

## Chapter 6

# The Impact of Emotional Intelligence on Employee Retention: A Conceptual Approach From the Lens of Turnover Intentions

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### ABSTRACT

*This literature review examined the impact of emotional intelligence (EI) on employee retention. Emotional intelligence refers to an individual's ability to effectively manage and regulate their own emotions while understanding the emotions of others. The study explores the relationship between EI and turnover intention, highlighting the significance of emotional intelligence in practical outcomes. This chapter examined relevant data from various sources, including research articles, case studies, dissertations, and books. By analysing this corpus of research papers, the authors examined the work conducted in the respective areas. Various studies have demonstrated that high emotional intelligence is associated with various organization's outcomes. The review also considers the role of factors such as employee retention. The findings indicate both positive and negative correlations between emotional intelligence and turnover intention, with some studies showing a significant relationship and others suggesting no substantial correlation.*

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## **1. INTRODUCTION**

Employee retention is a crucial concern for businesses of all sizes. High turnover rates can result in higher recruitment expenses, workflow disruptions, and a drop in overall productivity. As a result, businesses are continually looking for new ways to improve their staff retention tactics. Emotional intelligence is a vital and sometimes neglected aspect in this equation. It refers to the ability to recognise, analyse, control, and effectively use one's own emotions. The present article mainly focuses on the impact of emotional intelligence on employee's retention.

### **1.1 Background of the Study**

In today's dynamic and highly competitive global business environment, there is an imperative to retain highly skilled and specialized talent. The challenge lies not only in the selection, recruitment, and hiring processes to acquire the right talent, but also in ensuring their long-term retention. The intention of employees to remain with an organization is of utmost importance and serves as a strategic differentiator for achieving organizational success. This is primarily due to the high costs associated with recruitment, the loss of valuable knowledge and expertise, and the often-underestimated decline in productivity that occurs when talent is lost. Despite improved and innovative human resource management (HRM) policies, the retention of human capital remains a persistent challenge for most major global businesses (Sofia, 2020).

In the present fast-paced and demanding business landscape, characterized by rapid changes in information, technology, and the economy, the retention of human capital holds immense significance for achieving organizational success. Human Resource Management (HRM) leaders are challenged with the critical responsibility of devising and implementing strategies to enhance employee retention (RET) and minimize turnover, thereby enabling the organization to maintain a competitive edge through its human resources (Thakur et al., 2029). When an employee departs from the company for any reason, it swiftly transitions from being an asset to a liability, entailing costs in terms of recruitment, selection, onboarding, training expenses, and the loss of valuable knowledge. (Sofia, J. S., 2020).

It was demonstrated and validated that Emotional Intelligence serves as a powerful predictor of employees' service performance in the workplace. It is commonly observed that employees who exhibit strong performance tend to have longer tenure within their organizations. (Sultan, 2013 & Thakur et al., 2020). Moreover, this works as a driver for skilled manpower to choose their destination countries for migrating to work (Bhardwaj & Sharma, 2022).

According to Goleman (1998), possessing exceptional intelligence provides a competitive advantage. While having impressive intellectual abilities may excel in fields such as financial analysis or legal scholarship, having a well-developed emotional intelligence is what sets one up for becoming a CEO or an exceptional lawyer (Olawoyin, 2018).

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