual differences in EI reliably predict human behavior. Additionally, EI is acknowledged by the scientific community as a significant psychological factor for crucial real-life domains such as mental health, socialization, and individual well-being (Mancini et al., 2022).

EI is a leadership skill, that can be developed and utilized to boost leadership effectiveness and is moreover, crucial for Human Resource Management (HRM) (Saha et al., 2023). In today's world, effective leaders are not only recognized by their technical skills and hierarchical authority but also by their ability to understand and nurture the psychological well-being of their teams. Leaders who prioritize and promote a positive psychological atmosphere to their employees can harness the power of intrinsic motivation, job satisfaction, and life satisfaction. The traditional view of leadership has evolved into a multifaceted approach that integrates Emotional Intelligence (hereafter referred to as EI), Mental Health (hereafter referred to as MH), and employee happiness at work (hereafter referred to as HAW). This chapter considers EI as a crucial leadership competency, which can recognize how a leader's feelings and

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